MEETING

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:)
)
Regular Meeting)

GOLDEN GATE FIELDS

1100 EASTSHORE HIGHWAY

BAYSIDE LOUNGE (TURF CLUB)

ALBANY, CALIFORNIA

TUESDAY, NOVEMBER 17, 2009

10:08 A.M.

Reported by:
Richard A. Friant

APPEARANCES

COMMISSIONERS

John C. Harris, Chairperson

David Israel, Vice Chairperson

Keith Brackpool

Jesse H. Choper

Richard A. Rosenberg

STAFF

Kirk Breed, Executive Director

Richard Bon Smith, Assistant Executive Director

Robert Miller, Staff Counsel

Jacqueline Wagner, Regulations/Legislation Manager

Mike Marten

ALSO PRESENT

Ron Charles, Santa Anita Racetrack

Gregg Scoggins, MEC

Marsha Naify, TOC

Jack Liebau, Hollywood Park

Mike Harlow, Santa Anita Racetrack

Craig Fravel, Chairman, SCOTWINC

Richard Castro, Pari-Mutuel Employees Guild, Local 280

Robert Hartman, Golden Gate Fields

Richard English, Los Alamitos

Chris Korby, CARF

Charlie Dougherty, CTT

APPEARANCES CONTINUED

ALSO PRESENT

Rick Pickering, CEO, Alameda County Fairgrounds

Mike Paluszak

Guy Lamothe, Executive Director, TOC

Norb Bartosik, Cal Expo

Ed Halpern, CTT

Bill Anton

Tom Bachman

Ed Moser, Trainer

Jerry Hollendorfer, Trainer

Tawny Tesconi

Stuart Titus, General Manager, Humboldt County Fair

Debbie Cook, Manager, San Joaquin County Fair, Stockton

Barry Broad, Attorney, Broad & Gusman LLP

Sherwood "Chilly" Chillingworth

Steve Schwartz

David Besenfelder

Greg Nichols

John Hindman, TVG

Melanie Frank

Cathy Christian

Brad Blackwell, Vice President Legal, Twin Spires

Ruby Thomas, Trainer and Owner

Sandy Torok, Public Trainer

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PROCEEDINGS

EXECUTIVE DIRECTOR BREED: Ladies and gentlemen, we'll get this thing started. Ladies and gentlemen, this meeting of the California Horse Racing Board will come to order.

This is the regular noticed meeting of the California Horse Racing Board on Tuesday, November 17th, 2009, at the Bayside Lounge Turf Club at Golden Gate Fields, 1100 East Shore Highway, Albany, California.

Present at today's meeting are John Harris, Chairman, David Israel, Vice Chairman, Keith Brackpool, Jesse Choper, Jesse Moss -- I mean, Jerry Moss is not here.

VICE CHAIRMAN ISRAEL: Not here.

EXECUTIVE DIRECTOR BREED: And Richard Rosenberg.

CHAIRPERSON HARRIS: Did you get everybody?

VICE CHAIRMAN ISRAEL: Bo Derek's absent. You didn't notice that.

EXECUTIVE DIRECTOR BREED: Before we go on to the business of the meeting I need to make a few comments; the Board invites public comment on the matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during a public comment period, if the matter concerns horse racing in California.

In order to ensure all individuals have an

opportunity to speak and the meeting proceeds in a timely fashion, I will strictly enforce the three-minute time limit rule for each speaker. The three-minute time limit will be enforced during the session of all matters stated on the agenda, as well as during the public comment period.

There is a public comment sign-in sheet and cards for each agenda matter on which the Board invites comments. Also, there is a sign-in sheet for those wishing to speak during the public comment period, for matters not on the Board agenda, if it concerns horse racing in California.

Please print your name legibly on the public comment sign-in sheet; when the matter is open for public comment, your name will be called. Please come to the podium and introduce yourself by stating your name and organization clearly.

This is necessary for the court reporter to have a clear record of all who speak.

When your three minutes are up, the Chairman will ask you to return to your seat so others can be heard. When all the names have been called, the Chairman will ask if there is anyone else who would like to speak on the matter before the Board. Also, the Board may ask questions of individuals who speak.

If a speaker repeats himself or herself, the Chairman will ask if the speaker has any new comments to

make; if there are none, the speaker will be asked to let others make comments to the Board.

Mr. Chairman.

CHAIRPERSON HARRIS: Thank you, Kirk.

Just before we begin, I might make a few announcements and some of the other Commissioners mike like to chime in as well. I'd like to welcome Richard Rosenberg, this is his first meeting and he's going to be a good addition to the Board.

Richard, would you like to say anything?

COMMISSIONER ROSENBERG: Delighted to be here.

CHAIRPERSON HARRIS: And also I'd like to congratulate Jerry Moss, who's not here, for the sensational victory of Zenyatta in the Breeders' Club Classic. That was a real special moment for racing that we'll remember for the whole --

(Applause.)

CHAIRPERSON HARRIS: That highlighted a really big day of racing, or two days of racing at Oak Tree, the Breeders' Cup. I was there both days and it was just a very electric feeling in the crowd and Oak Tree, and Chilly, and all the Breeders' Cup people should be congratulated, and all the participants, I know, really contributed a lot. And it was one of those days that we need more of in racing.

On a sad note, I think most of you are aware of

the loss of Bobby Franco and just wanted to comment that he's been a wonderful contributor to racing, and quality, and trainer, and really a legend in his own time and he'll be sadly missed.

Any other Commissioners have any comments they'd like to make?

Hearing none, we'll go ahead on the minutes of the regular meeting of October 15th. Anyone have any additions or corrections to those? Hearing none, I'd move --

COMMISSIONER BRACKPOOL: I'll make a motion to approve those.

CHAIRPERSON HARRIS: Keith Brackpool moved to approved.

VICE CHAIRMAN ISRAEL: Second.

CHAIRPERSON HARRIS: A second. All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Speaking of the minutes, on our package of stuff that we get, it's been brought to my attention, which it's not that hard to bring to my attention, that we get this box of like 23 pounds of stuff, which is more than our little minds can handle. Most of it was all these ADW applications. But I think internally, at the CHRB level, and then externally and stuff being sent in, we need to figure out some way to streamline the amount of material that we have. And it should be available, but I

think it gets complicated to review things that are somewhat redundant to other things.

Also I might mention that somewhat of a policy change going forward, unless we can figure out a way to fund it, are internet broadcasts of the audio portion of the meetings may have to be suspended as the funding for that, which was coming from California Marketing, has been curtailed. So I think we need to look at maybe better ways to do it, but it's probably everyone should be forewarned that that may go away.

So the first item is the application for a license to conduct a horse racing meeting of the Los Angeles Turf Club at Santa Anita, commencing December 26th through April 18th. Who's going to present this; Jackie and Ron?

VICE CHAIRMAN ISRAEL: What about do we need to do this, (b)?

CHAIRPERSON HARRIS: Oh, wait, let's hold and rewind a bit here, and we'll go back to (b) of the minutes. There was a request by Commissioner Moss that it be clarified back to the minutes of May 25th, 2006 on what happened on the vote for synthetic tracks, and it's all in the packet there, the whole -- actually, people may enjoy reading the whole transcript of the synthetic track discussion, which would clarify a lot of people's opinions at the time.

But in any event, I think Commissioner Moss wanted to not be on record as voting yes. But he did not vote no, but he wants to be on record as abstaining.

VICE CHAIRMAN ISRAEL: I'll move. I'll move that revision to the amendments -- or the amendment to those minutes.

CHAIRPERSON HARRIS: Is there a second?

COMMISSIONER CHOPER: Second.

CHAIRPERSON HARRIS: All in favor?

(Ayes.)

CHAIRPERSON HARRIS: But I would encourage all of the historians in the group to go back and read those minutes.

VICE CHAIRMAN ISRAEL: Including Jess Jackson.

CHAIRPERSON HARRIS: Okay, we'll go ahead now with the L.A. Turf Club.

Oh, did you want Scoggins to go first?

MR. CHARLES: Yes, if it would be possible, prior to hearing this application.

CHAIRPERSON HARRIS: Yeah, why don't we go ahead --

MR. CHARLES: Gregg Scoggins is going to give an update with regards to the bankruptcy.

CHAIRPERSON HARRIS: Yeah, let's go ahead and do that, because I'm not sure if that's on the agenda, but it

ties into this.

MR. CHARLES: Yeah.

MR. SCOGGINS: Good morning, Gregg Scoggins, Vice President of Regulatory Business and Development for Magna Entertainment. I'm here for my monthly update on things relative to Magna's Chapter 11 proceeding.

Just as a update since the last time I appeared before you, as you may recall I mentioned that there was an amended financing agreement between MI Developments, which is the lender to MEC during the Chapter 11 proceedings, which increases the amount of financing provided to MEC by $26 million, which will extend its ability to operate and its operational capital through April.

That request was approved and an order was entered in October, late October, approving the amendment to the agreement and so that is moving forward.

As I also mentioned, there were conditions to that agreement as it relates to MID's obligations and/or MEC's obligations in return. And among those agreements include a process for getting bids and options conducted with respect to Santa Anita, Golden Gate Fields, and XpressBet, all three of whom are licensed by this Board.

And the process for that is spelled out in the order for that, it's spelled out in a separate order, and the provisions for Santa Anita and Golden Gate Fields are as

follows; they have set a February 10th deadline for receiving definitive bids. By the 17th of February, they hope to be able to announce a stalking horse with respect to each of those properties, and they will be treated as separate assets, they're to be identified separately.

And then they anticipate that there will be an auction on the 25th of February, followed by the entry of a -- the holding of a hearing on the 26th, whereby a sale order will be entered by the court. That is the anticipated timeframe for the Golden Gate and Santa Anita sales.

We are currently soliciting, and receiving, and discussion prospective bids for XpressBet, the sale of XpressBet, and I'll update you as that process proceeds as well.

VICE CHAIRMAN ISRAEL: Yeah, once the hearing is held and the sale order given on the 26th, how long does it take to close something on this order?

MR. SCOGGINS: Well, what I can tell you from our experience with some of the other tracks that we are in the process of selling or giving approvals for, Remington Park being an example, what the -- the conditions of sale are many, but probably one of the most important of which for purposes of your interest is the regulatory approval that needs to be obtained, and that's one of the conditions of closing.

And so once the sale order has been entered, then the buyer will proceed to obtain the CHRB's approval to be the owner of Golden Gate Fields or Santa Anita, as the case may be.

VICE CHAIRMAN ISRAEL: Might it not make sense to have each of the qualified bidders submit a provisional request for approval to expedite the process, so it doesn't drag on?

MR. SCOGGINS: I really appreciate you asking that question and raising that possibility, we would welcome that opportunity.

VICE CHAIRMAN ISRAEL: Would that be legal? Bob?

STAFF COUNSEL MILLER: Yeah, it's really a matter for the bankruptcy court in Delaware.

VICE CHAIRMAN ISRAEL: No, no, no, this is just -- just as a regulatory --

STAFF COUNSEL MILLER: As a condition of submitting a bid.

VICE CHAIRMAN ISRAEL: No, just could we provisionally approve the bidders or reject the bidders, whatever is required, so that we don't wind up with someone being the high bidder and having a sale order entered after a hearing that we won't approve, that will be -- you know, who can't --

CHAIRPERSON HARRIS: I think we can approve the

stalking horse bid, but some of the other bids would not really be disclosed, I'd presume.

VICE CHAIRMAN ISRAEL: Well, that's what I'm asking.

MR. SCOGGINS: Yeah, and I'll clarify, because I did somewhat misunderstood where you were going with that question.

VICE CHAIRMAN ISRAEL: Well, because if we're going to reject the bidder that's just going to start the process, the clock starts ticking all over and it just wastes a year.

COMMISSIONER BRACKPOOL: But anybody can -- but anybody can show up at the bankruptcy court that day and as long as they meet the over-bid provisions and the qualified provisions, they can start bidding.

MR. SCOGGINS: That's correct.

COMMISSIONER BRACKPOOL: So you can't stop anybody.

VICE CHAIRMAN ISRAEL: Right.

CHAIRPERSON HARRIS: But they're taking a risk.

VICE CHAIRMAN ISRAEL: No, but --

MR. SCOGGINS: What we have explored in other states and has been acceptable in other states is to start the process of obtaining the approval of a particular bidder in advance of the order being entered, and in advance of a

formal application being submitted.

VICE CHAIRMAN ISRAEL: That's what I'm asking.

MR. SCOGGINS: But it wouldn't be in the nature of a provisional acceptance or approval of a particular bidder, it's merely designed to help initiate the process of the background checks into the prospective bidders so that when an order is entered approving them as a bidder, the timeframe for getting the matter before you for final decision is shortened.

MR. SCOGGINS: I think the bidders would be aware of it, but I guess we could publish something that would not be limited to that, but just what sort of restrictions, what sorts of things would bar someone from achieving a license.

VICE CHAIRMAN ISRAEL: Right.

MR. SCOGGINS: Well, and I think that's a good point. And I will say that for purposes of the bidding and due diligence process we have on file for all bidders, regardless of the property, whether it be the two California tracks, or XpressBet, et cetera, we have the statutes that apply to the ownership and operation of a license, or the holding of a license in that state. They know what the requirements are, they know that they have to structure things in a way that comply with that obligation.

The agreement, itself, says you can't close unless you get the approval. That is a condition of closing.

VICE CHAIRMAN ISRAEL: But what's the bankruptcy court's obligation?

MR. SCOGGINS: The bankruptcy court's obligation is to evaluate our assessment and the creditor's committee's assessment as to whether the bidder is a proper bidder.

VICE CHAIRMAN ISRAEL: Oh, okay.

MR. SCOGGINS: Obviously, part of our assessment is going to be is this person going to quality? You know, we're not going to give it to a gentleman who has a shady past, that we don't really know anything about.

VICE CHAIRMAN ISRAEL: Right. Here's the example, John Gotti's still alive, he's the high bidder, he's not going to get licensed.

MR. SCOGGINS: That's right, it's the highest and best offer.

VICE CHAIRMAN ISRAEL: Okay.

MR. SCOGGINS: So that the "best" part of it would be an element of that.

VICE CHAIRMAN ISRAEL: Okay, all right.

COMMISSIONER CHOPER: Does the bankruptcy court have jurisdiction to overturn a decision of a state regulatory board, disapproving the bidder?

MR. SCOGGINS: Not in the context of a suitability assessment. I think where the bankruptcy court would weigh in is if the decision was made on the basis of the fact that

an MEC entity, or L.A. Turf Club was in bankruptcy. I think when you start making decision on that basis, then the bankruptcy court will step in.

If it's on the basis that you've got a John Gotti and they're like this guy is not in the best interest of racing, the bankruptcy's court's not going to intervene there. I would be shocked if they would.

COMMISSIONER CHOPER: Well, then I don't see why that Commissioner Israel's question couldn't be pursued.

COMMISSIONER BRACKPOOL: Because the auction is on the 25th and the hearing is on the 26th, so unless we work through the night on the 25th, you won't know who the winning bidder is.

COMMISSIONER CHOPER: You won't know who the bidders are until the 25th.

COMMISSIONER BRACKPOOL: Right, because anybody can show up in court as long as they comply with the auction provisions.

COMMISSIONER CHOPER: So it's just a matter of time, the time won't permit that.

MR. SCOGGINS: Exactly.

VICE CHAIRMAN ISRAEL: Well, the only thing is you have a vague idea of who's interested, and unless they're trying to do this secretly, because they don't want their interest to be divulged, I would think something that

expedites the process -- because the longer that this is held by a bankrupt company and operating by a bankrupt company, the worse it is for California racing.

MR. SCOGGINS: Well, the idea of expediting things, we totally agree with that. And to the extent that we are in a position, if we have multiple, eligible bidders as of the 10th of February, then we could submit the information as to those bidders as of that time, even knowing that we won't have an order awarding it to any of those, or even heard --

VICE CHAIRMAN ISRAEL: Right.

MR. SCOGGINS: -- if we can go ahead and send that on to Kirk, and have his group start looking into the background information, and into the nature of the deal, because the agreement will largely be whatever's reflected in the bid, subject to whatever changes are made at the auction, which usually are minor at that time, then we expedited the process because at least he has had a chance to move forward on things. So that by the 26th, we'll be 16 days ahead of where we were if we'd started on the 26th.

STAFF COUNSEL MILLER: This Board can invite all bidders to submit documentation to the Board, invite. But this Board does not have jurisdiction to impose a condition as a prerequisite to bidding in the Delaware bankruptcy court.

VICE CHAIRMAN ISRAEL: No, no, I'm just trying to expedite our process so once -- if a bidder, who's submitted their information to us before the bid is accepted is in the -- you know, it will just expedite the process. And this thing's been delayed, this thing is almost a year from the declaration of bankruptcy, and this auction's been delayed, what, three, four times already, something like that. I mean, March 5th was the declaration; right?

MR. SCOGGINS: Yes, the petition was filed March 5th.

VICE CHAIRMAN ISRAEL: Yeah.

MR. SCOGGINS: And we originally had a bidding and auction process contemplated for July and September, and that didn't work out so now we're working on --

VICE CHAIRMAN ISRAEL: Right, so this is the third date and we're almost -- it will be 50 weeks from the petition for bankruptcy. So, you know, we need to get through this and move on.

CHAIRPERSON HARRIS: Yeah, I don't see where CHRB would be a delay though. I mean, people come into our offices everyday and get licenses. It's not -- I mean, it depends on how much you want to investigate the financing of this or that.

VICE CHAIRMAN ISRAEL: Well, that's what we need to find out.

STAFF COUNSEL MILLER: Well, the personnel have to be investigated.

MR. SCOGGINS: Would it be correct for me to understand, from the conversation we've just had, that the CHRB would be willing for us to have bidders submit their information prior to the auction, to the extent that they're willing and able to do so, so that it would, as you mentioned, expedite the process to the greatest extent possible?

VICE CHAIRMAN ISRAEL: Well, that was my point. I don't know about the rest of them.

MR. SCOGGINS: I don't think it's -- I don't think it's practical for us to get pre-clearance, but if we can at least have something in your all's possession, so that you can start reviewing the prospective bidders, then we're that much farther ahead.

VICE CHAIRMAN ISRAEL: Right.

CHAIRPERSON HARRIS: But we don't want to micro-manage. I mean, all we're worried about is that you don't have a convicted felon that's running it and you've got whoever is responsible has sufficient capital to run the meet.

MR. SCOGGINS: Right.

CHAIRPERSON HARRIS: And, you know, maybe some degree of expertise, which is always available in this

industry.

MR. SCOGGINS: That's fine. I will take that back to our folks.

VICE CHAIRMAN ISRAEL: Thank you.

STAFF COUNSEL MILLER: And further on that point, Mr. Chairman, the Board could direct the Executive Director to publish a notice inviting all prospective bidders to submit materials to the California Horse Racing Board prior to the date of the auction, for the purposes of ascertaining whether or not they would be approved. Invite.

MR. SCOGGINS: And we'd be happy to extend that invitation to folks that --

CHAIRPERSON HARRIS: Well, what would be our basis to deny, though?

STAFF COUNSEL MILLER: We wouldn't be denying or accepting, but we would be inviting them to provide all that information prior to the bid so that it would give us some lead time to do our investigations.

VICE CHAIRMAN ISRAEL: Because the staff can have all this stuff prepared so that next month we can approve it and it's going on --

CHAIRPERSON HARRIS: Well, I mean, the application is going to be pretty much like this anyway, it's just a question of who's standing behind it.

VICE CHAIRMAN ISRAEL: Well, but that's the

question, and how they're financed. You know, we've been burned.

COMMISSIONER BRACKPOOL: But a lot of that won't be known until the auction because people can get together at auctions, they can separate at auctions, they can --

CHAIRPERSON HARRIS: Yeah. Okay, let's move on.

MR. SCOGGINS: Is there any other questions relative to the timeframe that I've just laid out?

There is one piece of good news I'd like to report. I know we've had numerous conversations at the previous meetings about the status of payments that were pre-petition amounts, that would be called statutory payments, to SCOTWINC, NOTWINC, and the various affiliated State funds, and I was advised this morning that we have filed a motion with the bankruptcy court seeking permission to be able to pay those various statutory in-state funds.

(Applause.)

COMMISSIONER BRACKPOOL: That's the in-state funds?

MR. SCOGGINS: Yes, sir.

COMMISSIONER BRACKPOOL: What about the out-of-state funds?

MR. SCOGGINS: The out-of-state funds, as you may be referring to, there was a matter that was filed by various simulcast partners, RTS, and others. That motion

was filed, it was amended, we have moved to dismiss that and that is a matter that is still pending, and is still subject to bankruptcy court ruling on whether or not that motion is a valid motion.

COMMISSIONER BRACKPOOL: But your position on that is that you're still against payment, repayment of those monies?

MR. SCOGGINS: Yes, sir.

CHAIRPERSON HARRIS: Well, the priority I guess is what you're against. You'd like to pay them, but you don't think they have a priority, or you don't want to pay them at all?

MR. SCOGGINS: No, no, I mean the question is whether they are general creditors, who stand in the same shoes as every other general creditor, as opposed to a priority creditor who is standing in the --

COMMISSIONER BRACKPOOL: Right, he'll get his money back.

VICE CHAIRMAN ISRAEL: Right, and your contention is they're general creditors?

MR. SCOGGINS: Yes.

VICE CHAIRMAN ISRAEL: And their contention is they're priority creditors?

MR. SCOGGINS: Yes.

CHAIRPERSON HARRIS: And that's what the

bankruptcy court is for, basically.

VICE CHAIRMAN ISRAEL: Yeah. Okay.

COMMISSIONER CHOPER: Can I ask why or ask the same question a different way each time, why are you opposing it? These are people who received the bettors' funds, right, the bettor won, they paid the bettor a substantial amount of money and they're asking now that -- it was a pool, right, and they're asking for the money back. Why are you opposing it? I mean, I can understand other people opposing it, because it's going to deplete the state. But I don't understand why Magna's opposing it.

MR. SCOGGINS: The -- I asked that question of our folks, as far as trying to understand the procedural posture of this particular matter, and for things that lawyers can appreciate and understand, because sometimes we get hooked up in procedures that don't make sense to people, MEC was sued directly by these parties, RGS and others, so it is a defendant.

The Creditor's Committee, who is I've always referred to as being one who would oppose something like that, just as much as MEC might legally entitled to oppose, they are not a party to the action, it is just MEC.

If MEC -- so it's really MEC's role to respond. If MEC responds in a role that the creditor's feel is in the best interest of the State and it's not depleting funds of

the estate, then they can either sit silent or they can file a motion in support, as an intervenor, if you will.

If MEC does not act in a way that's consistent with what the Creditor's Committee feels is in the best interest of the State, they can file an action with the court seeking some kind of punishment against MEC for not acting in the best interests of the estate.

So there are a variety of decisions beyond just whether or not they should have the money, from a "it's-the-right-thing-to-do perspective" versus whether we have the ability legally to do what we think is the right thing to do.

COMMISSIONER CHOPER: Have you thought of joining the Creditor's Committee into this proceeding and let the judge give and authoritative ruling as to whether MEC can, consistent with the bankruptcy laws, pay the amount that it owes from, you know, what Mr. Liebau has continually referred to as "trust funds," and whether they're legally or not, I don't know.

MR. SCOGGINS: Right.

COMMISSIONER CHOPER: But in terms of the industry aside, it does not encourage people who are taking bets and increasing the handle to tell them that if they make the mistake of paying a winner, they don't get repaid.

MR. SCOGGINS: I --

COMMISSIONER CHOPER: I know you don't have the answer to this, but I really think you ought to go back and talk to them about this. I understand they don't -- look, obviously, they're being, I think, punished by the bankruptcy court; right?

MR. SCOGGINS: Of course.

COMMISSIONER CHOPER: Everyone understands that. But it just seems to me that there is a way to join those who might ask for such funds into a single proceeding and have the issue resolved.

MR. SCOGGINS: I can tell you that those discussions have occurred and I can tell you that -- I'm trying to remember the extent to which many motions have been filed to that extent. But I am hopeful that something like that may occur

COMMISSIONER CHOPER: Good.

COMMISSIONER BRACKPOOL: John?

CHAIRPERSON HARRIS: Okay, Keith.

COMMISSIONER BRACKPOOL: Well, I just want to follow up on this conversation we had last month, on this very issue.

MR. SCOGGINS: Yeah.

COMMISSIONER BRACKPOOL: The way that you responded to the first question was our hands are tied, we have to do what's in the best interest of the estate and

that is to maximize the dollars.

The question I asked you at the last meeting and you said you would go back and make some inquiries was, is there not a position that can be taken that the best interests of the estate are best served by repaying the monies and, therefore, increasing the confidence in the game and the sport, generally?

MR. SCOGGINS: And the answer to your question is yes, we did have that conversation. And I would like to say that the motion with respect to the SCOTWINC, and NOTWINC, and State funds reflects the outcome of that conversation. They stand in a different set of shoes than the simulcast monies, they're of a different amount in terms of magnitude, and so the thinking on that reflects the fact that they stand in different positions of --

COMMISSIONER BRACKPOOL: And there's legislation.

MR. SCOGGINS: Right, and there's legislation and there's lots of issues relative to those specific items that make them different than the simulcast monies.

So in some respect, you know, movement has been made in the direction of recognizing the point you've made. You know, but there's a certain limit to which movement can be made, we have to counter-balance it against other considerations that are applicable to the bankruptcy proceeding, itself.

CHAIRPERSON HARRIS: As I see it, I think it should be paid, but I don't think we can do much about this pre-bankruptcy debt. I think what we need to focus on is the post-bankruptcy ability to finance their ongoing operations, which they assure us is okay.

MR. SCOGGINS: Right, and to that extent, and I appreciate you bringing that up, I mean as I mentioned we do have the extended DIP financing that will take us through April.

Obviously, Santa Anita is a meet that typically doesn't have any problems with respect to its positive cash flow, and then we also have made efforts to make whole those parties within the State that are subject to statutory obligations.

So we're, what I feel, putting forward our best foot, you know, as best we can and are making the kind of efforts that hopefully will engender goodwill, or at lest better will than what we might otherwise have.

COMMISSIONER BRACKPOOL: My last question on that would be the purchase and sale contract that you're designing for the auction would anticipate a closing date of when; after the meet finishes?

MR. SCOGGINS: I don't believe -- I don't know. I don't know that. I think that the deal would be to have a closing date that would be as soon as possible and as soon

as possible would be as soon as the CHRB would be in a position to pass on the respective purchaser, and the ability to meet the other conditions.

So it is conceivable that we could have a closing that would -- to the extent it is possible, it is conceivable that you might have a closing that occurs in the midst of a meet.

COMMISSIONER CHOPER: Just out of curiosity, what was the first closing date?

MR. SCOGGINS: Closing date for what?

COMMISSIONER CHOPER: Auction date?

MR. SCOGGINS: I think the original auction date's, as prompted, right, was somewhere around early September, and there were bids and stalking horse --

COMMISSIONER CHOPER: So we're going six months beyond it?

MR. SCOGGINS: Right.

COMMISSIONER CHOPER: If you get in February, that's good.

MR. SCOGGINS: We'd be happy.

COMMISSIONER CHOPER: Because a lot of people are thinking that that's the way it's going to be, but it is not, necessarily.

MR. SCOGGINS: Right.

CHAIRPERSON HARRIS: Any other questions from

Commissioners on this item?

If not, we'll need to keep moving along here on the Santa Anita application?

Because we can discuss Golden Gate during their application, too.

MR. SCOGGINS: Thank you.

VICE CHAIRMAN ISRAEL: Thank you.

REGULATION/LEGISLATION MANAGER WAGNER: Good morning, Commissioners, Jackie Wagner, CHRB staff.

The application before you is from the Los Angeles Turf Club, at Santa Anita. They're proposing to race from December 26th through April 18th, which is 83 days. This is one day less than they raced in 2009.

They're proposing to race a total of 714 races, with an average of 8.6 races per day.

The race dates proposed are the dates that were allocated to the Association.

They will be racing five days per week, Wednesday through Sunday, with the exception of Monday racing on December the 28th, January 18th, and February 15th.

They are proposing 54 stakes races to be run during the race meeting, with a first post time of 1:00 p.m. on weekdays, and a 12:30 p.m. post time on weekends and holidays, with the following exceptions; on December 26th, which is opening day, the post time will be 12 o'clock;

Sunshine Millions Day, which is January the 30th, they are proposing a 11:45 a.m. post time; Super Bowl Sunday, which in 2010 is February the 7th, their post time will be 11 o'clock in the morning; the Santa Anita Handicap on March the 6th, the post time is 12 o'clock; and the Santa Anita Derby, scheduled for April the 3rd, will be a 12 o'clock p.m. post time.

Their advance deposit wagering providers are XpressBet, YouBet, Twinspires, and TVG.

There are items that are still missing from the application and have yet to be received, these include the Horsemen's agreement, CTT agreement. The track safety inspection, the vet's backstretch housing inspections have been scheduled and they will be completed before the race meeting commences.

We do have a representative of the --

CHAIRPERSON HARRIS: You say the Horsemen's agreement has not been completed?

REGULATION/LEGISLATION MANAGER WAGNER: I do not have a Horsemen's agreement.

MR. CHARLES: Chairman Harris, we have a verbal agreement that we've -- obviously, we worked the last three or four days around, but we have a verbal agreement. We would expect to have that signed and to you in the next day or two.

COMMISSIONER CHOPER: How about the trainers?

MR. CHARLES: The trainers the same thing.

COMMISSIONER CHOPER: The same thing.

CHAIRPERSON HARRIS: Any opening thoughts from any of the Commissioners on this application; if you've had a chance to review it?

By the way, did all the audience get this packet of material that is provided in the application? I think it's supposed to be on our website and just so everybody can review things.

The only thing I saw is that you do have a six-day week in that first week, which is a holiday week, which I think would be good, although it might be wise to skip the Wednesday following that New Year's holiday, but I --

MR. CHARLES: Chairman Harris, we discussed that and that is by far and away our largest handle during that week. We're coming off a five-day period in between Hollywood and Santa Anita and, you know, we're open to looking at it, but we thought right now that we'd go ahead and run with the existing schedule.

CHAIRPERSON HARRIS: Yeah, and I like the existing schedule, it's just you can skip coming back -- like skip January 6th, possibly. But it should be up to the Horsemen and the track how your inventory is doing.

MR. CHARLES: And TOC has agreed.

CHAIRPERSON HARRIS: I think we've got some comments from people on this, that put in cards. Marsha Naify, TOC.

MS. NAIFY: Marsha Naify, TOC. Yeah, I just want to state that the TOC does have a verbal agreement with Santa Anita, and so we should have the Horsemen's agreement hopefully completed tomorrow, when we return back to Los Angeles.

And the other thing is that we remain flexible on the days, especially the Wednesdays, to see how the meet goes. Okay, thank you.

CHAIRPERSON HARRIS: Thank you. Okay, Jack Liebau?

MR. LIEBAU: Jack Liebau, from Hollywood Park. We think that it would be in the best interest, certainly of Hollywood Park and of racing, the Southern California Racing circuit, if there was some communication of days that were run in April by Santa Anita.

As you know, the horse inventory is a problem and in consideration of what happened last year, and I don't think there's any indication that things will be any different in 2010. In fact, I would predict that they would be worse.

I'd like to bring to your attention that there were 270 days allocated in Southern California last year,

there were 249 days that were actually -- on which live racing was conducted.

In anticipation of the -- of the horse problem, Del Mar did reduce its days by six; Fairplex by one; and Hollywood Park Fall by four. Those people were much better at reading the tea leaves than Hollywood Park Summer was.

Hollywood Park Summer is not operating on ten days because of the horse population and did not fill entries on those days.

We think that if there was -- has been some drains in Santa Anita in April, that we would have done better as far as filling races is concerned. We think that the pain should be spread among all the tracks in Southern California because of the horse population and shortage of entries.

Santa Anita was unscathed last year, it was the only track that was unscathed and that is exactly what you're considering this time around.

You know, I think that what happens when a track doesn't operate and that people, bettors across the nation, they don't stop wagering, they bet on other circuits, maybe they get used to betting on those other circuits, and maybe they come back and maybe they don't.

All I'm up here saying is that we would hope that you would see it so that at least some water would be left in the well for the Hollywood Park Summer meet. That did

not happen last year and we had to give up ten days. If there would have been some mitigation in April, we think we would have done better.

We have talked with the TOC, have already suggested that Hollywood Park would give up at least three of its allocated dates in the summer, and two allocated dates in the fall.

So it's not that I'm coming here during, before you today to say, you know, just take days away from Santa Anita, I'm not doing that at all. I'm asking you to spread the burden and, in fact, Hollywood is already at the point where we are conceding five days from the days allocated to us.

I think that when you look at your calendar this year, it rained 249 days, or over 249 days this year, and you've allocated 260 days. Things aren't going to get batter.

So somebody is not going to be able to operate. Thank you for your consideration.

CHAIRPERSON HARRIS: I think it would be helpful if we could see some data comparing four-day weeks to five-day weeks. My gut feel is that we generate more purses in five days than we do in four days, even though per day and per race may benefit with the four days. But I think we need to look at the total industry, how much money's coming

into it?

MR. LIEBAU: Well, I think the problem, Mr. Harris, is that sometimes we can't run five days, there just aren't entries.

And so it was based at that -- I will say that I think the five improved in Hollywood Park, because when we were running five days a week we had an average horse per race was 7.31, and that one day .2, rather than four.

VICE CHAIRMAN ISRAEL: Jack?

MR. LIEBAU: Commissioner Israel?

VICE CHAIRMAN ISRAEL: Yeah, I don't necessarily disagree that we may need to reduce the dates, but I'd rather see if the problem arises and try to make this work, and if they do have trouble filling races, then they can come back, just as you did last year, they can come back and ask for some relief, TOC's open to it.

But, you know, there's many considerations here. Do we want to -- jobs get eliminated, you know, people who depend on the money.

MR. LIEBAU: Okay.

COMMISSIONER CHOPER: Yeah.

MR. LIEBAU: I understand what your position is, but I will tell you that, you now, there was no mercy shown to Hollywood last year by Santa Anita, and I don't expect that they would show mercy in the future.

It was well-known that they were having trouble filling races, the purses went down during April. The two Wednesdays that we're asking consideration for they averaged -- you know, there were eight races a day and they averaged less than $21,000.

VICE CHAIRMAN ISRAEL: I mean, look, let's see what happens throughout their meet, maybe there are days that they'll want to give up. But, you know, they have the advantage of having a winter meet in a warm climate and they can attract horses from out of state and why not give them the opportunity to do that, it's --

MR. LIEBAU: In April horses meet in the State of --

VICE CHAIRMAN ISRAEL: I understand that.

MR. LIEBAU: And, you know, it will be surprising that their -- what they do this year will be any different than what they did last year, and that was to run every day. So I mean, all I can do is point this out to you and maybe in 2011, if history repeats itself in 2010, my plea to you will be --

VICE CHAIRMAN ISRAEL: Are you committing to run in 2011?

MR. LIEBAU: I might just be.

VICE CHAIRMAN ISRAEL: That could be the headline here.

(Laughter.)

VICE CHAIRMAN ISRAEL: You're burying the lead, Jack.

CHAIRPERSON HARRIS: Take that down.

MR. LIEBAU: Commissioner Israel, you will be offered 2010, if we're here, so you know that and I know that.

COMMISSIONER CHOPER: Is it possible that you'll have a better -- that you and Santa Anita will have a better sense of what -- let's say in March, of what the population is going to look like?

MR. LIEBAU: All I can say is get the racing secretaries up here under oath and they'll tell you what the status of the --

CHAIRPERSON HARRIS: Well, I guess one of the questions --

COMMISSIONER CHOPER: Well maybe -- then maybe what you ought to do is come back in March with a more specifically documented case.

MR. LIEBAU: Okay.

CHAIRPERSON HARRIS: I think it kind of reminds of Lincoln's statement, when he was having trouble with McClellan that he lacked rank, he said, give me some generals that will fight. You need to get some racing secretaries that will fight.

(Laughter.)

MR. HARLOW: Mike Harlow, Santa Anita. Just to give you some statistical background for Santa Anita's last meet, for the five-day week schedule, we did average 8.23 horses per race.

And yes, we did have trouble filling, but that's been in existence for a while and there's days and weeks that go by that we do have trouble filling, that's just part of the job.

We are actively and aggressively pursuing out-of-state trainers, Todd Fletcher, Chris (inaudible), Carl Callahan, Kim McPeak have all either committed or are already on the grounds of Santa Anita.

We continue to recruit Linda Rice, Bill Mott, Kiaran McLaughlin, Mike Chambers from Turf Paradise, and we're hopeful that we'll attract some new stables as well.

Also, at the concludes Oak Tree meet we average 8.06, and that was with an aggressive schedule, five days a week and one six-day week, so we have kept the field size above eight with running a five-day week.

And those last two Wednesdays in April, yes, the purses were less than our average daily distribution, however, those two days were pretty large earners for the purse account for the horsemen, compared to the rest of the Wednesdays throughout the meet.

VICE CHAIRMAN ISRAEL: Yeah, I mean I'm reluctant to give up jobs for jockeys, and for trainers, and for Richard's people if we don't have to. And let's see, but I'm also realistic. And if the need manifests itself, then we can all come back, you know, as we did at the Hollywood meet last year.

I mean, weren't we reasonable.

MR. LIEBAU: Well, it's not right because we didn't have any horses --

VICE CHAIRMAN ISRAEL: Well, you asked it, you requested it, John wanted you to run.

CHAIRPERSON HARRIS: No, I think we can -- yeah, I think we're reasonable.

But what's frustrating to me is in your application here you're --

MR. LIEBAU: You know, just one thing, I think it would really be good, you know, you have -- when you go through grammar school and you have people that to be mayor for a day, and city councilman for a day, and police chief for a day, and one day as police chief, I think that John Harris should volunteer to be a racing secretary either at Santa Anita or at Hollywood Park for a day, so that you'd actually see what was happening.

CHAIRPERSON HARRIS: You know, I --

MR. LIEBAU: He might be a fighting racing

secretary.

VICE CHAIRMAN ISRAEL: I'll do it. I'll do it just because if I get his pay, it will double my pay for the year for being on the racing board.

CHAIRPERSON HARRIS: Yeah. If I left the racing board and went to Hollywood Park, it would increase the IQ of both places, I think.

(Laughter.)

CHAIRPERSON HARRIS: Just kidding.

But one thing that's bothersome to me is let's look at your application -- I mean, this is not so much for Santa Anita or Hollywood Park, it's the same way for both of them. But we're spending, now, over $3 million during the Santa Anita meet on off-site stabling, which is basically, I guess, at Hollywood Park. If that 3 million was split over your days, I just figured it out, it's like 38,000 a day that somebody would have, I guess it would go back into the purses, or commissions, or somewhere.

I mean, if we really are going to go to four-day weeks, we don't need all this other stabling and maybe that is the way to go, maybe that's the destiny of the industry when we're short of inventory. But we can't just keep going on with all these stalls and no one's running out of them.

MR. CHARLES: We couldn't agree more. And obviously --

CHAIRPERSON HARRIS: That's the first thing I'd do as racing secretary.

MR. CHARLES: And that's why you wouldn't get a lot of money.

(Laughter.)

MR. CHARLES: Number one --

CHAIRPERSON HARRIS: There wouldn't be a second day.

MR. CHARLES: Number one, you know, we have cut back the stabling at Fairplex and San Luis Rey and, you know, we are doing everything within our power. We've recently hired, you know, a new person to be out there actively recruiting horses for Southern California. You know, we plan to come out at -- right now inventory is critical.

CHAIRPERSON HARRIS: Well, what would you say your inventory is? I mean, this has got to be the -- I mean, the Santa Anita winter meet is probably the high inventory for the whole year, what are you having your arms around?

MR. CHARLES: Well, there will be some more horses coming in. I'd say if you looked at our inventory right now, right now we're almost full, we've got about 1,800 horses at Santa Anita. I believe they have between eight and nine hundred horses over at Hollywood Park right now.

MR. HARLOW: I can give you an exact number,

actually. I think Hollywood Park is a little over a thousand and combined we're about 2,600 between the two.

VICE CHAIRMAN ISRAEL: How different is that from --

MR. HARLOW: Well, if you look at 2,600 horses, I would say maybe 80 percent are in circulation and 20 percent are coming back, lame, you know, just getting ready to run.

VICE CHAIRMAN ISRAEL: How different is that from say four years ago?

MR. HARLOW: Oh, a thousand. Typically, during the Santa Anita meet we were full and Hollywood Park hovers around 1,500, 1,600. Typically, I would say that occurred probably two, three years ago.

MR. CHARLES: Well, and we had Fairplex and San Luis Rey, also.

MR. HARLOW: As well, right.

CHAIRPERSON HARRIS: Well, definitely we're operating with a lower inventory.

MR. CHARLES: Absolutely.

CHAIRPERSON HARRIS: And I think the inventory's going to get worse, really, frankly.

MR. CHARLES: It certainly appears that way. By the same token you have other jurisdictions that have considerably less inventory than us, that are running five days a week and filling full fields.

CHAIRPERSON HARRIS: Yeah, there's something different. We need to analyze, maybe, I don't know -- I think everyone's trying. I mean, we've got good racers out there, good trainers, good management, everything here. But somehow we've got to analyze why we are not filling the races as well as we are, there's probably a combination of stuff.

But even in Northern California, they only really have, what, 1,200, 1,500 horses in the whole --

MR. CHARLES: Well, they've got about 1,700, I think, yeah.

CHAIRPERSON HARRIS: -- deal they're filling.

MR. CHARLES: Well, they're down to four days a week, too. So remember, they're going four days a week. But they have 1,700 and they do run more often than the horses down south, there's no doubt about it.

MR. HARLOW: The quality of the horse dictates how often it runs is what it comes down to, and we probably have a little bit better quality of racing and the horses don't run as often. It's just a fact of the game.

CHAIRPERSON HARRIS: Yeah. Well, I don't know, we need to figure out how we align the incentives to encourage people to run, I mean without them damaging their horse. But it s a problem, when you look at the data for California the starts per horse isn't very good, and I'm not sure if

it's attrition, or shipping out of state, or whatever the heck it is. But it is a frustrating deal.

But it may be that we go to a deal, which I think the industry needs to look at, is you race four days a week, you only have one track, at Santa Anita, or Hollywood, or Del Mar, or whatever it is that's open, and you get rid of all of these stabling and vanning funds and put that into other uses.

But I think somebody needs to look at that model and see if they can make that work. I think you'll get a lot of push-back from horsemen that, well, they can't get a stall, they've got to send their horse to someplace else, or something, but maybe that's not that bad.

MR. CHARLES: I think we're looking at -- we're certainly looking at --

VICE CHAIRMAN ISRAEL: Maybe we need to hold a seminar.

CHAIRPERSON HARRIS: Yeah.

MR. CHARLES: Yeah. Obviously, it's a fund we're looking at to try to sharpen the pencil, see what we can do.

COMMISSIONER BRACKPOOL: I'm sure every bit of Santa Anita and Golden Gate is looking to sharpen their pencil.

CHAIRPERSON HARRIS: Yeah, because we've got a lot of pencil sharpeners around.

Craig Fravel has some remarks on behalf of SCOTWINC.

MR. FRAVEL: Craig Fravel, the Chairman of SCOTWINC. Just to -- this is more of a request, but I thought it important to say in front of the Board, the -- I think the SCOTWINC board needs to be informed, both by Santa Anita and the TOC, of arrangements that they've been discussing related to the deficits in the off-site expense fund, the two and a half percent fund that currently will exist during the Santa Anita meet.

Because partly due to the Santa Anita bankruptcy and partly due to structural deficits in the SCOTWINC funding, the Hollywood Park, Del Mar, and Oak Tree have to put together a Band-aid kind of remedy for that, that will continue through the end of the Hollywood Park meet, but not extend into the Santa Anita meet.

And I believe there have been conversations going on with Santa Anita and TOC, but I do think it's important that the rest of us be informed of that and in the very near future the SCOTWINC board be consulted and approve whatever arrangements are made.

So that's really a request, that's not a commentary on their deals, but there's items of fairness that need to be addressed so that the rest of us get made whole. Thank you.

MR. CHARLES: And if I can just add, we totally agree with Craig and we will be keeping them informed. We will be meeting with TOC and then have a meeting with the other segments.

CHAIRPERSON HARRIS: Okay, we've got a comment from Richard Castro.

MR. CASTRO: Good morning, my name is Richard Castro, representing the Pari-Mutuel Employee's Guild. We would like to be on the record supporting the application of Santa Anita running five days a week.

On another subject related to this, specific to Hollywood Park, we already have made modifications to collective bargaining agreement to share some of the pain that the industry is having, and I want to let you know that our organization continues to work, looking at our collective bargaining agreement, to see where else we can make cuts to share some of the pain that we're all under right now. Thank you.

COMMISSIONER CHOPER: Thank you.

CHAIRPERSON HARRIS: Thank you very much.

I think we've got Keith.

Okay, Marsha covered it. Marsha's his lifeguard. No, not really.

Who else have we got? Anyone else on Item 2?

EXECUTIVE DIRECTOR BREED: No, that's it.

CHAIRPERSON HARRIS: Okay, let's -- one item I had on both this and Golden Gate is I think it's important to have a replay show, which I can't recall if Santa Anita does that, you know, you utilize the HRTV?

MR. CHARLES: Yes, we do, HRTV, yes.

CHAIRPERSON HARRIS: You have a replay show?

MR. CHARLES: Yes.

CHAIRPERSON HARRIS: It goes out on a satellite like HRTV and --

MR. CHARLES: Correct. And, hopefully, people will be able to watch it now that we offer HRTV and streaming video.

CHAIRPERSON HARRIS: That's great.

VICE CHAIRMAN ISRAEL: Are you contemplating offering HRTV on Direct TV?

MR. CHARLES: We've been trying for quite a while, we'll continue to try. And there are talks, you know, as we're talking right now. I mean, there are discussions, we continue to have discussions with Direct and that's our aim.

CHAIRPERSON HARRIS: Yeah, that's been a subject of conversation for a long time. I think originally there were some mutual ownership of TVG and Direct TV, but I think that's --

MR. CHARLES: No, that's past.

VICE CHAIRMAN ISRAEL: Fox owned both of them.

MR. CHARLES: Yeah.

CHAIRPERSON HARRIS: Yeah, but not now.

VICE CHAIRMAN ISRAEL: No, John Lowe (phonetic) owns Direct TV.

CHAIRPERSON HARRIS: But also, if you could get the Golden Gate Fields replay show on HRTV on a normal basis, you know, it could be anytime. Because I think it helps the overall State of California if the replay shows both North and South for people to watch, you know, the horses they're following.

MR. CHARLES: Listen, I couldn't agree more. As someone who took a lot of flak for continuing to run, and the only racetrack to run the nightly replay show on some Asian channel for many, many years, and I was told we had about 15 people watching, and the expense was tremendous. So we will have a -- and I will talk to HRTV to make sure we have a replay show for both Golden Gate and Santa Anita.

CHAIRPERSON HARRIS: Because especially it doesn't really cost you anything. I mean, I think it was a significant cost previously, but now we'll do some infomercials or something.

MR. CHARLES: We'll have to move on some of those infomercials or whatever.

CHAIRPERSON HARRIS: I mean, I think it's actually going to be a good advertising venue for, you know, all

kinds of things once -- part of certain sectors, once we get it going.

Anything else on this? Is there a move, a motion?

VICE CHAIRMAN ISRAEL: I'll move.

CHAIRPERSON HARRIS: Is there a second?

COMMISSIONER CHOPER: Second, although it ought to be conditioned on receiving the agreements; right?

CHAIRPERSON HARRIS: Yeah, it should be conditioned on the agreements being in place.

All in favor?

(Ayes.)

COMMISSIONER BRACKPOOL: Yeah, I'd be fair, I think the only issue is if this closing takes place in the middle of the meet, I'm just interested in how we're going to handle that, the guarantees, and everything else that are -- that are off at that stage.

So I don't know, maybe stop and work with Ron and his people to try and figure out how that process would actually work, because I think David's point is -- you know, the very point is trying to get it done. I don't think how you can get it done in this timeframe. And if they're going to close in the middle of the meet, that's going to cause several issues.

CHAIRPERSON HARRIS: Because right now I don't think we really have a -- we're really, basically, relying

on the financial statement.

COMMISSIONER BRACKPOOL: Right, right.

MR. CHARLES: Okay.

COMMISSIONER BRACKPOOL: Yeah, that was the --

CHAIRPERSON HARRIS: Okay, all ayes, anybody no then? Okay.

MR. CHARLES: Okay.

CHAIRPERSON HARRIS: Okay, the next one's Pacific, which is Golden Gate Fields, from December 26th through June 13th.

REGULATION/LEGISLATION MANAGER WAGNER: Jacqueline Wagner, CHRB staff.

The application before you is from the Pacific Racing Association, they have filed their application to race from December the 26th through June 13th, 2010, this is 115 days, that's one day less than they raced in 2009.

They are proposing to race a total of 993 races or 8.63 races per day. The race dates proposed are the dates that were allocated by the Board.

They are proposing to race four to five days per week. Racing Thursday through Sunday during the weeks with four days of racing and Wednesday through Sunday, or Monday and Thursday through Sunday during the weeks with five days of racing.

They are proposing eight races weekdays and nine

races on the weekends and holidays.

Their post time will be 12:45 p.m. daily, with the following exceptions; opening day, December 26th, their post time will be 12:15. Sunshine Millions, which is on January the 23rd, post time is 12 o'clock. Santa Anita Big Cat is March the 6th, post time is 12:15. Super Bowl Sunday, February the 7th, post time it will be 11:15. And the Santa Anita Derby, which is scheduled for April the 3rd, their post time is 12:15 p.m.

It should be noted that the financial assurances associated with PRA's current race meeting will commence through this particular race meeting as well.

Their advance deposit wagering providers are XpressBet, Youbet, Twinspires, and TVG. We do have a representative from the Association and staff would recommend the Board approve the application.

CHAIRPERSON HARRIS: Okay, Mr. Hartman, do you have any comments for us?

MR. HARTMAN: Robert Hartman, Golden Gate Fields. We're looking forward to a great race meeting. One thing that we've maintained in Northern California is a strong marketing program. We really did not cut the budget, as other tracks have around the country.

Our Dollar Days have been extremely successful, averaging anywhere from 4,000 to 11,000 people on our

highest Dollar Day.

Commissioner Choper could attest to the big crowds and the young crowds, and that's really nice to see, a lot of young faces out here.

So we have a strong program, a number of giveaways. We're currently averaging over eight horses per race, thanks to our trainers who have really stepped up at the entry box for us. We have trainers that have relocated from places by Seattle, Bud Klokstad and Frank Luccerelli, they're running a lot of horses for us and better quality of horses for us. And that's something that we've struggled with in the past is not being able to fill allowance races and higher-priced claiming races, and we've started letting some of those races go with five horses just to keep those horses in Northern California because we need to let the better horses run.

So we're excited about the program. We think the continuity of a long meet, while others have said that that could be a detriment, has really helped us. We're on air, on television at least three weeks out of every month and people know that if you want to see horse racing in the Bay Area you come to Golden Gate Field.

CHAIRPERSON HARRIS: Just out of curiosity, was there some thought -- any thought on which weeks you put for your four-day weeks? Because I recall that one of the

problems sometimes in the spring is people leave for Long Acres or for Emerald -- now, I'm living in the past -- but you feel that the four-day weeks in January and February are preferable to the four-day weeks later on in the meet?

MR. HARTMAN: We do and we talked a lot with the TOC about it. What really hurts us in the wintertime is the lack of a turf course. We probably use our turf course more than any other racetrack would, and could use a turf course more than any other racetrack across the country, so our turf course gets a lot of use. It's the rainy season, we need to let it regrow, and not filling those turf races is actually the issue for us is why we can't fill five days a week.

If somehow Michael Dickinson created a synthetic turf course, which I believe he may be working on, it would be a different story. If we had turf racing year round, I think we could run five days a week year round.

But we think by racing four days a week in January and February, and we actually extended it this year until mid-March, we're planning on reopening on St. Patrick's Day, Wednesday, for five-day weeks, we think that will save up some horse inventory so we can get through the March period.

COMMISSIONER CHOPER: I take it, you know better than I do, but there are a lot of people who just bet the California tracks every 15 minutes. And I think, I may have

mentioned this before, but when you get a delay at one of them and it kicks the schedule off, it just seems to me there ought to be a way to try better to coordinate how you handle those delays.

So again, I have no idea what your mechanics would be, but sometimes when it's a really long delay you get situations in which the races are two, three minutes apart, and that can't do anything else but affect the handle, it seems to me.

I make it every time, but boy it's not easy.

(Laughter.)

CHAIRPERSON HARRIS: There's supposed to be - we actually have a rule on that, of the delays, the stewards are supposed to be watching that. Sometimes it's a problem out of state.

COMMISSIONER CHOPER: No, but I just mean between the two California tracks running.

CHAIRPERSON HARRIS: Well, we need to take a look at that. But, normally, they're supposed to be on top of that.

MR. HARTMAN: Well, Brian Waite, our mutuel manager, does a great job communicating with the mutuel manager in Southern California.

There are a couple of issues we face this year in particular. One is light, so we run out of daylight

potentially. So if Hollywood Park has a horse act up, let's say in its third race tomorrow, and we get delayed, it gets dark here close to the end of our day so we don't -- we can't maintain that 15 minutes just because if we did, we wouldn't have daylight at the end of the day, we wouldn't be able to run the ninth race due to a lack of light at this time of the year.

Another issue we had during the Fairplex meet is they scheduled concerts at the end of their race day, which had to start at a certain time, so that's where we really had some issues with two minutes and three minutes between races because they had a time at the end of the day that they needed to finish the races by, and I believe they also added some races.

So I think 98 percent of the time everything works out smoothly and it is the 15 minutes, and there's great communication between the north and the south. Sometimes there are these hard stops at the end of the day that we have to work around.

COMMISSIONER CHOPER: But I guess I think you're a lot better off, instead of having the two- or three-minute things to reducing the time between the next five races.

MR. HARTMAN: Right.

COMMISSIONER CHOPER: From 15 to 13 or something like that. Anyway, that's --

MR. HARTMAN: Okay, that's a great point.

CHAIRPERSON HARRIS: Yeah, that is an important thing. We had a big debate on that like 20 years ago that it's a problem, that both sectors are sort of oblivious to the other, and it should be -- it is, you're exactly right, that people are more likely to bet if they keep the --

Okay, any Commissioners have any issues on this application or anybody from the audience?

COMMISSIONER CHOPER: Move the same motion. Oh, wait a minute, they have the -- you have all the agreements here.

REGULATION/LEGISLATION MANAGER WAGNER: They have the agreements, we have their agreements.

COMMISSIONER CHOPER: And the inspections?

REGULATION/LEGISLATION MANAGER WAGNER: The inspections will be completed prior to the commencement of the race meeting.

COMMISSIONER CHOPER: Pardon me?

REGULATION/LEGISLATION MANAGER WAGNER: They will be completed prior to the commencement of the race meeting.

COMMISSIONER CHOPER: Okay.

REGULATION/LEGISLATION MANAGER WAGNER: The track safety inspection has been completed.

COMMISSIONER CHOPER: Well, I move whatever the proper motion is under the correct circumstance.

COMMISSIONER BRACKPOOL: I'll second it.

CHAIRPERSON HARRIS: It's been moved and approved, second. All in favor?

(Ayes.)

MR. HARTMAN: Thank you.

CHAIRPERSON HARRIS: Also, thank you for hosting this today, this is a beautiful room.

(Applause.)

CHAIRPERSON HARRIS: Okay, the next is the meeting at Cal-Expo State Fair, which is their harness meeting December 26th through June 19th.

REGULATION/LEGISLATION MANAGER WAGNER: Jacqueline Wagner, CHRB staff.

The application is from the California Exposition and State Fair. They have filed their application to run from December 26th through June 19th, or 89 days. This is 12 days more than it raced during the same time period in 2009.

They are proposing to race a total of 1,200 races. The dates proposed are the dates that were allocated to the fair.

They will be racing four nights per week, Thursday through Sunday, from January 1st through March the 3rd; racing three nights per week Thursday through Saturday from April 1st through June 19th.

They will have 16 California Sire Stakes races that are proposed.

Their first post time is 5:45 p.m. daily.

Their advanced deposit wagering providers are XpressBet, Youbet, Twinspires, and TVG.

We do have outstanding items on this application that include the Horsemen's agreement, the fire clearance. The inspections, the necessary inspections, which will include track safety and backstretch housing, will be completed prior to the commencement of the race.

We do have representatives from the Association here for questions.

CHAIRPERSON HARRIS: Any comments from the Commissioners?

Anyone have any comments on this application?

Hearing none, someone can --

VICE CHAIRMAN ISRAEL: Moved.

COMMISSIONER BRACKPOOL: Second.

CHAIRPERSON HARRIS: David moved and approved and Keith seconded.

All in favor?

(Ayes.)

CHAIRPERSON HARRIS: That was easy.

Okay, next we have Los Al's from December 26th through -- what you propose in your application.

REGULATION/LEGISLATION MANAGER WAGNER: The application before you is from the Los Alamitos Quarter Horse Racing Association. They have filed their application to race from December the 26th, 2009 through December 19th, 2010. This is 203 days. This is three days more than they raced in 2009.

The Association is proposing to race a total of 2,087 races. The dates proposed are the dates that were allocated by the Board.

They will be racing four days per week Thursday through Sunday, except February 7th and November the 25th. Seven to ten -- excuse me, seven to 15 live races per night and six to 12 simulcast races.

Their first post time is 5:45 p.m. Thursday, a 7:15 p.m. post on Friday, 7:00 p.m. Saturday, and a 5:30 p.m. on Sunday.

Their wagering program will use CHRB rules and ARCI rules.

Their advance deposit wagering providers are TVG and Youbet.

We have received the Horsemen's agreement and staff would recommend that the Board approve the application.

We do have representatives from the Association here.

VICE CHAIRMAN ISRAEL: I'd just like to congratulate you. Of all the applications that we have, this is the only one where there's actually an increase in purses on an average basis.

MR. ENGLISH: Thank you, we're trying.

REGULATION/LEGISLATION MANAGER WAGNER: Good job.

VICE CHAIRMAN ISRAEL: A few hundred dollars, but that's --

CHAIRPERSON HARRIS: It's one of the few with a good financial statement.

MR. ENGLISH: Thank you.

CHAIRPERSON HARRIS: And one of the things that come up, which we should be aware of, is Los Al is acting as a host for Australian racing; is that a trial period or is that --

MR. ENGLISH: Yes, it is a trial for the four-week period during the Hollywood Park Winter meet right now.

THE REPORTER: Sir, can you state your name for the record?

MR. ENGLISH: Oh, Richard English, for Los Alamitos.

CHAIRPERSON HARRIS: Good. Because I remember we tried to figure that out because the Australian races have been on TVG and HRTV for quite a while, but this is -- they haven't, I guess, been in the satellite system so that's

what --

MR. ENGLISH: That's correct, they haven't been off of the satellites, and we've had several request from various satellite locations, specifically Del Mar, and some of the ones in Northern California to do something to try to expand the program, that's the purpose of the test.

VICE CHAIRMAN ISRAEL: Can I ask though, if it's successful and you want to extend the agreement with them, to try to get something in return, say like so that Australian satellite facilities and racetracks will show California races? I know there's a time change that may make it difficult but --

MR. ENGLISH: Be happy to.

VICE CHAIRMAN ISRAEL: And so that there's some handle coming back in this direction, instead of just going in that direction?

MR. ENGLISH: Yes sir, I'd be happy to.

VICE CHAIRMAN ISRAEL: You know, I think that would benefit all of our tracks.

EXECUTIVE DIRECTOR BREED: Excuse me, Mr. Chairman, but we need to either turn the mikes up or they're going to have to shut down the conversations behind us. Would you all please go back there and help me? We can't hear down at the end of the table. Right, Commissioners?

VICE CHAIRMAN ISRAEL: All right. Well, what I

was saying was I asked them to -- if this experiment's successful and they choose to continue it, that there be reciprocity and that the Australian facilities start taking California signals and enter their money into our pools, if that's legal and --

MR. LIEBAU: That's the issue. Jack Liebau, from Hollywood, if I could explain the situation to you, is that Australia is in the process of trying to get a law adopted or enacted that would allow them to commingle into our pool. It's doubtful that if the races were in Australia with a separate pool that the pool would be sufficient, in order to get the live wagering.

So I mean we've talked to them about reciprocity, but that's what's holding it up.

VICE CHAIRMAN ISRAEL: What's the likelihood of that law passing?

MR. LIEBAU: They've told us they're trying to get it done.

VICE CHAIRMAN ISRAEL: Okay.

CHAIRPERSON HARRIS: I'm not clear on the financial arrangement that occurs, are you basically buying -- this is a separate pool or the American wagering in Australian pools?

MR. ENGLISH: The American wagers go into a pool in Woodbine, we send the pool in and the wagers from

California are merged with Woodbine.

CHAIRPERSON HARRIS: It's not an Australian pool, it's a Northern American pool or something?

MR. ENGLISH: Yes sir, correct.

CHAIRPERSON HARRIS: But what percent are we -- whoever's buying it paying for providing it?

MR. ENGLISH: We pay a three percent host fee on and off track.

CHAIRPERSON HARRIS: So you have a whole is 20 percent or --

MR. ENGLISH: Yes, approximately 20 percent, yeah.

CHAIRPERSON HARRIS: So it's a fairly lucrative deal, but depending on how much handle there is?

MR. ENGLISH: Correct.

VICE CHAIRMAN ISRAEL: I just have one other question, not connected to this, on your stakes schedule, I'm just curious, you have a stakes called, on January 30th, the Super Bowl Handicap.

MR. ENGLISH: Yes.

VICE CHAIRMAN ISRAEL: Now, the NFL owns and protects, jealously, the tradebook of the Super Bowl. How do you get away with that or are they not aware of it?

MR. ENGLISH: I'm not aware of what the NFL knows.

(Laughter.)

VICE CHAIRMAN ISRAEL: I've got a funny -- have

you ever called this race the Super Bowl Handicap before?

MR. ENGLISH: Yes, we have for several years, ever since the Super Bowl started.

VICE CHAIRMAN ISRAEL: The Super Bowl started in 1967, but it actually wasn't called the Super Bowl until '68, so you've been doing that for --

MR. ENGLISH: Yes, sir. Yes.

VICE CHAIRMAN ISRAEL: Somebody's asleep at the switch there, but we may have just woken them up.

MR. ENGLISH: I'll let you know.

EXECUTIVE DIRECTOR BREED: What about the moonshiners?

VICE CHAIRMAN ISRAEL: That's your people.

CHAIRPERSON HARRIS: So how is your meet going, are you relatively showing it flat or off or --

MR. ENGLISH: This year we're down slightly from last year, but not as bad as the daytime meets, we've been maintaining our handle up pretty consistently throughout this year.

COMMISSIONER BRACKPOOL: And your attendance is pretty constant as well?

MR. ENGLISH: Yes, it's constant.

CHAIRPERSON HARRIS: How much of your handle is doing via ADW?

MR. ENGLISH: The ADW, approximately 20 percent,

15, 20 percent.

CHAIRPERSON HARRIS: Any other questions on this application, any Commissioners or the audience?

Need a motion to approve.

COMMISSIONER CHOPER: I move.

VICE CHAIRMAN ISRAEL: Second.

CHAIRPERSON HARRIS: Second and approval. All in favor?

(Ayes.)

MR. ENGLISH: Thank you.

CHAIRPERSON HARRIS: So moved.

Okay, now this next item might get a little more complicated. It's a discussion on our -- ongoing discussion on dates for 2010 and beyond.

Kirk, do you want to give us an update on where we are on this now?

EXECUTIVE DIRECTOR BREED: Mr. Chairman, last month we -- the fairs in Northern California, represented by CARF, was not in a position to really complete their presentation with dates, there was still some things that needed to be done.

In terms of arrangements with the Thoroughbred Owners of California and also the Thoroughbred Trainers of California, I don't know, to the best of my knowledge there's still some distance between the two organizations.

So I would recommend that we just have presentations from each side and go forward.

CHAIRPERSON HARRIS: Yeah, I think, because I'm personally not happy with any of the proposals, some parts of them. I think they're all -- but I don't know if we're right where we need to be on making a final decision today.

I think we need to hear from the parties and give us a little bit of time. But none of these meets the target, though. It's really in summer, anyway.

Do you want to start off with somebody from CARF?

MR. KORBY: Thank you Mr. Chairman, Commissioners, Chris Korby, Executive Director of California Authority of Racing Chairs.

VICE CHAIRMAN ISRAEL: Chris, can you pull a microphone closer, please. Thank you.

MR. KORBY: Is this any better?

VICE CHAIRMAN ISRAEL: Yeah.

CHAIRPERSON HARRIS: I don't know if that's really working.

MR. KORBY: I think the --

VICE CHAIRMAN ISRAEL: You've got to play with your microphone, it's not picking up.

MR. KORBY: The best way to kick this off is just to begin at the beginning of the year and the calendar, and go through the calendar that we are proposing.

CHAIRPERSON HARRIS: Okay, it's in the packet here, let's get it all out.

MR. KORBY: Would you like a minute just to look at it?

CHAIRPERSON HARRIS: Okay.

MR. KORBY: If we start the year December 26th, we're proposing that the year begin with December 26th running at Golden Gate Fields, with a combination of their winter and spring meets, and would run through --

EXECUTIVE DIRECTOR BREED: Excuse me, where are you starting, December 26th?

MR. KORBY: December 26th.

EXECUTIVE DIRECTOR BREED: I thought you were just going to discuss the fair dates, the summer fair dates.

MR. KORBY: Well, the calendar is a whole. Our proposal has Golden Gate Fields running through June 13th, at which time San Joaquin County Fair would run for the week of --

CHAIRPERSON HARRIS: The application we just approved, was that through June 13th?

MR. KORBY: Yes.

CHAIRPERSON HARRIS: Yeah, so basically there's no dispute up until June 13th.

MR. KORBY: That's correct.

CHAIRPERSON HARRIS: Okay.

VICE CHAIRMAN ISRAEL: Can we skip to --

CHAIRPERSON HARRIS: Just skip on to June 13th.

EXECUTIVE DIRECTOR BREED: Right.

VICE CHAIRMAN ISRAEL: Skip the first five and a half months.

MR. KORBY: We're proposing that the first fair meet, San Joaquin County Fair, begin on June 16th and run through June 20th, five days.

That then three weeks of racing commence at Alameda County Fair in Pleasanton, running June 23rd through July 11th.

Followed by two weeks of racing at the California State Fair in Sacramento, July 14th through 25th.

Followed then by three weeks of racing at Santa Rosa, Sonoma County Fair, July 28th through August 15th.

Followed by three weeks of racing at Alameda County Fair, August 18th through September 6th, noting that in the third week of Santa Rosa and following through the first week of the August meet at Alameda County Fair, Humboldt County Fair would run concurrently with those two meets.

In September, following Labor Day, we're proposing that September dates be run at Golden Gate Fields from September 8th through October 3rd, with the fair circuit wrapping up for next year with Fresno, October 6th through

October 17th.

We think this calendar represents a solid foundation for racing in Northern California for 2010. It has a significant number of dates anchored at Golden Gate Fields, which we think is good for the industry.

We're proposing that there be the beginning of consolidation of fair meets into fewer venues through the mechanism of a combined fair meet run for fair dates that are conducted in Northern California.

CHAIRPERSON HARRIS: So basically -- well, I'm asking the question, Vallejo goes away under this.

EXECUTIVE DIRECTOR BREED: I got a letter here from Vallejo.

CHAIRPERSON HARRIS: Go ahead, David.

VICE CHAIRMAN ISRAEL: All right. Chris, in a letter that -- it was basically an e-mail, that you sent us dated November 5th -- anyway, in a letter you sent dated September 5th, you say, "fairs have a great tradition of racing and a role to play in the future. We're a major stakeholder in the industry, fairs own racetracks, operate 20 plus" -- et cetera, "longevity is the stability of the fairs, which sit on publicly owned property which is especially important in our industry."

Well, the consolidation of your dates to fewer fair sites flies in the face of it and renders it somewhat

hypocritical.

If you're trying to spread that fair experience around, you wouldn't consolidate and run at fewer tracks because then it's less accessible to the people who attend those fairs, and it strictly becomes, frankly, about more revenue raised and not about the experience, that you're purporting this morning.

And it makes an assumption that CARF, as an entity, owns the racing dates as opposed to the people of California, who actually own the racing dates and that you can apply those dates to whatever racetracks you see fit without really spreading or protecting the experience.

The overlap with Ferndale clearly is not making the people in Humboldt County happy. I mean, they've written a letter, that John shared with us, if I'm not mistaken, saying that they feel as if they have no choice but to go along with this, but they're not happy about it. And they believe it will diminish the experience at Humboldt County Fair to have that kind of competition.

MR. KORBY: I think there are two issues operating in your question and it's a good question and reasonable. First of all, there's the issue of the number of fair racing venues that we have in the State, and whether the revenues generated from the short meets that those meets operate can keep those facilities at the level of safety and

attractiveness that we all want, that's one part of the issue that we're trying to deal with in this approach we're taking.

The other part of it, and I think this is the part that looks to the future, is that there are racing facilities that are in very good condition, they're in excellent markets, they're great venues for racing and I think they can be an important part of the future for racing in California.

And I think those are the facilities that fall into the characterization that I was attempting to articulate in that letter, that they bring a stability and a certain insulation against the development, the development forces that we're seeing play out with privately owned racetracks in California.

VICE CHAIRMAN ISRAEL: Then shouldn't they apply for those dates as separate entities and not hide behind the dates that have traditionally been run in other geographic locations and saying, oh, they're just loaning us their dates and we're going to cut some deal with them. I mean, that's what's going on here, I mean, at which tracks, Vallejo.

MR. KORBY: That's right.

VICE CHAIRMAN ISRAEL: So somebody's arbitrarily or through some sort of deal is assigning Vallejo's dates to

somebody else. And then I'm sure there's money changing hands.

MR. KORBY: Well, I want to make one thing abundantly clear, the only entity that assigns racing dates is the California Horse Racing Board. We're proposing a calendar --

VICE CHAIRMAN ISRAEL: Proposing, right.

MR. KORBY: -- that would accomplish the things that I'm describing, that you're also characterizing.

CHAIRPERSON HARRIS: I think in all -- isn't there something in the law that relates to this, that there's only so many dates available for the associations, even if you wanted --

EXECUTIVE DIRECTOR BREED: Fourteen days for each fair.

CHAIRPERSON HARRIS: Well, the fairs have got ample dates, say, but the other -- I think that the way they did it is there's a limit on how many dates the associations can have.

VICE CHAIRMAN ISRAEL: At any specific association.

MR. KORBY: Golden Gate 35.

VICE CHAIRMAN ISRAEL: What's that?

MR. KORBY: Northern California is 35, 35 weeks.

VICE CHAIRMAN ISRAEL: Of racing.

MR. KORBY: In the northern zone. There is also a provision in the law that allows for fairs to combine their dates and operate as a combined fair meeting, we did that for the first time last year. And that would be part of it, one of the mechanisms that we would use in order to effect this calendar, if you decide to allocate these dates as we propose.

VICE CHAIRMAN ISRAEL: Okay.

COMMISSIONER CHOPER: I take it the main -- maybe I'm wrong and you tell me, the main controversy concerns the two weeks, the last two, I think it's two at -- or is it three weeks a Pleasanton, or two.

VICE CHAIRMAN ISRAEL: Three weeks.

COMMISSIONER CHOPER: Three weeks at Pleasanton operated by CARF, right, whereas the Horsemen are proposing that those weeks be run at Golden Gate Fields and that the Golden Gate Fields be -- gain the benefit of them; is that right?

MR. KORBY: As I read the calendar, and other parties can come up and clarify this, I don't want to speak on their behalf, as I read the calendar that's been proposed by TOC, Golden Gate Fields, and the California Trainers --

COMMISSIONER CHOPER: Yes.

MR. KORBY: -- the issue really comes down to one week, the week prior to that.

COMMISSIONER CHOPER: I'm sorry, I missed -- you're not -- the mike. No, no, no, the mike, I'm missing what you last said.

MR. KORBY: As I read the calendar that's been proposed by Golden Gate Fields, CTT, and TOC --

COMMISSIONER CHOPER: Yes.

MR. KORBY: -- the difference comes down to where the week prior to and including Labor Day is run.

COMMISSIONER CHOPER: August 18th through September 6th seem to be the dates.

CARF is requesting that the August to Labor Day dates -- oh, to Labor Day be run as a combined fair meet and the others are requesting the dates -- so it's a two-week operation; is that right?

Why do I see three weeks here, that's what I'm a little confused about?

MR. KORBY: Well, someone from CTT, TOC or Golden Gate may wish to speak to this, but I'm looking at the calendar in the packet --

COMMISSIONER CHOPER: Yes, so am I.

MR. KORBY: -- that was sent to the Board by them and --

COMMISSIONER CHOPER: The light blue here, you --

VICE CHAIRMAN ISRAEL: Yeah, but he's looking at the other calendar.

COMMISSIONER CHOPER: Oh, a different calendar.

VICE CHAIRMAN ISRAEL: He's looking at the -- oh, wait a minute, the CARF proposal.

CHAIRPERSON HARRIS: Well, the competing dates are really CARF at Pleasanton versus somebody else's proposal.

MR. DOUGHERTY: Commissioner Choper, Charlie Dougherty, California Thoroughbred Trainers.

The calendar that was submitted by TOC, CTT, and Pacific Racing, the request that we have is that that Labor Day week be run here at Golden Gate Fields, whereas the CARF proposal is asking that the week be run over at Pleasanton. And that is a discrepancy between the two calendars that have been submitted.

COMMISSIONER CHOPER: And it's not just where it's run, it's also under whose auspices it's run; is that right?

EXECUTIVE DIRECTOR BREED: Yes.

VICE CHAIRMAN ISRAEL: Yes. They're assuming -- Charlie, you want that week to be run under the auspices of Pacific Racing and Golden Gate Fields; right?

MR. DOUGHERTY: The Labor Day week, yes, it would be run under Golden Gate Fields, whereas they're requesting it be run at Pleasanton.

VICE CHAIRMAN ISRAEL: Okay, now, Jesse, you done?

COMMISSIONER CHOPER: I'm done, yes, thank you.

VICE CHAIRMAN ISRAEL: All right, so to that end

we've been told and we've heard others onboard, my understanding is secondhand that the County Supervisors at Alameda County don't necessarily support those additional three weeks of racing at Pleasanton. Can anybody address that? Can you address it?

CHAIRPERSON HARRIS: Also, this calendar, I'm looking at it, maybe it's got the wrong colors.

COMMISSIONER CHOPER: Yeah, the colors. I liked the colors, that's why I looked at the other one, I liked the colors better.

MR. PICKERING: Rick Pickering, CEO, Alameda County Agricultural Fair Association. I think media relations 101 is never to comment on third-party comments. So if this Board's been told by the Alameda County Board of Supervisors that they don't desire additional racing at the fairgrounds in Pleasanton, I think the Board of Supervisors of Alameda County would like to know who shared that with this group.

VICE CHAIRMAN ISRAEL: Well, I'm asking, does anybody know? As I said, I've heard that secondhand.

CHAIRPERSON HARRIS: I've never heard that, actually. I've heard that, you know, there's not a unanimous support from Pleasanton for racing, but I'm --

VICE CHAIRMAN ISRAEL: No, just these extra dates.

MR. PICKERING: Yeah, I don't purport to speak on

behalf of the Alameda County Board of Supervisors.

VICE CHAIRMAN ISRAEL: Well, have you discussed the extra dates with them or --

MR. PICKERING: Clearly, Golden Gate Fields and the Alameda County Fairgrounds are in the same county, the success of both are tied together. The training at both facilities support -- the shipping back and forth supports the fair association's relationship with Mr. Hartman, Mr. Tunney and Golden Gate Fields standing, and I believe that we can come to an agreement.

Because what happens in Alameda County supports labor in Alameda County, supports horse racing in Alameda County. It makes sense to continue to grow racing in Alameda County.

So I think what you'll hear from Golden Gate Fields and from the Fair Association is we think we can work things out in a very positive manner that helps racing grow.

COMMISSIONER CHOPER: Ah-hah.

VICE CHAIRMAN ISRAEL: So the Board of Supervisors took no position on this?

MR. PICKERING: This matter has not been agendaized in front of the Board of Supervisors. There is Liaison Committee consisting of Supervisor Carson and Supervisor Hagardy, which we meet with on a regular basis, the liaison to the Fair Association. We've discussed racing

over the last three or four years, particularly as Bay Meadows was closing. So yes, we've had numerous conversations with the members of the Board of Supervisors.

EXECUTIVE DIRECTOR BREED: Mr. Pickering, excuse me, does this -- the question was does this require any sort special permitting from the Board of Supervisors.

MR. PICKERING: Well, contrary to the CHRB staff report, which states that there would need to be permits issued by the City of Pleasanton, the fairgrounds is owned by the County of Alameda and supersedes land use control of the city when it comes to horse racing.

Certainly, there's been dialogue with the city leaders, and city council, and city manager that support the concept of additional racing at the oldest one-mile track in America.

CHAIRPERSON HARRIS: Yeah, I just don't see where we've heard from anybody at Pleasanton saying they didn't -- you know, there was a bureaucratic problem.

VICE CHAIRMAN ISRAEL: I heard it --

EXECUTIVE DIRECTOR BREED: No, no, it was a -- no, the question was does -- in terms of additional dates at Pleasanton does this require any additional permits from the city or county and does this require any sort of financial arrangements with the golf course operator, that was the question.

MR. PICKERING: That's not the question that I heard from Vice Chair Israel.

VICE CHAIRMAN ISRAEL: He's vetting I guess what I heard more specific and bureaucratic so --

MR. PICKERING: Yeah. The question I heard specifically was that the Board of Supervisors -- the rumor was the Board of Supervisors was opposed to any additional racing at the fairgrounds.

EXECUTIVE DIRECTOR BREED: My question was what was in the analysis. The analysis was picking up on the fact that does it require -- we're asking a question, does this require any additional permitting from the city or county?

MR. PICKERING: Actually, the CHRB staff report stated in detail that it required permits from the City of Pleasanton and that is an inaccurate statement in the CHRB staff report.

EXECUTIVE DIRECTOR BREED: Okay, so it's inaccurate but what about the question?

MR. PICKERING: At this point in time the County of Alameda has not asked us to pursue any permits. Horse racing is a 150-year practice at the fairgrounds.

What they have specified in our direct meetings with the Liaison Committee is, number one, that the Fair Association not enter into any contracts that would exceed

the lifetime of our current contract that enters the property as a nonprofit. The current contract goes through the year 2017 and we don't believe that this would go beyond that timeframe as far as signing a contract because we haven't seen this Board issue dates as a multiple-year calendar, so we feel very confident there.

VICE CHAIRMAN ISRAEL: Does your contract specify the number of days or weeks that you race in any given year and when those dates occur?

MR. PICKERING: The operating agreement between the Nonprofit Fair Association and the County of Alameda does not specify the number of dates it would be racing at the fair.

VICE CHAIRMAN ISRAEL: Is there a maximum?

MR. PICKERING: It does not specify anything to the --

VICE CHAIRMAN ISRAEL: Is there a minimum?

MR. PICKERING: It does not specify anything related to the number of dates of racing at the fairgrounds.

VICE CHAIRMAN ISRAEL: So if you wanted to race 300 days a year, you could?

MR. PICKERING: I don't believe State law would currently allow that, no.

COMMISSIONER CHOPER: Could we -- I don't mean, but you said that Pleasanton and Golden Gate Fields, you're

confident can work this out; right?

MR. KORBY: Well, the survival --

COMMISSIONER CHOPER: This conflict over the two weeks, that's what I heard.

MR. KORBY: Well, the survivability of Golden Gate Fields depends upon -- currently depends upon training and the survivability of Northern California racing is definitely tied to the success of Golden Gate Fields.

So I think you see the fairs being willing to cooperate for the success of Golden Gate Fields and you see Golden Gate Fields being willing to cooperate, as much as they can being owned by an out-of-state corporation, as they can with the fairs.

COMMISSIONER CHOPER: But last year they ran several, I forget how many weeks exactly it was, but that CARF ran several weeks at Golden Gate Fields during the summer, I forget exactly when it was as well. That's right. And they did that simply to cover out-of-pocket expenses, as I understood it.

The proposal, this alternative proposal is a change in that, that it's not just run for out-of-pocket expenses, but it is run for a normal, entrepreneurial way; is that right?

MR. HARTMAN: That's correct.

COMMISSIONER CHOPER: And I guess my own -- I may

change, if I hear more, but if you two agree as to how to -- who gets paid here, then maybe that's all right. I came here thinking there's a conflict over this question of who is going to get the net proceeds of the operation of those two weeks. So I just wonder, maybe we can hear from --

CHAIRPERSON HARRIS: I think part of the issue, too, with both Santa Rosa, and Pleasanton, and all the fairs is to give them enough income to keep their tracks viable and as an alternative because we have so much uncertainty if Golden Gate goes away where are we going to go.

So if these other tracks decide that their whole business is not a viable business, then that is very damaging for Northern California racing.

COMMISSIONER CHOPER: Yeah.

CHAIRPERSON HARRIS: It's somewhat of a guessing game, but I think there's a real reason to keep them going.

MR. PICKERING: Commissioner Choper, I would add that in the 11 years that I've been standing in front of this Board, this Board, the TOC, and the Trainers have constantly encouraged the fairs to consolidate to fewer facilities so that funds are not being divided among seven or six fair racetracks when it comes to capital improvements.

So this concept, we've been constantly encouraged by this Board, by the various Executive Directors of the

Horse Racing Board to consolidate. Not to give back dates, but to consolidate the number of facilities so that the monies that are available can be reinvested in those facilities that have, perhaps, the greatest long-term viability.

COMMISSIONER CHOPER: Uh-huh. But how -- well, I understand that, you're right, at least in the time that I've been here.

MR. HARTMAN: Robert Hartman, Golden Gate Fields.

Before I get started with my comments, I just want to clarify the 35-week maximum, because I think there may be some confusion regarding that.

One association, per current State law, can run for 35 weeks. That would not prohibit another association running at Golden Gate Fields. It's not venue specific, it's association specific.

So there's a long history in Northern California, Tanforan, which I believe Chairman Harris is very familiar with, ran dates at Golden Gate Fields and at Bay Meadows, so it was a separate association that ran dates here.

Los Angeles Turf Club ran dates at Golden Gate Fields last year.

So if there were to be more than 35 weeks of racing at this venue, a different association would have to run those dates. Pacific Racing Association could run up to

35 weeks and there would be a separate association that would come before this Board asking for the additional weeks.

So I just wanted to make sure we're on the same page there.

I want to echo what Mr. Pickering said, Golden Gate Fields and Pleasanton have got a great working relationship, the closure of Bay Meadows was difficult, to say the least, on Northern California, we had to relocate up to 800 horses from their barn area. Pleasanton stepped in, graciously, to take on that role and they were identified by the members of this -- of this industry, people that are sitting next to me, the TOC and CTT, as the entity that would take on more racing dates over time in Northern California.

Now, of course that's going to be up to the Board to approve those racing dates, but it made the most economic sense, it made I think the most sense from a trainer stand point, the two facilities are in close proximity to one another, our staff helps run the barn area at Pleasanton, Pacific Racing Association staff.

So there's a connection there and we need that connection.

So I do think that Mr. Pickering and I can work out the calendar.

There is another conflict that hasn't been mentioned, the week of Labor Day is probably one of the biggest events run at the Alameda County Fair on the track, which is called the Scottish Games. So there is a conflict there with racing and this big even that, Rick correct me, 40,000 people, 50,000 people, how many -- 30,000 people. Thirty thousand people attend this event, which is great, but it does use the racetrack area, so I think there is a conflict there and I think we can work that out.

So I would urge the Board to take into account the health of this industry when deciding dates. Purses have gone down across the State, we're trying to keep trainers in the game, we're trying to keep owners in the game, and figuring out how to do that within this calendar is the one thing that we really need to figure out. Because we can't afford, now, to run at venues where purses are substantially less for extended periods of time.

So if anybody has any questions about the calendar, we'd be --

COMMISSIONER CHOPER: Yes. Are you both saying that you can come in with a -- this group and CARF, that in another month or two months you'll come -- you'll have an agreement and you'll come with a specific proposal that you all agree to?

MR. HARTMAN: Yeah, but again, even if these

parties agree, that still may not be acceptable to the Board.

COMMISSIONER CHOPER: No, I understand. But I mean, as I said before, my inclination is that if you agree, right, and the dates are taken, I don't know what the objection would be.

I guess I am curious and if it's none of our business, then it's none of our business, but how is Vallejo, Solano County, what has prompted them to agree to reduce -- have they agreed, the Board of whatever it is, the Supervisors there in Solano County, because they came and complained to us last year, if you recall, have they agreed to cut back a week of live racing there and are -- are they being compensated in some way for that through the CARF system?

EXECUTIVE DIRECTOR BREED: Commissioner Choper, John Vasquez, from -- who is Chair of the Board of Supervisors, has sent us a letter stating that the General Manager of the Solano County Fair, Mr. Paluszak is here, and he might want to comment on the status of the Solano.

CHAIRPERSON HARRIS: This just came in, I guess. Go ahead.

MR. PALUSZAK: Mike Paluszak, General Manager, Solano County Fair Association.

As indicated, you received a letter late yesterday

from Supervisor Vasquez, Chairman of the Board of Supervisors, indicating that a lot of time has been spent with stakeholders in the industry studying the issues that were brung up a year ago with respect to our continued or not continuing participation in live horse racing.

I can tell you that today represents a sad day in Solano County, we have enjoyed a 60-year tradition of hosting live racing at the Solano County Fair and a 60-year relationship with the live horse racing industry.

Sadly, the state of the industry and our circumstances dictate the difficult decision, but we are in concurrence with the proposed calendar, as submitted by CARF.

The Solano County Fair continues its commitment and involvement to racing in California as an operator of a successful satellite wagering facility. We look forward to putting more of our efforts into that operation and improving it.

Solano County Fair is not stepping out of live racing by choice, but really as a matter of necessity to be part of the solution to the challenges facing horse racing in California.

COMMISSIONER CHOPER: Are you going to continue to have stalls there?

MR. PALUSZAK: Yes.

COMMISSIONER CHOPER: And are they used by the horse population -- they're not used?

MR. HARTMAN: There wouldn't be if there was no racing.

COMMISSIONER CHOPER: If there were no live racing there, it wouldn't be used. And it wouldn't be -- it would not be -- it wouldn't prejudice anything if they weren't there anymore, as you're saying, so long as there's no live racing there?

VICE CHAIRMAN ISRAEL: Are you getting any financial consideration from CARF in exchange for relinquishing your dates?

MR. PALUSZAK: Within the context of the combined race meet there is a revenue sharing conversation going on with respect to how the fairs can provide a soft landing to us over a period of time to give us an opportunity to replace those revenues with new activities, new parts of our operation. But again, it's within the context of --

VICE CHAIRMAN ISRAEL: Is your race meet operating in the black or in the red?

MR. PALUSZAK: In the black, currently.

VICE CHAIRMAN ISRAEL: So why are you giving it up?

MR. PALUSZAK: Two reasons, first the -- you know, the notion of redevelopment of our facility has been an

ongoing conversation which would perhaps not include racing, a racetrack.

And the condition of our facilities is such that we don't have the resources to put them in a condition that we believe would be acceptable to the owners and trainers. We've been encouraged by those parts of the industry, those people to consider not racing in deference to the facilities who perform better.

COMMISSIONER BRACKPOOL: I have a follow-up question to Commissioner Choper's question. You said your in discussions about a soft landing.

MR. PALUSZAK: Correct.

COMMISSIONER BRACKPOOL: If those discussions don't lead to a soft landing, but look as if they're heading towards a more crash landing, will you be back in front of us saying, actually, that was then and this is now?

MR. PALUSZAK: There's been considerable discussion with both the Board of Supervisors and with the Fair Board regarding the notion of having to let go of one rope before we have our hand firmly around the other. However, we have the commitment of the other racing fairs that we -- that they will make sure that those revenue sharings are appropriate given our circumstances.

COMMISSIONER BRACKPOOL: So I take it the answer is no, you won't be back in front of us?

MR. PALUSZAK: Yes, that's the answer. No, we won't back in front of you.

VICE CHAIRMAN ISRAEL: And, Chris, maybe I have a question, and maybe you can help provide an answer for it. Since there seems to be a lot of quid pro quo going on here regarding that exactly means, might it be appropriate for me to ask if CARF might act on behalf of the entire racing industry in waiving the 20-mile rule so we can get an off-track facility approved in San Francisco?

And Rod, are you here somewhere? Rod Blonien's card club would get -- didn't you have a -- weren't you representing a casino that was looking to get an off-track facility sometime, somewhere within the 20-mile zone, up here in the East Bay, is that --

MR. KORBY: We're here to talk about dates, we're glad to talk about dates and we'll also talk about --

VICE CHAIRMAN ISRAEL: Well, there's a lot of horse trading going on and this is the horse business, so let's trade some other horses.

MR. KORBY: We'll be glad to talk about that, as we've told everyone. I'm not sure if we want to talk about that in the context of dates allocations.

CHAIRPERSON HARRIS: Yeah, I think it's a different issue. I think it's really the San Mateo County Fair is the problem, but I don't know how much leverage CARF

or anyone --

VICE CHAIRMAN ISRAEL: Are they a member of CARF?

MR. KORBY: They are.

VICE CHAIRMAN ISRAEL: Okay. I mean you're swapping dates here that, you know, trading dollars.

CHAIRPERSON HARRIS: Yeah, if in fact San Mateo County Fair is somewhat of a partner in the overall CARF date allocation, I guess that could be a factor.

VICE CHAIRMAN ISRAEL: Well, I think they are. Don't their old dates somehow wind up at Golden Gate or Pleasanton, or something.

EXECUTIVE DIRECTOR BREED: Santa Rosa.

VICE CHAIRMAN ISRAEL: Huh?

EXECUTIVE DIRECTOR BREED: Santa Rosa.

VICE CHAIRMAN ISRAEL: Santa Rose, I knew it was someplace. They used to be run at Bay Meadows, if I'm not mistaken.

EXECUTIVE DIRECTOR BREED: Right.

CHAIRPERSON HARRIS: The most dates one fair can have is basically two weeks, 14 days or something, so there's -- basically, they're borrowing -- those San Mateo dates are being borrowed and I'm sure there's some compensation that should be part of the equation.

VICE CHAIRMAN ISRAEL: You should deal with the Fresno dates.

CHAIRPERSON HARRIS: Nobody's within 20 miles of Fresno.

(Laughter.)

CHAIRPERSON HARRIS: Anyway, what I think what we're going to do on this whole issue is defer, anyway, but what I wanted to do is get a lot of the discussion on the table.

One of my concerns is -- is anyone here from Ferndale? Ferndale, I feel, is one of the real bright spots, even though it's a small bright spot, that it's bright, of California racing. It's in such a unique setting and has such a history, I'd like to see them get at least a week of non-overlap racing so they can be a host in generating enough funds to give better purses and give money for -- you know, provide money for improvements.

At the same time I think it might help the other meets if we have a week that was somewhat of a bye week, where some horses were competing, but the major horses in the circuit were not racing that week and it built up demand for whoever's going to follow them or precede them.

So that was one of my thoughts that I'd like to have the -- looked at when these dates are reconstructed.

VICE CHAIRMAN ISRAEL: Ferndale, was that up this year; right?

CHAIRPERSON HARRIS: I think they were. The two

meets are --

MR. CASTRO: Way up.

VICE CHAIRMAN ISRAEL: Way up.

MR. CASTRO: Yeah, Ferndale, I'll stand for Ferndale. Richard Castro.

CHAIRPERSON HARRIS: I think the two meets were up at Ferndale and Fresno, so we've got -- but I think we need to reinvent the whole deal.

And I know that some of the trainers will moan about they don't want to go to Ferndale, they don't have to go to Ferndale, they can take a week off.

MR. KORBY: Mr. Chairman and Board members, I'd like to make a request that since we've narrowed down the issue to the week prior to and including Labor Day, that if there's agreement on the calendar for the whole year, except for that week, that we --

VICE CHAIRMAN ISRAEL: If I may interrupt you, that's not the question. John wants Ferndale to be reconsidered. And while you guys were talking he asked if you could see your way clear to give Ferndale a week in the clear, as opposed to a two-week open, and he just requested that for Ferndale.

I don't want to speak for you but --

CHAIRPERSON HARRIS: Yeah, that's right. Because Ferndale's damaged doubly because they're not the host and

also the minor -- the emerging breeds are damaged because they're overlapped by another meet.

I mean just with the shortage of horses we have, I just can't see doing very extensive overlap during the fair circuit, even though it may mean that some people may lose some opportunities. But I think there's going to be plenty of opportunities in the north in total.

MR. HARTMAN: Robert Hartman, Golden Gate Fields.

I would like to ask Mr. Pickering, for the good of the sport, if he would accept, if the Board approved it, two weeks to run in that August time frame, rather than three weeks during that August time frame. I think it's something the trainers support, the owners support, Golden Gate Fields support, and I would just like to see if that would be acceptable to him, again pending Board approval?

MR. PICKERING: Always dangerous to come to the microphone. But I think the bigger question is, is actually CARF proposing to run a CARF meet at Pleasanton, and would CARF consider running the two weeks, giving us a two-week proposal instead of a three-week proposal?

CHAIRPERSON HARRIS: Yeah, as I understand it, you're running three weeks in July, anyway, aren't you --

MR. PICKERING: We're running concurrent with the fair dates in June and July.

CHAIRPERSON HARRIS: Is that two weeks? That is

two weeks, I guess, or three weeks.

MR. PICKERING: It's been proposed that it be 15 days, that Hollywood goes for four days and they go 12 days.

CHAIRPERSON HARRIS: So it would basically be over a three-week period, which is an expansion there.

MR. PICKERING: Yes, sir.

CHAIRPERSON HARRIS: So you get that and then, plus, you get another two weeks.

MR. PICKERING: Actually, we ran three weeks with the fair this year, we ran Vallejo dates at Pleasanton.

COMMISSIONER CHOPER: Right.

CHAIRPERSON HARRIS: But I'm not clear if all of these meets are going to be CARF at something meets and then or all stake --

COMMISSIONER CHOPER: So as I understand the proposal, the compromise proposal is that you run under the auspices of Pacific Racing for the first week of September, and they get the two weeks additional in Pleasanton. So I don't know, I mean I'm not trying to force a deal here, but that's the proposal.

MR. LAMOTHE: Well, Guy Lamothe, from Thoroughbred Owners of California.

I'd like to offer some perspective from the owners. I hear a lot of horse trading going on, but I'd like to focus back on some of the key issues at hand here,

and from our perspective this is an economic issue. Because we all know the current state of affairs in this industry, purses are going down and costs, somehow, are going up.

What we want to focus on is maximizing purse generation and we feel we can achieve that at Golden Gate Fields.

The other issues here are on the cost side. But if we keep moving within this CARF block and, by the way, we do believe that it's California that owns these dates and dispenses these dates, and this notion of a CARF block, I think in the long run is detrimental.

We need to look at what venues, what meets generate the highest purses. And in the documentation here you can see that Golden Gate Fields generates up to 30 percent more in average daily purses.

CHAIRPERSON HARRIS: Yeah, on that data, I was trying to analyze that. By Golden Gate, is that like a year round number or what is that?

MR. HARTMAN: That's this year so far, so the Golden Gate Fields meet would have been January through June, and then the other fairs, so it's just 2009 data through the end of Fresno.

CHAIRPERSON HARRIS: Yeah, it's not the goal that -- because one of my concerns was that CARF at Golden Gate, which would probably be similar at Golden Gate at Golden

Gate, was 300,000 overpaid in purses, which would be, you know, quite a bit per day. I didn't understand that and it looks like that -- I'm not sure if that did substantially worse than just the Golden Gate or --

MR. HARTMAN: Yeah, the revenue was down but what we find is that the better horses don't ship to some of these fairs. So Golden Gate Fields, the way we set up the calendar I think worked for most of our trainers, was to have a stepping stone type approach, so you could run at Pleasanton, run at Santa Rosa, and then run at Golden Gate Fields, and have the Fresno meet or the, you know, other meets kind of tucked in, Cal-Expo meet.

You know, some of those fairs, like Cal-Expo and Stockton, really can't fill allowance races, they can't fill maiden special weight races. And it's fine, it's for different types of horses, but we set up a system for our trainers that have those type of horses to compete, so they paid out less purses, and then Golden Gate Fields paid out substantially more purses because those better horses competed here.

So it was a system that I think worked for the trainers and I think the system that we've proposed also will work for our trainers in 2010.

COMMISSIONER CHOPER: When you say you --

MR. DOUGHERTY: Commissioners, Charlie Dougherty.

COMMISSIONER CHOPER: I'm sorry. When you say what you propose is the three weeks at Golden Gate and not going back to two weeks to Pleasanton.

MR. HARTMAN: Correct.

COMMISSIONER CHOPER: But you've suggested that you may be willing to do only one week at Golden Gate at the end in exchange for giving them two weeks at Pleasanton; is that right?

EXECUTIVE DIRECTOR BREED: They want Labor Day.

MR. HARTMAN: I'm not sure I understood the question.

COMMISSIONER CHOPER: You want the Labor Day -- you want the Labor Day --

MR. HARTMAN: We're talking about Labor Day week on through the start of Fresno, correct.

COMMISSIONER CHOPER: Yeah, and Pleasanton would have two more weeks at the end of August.

MR. HARTMAN: Correct.

COMMISSIONER CHOPER: And I'm just curious, do you folks agree with that or you don't?

MR. DOUGHERTY: Yes, we do. Yes.

COMMISSIONER CHOPER: Maybe this is not the right forum to discuss all the --

MR. DOUGHERTY: No, we support the week at Golden Gate Fields, of Labor Day week, and we're also very

supportive of the two weeks at Pleasanton to be run right prior to that five-week meet at Golden Gate Fields, from Labor Day through the end of September.

VICE CHAIRMAN ISRAEL: When would Pleasanton close, on the previous Monday before Labor Day, is that --

COMMISSIONER CHOPER: No, the week before the Labor Day -- the week preceding Labor Day.

MR. DOUGHERTY: We have them closing on August 29th.

COMMISSIONER CHOPER: Yeah.

CHAIRPERSON HARRIS: And their proposal was to run through. Is this the Labor Day issue that was brought up with the Scotsman, or whatever it is, is that a true concern for Pleasanton as far as running concurrently, as far as the Pleasanton dates? Is there a rebuttal or that's not really going to be the problem.

MR. PICKERING: You know, Pleasanton's not here to fight for additional dates. The industry keeps telling the Alameda County Fairgrounds we want to race more at the fairgrounds, we want you to be ready to accept more racing because we don't know what the future at Golden Gate Fields is going to be.

So we're not here begging for dates, I apologize if it sounds that way. We're trying to help the industry and if you believe that this helps the industry, then God

bless us and let's all move forward.

The concept of bringing new people to the sport, this is the Scottish Caledonia Games, it's the largest gathering of Scots athletes outside of Scotland, a very successful event, we've had it for about 14 years at the fairgrounds. Before that it was at Santa Rosa. It's a fantastic event. On Labor Day weekend, it's only a Saturday and Sunday event on our property. The Scotsmen do a great job, they bring in 30,000 plus folks. They're heavyweights, which is tossing the caber and throwing some of the heavier weights, which traditionally have been done on the racetrack so the audience can sit in the grandstands.

We have a multi-year contract with the Caledonia Club of San Francisco that actually has a clause in it that talks about if additional racing were to come during Scottish Games, how we would relocate the heavy games off of the racetrack.

So if you want to introduce 30,000 more people who like to game, and their sportsmen and their athletes to the sport, that's fantastic. If you feel the deal needs to be struck as a 2010 move forward, I mean we all have to move forward.

But I would encourage you to approve the rest of the fair calendar because there's thousands of people we do business with, that Cal-Expo, Santa Rosa, Ferndale, they're

all waiting to hear the calendar so they can sign their contracts as well.

COMMISSIONER BRACKPOOL: I can assure you there's not a Scotsman alive who hasn't been to a racetrack.

(Laughter.)

MR. PICKERING: We want to bring you this year, right.

CHAIRPERSON HARRIS: Well, what are these -- are you going to play one of these games, Keith? What do they actually throw, like shotputs or something?

COMMISSIONER BRACKPOOL: Cabers, telephone cabers.

VICE CHAIRMAN ISRAEL: The most encouraging thing about you said, Rick, is that you discussed the industry as a model, as if it speaks as one, and it's pretty clear to me that it's not the case right now.

MR. DOUGHERTY: Well, Commissioner Harris, one of the things that --

MR. PICKERING: I would just point out that this Board has talked about issuing multi-year calendars, we've gone to a number of date committee hearings in the last several years, so there seems to be an awful lot of logic to that when we try to get the industry to go forward, but then we get back into can a government agency issue a multi-year license, et cetera.

CHAIRPERSON HARRIS: Right.

MR. PICKERING: Can anybody represent multi-years? For example, when Bay Meadows was in the process of winding down there was an awful lot of debate as to how many more days, how many more weeks of racing would go to Bay Meadows and what time during the calendar, early, late, mid, a lot of horse trading went back and forth with Golden Gate Fields, and I believe you're seeing the same thing with Hollywood Park and Santa Anita. As we look to a potential closure, horse trading happens every day.

Five years ago Cal-Expo went out on a limb and tried to help the harness industry and keep it alive in California. There were deals that were struck to make that happen and also to move Cal-Expo dates.

And I'm paraphrasing it, the dates have moved between facilities and money has changed hands.

In our case everything we do is open to public scrutiny. Our deal with Vallejo this last year is a public document, we'd be happy to provide you with a copy of it. It was negotiated in good faith between multiple organizations.

So there's no shenanigans behind the scenes with the fairs, their government agencies and they're on government property.

We wish there could be open book for all of racing in California, like the fairs' books are.

MR. DOUGHERTY: Commissioners, one of the things I cannot implore enough on you, that the schedule that was put forth to you by the TOC, the CTT, and Golden Gate Fields was given with much consideration in terms of where we stand as an industry currently, given our economic situation, and a ton of consideration was put into the fact that what we are trying to do is maximize purse generation, reduce stabling costs, and also reduce the costs to owners and trainers during the summer fair seasons because they -- during the summer those costs do rise because fairs do not provide vanning. So there is significant time and travel to put into the trainers leaving and having to run on the fair circuit.

So the schedule that we did put forth to you factored in all those and we are trying to maximize the -- all the revenues and reduce the costs.

As you've probably seen, we have from Jerry Hollendorfer, Steve Sherman, Tim Bellasis, Gloria Haley, Bill Anton and Ed Moser are trainers who are here on a year round basis and are willing to share their stories with you, if you're so inclined, as to why they support this calendar and why they feel it's important for the best economic conditions to agree to the calendar that we submitted here today.

So if you'd like to have any of the trainers talk

about, you know, the problems that they incur and why this schedule does help them keep their better horses here in Northern California, and keep their owners to the happiest they can be given the economic situation right now.

CHAIRPERSON HARRIS: Do you have any trainers here that do not support it?

MR. DOUGHERTY: That stay on a year round basis, running, I don't know.

CHAIRPERSON HARRIS: Well, I mean, my concern, if we're going to have a debate by trainers, we don't want basically just one aspect of the trainers. Now maybe -- and I don't think we can stipulate that no trainers, you know, all trainers -- I don't think all trainers agree on anything, so I'd rather just have it be more of a debate than just everyone coming up and saying the same thing.

MR. LAMOTHE: Commissioner, Guy Lamothe.

That's fine, they're welcome to step up if they're here, we encourage that. If there's --

CHAIRPERSON HARRIS: Well, it wasn't on the agenda as a debate is the problem.

MR. LAMOTHE: Well, if there's no debate, that's fine. If everybody's on one side, I think that needs to be pointed out, and maybe they should come up.

I mean, this is about keeping owners in the game. We heard the same discussion in the south. We heard the

discussion with Santa Anita, Hollywood Park. You know, five days -- for example, five days of racing generates more purses than four days. I believe that's what you said, Commissioner Harris.

CHAIRPERSON HARRIS: Exactly.

MR. LAMOTHE: And that's what we're looking at here. These guys are going out of business or they're moving out of state. You want to create, you know, where there might -- as Charlie is indicating, they may -- in order to avoid shipping all over, they go race somewhere else. Are they going to come back at the end of the summer?

So these are serious issues and, you know, I'm trying to look at it -- our organization is trying to look at it economically, keeping the owners in the game, giving them the racing opportunities for the best purses available and to minimize costs.

And at the same time, look, we do support Pleasanton. We've got an additional two weeks here. Overtime can that grow? Possibly.

The number one priority, I think everybody agrees, we have to keep Golden Gate in business. If they flounder, well okay, does anybody know if they will or not?

Does anybody know how long Hollywood's going to be running or Santa Anita's going to be running?

But we know today we need to keep a strong Golden

Gate Fields and we also -- you know, we've got multiple objectives here and we do want to keep a strong Pleasanton at the same time.

VICE CHAIRMAN ISRAEL: Mr. Hartman expressed some optimism that given more time you can reach an accommodation and there's a compromise that you can reach.

Should we give you that time and you work on this for, say, two or three weeks? Get through the holiday and then come back to us with a calendar that you've all agreed on or is that a hopeless situation?

MR. HARTMAN: Well, if Mr. Pickering and Mr. Korby are willing to talk right now, we can step outside and talk over the next hour and maybe we can roll up our sleeves and get it done, and come back to you later today and reach a compromise.

I think you hear the urgency on all of our parts to get a calendar approved, whether it's from signing ferris wheel vendors, to food vendors to --

VICE CHAIRMAN ISRAEL: No, I'm sensitive to Mr. Pickering's comments about that, or I'm sensitive to those comments you need to start making deals with all your various vendors. It's getting late in the day to do that so --

MR. HARTMAN: So if the Board is willing to allow us to go do that, I'm all for that.

COMMISSIONER CHOPER: Yeah, I agree with every -- I mean, I don't think anybody disagrees with everything that's been said here about the need to keep trainers here, to keep horses here, to keep owners happy and to keep the tracks going; right. And yeah, I think you want to go out and do it in less than an hour, if you can.

You don't have to sign the ferris wheel contract right now, do you?

CHAIRPERSON HARRIS: Well, we need to separate which areas. I mean some of that, I mean clearly Golden Gate has solidified certain dates, there's just a few weeks that are in --

VICE CHAIRMAN ISRAEL: Well, the Labor Day week seems to be crucial --

COMMISSIONER BRACKPOOL: And the Ferndale.

VICE CHAIRMAN ISRAEL: And the Ferndale, giving them at least a few days free and clear of competition. Is that important -- that's important to you.

CHAIRPERSON HARRIS: Yeah, I'd like to see Ferndale have its own -- one week in there somewhere. But I'm not sure if Sacramento or Cal-Expo wants or are they happy with two weeks, or do they want anymore weeks; that's the other part of the puzzle that Sacramento's a potential track for expanded thoroughbred racing.

MR. BARTOSIK: Norb Bartosik, with Cal-Expo. To

answer your question directly, as you know there's been much discussion about Cal-Expo's racing future and we're still in the midst of those discussions with the redevelopment. As many fairgrounds have been told by the Governor's staff that they're all for sale, we continue to work on developments around that whole issue and we believe that we have a resolution to work through that process with or without an MBA arena at Cal-Expo property, the property will be redeveloped and it will continue to represent the long-standing Cal-Expo and the State Fair history.

Does Cal-Expo -- would Cal-Expo wish to have more racing dates? If they industry will support that, we've stated that a number of times, we would be happy to do that. We're happy to work with the harness industry to make that continue to be successful.

We have a great facility at Cal-Expo, it is under-utilized. We look forward to some changes that would make that be a better place and we're happy to participate in any continuation of expansion of racing and experiments to make things work, and a reinvestment in the property if that makes sense to the racing industry and if it supports it.

CHAIRPERSON HARRIS: Mr. Halpern?

MR. HALPERN: Ed Halpern, California Thoroughbred Trainers.

Mr. Harris, I would just like to ask or comment

that finally, the dis-invitation of the trainers, who have taken the trouble here to show up to speak to you on this issue --

CHAIRPERSON HARRIS: No, we're happy to hear from everybody, but I'm saying if we're going to make a final decision based on trainer opinion, I don't think the group of trainers here -- and I'm not saying I don't agree with them -- is the way of necessarily representative of the trainers who are at Ferndale, or Stockton, or here or there.

MR. HALPERN: No, you're correct about that. But I just -- I think it is important, if this cannot be worked out, to have these trainers impart to new members of the Board, as well as old members of the Board, and educate the Board as to what the issues are.

CHAIRPERSON HARRIS: You've got it, go ahead.

MR. HALPERN: No, my point was if they can't be -- if they can't reach a settlement. There's no reason to do it if they can reach a settlement.

CHAIRPERSON HARRIS: Right. Well, I don't think they're going to reach a settlement, quite frankly.

Let's go ahead with some of the trainers that are here, though, Bill Anton.

MR. ANTON: Bill Anton, California Thoroughbred Trainers.

I'd like to start off by telling Kirk Breed happy

birthday.

EXECUTIVE DIRECTOR BREED: Thank you.

(Applause.)

(Ron Blonien Singing Happy Birthday.)

(Applause.)

MR. ANTON: I told him I wouldn't do that, so I'm in trouble now, I'm sure.

As far as the dates go, it looks like that everybody's worked them out as best they can, but I do agree that being stabled here and I know it's against the grain of some people but, you know, the Ferndale people are going to run in Ferndale whether they're overlapped or not. And those of us that don't run in Ferndale, we're not going to run in Ferndale. The cost is too prohibitive to drive up there and back, so I would take that out of my thought process and not worry about that or maybe you could -- and I don't want to make Santa Rosa unhappy, but you could have that last week of Santa Rosa where they don't have the fair, that's a possibility for people to go to Ferndale.

However, I do have another issue that I rated your analysis and, of course, it's very dear to me and that's the fact that there's $190,000 coming to the horsemen in 2008 from Sacramento Expo.

I feel that the TOC, and CARF, and Sacramento cut a backdoor deal that's totally inappropriate. And as far as

I'm concerned, they picked the pockets of the horsemen. And until that's settled, I don't think they should be issued any dates. Thank you.

CHAIRPERSON HARRIS: As I understand it, the issue is Sacramento was underpaid and basically all those horsemen were both for '08 and '09, and I'm not clear why that's not getting paid out.

MR. ANTON: Well, you might ask the people that did it, although of them are on the TOC board anymore. I think on TOC ought to be heads up and with the approval of this Board make Sacramento pay that money. They still have it and they gave it to them to do something, it worked, you've got money, please pay the horsemen. That's $190,000 of the horsemen's money.

And whatever excuse they give, our money is in their pocket and that's not right.

CHAIRPERSON HARRIS: Well, I mean, has TOC consented to this or --

MR. ANTON: I don't know if they're going to work it out with us, but it was their backdoor deal. It's Guy and we can't blame the new TOC President, Steve, this is something Couto did, definitely in the backdoor with Mr. Elliott and Mr. Courtney (phonetic). The money belongs to the horsemen, pay the horsemen.

CHAIRPERSON HARRIS: Guy, are you aware of this?

MR. LAMOTHE: Yes. In fact, I believe there's been an investigator, Greg Frabre or Fabre with the CHRB, who's looked into this matter. I'm not sure what the status of that, the results of that investigation are.

I will say, to my understanding of this, is that per the contract between CARF and the TOC that any amount above 50,000 under-paid is to be retroed, except with the consent and agreement between CARF and the horsemen, which was done, which was done in a Racing Affairs meeting up here in Northern California.

And the reason for that was based on a racing program that was proposed by CARF and ultimately agreed to with TOC. This was the first year that CARF, at Golden Gate Fields, had two meets and they were trying something new, and they were trying to increase offer purses 25 percent higher at Cal-Expo. Cal-Expo being sandwiched between the two meets, the two CARF and Golden Gate fields meets, and they felt it was necessary to support the Cal-Expo purses at that time.

The meet ran, we have results from that meet. There is an under-payment coming out of that meet this year, 2009, and the status of those funds has not yet been determined, but will be handled per contract.

CHAIRPERSON HARRIS: I'm not sure, are there two under-payments that are distinct, or did that '08 under-

payment roll in to be part of the '09 under-payment.

MR. LAMOTHE: The '08 under-payment rolled into the purse program for the '09. I don't have the exact figure on what the resulting '09 is, but we can get that.

CHAIRPERSON HARRIS: Because that money really belongs to the horsemen that earned it during those meets, that it seems like it needs to be -- whatever it is, it is, and it seems like it needs to be sorted out once there's some logic to it.

MR. ANTON: Mr. Chairman, I'm quite perplexed that the Thoroughbred Owners of California would allow their owners to have their pockets picked. That is not their job.

CHAIRPERSON HARRIS: So you feel that -- I'm still not clear on -- you have '08 owners that earned money at Cal-Expo, that were under-paid and they still haven't gotten anything, but then some of that was pushed into -- I'm sure if we're trying to unravel how somebody would do it, it's really up to TOC and CARF.

MR. ANTON: Well, it boils down to there's $190,000. It wasn't only the 50,000 that was pushed ahead and that leaves 140,000.

CHAIRPERSON HARRIS: That's total.

MR. ANTON: I'm going to be kind of rude, they played games with the money to suit themselves, and the fact that they went upside down at the CARF meet here, at Golden

Gate Fields is not the problem of the owners and the trainers that earned that money in 2008 at the Cal-Expo. Please pay the owners.

COMMISSIONER CHOPER: What do they say when you ask them about the payment and what's the response? See, all we got is about three sentences here and it's a little hard to grasp onto the whole situation. I mean, it seems pretty simple the way you've stated it, I'd like to hear what the other side's got to say, whoever it is.

MR. ANTON: Well, they're gone.

COMMISSIONER CHOPER: Ah-hah.

MR. ANTON: Drew Couto is --

COMMISSIONER CHOPER: That's a Cal-Expo --

CHAIRPERSON HARRIS: Well, Couto left after -- I mean before the --

MR. ANTON: Well, he made the deal. You can't blame Marsha and Steve, but the deal was --

COMMISSIONER CHOPER: You mean Drew Couto made the deal, but he was representing you guys.

MR. ANTON: No, the TOC -- well, yes, and the TOC.

MS. NAIFY: Yeah, let me just state for the record that, yeah, the deal -- the deal was made by Mr. Couto and neither myself, nor a majority of Board members knew about it until the matter was brought up to me, I think back in May or June of this year, so we were not aware of it.

COMMISSIONER CHOPER: I see.

MS. NAIFY: We understand the rationale, which Guy pointed out, what we believe was the rationale for making the decision.

MR. BACHMAN: Tom Bachman, former TOC Board member, and Drew and I was Chairman of the Northern Committee, the Purse Committee at that point.

And as Guy related to you, the use of that money, he was absolutely right on. Cal-Expo, we did not know about the other payment until February because CARF does not come forward with their figures until 60 days after the last fair, which was Fresno.

And in February, when we learned of the under-payment, Cal-Expo came forward to the Committee and said, in '09 we are to be sandwiched between two CARF meets at Golden Gate Fields and we're very concerned about our ability to draw horsemen away from Golden Gate Fields for our two weeks. This is our second year back in racing, and they asked if they could have that money to supplement their purses to try and draw horses to Sacramento, and reinvest the under-payment in their 2009 meet.

Drew and I, and the Committee up north, particularly the trainers, agreed that that was a good idea to try and ensure the success of their two weeks between the two CARF meets at Golden Gate, and gave approval to that use

of the money.

The meet was successful, they did enhance their purses, they did have a good draw, and for that reason they had another under-payment in 2009.

When I was still on the Committee, they came forward and asked about the under-payment of 2009 and the suggestion was made if they moved their dates, they could use some of that money to promote their new movement of their new meet again, otherwise they had to repay everything to the horsemen sans the 50,000 by contract.

What we're trying to do is help the fairs at this point, if they're -- one of the problems we have in Northern California is the continual movement of racing dates. And what happens is the people, the bettors don't know where racing is.

And hopefully, some of the money they keep is used to promote whatever the calendar is going to be in the future. And one of the things I think this Board should try and do is to sustain a calendar that replicates itself year after year, so that the people and the players in Northern California know where racing is. It seems to me that that would be very helpful to the future.

And while I'm here, I'd like to speak on one other issue.. It seems to me that the only -- the charter of the California Horse Racing Board is to make successful racing

in Northern California.

As stated earlier, the only way that they really can do that is to enhance revenues and cut expenses.

Now, over the years the owners have helped sustain some of the fairs, they've given up their purse revenue to sustain fairs, with the thought that they would move racing around the State, as Commissioner Israel said, and bring new people into racing.

Under today's economic conditions, owners don't have that ability anymore. We're awful close to life support. I have to think, as an owner, that the proposal put forward by the TOC, CTT, and Golden Gate Fields reflects the best ability to raise purses and help an owner stay in business.

When I came forward at your last meeting, with the proposal of having an independent meet come forward, under Tanforan auspices, as a nonprofit, there was great support amongst owners and trainers.

Because MEC and the future ownership of Golden Gate Fields is in debate, I was asked to put that on hold for a year, which I'm going to do.

But I will remind you that the proposal and the reason I was doing that was to try and make racing as healthy as I can in Northern California.

I asked Bernie Thurman to put together a sheet

that would reflect the different revenues under the different scenarios. I have that with me, I'll give it to the Board, to each member of the Board in the hopes that they can study those numbers and see why the proposal by Golden Gate, CTT, and TOC seems to be the best for the owners and for health of racing in the future.

If we did the wrong thing in trying to help Cal-Expo, so be it. But the money should be distributed now, whether you want to go back to '08 and '09, but as far as the under-payment goes that's fine.

But I still -- Drew and I thought we did and I still think we did the right thing to try and sustain the health of the northern circuit.

If you have any questions, I'll answer them.

COMMISSIONER CHOPER: Yeah, is Cal-Expo willing to distribute the money now? I mean, do you know about that?

MR. BACHMAN: But I think by law they have to.

COMMISSIONER CHOPER: Uh-huh.

CHAIRPERSON HARRIS: Yeah, I think we do need to get an audit of this whole thing and I'd like to direct Kirk to do that..

Because the problem is, as Tom has mentioned, the industry is on life support and it's pretty frustrating to be on life support and have $300,000 of owners' money that's out there circulating someplace that could be paid, and we

need to get that taken care of.

Bill?

MR. BACHMAN: Thank you.

MR. ANTON: I don't wish to belabor the fact, but through his own admission, the owners can't afford it anymore, you heard him say that, so give them the money.

And I did have a conversation with Mr. Bachman, where they all agreed to this or not, or tell you that it's true, I asked him one day why did you do that? He said, you're right, but we did it anyway.

CHAIRPERSON HARRIS: Well, there might have been logic to be doing it, but I think it is important that the money go to the people that earned it and to the races, especially when it's that much, because we've heard about 30,000 a day during that meet, and it was 200,000 that was under-paid.

Chris?

MR. KORBY: Thank you. Someone made a suggestion, one of the Board members I think, that perhaps we break on this and those of us who have an interest in the calendar go see if we can work something out. I come back again to the notion that we're down to at most a few weeks in August, and in my estimation we're down to one week prior to Labor Day.

I'll be glad to join in those discussions if the Board would allow us to go meet and come back, and report.

COMMISSIONER CHOPER: No, I think that's a good idea, but we've now moved to this question of the under-payments.

EXECUTIVE DIRECTOR BREED: We really need an audit.

CHAIRPERSON HARRIS: Well, we're going to do an audit of that.

COMMISSIONER CHOPER: We're just going to do that. Okay, fine.

CHAIRPERSON HARRIS: I don't think we can sort that out today.

But should we hear from -- we do have the trainers here that would -- I think you want to comment.

REGULATION/LEGISLATION MANAGER WAGNER: Well, if they have a break and they get it solidified, then there's no problem.

CHAIRPERSON HARRIS: Yeah, why don't we take and we'll come right back, and you guys can keep meeting.

(Off the record.)

EXECUTIVE DIRECTOR BREED: I think everybody's fed, bring your food with you and let's get started.

CHAIRPERSON HARRIS: Okay, let's reconvene here. I know some of the trainers would like to comment. Let's give it about three minutes.

EXECUTIVE DIRECTOR BREED: Okay, everybody, let's

give the -- let's be quiet, please. Thank you.

MR. MOSER: I'm Ed Moser, a trainer. It's just for me the fairs are -- I used to get excited about it when the fairs came around, I'd never been to the fairs before when I started in Northern California, and it seems like they keep getting longer and longer, because we used to race -- after Golden Gate we'd only go to Pleasanton, Vallejo and Santa Rosa and then we were back at the main meets, so it was basically six weeks. And it seems like it's getting longer and longer. I think right now it's like three months.

And it's very, very costly for owners and trainers to be racing with the fairs for that long. I add an extra man every time we run at the fairs.

I ran one horse at Fresno this year and the only reason I ran one is because I got my vanning bill down there, it cost $260 to run that one horse down there, so I didn't run anymore horses down there.

So to me, the more they run at Golden Gate Fields, the better.

CHAIRPERSON HARRIS: I'm not sure if I agree on your historic dates, though. I was under the impression that the fairs, as far as the span they were operating is pretty similar to the way it is now.

MR. MOSER: No, actually, because we used to

overlap with Stockton, so we'd skip that one.

EXECUTIVE DIRECTOR BREED: Stockton and the State Fair.

CHAIRPERSON HARRIS: I guess you -- so previously there was overlap.

MR. MOSER: Yeah. Oh, I'm talking about -- yeah, I'm talking like in the eighties.

COMMISSIONER CHOPER: Yeah.

MR. MOSER: Thank you.

CHAIRPERSON HARRIS: Okay, Jerry wanted to say something?

MR. HOLLENDORFER: Jerry Hollendorfer, trainer and owner.

I support the CTT, TOC and Golden Gate proposal. And then I have a question for the Board. You know, if you give Ferndale unopposed racing for one week during Del Mar, wouldn't that significantly impact the handle between north and south as far the simulcast goes?

CHAIRPERSON HARRIS: Well, that's a consideration.

MR. HOLLENDORFER: Well, Mr. Fravel could probably say something on that.

CHAIRPERSON HARRIS: Well, I'm that --

VICE CHAIRMAN ISRAEL: He's eating potato chips.

MR. FRAVEL: Are we on that part of it?

CHAIRPERSON HARRIS: Well, I don't think we're

really quite there yet, anyway.

I think I'm aware of that issue, I'm not sure it's enough to make a super big difference.

MR. HOLLENDORFER: I think it would make a real big difference.

CHAIRPERSON HARRIS: To who?

MR. HOLLENDORFER: For all the overall handle.

CHAIRPERSON HARRIS: Yeah, I mean, all the handle in the south stays in the south and all the handle in the north stays in the north, so I think it would -- it could impact Del Mar, but I'm not sure how much they're handling now on -- to really analyze all this stuff, we need to really look at what the actual data is now and on the different scenarios.

I think that did happen some, that there were some days where Humboldt didn't overlap and how that worked versus whoever else was running.

MR. HOLLENDORFER: Okay. Well, anyway, I run a lot of horses and support the program here in Northern California quite extensively, and I really do favor the Golden Gate, TOC, CTT proposal for the dates. Thank you.

CHAIRPERSON HARRIS: Thank you.

Anybody else?

Okay, we've got --

VICE CHAIRMAN ISRAEL: Craig, do you want to

address that or not?

MR. FRAVEL: Craig Fravel, Del Mar. We do have some data. I don't have data on days that Ferndale ran unopposed, I don't think there were any of those.

But we average somewhere around $2.7 million per week on northern races in the south which, you know, on any given week, in terms of purses, it's been 130 and a hundred -- well, actually, between 107 and $150,000 a day in purses in the south, and a similar number in commission.

So it is a vitally important element to us. And candidly, we've never had an unopposed Ferndale as a supporting meet for Del Mar in the south which -- and I don't think it's reasonable to assume that that money will simply shift to a live product or something else, I think that would be lost to the purse account and commission account.

So we do have some concerns. I don't know if you're going to take action on that particular item today. If it's something you're going to defer some action on, we'd like to do some further analysis and submit it to you.

But it is a highly relevant factor. Even though the money stays in the south, you know, it's a big part of our daily handle.

CHAIRPERSON HARRIS: Let's put together some numbers because I think there were some days that Ferndale

ran non-overlapped. There weren't?

MR. FRAVEL: I don't believe there were.

CHAIRPERSON HARRIS: Not this year that everybody's talking about.

MR. FRAVEL: I don't ever recall that.

COMMISSIONER CHOPER: Not in my lifetime.

MR. FRAVEL: I am a big fan of the Humboldt County Marathon, I will tell you, it's my favorite race. I like to see if jockeys forget that I'm going to be around. But otherwise, we have some concerns with having that. Thank you.

VICE CHAIRMAN ISRAEL: Don't they have pit crews all those numbers for?

MR. FRAVEL: They have break girls, I think.

CHAIRPERSON HARRIS: Okay, anyone else? I think we're not going to solve this today, anyway, because there's so many pieces to the pie and really all we're talking about is from August on.

Are there any other -- I don't know if I missed anybody's comment?

But Sonoma County Fair has a comment card and I don't believe we've heard from them.

MS. TESCONI: Thank you, Chairman Harris. Tawny Tesconi, Sonoma County Fair.

First of all I want to thank you all, you seem

very supportive of the fair industry and I do appreciate that and the traditionalism. And I'm very supportive of the fair industry and love Humboldt County Fair, it's one of our fair families.

But we really -- Sonoma County Fair's put a lot of money into their facility. In 2005 we opened up our turf track, it was roughly a $2 million project. We still owe almost a million dollars on that project, we're paying it every year.

But in that period of time we've gone from a 12-day meet to a 10-day meet. Even though with less days running, of course there's less revenues, but our commissions have dropped, our expenses remain about even.

So we need a way to revitalize and help our race program.

Just so you know, in 2010 our budget, that's going to be approved tomorrow night at our board meeting, is looking at staff layoffs. But even with staff layoffs, we're proposing over -- or $120,000 in improvements between our turf and our paddock area.

Also, we continually get compared to the 2009 -- or excuse me, the 2007 program, with the third week of racing that didn't have a fair. That was kind of a unique year for us for a number of reasons. Our race dates were changed, we had a lot of management changes going on.

I think that in the interest of racing in Northern California and I think by support of the horsemen, having us have a third week of racing provides an opportunity for people to stay in the north.

I think the people that are going to run at Humboldt are going to run at Humboldt. I think there's ways of using the same racing secretary, that we can write races that will protect Humboldt.

We're obviously going to do two or three turf races a day, that's something that Humboldt can offer.

And so I hope you guys give us a chance. If you've looked at our meet in the last two years, you'll see that our live meet continues to be very strong. I think that has a lot to do with our promotional efforts in the last two years.

For a third week of racing, even though we're not going to be running a fair, we're talking about a lot of special events for that third week. We're also having -- it's almost an opportunity to bring some new people to racing because at this point we have box seat holders that have held boxes for hundreds of years, and there's no opportunity for people to buy into our box seat program because all the seats are reserved way ahead of time.

This will be an opportunity for people, maybe that haven't come to the races before or who haven't had that box

seat experience to get in there. We're not going to be charging admission, it's going to be a great, fun party and we're going to promote it that way.

And so as much as I appreciate your concern for Humboldt, I think the two fairs can work together. The fair industry has shown a history of working together and I hope you take that into consideration.

CHAIRPERSON HARRIS: Thank you. And just to clarify, I was never advocating less than the three weeks for Santa Rosa, I was just trying to also --

MS. TESCONI: Okay.

CHAIRPERSON HARRIS: -- with the 52 weeks of racing that we have, fit in a week for Humboldt. But I think that Santa Rosa does have the turf course, they've a great area up there and it -- as I understand it, everyone's for three weeks. Is there anybody here that's not for three weeks for Santa Rosa?

But the thing is there's only -- there's more than three weeks in the year, though. So will Humboldt have any opinions on how you could do if you could get a week of non-overlap?

MR. TITUS: Thank you, Mr. Chairman, Stuart Titus, General Manager Humboldt County Fair.

We're, I guess, just asking for a fighting chance here. Historically, our race meet has been -- has been

founded on subsidies, that's the only way we can make ends meet. Non-overlap race dates would relieve us of the need for those subsidies and would, in fact, return those subsidies back to their sources of origin which, in effect, would be returned to the horsemen or to whatever track is overlapped with us.

We understand, as I indicated in my correspondence to you, Chairman Harris, and as my Board members, two Board members reflected to you as well, we understand that this is an economic issue.

I tried to outline in my correspondence the difference between the macro and the micro. If Ferndale were to receive two unoverlapped weeks, we would not need subsidies at all.

We realize that that doesn't match up with the macro aspect of it and how that works for owners, trainers, and Del Mar's of the world.

If we were provided an opportunity for our second week to be non-overlapped, I think that -- I know that that would be welcomed by my Board of Directors and by the supporters of horse racing in our part of the State, and that we could at least have hope of generating revenues that we could use to enhance our racetrack facility.

I'm also confident that we could work with Santa Rosa on our -- what would be our first week, to correspond

with conditions, racing conditions that would allow horses to come up, encourage horsemen to come up to Ferndale.

There are a number of other resource-based issues that we've talked about conceptually, but the peri-mutual clerks to race office personnel, starting gate crews, and none of that has ever been explored before, we've never been overlapped by another county fair, and there's some serious concerns there on the stress on those resources.

But all I can do is hold out hope that we can work those things out and move forward with a new day for Humboldt.

I'm not sure that we are in a position, speaking on my own behalf now, but that CARF is in a position to alter previous decisions made by the Board of Directors and the Live Racing Committee, as we are a public entity.

Notwithstanding whatever side deals may have been proposed here during the break.

But that's what we're asking for is just an opportunity to have a place in the future.

CHAIRPERSON HARRIS: Is that money on the subsidies, they -- that money -- where does that money come from?

MR. TITUS: Most of it comes from the supplemental purse fund, it's $1.1 million that is allocated for purse supplement reasons every year.

And in 2009 we had about $300,000, $290,000 reserved for Humboldt's purse program. We did not need all of that in the end because the handle was up for us substantially.

The remainder of it is a product of legislation that we had written back into the law this year, and it's commissions earned actually by whichever entity is running concurrent with the Humboldt signal, so it's coming out of -- this year it's out of purses and Commissions at the CARF one at Golden Gate Fields.

CHAIRPERSON HARRIS: So there's some sharing of those commissions back to Humboldt?

MR. TITUS: Yes.

CHAIRPERSON HARRIS: I didn't know that. I think it would be helpful if we could see some pro formas of a lot of these different scenarios and see kind of where the money flows and how it really works.

MR. TITUS: Thank you.

CHAIRPERSON HARRIS: Maybe we can have our staff put this out.

EXECUTIVE DIRECTOR BREED: Yeah.

MR. PICKERING: Mr. Chairman, Rick Pickering. At the risk of having something thrown at me from the Board here, if this Board is going to vote to allow Ferndale to have one or two weeks unoverlapped just tell us, and then

we'll figure out what to come back with the rest of the calendar.

If you're not going to do that then tell us. Because for example, if Santa Rosa runs three weeks, from the end of Santa Rosa until Labor Day is only three weeks left. So if we're going to unoverlap Ferndale for one of those three weeks, then there's only two weeks left between the end of Ferndale and Labor Day.

And if this Board's been signaling, along with TOC and the trainers, that they would like to have that Labor Day weekend ran at Golden Gate Fields, then there's no point in any further discussion about Pleasanton because we're not going to be available to open up for one week of racing between an unoverlapped Ferndale and a Golden Gate Fields Labor Day there's only one week left in there.

So perhaps the Board wants to vote that direction today, unoverlap Ferndale, that leaves two weeks left and shift them to Golden Gate Fields. Just tell us and we'll adjust.

VICE CHAIRMAN ISRAEL: Can I ask, did you just say in different words that you're amenable to taking the two weeks and letting Golden Gate run that third week?

MR. PICKERING: I'm pointing out that if this Board wishes to have one week of Ferndale unoverlapped --

VICE CHAIRMAN ISRAEL: No, I'm changing the

subject, I'm using my -- whatever I can use to change the subject.

Forget Ferndale. Did you just say that you can open for two weeks and Golden Gate Fields can run that third week?

MR. PICKERING: I said that earlier today.

VICE CHAIRMAN ISRAEL: Okay. All right and --

MR. PICKERING: And a two-week race meet works at a fair.

VICE CHAIRMAN ISRAEL: That does, okay.

MR. PICKERING: But as a member of CARF, I voted for those three weeks to stay in the fair block, which included running in Pleasanton.

CHAIRPERSON HARRIS: Yeah, and I personally would like to see just one week of non-overlapped Ferndale, and then I could sort of go either way on -- I kind of like the idea of Labor Day at Pleasanton, if that could show to be a good go for Pleasanton, with all the Scotsmen and stuff.

MR. PICKERING: Well, and the one week you're asking us to give up as overlap, or unoverlap with Ferndale, is the Good Guys Car Show, which generates close to 70,000 people at the Alameda County fairgrounds. And I would argue that week would even be more profitable for racing at Pleasanton, because people who can afford a hundred thousand dollar play call and a $400,000 motor home to drive it

around with, are people who need introduced to racing as much as do the Scotsmen.

CHAIRPERSON HARRIS: Okay. Well, pick the one you like.

MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of California. I'd like to add a few comments with respect to Humboldt getting unoverlapped.

Frankly, I don't think we had enough time to assess what was not in the Board package. We don't have the data. We have run analysis before. So this is relatively new to us, this proposal.

Up until now, I just want to reiterate an important point here that the calendars, the two calendars you see here in front of you, the one submitted by -- jointly by TOC, CTT and Golden Gate Fields, and the other one presented by CARF were the result of, you know, not five minutes discussing the calendars, they were over several weeks, if not months.

They also reflect some historical discussions as well.

So I think there's a fairness issue when another proposal comes to us and we're asked to decide on it.

CHAIRPERSON HARRIS: I don't think we're asking anyone to decide anything today.

MR. LAMOTHE: Well, we're being asked our opinion

on it.

CHAIRPERSON HARRIS: Opinion is different than deciding.

MR. LAMOTHE: Okay, then I'll rephrase my words then. You know, I think TOC's position on this would be that we're heading in the wrong direction if we're looking to unoverlap Humboldt, for some of the reasons stated before, it's an enormous expense to move up there.

Here we are trying to solidify the assets that we do have, yet we're now contemplating looking at supporting a system that's been built on subsidies. I mean, the subsidies, you know, things are giving right now. Things have got to give. And this is not picking on Humboldt, specifically.

It's been pointed out there's a direct impact on Del Mar in the south when we run unoverlapped Humboldt.

You know, we can get the data, but I think we all know what it's going to show.

We extend the period up north. You know, what about turf racing? You know, I'll point out that we support three weeks at Santa Rosa.

Okay, one iteration of this calendar had Santa Rosa followed -- the dates were flip flopped, we had dates running at Golden Gate following so we can have a solid six weeks or so of turf racing, in the middle of the summer

calendar in Northern California and keep the good horses and good stables up there.

Okay, we've compromised to get to this point. And I just see, you know, there's this other point, you know, we talk about the subsidies that support Humboldt. Well, as I understand it, and I don't understand all the details but, you know, there's some legislation passed I believe this year, or last year, that provided additional funding for Humboldt.

And frankly, you know, maybe we were asleep at the wheel at TOC, I think there were a lot of people asleep on that one, on how that got passed, but it did.

So I would reiterate that we -- you know, it appears that we'd be going in the wrong direction.

MR. HARTMAN: Just one thing on the funding. I believe it's the first time in history, and I feel for Stuart, let me say that first, everybody's facing rough economic times right now, everybody's struggling. But for the first time in history purses were taken from one meet, through this legislation, and put to the bottom line of a track.

Let's get that again. Purses from CARF one year, horsemen's money, owners money, a portion of that went to Ferndale's bottom line. Not to their purses, to their bottom line. That was the legislation that was passed.

VICE CHAIRMAN ISRAEL: For the racetrack or the county fair?

MR. HARTMAN: The county fair, the racetrack --

CHAIRPERSON HARRIS: Was that legislative?

MR. HARTMAN: Legislative.

CHAIRPERSON HARRIS: I don't recall that legislation. Could we get a break down on what that was?

EXECUTIVE DIRECTOR BREED: If we can find it.

MR. HARTMAN: So I mean that's -- and, you know, we want to support Stuart and that was something that the tracks did to support them. Just not to pick on Ferndale because I think we all love them, but 99 percent of their races was claiming 6250s and under. They're just different horses, they're not --

CHAIRPERSON HARRIS: I agree. I'm not saying that everyone's going to pack their bags and go to Ferndale with every last horse, and Jerry, and Ed, and all those guys are going to be running up there.

I'm just saying that that break, what it might accomplish is less subsidy because they would earn money that would otherwise they'd have to be subsidized, and besides that you'd get a little bit of a break for the regular horses that don't go to Ferndale, which would be the majority of them, and it would help field sizes at the subsequent meets.

So I was looking at it as not a lose/lose deal, but possibly a win/win deal.

MR. HARTMAN: So I guess the question then would be where would that one point -- if there's no more overlapped fairs, which was the purpose of that $1.1 million in subsidy, where does that money go?

CHAIRPERSON HARRIS: Well, it should go back to whoever paid it.

VICE CHAIRMAN ISRAEL: I'll take it.

MR. HARTMAN: It's the starter purses, it goes to the horsemen, the 1.1 million.

CHAIRPERSON HARRIS: Yeah, it would go to -- I mean, it would stay with purses somewhere.

I mean that's the reason I think that if you really think it through and we get some of these pro formas done, it may be that it's not that all bad of an idea.

MR. BACHMAN: Chairman, Tom Bachman, owner, I was on the committee last year that set up the summer schedule.

And if the fairs will recall, there were certain horses, being the 2,500 claimers and the 32s and the 43s that we kind of excluded from the fair and left those for Ferndale as a kind of exclusive use of those horses.

But if you will look back at last year's racing, I believe Wednesday and Thursday of the middle week they were able to fill two thoroughbred races, two only. And that's

with the condition book that probably had eight races for that day.

So as you start to shrink your inventory of horses and you start to look at the cost of going to Ferndale, and you think in your mind that their one week unoverlapped is going to be able to replace that 1.1 million? I think that you're just way off base.

CHAIRPERSON HARRIS: Well, I'd just like to see the numbers. I mean, I'm not thinking people are going to go to Ferndale, I'm more trying to build up inventory because I think we've got a horse shortage and that we may have a scheme here to get more horses in the other races. I mean, just running all these five-day weeks throughout the summer may be more than we can really handle unless you figure a break somewhere.

MR. BACHMAN: Chairman, the point I'm making is I would suspect this summer that the operating fairs are going to have to use those $2,500 horses themselves throughout the summer. Because that's inventory that was excluded from their overnights last year, and I suspect that to put together good cards at the other fairs, they're going to have to reach all the way down to the bottom to fill fields.

CHAIRPERSON HARRIS: Well, the bottom's the bottom regardless, I think.

VICE CHAIRMAN ISRAEL: Can I ask, during the break

did you guys work anything out, Chris? Which was the point of the break. Nothing, nothing got resolved?

So wouldn't it be wise for us to put this over?

CHAIRPERSON HARRIS: Yeah, I think we need to put it over and get everyone -- it will come up different -- we'll come up with some different versions.

But we need to have some numbers, a lot of numbers get tossed around, that we have early. Because just like today we're getting numbers submitted to us that we don't have any way to verify if they're right or not. And we need to have our staff take a look at them and do some due diligence and see really what the numbers are.

But I'd like to see the numbers both on purses generated, on commissions generated, and maybe we should just have a full disclosure of who gets paid to have their dates, and kind of the whole scenario of how this thing works.

Because I think we all love the fairs, we all want to also preserve Northern California racing, and Golden Gate, and all the horsemen, but there's not just any one way to do it, there's a lot of different ways to look at it.

MR. PICKERING: Rick Pickering, on behalf of CARF and the racing fairs, and Alameda County Fair. I would still strongly urge this Board to vote on the rest of the fair dates as much as possible, so that we can go out and

enter into our contracts.

If you want to hold one week out on Labor Day week, if you want to hold three weeks out so that we can think about Ferndale again --

VICE CHAIRMAN ISRAEL: Well, Rick, before obviously I said I empathize with we need to start cutting deals. On the other hand, if we do that, then the flexibility to rearrange a lot of cards that might need to be rearranged disappears, and it makes it much harder to solve the problem.

Because the problem, while it exists in a two- or three-week block, may be solvable by moving other blocks in other places. And, you know, and that's just the way -- that's the way math works.

CHAIRPERSON HARRIS: Isn't there, though, all the parties are I think in agreement. Stockton's that first week.

VICE CHAIRMAN ISRAEL: No, Robert --

MR. HARTMAN: It's not that we're not in agreement, but it's just a matter of exactly what Commissioner Israel said, there may need to be some horse trading and some things may need to be moved around to solve the problem, and we lose all flexibility if we penned in just talking about those three weeks.

VICE CHAIRMAN ISRAEL: I know we don't have a

December meeting in all likelihood, but can we give you a date of like December 10th to get this worked out by or we'll just dictate a calendar; does that make sense?

CHAIRPERSON HARRIS: Yeah, I think we have to have a meeting to dictate it to.

VICE CHAIRMAN ISRAEL: Then we'll have a meeting.

CHAIRPERSON HARRIS: Yeah.

VICE CHAIRMAN ISRAEL: Yeah.

CHAIRPERSON HARRIS: We could have a December meeting, I guess.

MR. DOUGHERTY: Chairman Harris, Charlie Dougherty.

One of the things that I could tell you over the course of 25 years of being in the horsemen's representative position, the frustrating thing that goes on a lot with sitting down and trying to talk about the dates, specifically in the summer months, is we have always been told that no fair can move their dates in terms of, you know, within one year. And then boom, all of the sudden Sacramento votes to move their dates and it causes a spiral effect and everything.

And so we then changed our schedule to accommodate the request of Sacramento and all that.

And one of the things that, you know, I would just ask you to ask Ferndale, if they're always looking to be

unoverlapped, he is -- Stuart has always indicated he's not willing to move his fair.

So, you know, at what point do we, in the best interest of horse racing, you know, take the position to where, look, if you want to run unoverlapped, why aren't you willing to move your fair and try and fit into the racing schedule that might be for the better overall good?

So I would just ask if Stuart is ever willing to move his fair dates?

COMMISSIONER CHOPER: But there are no weeks open, so what good are you -- you're going to take someone's dates at this point, unless you're going to run it around Christmas.

MR. DOUGHERTY: But if Stuart had some flexibility, I think we could talk about shuffling some dates around. Up until this point he's had no flexibility on it.

COMMISSIONER CHOPER: Okay.

CHAIRPERSON HARRIS: And that had been, Charlie is somewhat right, and it's kind of the litany was always that everyone had these dates and that's when the carnival would show up, and all this and that, but that has been somewhat disproven, I think.

But I mean, I guess we could just assign whatever dates we wanted to anybody and they either run them or

don't.

But I'm not sure, as far as the Ferndale deal, if it makes -- if the horsemen or anybody would particularly want -- you know, it's not, I don't think the issue there so much as which dates they run, I just don't want to see them run non-overlapped.

VICE CHAIRMAN ISRAEL: Look, the longer this conversation goes on, the better Alcatraz looks right now.

CHAIRPERSON HARRIS: Yeah, that's true.

(Laughter.)

CHAIRPERSON HARRIS: Okay, go ahead from Stockton here.

MS. COOK: Yes, Debbie Cook, I'm the Manager of the San Joaquin County Fair in Stockton.

And I would just like to repeat what Mr. Pickering said that I am less than seven months from opening day at my fair if you approve the dates that are on the proposal, for the 16th to the 20th of June.

And as has been stated before, there are hundreds of people, just from my fair, who need to know, who are at home waiting for me to call and say these are our fair dates.

It is extremely important for fairs, as it is with any other business, it isn't just whether the ferris wheel shows up, there are hundreds of other people who are

waiting.

VICE CHAIRMAN ISRAEL: No, I understand that, but maybe if time is an issue you'll get this worked out in three days, or four days, or six days and come back to us, we have an emergency telephone meeting and approve the calendar. I mean, that's the way life works. The union, Richard can tell you, more union agreements are made in the 25th hour than are made 30 days ahead of time.

MR. DOUGHERTY: Very good example, he's telling the truth.

CHAIRPERSON HARRIS: Okay, let's put it over and figure on a meeting possibly December 10th to finalize the whole thing, or Friday, or some day at -- we'll probably do it at --

EXECUTIVE DIRECTOR BREED: John, it's on the calendar on the 17th.

CHAIRPERSON HARRIS: The 17th. Okay, we have --

EXECUTIVE DIRECTOR BREED: I thought it was the 10th.

CHAIRPERSON HARRIS: Oh, okay, maybe actually it's the 17th is the day we did have it on our calendar, which is also a Thursday, I think.

MR. LIEBAU: Mr. Chairman, I'd like to make one observation. You know, I was up here in Northern California in 1992 without -- Pickering knows what I'm going to say.

I was up here from 1992 to probably 2008 and I tell you that everyone that's been up here arguing, but jeez, if we could ever get Liebau out of here, we would really be able to reach agreements and there wouldn't be any problem with dates.

I have never seen a discussion over dates take this long. And as just a possible suggestion, I mean all you're talking about is economics, you're not talking about money.

So why don't you think about working something out so that maybe Titus is not overlapped on Wednesday and he gets to get, you know, the commissions or the purse money on the races that are imported on that day.

They already got something in the law that I think was passed, that there's so many races run during Del Mar and Ferndale, that Ferndale gets the benefit of.

I mean, instead of talking about who's going to be dark and everything else, I think just a suggestion is take it --

VICE CHAIRMAN ISRAEL: Are you volunteering to mediate this dispute?

MR. LIEBAU: No.

CHAIRPERSON HARRIS: Yeah, I think he'd be a perfect mediator.

(Laughter.)

MR. LIEBAU: No. I'm just saying it wasn't as hard when I was up here, that's for damn sure.

UNIDENTIFIED MALE SPEAKER: Bring back Jack.

VICE CHAIRMAN ISRAEL: He can't, he blew up his racetrack.

(Laughter.)

CHAIRPERSON HARRIS: Okay, we'll tentatively come back on December 17th with the draw for race entries. But let's try to get everyone to work on a pro forma of how they think that scenario will work. I mean, they probably won't all agree with what, but let's at least get down to some people are all agreeing on the numbers.

COMMISSIONER CHOPER: I'd like to follow up by saying that I think that Jack Liebau's suggestion is a very good one, and that is that if what we're talking about here is revenue for Ferndale on the one hand and not taking away racing dates from any of the other fairs, that's one thing, that's something that can be worked out.

But it seems to me, perhaps, more --

(Music playing.)

COMMISSIONER CHOPER: I apologize for that, but I recognize the song.

(Laughter.)

COMMISSIONER CHOPER: But it seems to me that that would make a big difference.

Now, John, I don't know how you feel about that?

CHAIRPERSON HARRIS: Yeah. No, I think that's -- I mean, my idea isn't to -- was trying to get rid of subsidies by letting people earn, you know, their money through commissions and that's the concept and maybe it's a way to do that.

I'm concerned, one, I like Ferndale and I'd like to keep that meet viable and up there, but then --

COMMISSIONER CHOPER: Financially viable.

CHAIRPERSON HARRIS: Financially viable.

COMMISSIONER CHOPER: Yeah.

CHAIRPERSON HARRIS: But also I'm concerned with just our horse population that we may need a break in there at some point anyway, and we've got the luxury now, with Bay Meadows going away, that you've really got more weeks to run and it might not be all that bad for the preceding meets and subsequent meets to have that, so I think it could be a win/win situation.

In fact, I see Ray -- is that Ray Thomas over there?

EXECUTIVE DIRECTOR BREED: Yeah.

CHAIRPERSON HARRIS: Should have had you just testify on the -- when all those trainers were up there. He's a leader trainer, he and Ruby are leading trainers at Ferndale and I'm sure the TOC has consulted with them.

(Laughter.)

COMMISSIONER CHOPER: Well, it essentially -- it essentially falls within the jurisdiction of the fairs, as I understand it, and it seems to me that CARF ought to take a look and come up with a proposal.

Now, there are two. One is actually take the week off because of the horse population. Well, I mean the owners and the trainers have got to advise us on that sort of thing, it's not the sort -- you know, we just don't guess at what's going to happen, you know what's going on and you ought to take their views into account.

And the CARF ought to take the financial situation into account as to whether or not that there is some way to help Ferndale out financially. If you can do all of that, it seems to me we ought to reach a solution. We're very close to a solution on the whole calendar as it is.

It really is down to one week. I noticed here, again, that both calendars give the two weeks to Pleasanton at the end of August, we're talking about the first week in September.

And I don't know why you didn't reach an agreement -- that's not me -- why you didn't reach an agreement, I don't know, but I hope you can.

MR. PICKERING: Mr. Chairman and Commissioner Choper, the fairs were discussing how to further help out

Ferndale. The fairs were afraid that if Labor Day weekend leaves the fair block, then there's less available for the fairs to use to help out Ferndale, Vallejo and Stockton, so that's where the discussion broke down.

COMMISSIONER CHOPER: Well, maybe you ought to talk to the Pacific Racing Association about whether they can make some concessions with respect to that.

CHAIRPERSON HARRIS: Okay, let's move on now. Yeah, we've got all these rules --

EXECUTIVE DIRECTOR BREED: Seven through 12.

COMMISSIONER CHOPER: I mean, I think we really ought to. Stockton's point, you know, is not only yours, a number of people have said so, let's get it done at least in four weeks, that's what we're talking about, four weeks and two days.

CHAIRPERSON HARRIS: Yeah, there's always a lot of kind of dancing around on these dates. I've been on the Dates Committee for a long time and this is typical of what we do, it's kind of like the mideast deal or something but, hopefully, we'll get some resolution.

Okay, on these rule changes I think there's probably only one of these that are somewhat controversial.

EXECUTIVE DIRECTOR BREED: And that's 14.

CHAIRPERSON HARRIS: It would be 14. Why don't we do 14, first, and see if there are any comments. This is

safety helmets required, safety vests required.

I think, Jackie, can you give us a brief survey of this and what they controversial issue, I think, is with trainers and helmets?

REGULATION/LEGISLATION MANAGER WAGNER: Absolutely. Jackie Wagner, CHRB staff.

The rules up for discussion are Rule 1689, safety helmets required; 1689.1, safety vets required; 1685, equipment requirement; and 1658, vesting of title to claimed horse.

All of these rules were discussed by the Board at its last Board meeting and at that meeting staff was instructed to go ahead and initiate the public comment period, the 45-day public comment period.

Since that time we have been asked to put this back on the agenda for further discussion and that is why it is here before you.

CHAIRPERSON HARRIS: So there's no -- the comment period is not open officially, now?

REGULATION/LEGISLATION MANAGER WAGNER: No, the comment period is not officially open as of yet.

The text that you have in your packet is the result of the meeting that we had last month, where we discussed the proposed amendments to safety helmets required, let's start with that one.

That's rule 1689, safety helmet required. And what this will do will add any person handling a horse on the racetrack to the list of those who must wear a safety helmet.

The rule also is being amended to establish the safety standards required for each helmet that a person or licensee must wear.

And what you see here is the text that was agreed upon at the last meeting. This text will be noticed for 45 days and sent out to the public comment period as you see it in the packet, if there are no changes. We have not received any comments.

CHAIRPERSON HARRIS: Okay, I think everyone's on agreement on all the parts of this, except if a trainer is just walking his horse on the track does he have to have a helmet, which I'm not clear if the current rule says he does or doesn't.

EXECUTIVE DIRECTOR BREED: No.

CHAIRPERSON HARRIS: He does not?

EXECUTIVE DIRECTOR BREED: He does not.

CHAIRPERSON HARRIS: He does not.

EXECUTIVE DIRECTOR BREED: He's leading a horse.

CHAIRPERSON HARRIS: Well, as opposed to ponying a horse.

EXECUTIVE DIRECTOR BREED: If he's ponying a horse

on the track, he's suppose to be wearing a helmet.

CHAIRPERSON HARRIS: Under the current rule.

EXECUTIVE DIRECTOR BREED: Under the current rule. If he's not --

VICE CHAIRMAN ISRAEL: If he's what a horse?

EXECUTIVE DIRECTOR BREED: Ponying a horse.

REGULATION/LEGISLATION MANAGER WAGNER: If he's ponying a horse.

VICE CHAIRMAN ISRAEL: Oh, he's ponying a horse.

CHAIRPERSON HARRIS: Ponying is different than leading sometimes but --

REGULATION/LEGISLATION MANAGER WAGNER: That's correct. But with the proposed amendment, the way that we have it here, "or handling a horse on the racetrack," that can be construed that, yes, they would have to wear a helmet.

CHAIRPERSON HARRIS: Okay, so I think that's the issue with it. I think the trainers, I know Ed and Charlie ride quite a bit out there; would you like to comment?

VICE CHAIRMAN ISRAEL: Are we worried about trainers having brain injuries? There's a presupposition there.

MR. HALPERN: I'm not sure I want to be the one who's up here doing this. You know, I was under the impression that the new language was -- was pretty much the

same -- is the same as the old language, which is fine with us, except that it added this "or handle the horse on the racetrack."

I was under the impression that that was really the concern there was gate crews. And my suggestion for this language is that the underlying section, "or handles a horse on he racetrack" be deleted, and inserted it just be "or works as a member of the gate crew," unless the person is -- you know, it just makes no sense and it's over kill and over regulation to start saying that Jack VanBerg has to wear a helmet when he sits on his pony on the track.

And it's also over kill, as it's currently worded, to say that a groom, who is walking a horse off the track after a race needs to wear a helmet. I mean, these people are professional at working with horses, we haven't had an accident regarding a horse onto the track or walking a horse off the track for as long as I know, at least the seven years that I've been running the Worker's Comp program.

We have not had a trainer injury, sitting on their horse watching other horses work, or pony, or whatever. So the situation there, it's necessary, is yes, if you're ponying a horse, if you're galloping a horse, or if you're working a horse, then wear a helmet, we're all for that.

So I would hope that this suggested language that I just provided would solve the problem.

CHAIRPERSON HARRIS: Yeah, I think that's what we should put out for comment, unless there's any objections.

REGULATION/LEGISLATION MANAGER WAGNER: So what we will do is we'll -- the language "or handling a horse on the racetrack will be deleted."

MR. LIEBAU: Jack Liebau, Hollywood Park. All I can tell you is that with respect to the examples cited by my good friend, Mr. Halpern, Jack VanBerg will have a helmet on if he is on the horse at Hollywood Park. That is our house rule, that is the basis for which our track was certified by the NTRA, and I will report that there are Hall of Fame trainers across the country that are raising wearing hats, one of them being DeWayne Lucas, when he's sitting on his pony, either at Oak Lawn or at Churchill Downs.

So, you know, as far as our house rule is concerned, if you're on the horse, you wear the hat.

CHAIRPERSON HARRIS: Yeah.

MR. LIEBAU: And that doesn't necessarily mean that the Horse Racing Board has to have the same rule, but that was part of the discussion that we had with the NTRA Safety Committee when our track was certified.

CHAIRPERSON HARRIS: Yeah, I think that's a good way to handle it.

COMMISSIONER CHOPER: Jack, how about the groom leading the -- leading the horse off the track?

MR. LIEBAU: I don't have a problem with that.

COMMISSIONER CHOPER: That is not your house rule?

MR. LIEBAU: No. If you're on the horse, on the racetrack, you have --

COMMISSIONER CHOPER: On the horse.

CHAIRPERSON HARRIS: How about the starting gate?

MR. BROAD: I should speak to that because they're my people.

CHAIRPERSON HARRIS: Okay, yeah.

MR. BROAD: Barry Broad, on behalf of the Teamsters. I understand some of our starting gate people don't want to wear helmets, they should be required to wear helmets.

CHAIRPERSON HARRIS: Are there --

MR. BROAD: A lot of times workers don't like safety equipment and that's too bad, so because it's safer.

CHAIRPERSON HARRIS: It should really be required by the employer, which would be the track, I mean anyway, if it's a safety issue.

MR. BROAD: Yeah. I mean, in terms of the trainers, themselves, I mean if they don't want to wear that equipment, maybe you could have a rule, but they ought to sign away their liability if they're injured while they're not wearing a helmet, so that they don't sue someone after, there's some negligence and they break their neck and then

they sort of say, gee whiz, that's not fair, you know.

So I think they ought to sign away their liability completely if they don't wear a helmet.

And secondly, anybody who's an employee of anybody on the track, their employees, anybody who's covered by a Worker's Comp policy should be wearing a helmet while their on the horse, and that includes the jockeys and anybody else who's covered by Worker's Comp.

COMMISSIONER CHOPER: You said "on the horse."

MR. BROAD: On the horse.

COMMISSIONER CHOPER: And at the gate.

MR. BROAD: And at the gate.

COMMISSIONER CHOPER: But not the groom leading the horse off the track?

MR. BROAD: I don't believe that that's necessary. If someone determines that it is -- I mean, if there really are accidents -- someone should look at have there been accidents where wearing that equipment would be necessary. If there really haven't been any accidents --

COMMISSIONER CHOPER: Well, Ed said he knows of none; is that right?

MR. BROAD: Right. Okay, then I'm not going to push that issue. But when you're mounted on a horse or you're in that starting gate, you should be wearing a helmet.

COMMISSIONER CHOPER: So your proposed amendment is anyone on a horse, no matter whom, and --

MR. BROAD: And if the trainers want to be trainer, themselves, who owns the business, wants to waive that right, then they should waive that right in writing, you know, before the meet, so that they're not going to sue the track, or sue the horse owner, or sue somebody else if they get injured because they're doing a macho thing, or whatever their deal is.

CHAIRPERSON HARRIS: Well, it's pretty hard to waive liability. I mean, usually you don't see too many attorneys suggesting that as a good resource.

MR. BROAD: Well, I just think that this is, you know, this is like boys with toys, you know, so they don't think they need to wear a helmet because they're beyond getting injured. I think that's kind of stupid because they're not beyond getting injured. And they're not athletes, a lot of them are middle-aged guys that are out of shape and they should probably wear a helmet.

But I don't represent them so I don't --

VICE CHAIRMAN ISRAEL: And if the get hurt on a horse, I'm going to represent the horse.

COMMISSIONER CHOPER: Can I ask you one more question, or either -- the language says, the existing language, it says "may not permit any person to gallop or

pony a horse."

Is your trainer who's out there, whether it's Jack VanBerg, or DeWayne Lucas, sitting -- I hear the expression, "sitting on his horse with his hat on," is he ponying a horse?

MR. MOSER: No. In the general definition and the understood use of the word "ponying," ponying amounts to leading a horse at a job or a gallop.

COMMISSIONER CHOPER: I understand. And is he galloping a horse?

MR. MOSER: No.

COMMISSIONER CHOPER: He's not.

MR. MOSER: No.

COMMISSIONER CHOPER: If he's galloping a horse, he's covered.

MR. MOSER: That's right.

COMMISSIONER CHOPER: He's moving the horse.

MR. MOSER: That's correct.

COMMISSIONER ROSENBERG: But what's the definition of galloping for the --

COMMISSIONER CHOPER: Walking.

MR. MOSER: Well, the gallop is a gate.

COMMISSIONER ROSENBERG: No, that's the -- the trainer goes on the track and sits there watching his horse train, is that galloping onto the track or is that --

CHAIRPERSON HARRIS: No.

COMMISSIONER ROSENBERG: It's just slowly going on the track?

MR. MOSER: Yeah, well, it's a different gait, it's a walk or something less than a gallop.

COMMISSIONER ROSENBERG: Okay.

CHAIRPERSON HARRIS: The house rule can take care of that at Hollywood. I think we should put this rule out without --

MR. BROAD: Just cover my people, that's what I care about.

CHAIRPERSON HARRIS: Your people.

REGULATION/LEGISLATION MANAGER WAGNER: I will go ahead and put the rule out with the deleted language.

VICE CHAIRMAN ISRAEL: Chilly wants to make a comment.

MR. CHILLINGWORTH: Sherwood Chillingworth, at Oak Tree. As part of our accreditation for our meet, we had to agree that we would adhere by the NTRA standards, where you have to wear a helmet and you have to wear -- the gate crew has to have helmets.

The trainer only has to wear a helmet when he's ponying, moving with the horse. If he's just standing there with his cowboy hat on, watching horses go by, he doesn't need a helmet.

COMMISSIONER CHOPER: How about walking them on, walking the horse onto the track?

MR. CHILLINGWORTH: No, if you're moving with the horse, you have to wear a helmet.

COMMISSIONER CHOPER: Moving with a horse.

MR. CHILLINGWORTH: Yes.

COMMISSIONER CHOPER: Well, I think you and Jack have a disagreement it would seem.

VICE CHAIRMAN ISRAEL: No, no, that's what ponying a horse is, if you're moving with the second horse.

MR. CHILLINGWORTH: But Jack, I think said, that he's going to require trainers wherever they are, when they're on a horse on-track to have a helmet.

And we just got a waiver on our two weeks at Oak Tree, and I think Santa Anita's going to invoke the NTRA rule when they open.

CHAIRPERSON HARRIS: Okay. Well, let's put it out for comment and we're going to revisit it anyway, and everyone can --

COMMISSIONER CHOPER: But I think the main changes are to take out "handle a horse on the racetrack" and language that comprehends "anyone on a horse," all right, or "at the gate crew."

REGULATION/LEGISLATION MANAGER WAGNER: "Or works as a member of the gate crew."

EXECUTIVE DIRECTOR BREED: Exactly.

COMMISSIONER CHOPER: Works as a member of the gate crew.

MR. CHILLINGWORTH: I'm sorry, my understanding was that we were not going to add "anybody on a horse," because you happen to be just sitting on a horse.

COMMISSIONER CHOPER: No, I thought we were. I thought that's your rule.

VICE CHAIRMAN ISRAEL: No, no. No.

MR. CHILLINGWORTH: That's his house rule.

CHAIRPERSON HARRIS: That's a house rule, but that's not our rule.

COMMISSIONER CHOPER: I understand. And Chilly just said that the NTRA required that in order to --

VICE CHAIRMAN ISRAEL: No, no, only if you're ponying a horse.

MR. CHILLINGWORTH: If you're moving.

MR. LIEBAU: Mr. Chillingworth may be incorrect, I may be incorrect but, I mean, as far as I know and what I've been told by Mike Seigler, who oversees it, is that the Hollywood Park rule, house rule, is in line with our accreditation.

COMMISSIONER CHOPER: Which is on the horse.

MR. LIEBAU: On the horse.

COMMISSIONER CHOPER: Even just walking it?

MR. LIEBAU: But I, frankly, don't care and you shouldn't waste this time because of my house rule --

COMMISSIONER CHOPER: No, I understand that. No, no, I understand that.

MR. LIEBAU: -- because I have the right to make that rule.

CHAIRPERSON HARRIS: Yeah, I think our rules should be pretty broad and a house rule, the good thing about a house rule, they can change it tomorrow if they want, where if we try to change something, it's going to take an act of God just about.

REGULATION/LEGISLATION MANAGER WAGNER: All right.

CHAIRPERSON HARRIS: Okay, so let's go back -- or the other one the --

VICE CHAIRMAN ISRAEL: Can we do the claiming one?

CHAIRPERSON HARRIS: Let's do the claiming, that's the other one that's somewhat controversial is -- which rule is that?

EXECUTIVE DIRECTOR BREED: 1658.

VICE CHAIRMAN ISRAEL: Rule 1658.

REGULATION/LEGISLATION MANAGER WAGNER: 1658, vesting of title to claimed horse, this rule was also discussed at -- this rule was also discussed at the last meeting of the Board and at that time staff was directed to amend the rule to add language that would require the

stewards to void a claim in cases where a claimed horse fails to return to the designated unsaddling area due to distress or injury, unless the claimant informs the stewards prior to the start of the race that he would still accept the claimed horse.

That language has been added to the text, as you see it in your packet.

Since that meeting, subsequent to the meeting, staff did receive two letters in opposition to the proposed amendment. The first letter of opposition was submitted by the CTT, and in that letter it's stated that it's represented, it was reported in error that CTT supports the proposed amendment when, in fact, the CTT found that the proposed amendment to the rule would be problematic.

In addition, we received a second letter from a thoroughbred horse owner who objected to the proposed amendment as it was drafted.

This amendment is before the Board again for further discussion, and I'm sure there's going to be a lot of that.

VICE CHAIRMAN ISRAEL: Yeah, Ed, could you clarify the trainers' opposition because currently it wasn't --

MR. HALPERN: Yeah, Ed Halpern, California Trainers.

You know, the overwhelming view that I heard from

trainers about this issue was a very strong reaction that opposed such a change in the rules.

The first part of looking at it is really the owner/trainer view of how it affects racing, and that the claiming game is part of racing. It has always been for as long as I know, for as long as my involvement and much longer than that. And this idea of dropping horses and raising horses is just part of the game, it's part of a poker game, it allows owners to move their horses around, to take chances, to play the race game.

And to create a rule like this destroys part of that lure of racing. You must remember that horses dropping and horses going up, sometimes horses that drop, lay down become Breeders' Cup horses. Blues The Standard, I think, ran for $10,000 and finished second in the Breeders' Cup some months after that. So this is all part of why people get into racing.

Now, the other way of looking at this item, and I know your other concern, is horse safety. You know, and some people proposed this idea because they -- the idea was, well, if we have a rule like this, people won't drop their horses to get rid of them, they won't take lame horses and drop them in the races, because if the horse breaks down, they're not going to have them claimed anyway.

Well, the truth is that if any, very few people, I

mean we've got six to eight hundred trainers, of course they're in Nevada, here and there, but trainers care about their horses and it's just not my impressions that trainers or owners go around with horses they know are about to break down and put them in a race. I mean, we're all conscious of the kind of liability that creates.

Over and above Worker's Compensation, if a horse breaks down and a rider gets killed, you're going to get sued as the trainer and the owner, so I don't think anybody's looking to do that.

Secondly, the number of times horses break down when they're dropped is probably not much different from the number of time horses break down when they're moving up or when they're staying the same, it's just not an effect that relates to the rule that is being proposed here.

VICE CHAIRMAN ISRAEL: Might there also not be an economic aspect to this in that claiming keeps liquidity in the system because there's cash changing hands?

MR. HALPERN: It does. It does. And I think a part of it -- I mean, I don't attack the motives of the people who thought about this because I think part of the thinking was, well, if you have a rule like this, it will force people with low-level horses to turn them out.

And the problem is the expense of turning out a horse and bringing it back for a 10, 12, 6, 8, 10, 12

claimer just makes no sense and it's not going to change people's minds and cause them, instead of trying to get a horse claimed, to turn the horse out. I just don't see that as a realistic result of such a rule as this. So I'm not sure the rule accomplishes anything in that vein.

CHAIRPERSON HARRIS: Okay, any other comments on this, or are you done?

MR. SCHWARTZ: Yes, Steve Schwartz, appearing for the Thoroughbred Owners of California.

CHAIRPERSON HARRIS: Yeah, welcome to your new position.

MR. SCHWARTZ: Thank you, Mr. Chairman.

The TOC vigorously opposes this rule for a number of reasons. For the sake of brevity I can pass on the reasons and do it in writing, unless any Commissioner wishes to hear now.

VICE CHAIRMAN ISRAEL: Thank you.

COMMISSIONER CHOPER: Thank you.

VICE CHAIRMAN ISRAEL: Boy, you get a big prize the first speech.

CHAIRPERSON HARRIS: That was good.

VICE CHAIRMAN ISRAEL: Yeah.

CHAIRPERSON HARRIS: Well, I think this rule had merit or does have merit, it's just a question of if it's the best remedy.

And I think in this game we don't want to make -- I mean, claiming, racing at total is a game, but I don't think we want to make us a sport that we're purposely subjecting horses to injury for a motive of losing a horse, and this was just thought of as a way that -- even though that may well not happen that often, this is just thought of as a way to further discourage that.

MR. SCHWARTZ: But I'd like to remind Chairman Harris that the horses that are racing have been inspected four times by veterinarians before they ever go into the gate. That affords the prospective claimant more protection than a person buying in an auction transaction or in a private transaction where -- if where they've had the horse inspected on one occasion.

The horse is inspected in the morning, in the receiving barn, in the saddling paddock, and then on the racetrack. And so there's ample protection against a horse who shouldn't be in the race because of soundness issues make the claimant at risk for getting a bad horse, because it's been inspected four times by veterinarians.

VICE CHAIRMAN ISRAEL: I think generally speaking, I wasn't at the last meeting, this falls into "if it ain't broke, don't fix it," and the claiming rule ain't broke.

MR. SCHWARTZ: I agree.

VICE CHAIRMAN ISRAEL: That's my position.

MR. FRAVEL: Craig Fravel, Del Mar. I know Tom Robbins, our Director of Racing, has some serious concerns about this rule, as well, particularly the way it's written currently, that there are a lot of issues that are unaddressed in it..

But I think it's worth pointing out that the -- there is a national effort, now, to create this national injury database that will tell us a lot more about both injuries, noncatastrophic, as well as catastrophic, amongst various classes of horses.

And I believe that there will be some kind of data released within the next several months.

And if you're going to consider a rule like this, according to Commissioner Israel's point, let's see what that data shows and figure out whether there really is a problem more so within claiming ranks than allowance company, or whatever, so perhaps you can make that judgment based on some more data that might be available in the relatively near future.

Thank you.

CHAIRPERSON HARRIS: I suggest we table this rule until we see more data, unless anyone else has a comment. Go ahead.

MR. BESENFELDER: Yeah, I'd like to comment, for sure. David Besenfelder, thoroughbred owner. I'm

relatively new to this business, but I do have some thoughts about this particular rule that's under consideration, and I guess that I would go even further in terms of suggesting that, you know, before something be put out for public comment that they go to something that -- again, I'm not an expert on this, and this is based on a letter that was sent to the "Thoroughbred Times" back in March, that a gentleman reflected on the process, the claiming process that was used in France, where claims are submitted up to 20 minutes after the race, and this would eliminate any issues with figuring out whether or not a horse was lame during the race, or something happened during the race, that each prospective new owner or claimant could look and see what had happened in the race, and make his decision of whether or not a claim should be submitted.

And in France it's gotten a little bit more complicated where actually you can bid more than the claiming price, and they put the difference into owners' purses.

I'm not suggesting that, I think that has an added complication that doesn't need to be included. But if there was multiple claims, you could do the shake, just as it's being done today.

But again, as I read that letter and again, as I've thought about it, I guess as a relatively new owner, it

sure made a lot of sense to me.

And as far as playing this claiming game, I mean, yeah sure, that's been going on for a hundred years in racing, I think it's time that we made changes. And in the brief time that I've been an owner, I understand, I realize how tough it is in the economic times that have hit us, and it's time that we consider alternatives. And it sure seems to me that this kind of alternative reduces the risk to new owners, you know, they can see the results of the race.

And likewise, it reduces the risk of the horse being hurt, the jockey being hurt, and also makes it more fair to the bettors.

And again, those are just comments that were made in this letter to the "Thoroughbred Times," but it all fits into the way I see things.

COMMISSIONER BRACKPOOL: I think you're talking about re-engineering the building, when we're talking about the fact there's a stuck door. I think you're talking about a much bigger issue than the rule that we have in front of us right now.

CHAIRPERSON HARRIS: Yeah, I think we should table this right now. But I agree that the mechanism we have now might not be perfect, and it may be some auction theory may work, but that's going to take a while.

But for now why don't we just table this because

the sun's going down.

MR. BESENFELDER: Okay, one other comment, I guess I took issue with the idea, though, that you would have to turn a horse out alternatively.

Somebody's going to have to turn that horse out. Again, in the brief time that I've been an owner, I know that people are putting in horses that aren't fit, hoping that they get claimed. So somebody's going to have to turn that horse out, whether it's the trainer that has it and the owner that had the horse before it races, or the trainer and the owner that end up getting stuck with the horse. And I just --

CHAIRPERSON HARRIS: Yeah, it's hard to get one claimed, actually.

MR. BESENFELDER: -- and I just wish that the Board and other people would take that into consideration. Thank you.

CHAIRPERSON HARRIS: Yeah. Well, it's amazing how few claims there are right now. Yeah, we've got a horse that's one four in a row up here and no one will claim him.

VICE CHAIRMAN ISRAEL: Why do you want to lose him?

CHAIRPERSON HARRIS: I don't want to lose him, I just want to win a race.

VICE CHAIRMAN ISRAEL: I thought you said he's won

four in a -- won or run four in a row?

CHAIRPERSON HARRIS: Won.

VICE CHAIRMAN ISRAEL: Won four.

EXECUTIVE DIRECTOR BREED: All right. Are you going to pass on the helmet and vest and leave off the -- with those changes, leave off the --

CHAIRPERSON HARRIS: Yeah, with the changes. And we've got -- I know everyone's reviewed items on the agenda, basically, Items 7 through 13; are there any comments on any of those? These are things that have been discussed and have been out for comment.

REGULATION/LEGISLATION MANAGER WAGNER: Commissioner Harris, if I may, those are public hearings and we would need to open the hearing for each one of those items in order for the process to be complete for the Office of Administrative Law.

CHAIRPERSON HARRIS: Okay, let's do that. Okay, you're a good counsel.

Okay, we'll start off with the carbon dioxide testing, Item 7, authorizes the medical director and the stewards, as well as the official veterinarian to direct that a blood sample be taken from the horse for purposes of TCO2 testing.

CHAIRPERSON HARRIS: Did we get any comments on this one?

REGULATION/LEGISLATION MANAGER WAGNER: No comments on this. This has been submitted for the 45-day comment period. Staff received no comments and we would recommend that the Board adopt the rule as presented.

VICE CHAIRMAN ISRAEL: So moved.

CHAIRPERSON HARRIS: And I may -- you had a comment, Mr. Charles?

MR. CHARLES: Yeah, just real quick, Ron Charles, MEC.

When you say you're going to table that last issue does that -- because I think it's important that no action be taken until we absolutely readdress it and look at new language.

Because I don't a person, other than the gentleman who just stood up, who has actually supported this and I think --

CHAIRPERSON HARRIS: No, I did support it. I have supported it.

MR. CHARLES: That's true, I'm sorry.

CHAIRPERSON HARRIS: But I agree --

MR. CHARLES: That's the second time you've been --

CHAIRPERSON HARRIS: But the thing is part of the problem is we --

MR. CHARLES: So we know we're on the right side.

CHAIRPERSON HARRIS: We want to get the data, some sound science.

MR. CHARLES: No, I just -- okay, I just want to be sure we're not going ahead until we can sit down and rework the language.

Because and I will tell you that the English claiming rule and the French claiming rule are trying to find a rule that works better than theirs is working right now, it doesn't work over there.

COMMISSIONER BRACKPOOL: It does not work?

MR. CHARLES: No, it doesn't. So anyway, I appreciate the fact that we're just going to table that until -- and move on. Thank you.

CHAIRPERSON HARRIS: Okay, the next one is --

EXECUTIVE DIRECTOR BREED: Did we vote on 7?

CHAIRPERSON HARRIS: Oh, let's vote. All in favor? Or did --

VICE CHAIRMAN ISRAEL: Well, I moved, somebody needs to second.

CHAIRPERSON HARRIS: Moved, okay.

COMMISSIONER BRACKPOOL: Second.

CHAIRPERSON HARRIS: Okay, Keith seconded.

All in favor, it's the TCO2

(Ayes.)

CHAIRPERSON HARRIS: Okay, the next one is a

public hearing and action by the Board, the proposed -- why don't you read these, Jackie.

EXECUTIVE DIRECTOR BREED: Jackie.

CHAIRPERSON HARRIS: Let's go through these.

REGULATION/LEGISLATION MANAGER WAGNER: Absolutely. Item Number 8 is the public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1858, test sample required. This would authorize the Equine Medical Director to designate horses for testing, as well as the steward and official veterinarian.

The rule was put out for a 45-day comment period. Staff received no comments on the proposal and would recommend that the Board adopt the rule as presented.

VICE CHAIRMAN ISRAEL: So moved.

COMMISSIONER CHOPER: Second.

CHAIRPERSON HARRIS: All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Okay, go ahead.

REGULATION/LEGISLATION MANAGER WAGNER: The next item is the public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1859. This is taking, testing and reporting of samples. And this will provide that the urine, blood, and other official test samples may be taken under the direction of the Equine Medical Director, as well as the official veterinarian.

This rule was put out for a 45-day comment period. Staff received no comments on the proposal and would recommend that the Board adopt the rule as presented.

COMMISSIONER BRACKPOOL: I'll make a motion.

VICE CHAIRMAN ISRAEL: Second.

CHAIRPERSON HARRIS: It's been moved and seconded. All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Okay, the next?

REGULATION/LEGISLATION MANAGER WAGNER: Item Number 10 is the public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1866, veterinarian's list, to prohibit a horse placed on the veterinarian's list and injured, unsound, or lame from working out within 72 hours of being placed on the list without the permission of the official veterinarian.

This rule was out for 45-day comment period. Staff received no comments and would recommend that the Board adopt the rule as presented.

COMMISSIONER ROSENBERG: I have a question on the language.

EXECUTIVE DIRECTOR BREED: You've got a question.

CHAIRPERSON HARRIS: A question, go ahead.

COMMISSIONER ROSENBERG: A question. I'm in favor of the rule, but the word "workout" is that a word of art,

is that defined anywhere?

REGULATION/LEGISLATION MANAGER WAGNER: Yes, it is.

COMMISSIONER ROSENBERG: So it's an official workout versus getting on the track and jogging a horse?

REGULATION/LEGISLATION MANAGER WAGNER: Commissioner, for purposes of this particular rule, the definition of workout is in the amendment, and workout means an exercise at, near or close to full speed. That is part of the rule.

CHAIRPERSON HARRIS: So it can gallop, but it couldn't breeze.

EXECUTIVE DIRECTOR BREED: So trotting is not --

VICE CHAIRMAN ISRAEL: So for me, it would mean walking.

CHAIRPERSON HARRIS: Yeah, really.

COMMISSIONER ROSENBERG: How about galloping, that's for the trainers to distinguish between -- is that a condition for the trainer.

MR. HALPERN: Ed Halpern. Yeah, the question is the distinction between a gallop and a breeze, is that your question?

EXECUTIVE DIRECTOR BREED: A workout.

REGULATION/LEGISLATION MANAGER WAGNER: The question is for the definition for workout as it pertains to

Rule 1866. We used that term in the rule and the amendment also provides a definition.

For the purpose of this regulation, veterinarian's list, workout means an exercise session at near or close to full speed.

MR. HALPERN: That's exactly how we would define it. And as part of that those, what are called workouts, are required to be clocked and reporting to and by the clocker. And so around the racetrack it's clearly known by all parties what constitutes a workout and what constitutes a gallop. You can't miss the difference.

COMMISSIONER ROSENBERG: But a gallop, you're saying that a gallop is okay, where someone said before that it wasn't okay.

CHAIRPERSON HARRIS: No, a gallop is okay.

MR. HALPERN: Yeah, no, a gallop is just used to keep the horse fit until you get to the point of where --

COMMISSIONER ROSENBERG: Thank you.

VICE CHAIRMAN ISRAEL: Okay, I'll move it.

CHAIRPERSON HARRIS: Okay, is there a second?

COMMISSIONER ROSENBERG: Second.

CHAIRPERSON HARRIS: All in favor?

(Ayes.)

REGULATION/LEGISLATION MANAGER WAGNER: Item Number 11, public hearing and action by the Board regarding

the proposed amendment to CHRB Rule 1867, prohibited veterinarian practices, to provide that the presence of any drug substance prohibited under this rule, found in a test sample obtained consistent with our Board rules, shall apply in the same manner as to a horse entered to race.

This was also noticed for 45 days. Staff received no comments on the proposal and would recommend that the Board adopt it as presented.

CHAIRPERSON HARRIS: Okay. Any comments on this? A motion?

COMMISSIONER BRACKPOOL: I'll make a motion.

CHAIRPERSON HARRIS: A motion.

VICE CHAIRMAN ISRAEL: Second.

CHAIRPERSON HARRIS: All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Okay, the next case.

REGULATION/LEGISLATION MANAGER WAGNER: Item Number 12 is the public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1890, possession of contraband, to prohibit the possession of, at a facility under the jurisdiction of the Board, of any veterinary treatment or medicine which has not been prescribed or labeled in accordance with Rule 1840 and Rule 1864.

This rule was also placed for 45-day comment

period. Staff received no comments on the proposal and would recommend that the Board adopt it as presented.

CHAIRPERSON HARRIS: Any comments on this?

A motion?

VICE CHAIRMAN ISRAEL: Moved.

COMMISSIONER BRACKPOOL: Second.

CHAIRPERSON HARRIS: All right, all in favor?

(Ayes.)

CHAIRPERSON HARRIS: Okay, the riding fee --

THE REPORTER: Chairman Harris, excuse me, who was the second on that one?

CHAIRPERSON HARRIS: The second was Brackpool.

COMMISSIONER BRACKPOOL: Me.

CHAIRPERSON HARRIS: Okay, 13.

REGULATION/LEGISLATION MANAGER WAGNER: Thirteen. Item 13 is a discussion and action by the Board regarding the proposed amendment to CHRB Rule 1632, jockeys riding fee, to revise the jockeys riding fee schedule pursuant to Business and Professions Code Section 19501. This proposal would amend our jockey Rule 1632, as required by the B and B Code, and the proposed amendment to the rule increases the jockeys' fees for losing mounts by $10, for jockeys who ride in races with a gross purse of $1,500 to $9,999 .

The fee for second and third mounts is also increased by $10, as required by the B and P Code

19501(b)(2).

In addition, the proposed amendment will eliminate the gross purse categories that are currently in our rule, of $599 to $1,499, as it appears that gross purses no longer fall below that particular category.

Staff would recommend that the Board instruct us to initiate the 45-day comment period on this proposal.

CHAIRPERSON HARRIS: Any comments on this proposal before we put it out for comment?

EXECUTIVE DIRECTOR BREED: Mary?

CHAIRPERSON HARRIS: Mary, you're fine with it. And the TOC, are you guys fine with it?

REGULATION/LEGISLATION MANAGER WAGNER: It's the law, this is a response to the --

CHAIRPERSON HARRIS: It's a law. So we just -- I don't even understand why we even have to do it if it's -- basically, we've got to incorporate the law into our rules?

REGULATION/LEGISLATION MANAGER WAGNER: That's correct.

CHAIRPERSON HARRIS: Okay, can I get a motion? I'll move it.

COMMISSIONER BRACKPOOL: Second.

CHAIRPERSON HARRIS: Brackpool seconds.

All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Okay, the Disabled Jockeys Fund.

EXECUTIVE DIRECTOR BREED: Number 15.

CHAIRPERSON HARRIS: Anything else, which one are we on here?

EXECUTIVE DIRECTOR BREED: Item 15.

VICE CHAIRMAN ISRAEL: We did 14 already.

CHAIRPERSON HARRIS: Fifteen, okay, we're down to 15, a discussion by the Board on the request to recognize the Permanently Disabled Jockey Fund.

Who's presenting? Do you present this or --

REGULATION/LEGISLATION MANAGER WAGNER: Jackie Wagner, CHRB staff.

The organization currently designated to receive charity race dates fund under the B and P Code 19556, is the Disabled Jockey Endowment.

We received a letter from the Jockeys' Guild and the Jockeys' Guild council, informing us that the Endowment Fund and the Permanently Disabled Jockeys' fund are combining and they are requesting that the Board recognize the Permanently Disabled Jockeys' Fund as the organization designated to receive the charity race dates funds.

We do have a representative from the Guild here to answer questions.

MR. BROAD: And Mr. Chairman and members, Barry

Broad. I am the volunteer attorney for the winding up of the Disabled Jockeys' Endowment and the merger of the two corporations. I'm available to answer any questions. There just is no need for two separate corporations, you know, two separate entities run by more or less the same people, to administer these funds.

CHAIRPERSON HARRIS: Yeah, it makes a lot of sense.

Can we get a motion to approve it?

COMMISSIONER BRACKPOOL: Happy to make a motion.

COMMISSIONER CHOPER: Yes.

CHAIRPERSON HARRIS: Moved and seconded.

All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Okay, now we're going to go into these ADW applications.

EXECUTIVE DIRECTOR BREED: No.

CHAIRPERSON HARRIS: What else we got?

EXECUTIVE DIRECTOR BREED: The Oak Tree about TVG.

CHAIRPERSON HARRIS: Oh, okay, where was that?

EXECUTIVE DIRECTOR BREED: Do 16.

CHAIRPERSON HARRIS: Oh, 16, I was looking at the wrong thing.

Okay, who's covering 16? This is a report on TVG -- I don't know whose item this is, actually, but --

EXECUTIVE DIRECTOR BREED: Yours. No, no, it's David's.

CHAIRPERSON HARRIS: I think it's David Israel.

EXECUTIVE DIRECTOR BREED: David.

CHAIRPERSON HARRIS: David, you got to explain what this item is about.

VICE CHAIRMAN ISRAEL: Hello. How you doing? Okay, I was watching -- I had the pleasure of having pneumonia during most of the Oak Tree meet, so during the week the only thing to watch was TVG, if I wanted to watch sports during the day.

And it came to my attention while I was watching that you give pathetically short shrift to Oak Tree. And so I started asking why and I was told, oh, it was the way the contract worked out.

And frankly, that affected adversely California racing, I believe, because I work in the television business, and the lifeblood of television and all its affiliated businesses is promotion. And you were providing no promotion of Oak Tree races, because you didn't have the same contract with them that you did with, say Hawthorne, between races.

And I think, in my opinion, and I can't prove it, obviously, that served to depress handle. Oak Tree's handle was off. I would assume Oak Tree's handle was off on TVG

accounts.

Because you drive interest by discussing the prospects of the next race. Sports is about what's next, not what's about -- it's not about what just occurred for the part.

And what's next at Oak Tree was only of import as they were loading the horses, that's when you went to the race, if you went to the race that early.

The first three or four races, when you had live racing back east, you didn't go to them until after the race was already run and a lot of the time you never gave the results.

And I found that very troubling, I found it a passive/aggressive attack on California racing because you, frankly, it seems you lost your monopoly. You know, all business in a monopolists, you had a monopoly, you had these ten-year exclusive contracts and you lost your monopoly.

And so as a way to try to get back your monopoly, you played hardball, but you played hardball with the State that probably provides most of -- at least 48 percent, from what we understand, of the handle in horse racing.

And I just happened to see it and I want an explanation, I want to know a hard, real explanation for what the hell happened besides, well, we signed this contract.

MR. NICHOLS: Okay, thank you, Commissioner. Just for everyone's edification, my name's Greg Nichols, I'm the Managing Director of BetFair, the parent company of TVG. I think you're well acquainted with John Fineman, who's represented our interest under our tutelage and certainly under the ownership of Jim Starr.

We share your view that maximizing a profit is a vital component, we have a mutuality of interest with California horse racing for that to occur.

If California horse racing is vibrant, then we would have actually --

VICE CHAIRMAN ISRAEL: Can you speak closer to the microphone, please, Greg?

MR. NICHOLS: Yes.

VICE CHAIRMAN ISRAEL: Thank you.

MR. NICHOLS: The if California racing is vibrant and is well promoted, then we would hope that that would have a significant financial impact for us, as well as the participants who put on the show.

There was no vendetta against Oak Tree, there was no vindictiveness towards Oak Tree. We have -- TVG has a number of exclusive arrangements with a number of tracks, also Del Mar and other tracks.

Unfortunately, we weren't able to negotiate a continuation of a ten-year relationship with Oak Tree for

the successive year, but there were numerous discussions with Chilly before and during the meet, when he alerted us to some of the concerns that you've expressed today.

And I would like to think that the company heeded what Mr. Chillingworth had put forward and had redeemed some of the situation towards the end.

But there was not one element of malice in looking to try to undermine the viability of the Oak Tree meet. Our priority, as explained to Chilly, is to ensure that our exclusive partners, who enter into arrangements with certain expectations, that their -- those expectations are met. Which we were able to do.

As the meet progressed, I think you'll find that the coverage certainly --

VICE CHAIRMAN ISRAEL: Look, coverage improved relative to the Breeders' Cup because it would have been television malpractice for you to do anything other than that. I mean, you might as well have committed suicide, corporately and personally. I mean, that would have been downright stupid.

But it didn't really, on a day-to-day basis, it never changed terribly much. And what I'm concerned about is as long as Magna, or one of its related companies, owns and operates Santa Anita and Golden Gate Park, which have the bulk of our racing days in California, you know, they

own HRTV. You're never going to have an exclusive arrangement with them.

And so if this is going to be an ongoing practice of -- you know, it will diminish California racing. And our job here, on this Board, is to make sure California racing is not diminished.

MR. NICHOLS: No, I appreciate your priority.

VICE CHAIRMAN ISRAEL: Yeah.

MR. NICHOLS: We have reached an agreement with TrackNet and Santa Anita for the forthcoming meet, and also Golden Gate. We intend to provide, within the scope of that contract, a full service.

Now, obviously, we would like to televise Santa Anita, we know that that --

VICE CHAIRMAN ISRAEL: Yeah, I know that's not going to happen.

MR. NICHOLS: That's not going to happen.

VICE CHAIRMAN ISRAEL: Right.

MR. NICHOLS: But at least Ron and his team, and certainly Scott and his team are vitally aware that we're prepared to do that.

So we do have -- there's no doubt that one of the items that particularly we know due diligence of the TVG was the dependency of the -- the centrality of California to the viability of TVG.

We don't have any intentions of undermining, under-performing in our coverage of a preeminent racing product.

VICE CHAIRMAN ISRAEL: How much was your handle down at Oak Tree this year?

MR. NICHOLS: I haven't got the numbers in front of me.

VICE CHAIRMAN ISRAEL: It was down though; right?

MR. NICHOLS: Yes, it would have been, because we've had the same experience when Keeneland went from exclusive wagering and exclusive television just to exclusive television, there was a decline.

Now, if there's a decline with one part of the equation fulfilled, then there's two parts in the situation with Oak Tree where we didn't have exclusive television and we didn't have exclusive ADW, so there was a decline.

VICE CHAIRMAN ISRAEL: Now, you weren't exclusive with the NYRA either; right?

MR. NICHOLS: No.

VICE CHAIRMAN ISRAEL: But you provided more thorough coverage and comprehensive coverage of the NYRA racing than you did of ours, from what I saw.

MR. NICHOLS: I think there's a couple of -- there are a couple of reasons, obviously, and you mentioned one previously that these -- the time zone obviously has an

influential rationale behind that, it seems to do that.

The other factor is that NYRA is an entity that provides racing roughly 350 days of the year and there is a consistency of product, and we attempted to put a very much a parallel in terms of quality of product to California horse racing. Yes, we did get an excellent coverage of New York racing.

But to say that we gave them a hundred percent live television, I'm not going to use statistics to provide an observation, but what I will say is that there were races on the NYRA program that weren't televised live. There were races on the NYRA program where we didn't go to the pre-race coverage. So there is an element of the same accusation that you bringing to us towards California racing, and you can afford that to our coverage of New York racing.

COMMISSIONER BRACKPOOL: But to go to the Commissioner's point, I think there were several times at the start of that Oak Tree meet, where I was watching as well, where there weren't other races being shown, there were just people sitting in the studio talking and the race went off.

MR. NICHOLS: I was unaware of that. But that is -- if that is the truth, then I'm -- and I'm not accusing you of telling me something that's not the truth, then that is a stupidity, commercial stupidity and I'd like to think

after it's --

COMMISSIONER BRACKPOOL: Well, it's stupidity or it's sending a message and I think that's the --

MR. NICHOLS: Well, we've been going 10 years as a company and we've got a reputation amongst companies in the world unequal, unparalleled, and of course I'm bound to say that, but we've pulled the business up to zero to something that's probably worth 2 to 3 billion, still, and we haven't done that because we're stupid. We haven't done that because we're unethical. We've done that because we believe in playing fair.

There may have been instances where our subsidiary may not have televised or approached coverage in the same spirit that BetFair as the parent company would like it to.

VICE CHAIRMAN ISRAEL: One other item that's related to this, but a little bit indirectly, is early in the Oak Tree meet you were running some promotional spots that were -- and John and I discussed with -- through our e-mails -- there were, at least by implication, accusing the other ADW companies of not paying off on their bets.

You know, every bet, you know, the way it was stated, if I remember correctly, you were insured and every bet was paid off, and the implication was the others weren't.

And we brought that to Gerard Cunningham's

attention and he said I didn't know about those spots. And when he saw it, he said he took it off the air. Well, two weeks later they reappeared and they started running again. And I have the DVDs of them.

MR. NICHOLS: Well, I wasn't aware of that. But I was, as you all know, Commissioner, I was copied on the chain of e-mails, so I'm not going to say that I wasn't aware of your interest, nor the Chairman's interest.

VICE CHAIRMAN ISRAEL: Right.

MR. NICHOLS: Can I just give a defense of a principle and then in the end come back and say it was probably a little bit --

VICE CHAIRMAN ISRAEL: No, I admit it was smart marketing, it just was the implication was dishonest because every bet's been paid off.

MR. NICHOLS: Yeah. What we'd say is that during due diligence, again, we discovered that the same rules apply in most major racing nations in the world, where there is a guarantee of funds is not necessarily the same, the U.S. is not conformist to the same degree as other jurisdictions.

To give you an example, BetFair has, at any given moment, $200 million still in trust. You know, that money is fully guaranteed. And we have attempted over a period of time to institute a similar system in this country, to

protect the consumer which, ultimately, really has two consumers, it has the owners and it has the contestants. And we need to protect both of those interests.

And we took a considerable period of time, probably too long to institute this policy, though I believe it's the right one, as undoubtedly Europe charted with the responsibility or had the responsibility to ensure that the consumer is protected for the racing industry and we're making a contribution.

Now, it may have been ill-advised the way that we went about it, but the President of BetFair U.S. and TVG pulled that advertisement. And if it was replayed, then that is certainly news to me, I'm totally unaware. After the conversation, after the e-mail that you provided, I was under the understanding that the ad was pulled and there was no reference to any other competing ADWs in any advertising relating to this specific subject.

VICE CHAIRMAN ISRAEL: Well, I may have the DVD here. If I do, I'll give it to you.

MR. NICHOLS: I'm not doubting you. And we'll follow internally to see if that did occur.

VICE CHAIRMAN ISRAEL: Yeah, I don't -- I guess I don't have it with me.

MR. NICHOLS: If it did, though, then I apologize.

VICE CHAIRMAN ISRAEL: It was that guy sitting at

the desk and he got -- you know, you've seen it, I'm sure, so --

MR. NICHOLS: Yes, I have.

VICE CHAIRMAN ISRAEL: Yeah.

MR. NICHOLS: But it was ill-advised, but the principle is not ill-advised, in which I'm sure that I'd like to agree with me that consumer protection is well-advised.

VICE CHAIRMAN ISRAEL: Hey, negative advertising works. You know, the implication was your bet's not safe at the other places.

But I'm just not going to -- in fact, if there's somebody here from TrackBet and Youbet, you can let us know, aren't your bets all protected and covered?

SPEAKER FOR YOUBET: Yes.

VICE CHAIRMAN ISRAEL: Huh?

MR. SCOGGINS: Yes. And on behalf of XpressBet I can say the same, yes.

SPEAKER FOR YOUBET: And I speak on behalf of Youbet.

VICE CHAIRMAN ISRAEL: All right, so is your situation any different from theirs?

MR. SCOGGINS: No.

VICE CHAIRMAN ISRAEL: Okay.

CHAIRPERSON HARRIS: Okay. Well, anything else on

this?

VICE CHAIRMAN ISRAEL: That's it.

CHAIRPERSON HARRIS: Let's keep moving along.

VICE CHAIRMAN ISRAEL: I just wanted to make sure that California racing is protected.

CHAIRPERSON HARRIS: Thank you, it's good to get it on the table.

MR. NICHOLS: Thank you.

VICE CHAIRMAN ISRAEL: Thank you, thank you very much.

MR. CHILLINGWORTH: I want to report on the TVG people, they -- Sherwood Chillingworth, Oak Tree.

We were very disappointed, after eight or ten years with TVG, that when we agreed to share the signal with HRTV that we really were treated very shabbily, particularly the first part of the meet. We were shown on tape delay, an hour after the race was on.

And when I complained about it, I was told, well, this is how we differentiate between exclusive partners and non-exclusive partners.

I then pointed out that they were showing Louisiana Downs live racing at the same time our live race was going on, and Louisiana Downs has two distributors, so there's no difference between the two of us.

So the only implication you can draw from that is

that we were being punished.

Now, I'm -- if President Obama were going to revise the Cabinet, I wouldn't go for the Secretary of War, I'd like to be the Secretary of State. Because I think what happened in the past is through, we can't change that.

I've had conversations and e-mails from four of the top management people in TVG, stating that that will not happen again this year.

We have a contract we have to enter in this year, and we want to ensure that there's a provision in that contract that will so provide that.

I just think that it's better to try and move ahead constructively, than be critical all the time and not accomplish anything.

And if no one will question my age, at Pearl Harbor, I watched Pearl Harbor from --

VICE CHAIRMAN ISRAEL: Chilly, no one's going to question your age once you said "Secretary of War."

(Laughter.)

MR. CHILLINGWORTH: Well, that equine flu is around.

My point is, I watched Pearl Harbor burn from five miles away and I drive a Japanese car now, so times change and I'm looking forward to having a much better relationship with you fellas next year.

CHAIRPERSON HARRIS: I'm sure you're going to forgive and remember.

MR. CHILLINGWORTH: One of the things I wanted to say is that for the Breeders' Cup, I wanted to compliment the staff, who did an absolutely fantastic job. I don't think anybody, or very few people realize how difficult it is to put one of those things on. You have mutuel clerks, you train 300 volunteers to show people around, and they did an absolutely magnificent job.

And I also wanted to congratulate Jerry for being the sportsman he was and putting Zenyatta in the big classic, I thought that was a marvelous day of racing, as it turned out to be one for all time. Thank you.

CHAIRPERSON HARRIS: Thank you. That was a great day.

MR. NICHOLS: Thanks, I agree with all of those comments.

CHAIRPERSON HARRIS: Okay, well, thank you for -- great.

EXECUTIVE DIRECTOR BREED: Item 17.

CHAIRPERSON HARRIS: Okay, Item 17. We're going to go through the -- one item on ADW, while people are getting it together, it's been brought to my attention that this is a joint problem that all the ADW companies have, but one of the credit card companies, Mastercharge, is

apparently telling their customers they will not let them use MasterCharge to fund their accounts, which is a pretty serious issue because that's the major way to fund accounts. Apparently Visa still is, but they've got a few hoops you got to jump through to do it.

But I've been asked on behalf of the Racing Board, which if there's no objection, I think I will, to send something into both of those companies saying that it's very important that they accept the credit cards of people that are using those accounts, because that's part of the California revenue stream.

COMMISSIONER CHOPER: What's their reason not to do it?

CHAIRPERSON HARRIS: Well, there's a federal law --

COMMISSIONER CHOPER: It's paid in advance, get the money in advance.

CHAIRPERSON HARRIS: Yeah, I don't think it's a collection problem. There's a federal law that went through, I think that the --

VICE CHAIRMAN ISRAEL: It became law just as --

CHAIRPERSON HARRIS: Yeah. Well, the law basically says that you can't fund gambling transactions, but it has a clause in it that says except where gambling is legal.

Like, basically, where somebody's got a carve-out for racing, but they're not recognizing the carve-out.

VICE CHAIRMAN ISRAEL: Well, the reason is the fines are so onerous, they're enormous, they're the magnitude of --

EXECUTIVE DIRECTOR BREED: There are fines if they're found to have violated it.

VICE CHAIRMAN ISRAEL: If they're found to have violated the rule, the fine starts at like $500,000.

COMMISSIONER CHOPER: This is revenue money, it's not just for California racing?

VICE CHAIRMAN ISRAEL: No, no, no, it's for --

CHAIRPERSON HARRIS: Well, the law was really directed at other stuff.

COMMISSIONER CHOPER: It's a what, a California law?

VICE CHAIRMAN ISRAEL: It's a federal law.

COMMISSIONER CHOPER: It's a federal law, so it's not the --

VICE CHAIRMAN ISRAEL: It's for off-shore, non-horse-related related gambling.

COMMISSIONER CHOPER: They ought to get a ruling on this.

VICE CHAIRMAN ISRAEL: They have, but Mastercard has informed its member banks not to take any -- and you

guys can -- the TVG people can correct me if I'm wrong, not to take anything that's coded as a gambling transaction because it's not a big enough piece of the business to warrant the risk of making a mistake.

COMMISSIONER CHOPER: You could use a Mastercard right at this racetrack, I think.

VICE CHAIRMAN ISRAEL: But that's not internet.

COMMISSIONER CHOPER: That's not internet.

CHAIRPERSON HARRIS: The law is specific on internet, I think.

VICE CHAIRMAN ISRAEL: It's internet, it's internet gambling. And so you can use one at the casino, too, but it's internet.

COMMISSIONER CHOPER: Well, it's not in their interest.

VICE CHAIRMAN ISRAEL: Making the mistake is too expensive to warrant --

COMMISSIONER CHOPER: And it's not in our interest, so someone ought to do something about it.

VICE CHAIRMAN ISRAEL: Well, actually, their interest is around -- they book about three and a half, four million dollars a year in business, that's how much they get out of it, yeah.

COMMISSIONER CHOPER: That's all?

VICE CHAIRMAN ISRAEL: Yeah, so it's not worth it

for them to risk a fine.

CHAIRPERSON HARRIS: But at any rate, it's something to be concerned about as an industry. And I think it's one thing we can all work together on.

Okay, on TVG's app., I think on all of these, too, I would suggest that we make all these one-year applications because there's so many changes going on just in the last year, we've had ownership changes and there's probably going to be some more going forward.

And even though without any discredit to any of the applicants, I think a one-year license is more reasonable, if there's no objections of the Board?

VICE CHAIRMAN ISRAEL: I agree.

REGULATION/LEGISLATION MANAGER WAGNER: Jackie Wagner, CHRB staff.

TVG has filed it's application for to provide services as an ADW provider, as an out-of-state multi-jurisdictional wagering hub.

They currently have -- they are currently licensed as an ADW provider, with their license expiring on December 31, 2009, of this year.

They have on file a bond of $500,000, which is required. That bond is on file and it will expire on October the 12th.

They have applied for the two-year license, and

the Chairman has indicated that these applicants will all be considered for a one-year license.

The announcement indicates that they have some outstanding items and I am pleased to report that I have received correspondence from TVG attesting to an agreement for the Horsemen's agreement, so we do have a letter stating that that is, indeed, in place.

I did receive a copy of their hub agreement and I have been informed that they do have track agreements in place for the December 26th meetings that are -- race meetings that are going to be commencing here shortly.

We do have representatives from TVG, if there are any questions on the application. The staff would recommend that you hear from them and approve the application contingent upon the receipt of any outstanding or missing items.

COMMISSIONER CHOPER: Well, I notice in the communication that you had with us, you said "we will obviously continue to televise Oak Tree, however, we propose to commit precedential coverage to those tracks that have exclusive arrangements, this will mean that there will be a number of Oak Tree races that are not televised live."

I guess what happens -- is that withdrawn?

VICE CHAIRMAN ISRAEL: That's what we just discussed.

MR. HINDMAN: Hi, this is John Hindman, TVG. Can you just reference, I think we're a little lost --

COMMISSIONER BRACKPOOL: I think it was in the letter of the lost items, actually.

COMMISSIONER CHOPER: November 28th -- no, I'm sorry. "TVG recently provided the following summary of their negotiations with Oak Tree racing," I'll show you this, you can read that.

MR. HINDMAN: Okay, okay. Again, I think we've provided a letter on the Oak Tree matter, in terms of televising the Oak Tree races.

COMMISSIONER CHOPER: I can't hear you.

MR. HINDMAN: I think we provided a letter regarding the coverage of the Oak Tree races, that we just spoke about with you a while ago.

COMMISSIONER CHOPER: Yes.

VICE CHAIRMAN ISRAEL: Okay, we're up to 17, Jesse, that's 16.

COMMISSIONER CHOPER: 17.3, the top of the page.

VICE CHAIRMAN ISRAEL: No, 16.3.

EXECUTIVE DIRECTOR BREED: 17.3 of the analysis.

VICE CHAIRMAN ISRAEL: Oh, oh, of the analysis.

COMMISSIONER CHOPER: I just wanted to know what the situation is, we don't have to go into where it is and how it is, but it does say that since we don't have

exclusive arrangements, since Oak Tree does not have exclusive arrangements with TVG, there will be a number of Oak Tree races that are not televised live on TVG.

VICE CHAIRMAN ISRAEL: We just discussed this, Jim.

CHAIRPERSON HARRIS: Yeah, we just went through this, I think. If you don't have an exclusive, you really don't have to show anybody.

COMMISSIONER CHOPER: Well, I understand that.

CHAIRPERSON HARRIS: Business-wise, it would be wise to do it.

COMMISSIONER CHOPER: I can understand that if you have precedential coverage with an exclusive, under exclusive contracts, what happens if you have an exclusive with both of them, what do you do?

CHAIRPERSON HARRIS: There is such a thing, isn't it? I think then they've got to show both of them live. I guess they must once in a while preempt each other. But I think --

COMMISSIONER CHOPER: Look, I don't have any quarrel with the proposition that if you've got an exclusive with one and a non-exclusive with the other, if there's a direct conflict, right, you favor the exclusive.

But I just want to know what do you do if you have exclusive with both of them and they run -- I mean, is it

only when they run races at the very same time? You don't know the answer to that question?

MR. HINDMAN: No. No, what he's saying is if Saratoga and Del Mar have got an exclusive, what would you do about --

VICE CHAIRMAN ISRAEL: Yeah, the 9th at Saratoga goes at the same time as the first at Del Mar, what do you do?

MR. HINDMAN: Well, the first thing you do is look at what your legal obligations are at each track, so you look at what your contract says in terms of what's required to show, what you've promised the other side that you will show.

If those commitments are equal, a lot of times --

COMMISSIONER CHOPER: Yeah, if those commitments are equal, what do you do?

MR. HINDMAN: If those commitments are equal, many times it will be a -- a lot of times post times change or anything else, there will be a discretionary decision in the booth. Generally, the one that starts first will get shown and the one that starts after that will get shown a little bit on tape. Because you can only show, basically, one race at a time.

And then you also look, of course, to the benefit of showing each race or which number of customers you think

would enjoy watching each race, you definitely would show those.

COMMISSIONER CHOPER: So what I understand you to say is you're not going to prejudice Oak Tree, so long as -- except the situations in which you have a precedential contract and there is a contract, have an exclusive contract and there is a conflict.

CHAIRPERSON HARRIS: Well --

MR. HINDMAN: It's hard to say in a hypothetical situation where you had, you know, two exclusives. But we don't try to prejudice anybody, we try to stay within what our contractual obligations are and also with what we think people want to --

COMMISSIONER CHOPER: Well, understood. But is it your contractual obligation to say, well, we have discretion since you're not exclusive, if we've got some person that we're interviewing, we won't show your race?

MR. HINDMAN: Well, yes, different contracts have different --

CHAIRPERSON HARRIS: I mean, that's the whole -- I mean, I would rather they show the race, possibly, if I have a horse in the race, but I think they've got the right to do anything that they want because it's just a TV -- I mean, just like a TV station would.

COMMISSIONER CHOPER: Well, I didn't think they

had the right to do anything.

CHAIRPERSON HARRIS: Well, unless they've got an exclusive, they've got a contract with that track saying, you know, regardless we're going to show your race, but they don't have to show the race.

COMMISSIONER CHOPER: I understand that if they have an exclusive with somebody and it comes into conflict with someone you don't have an exclusive with, and there is a time conflict, you run the exclusive first; I don't have any problem with that.

MR. HINDMAN: Yes, correct.

COMMISSIONER CHOPER: If there is the same sort of conflict and Oak Tree is no less non-exclusive than the competing track, how's Oak Tree going to be treated?

MR. HINDMAN: Oak Tree will be treated -- its race will be shown and at that point it's really two factors. First if there's no contractual factor's involved it is --

COMMISSIONER CHOPER: That's what I'm saying.

MR. HINDMAN: -- the call being made in the room as to two races going off at the same time, what's the producer going to do and what we believe would be most beneficial to our customers or what they would want to see.

COMMISSIONER CHOPER: Okay, that's fair enough, that's fair enough.

But in light of the discussion we had before, I

was concerned about the fact that you say, well, you know, we can pretty much do what we want if we don't have exclusive arrangements, there will be a number of Oak Tree races that are not televised live on TVG.

Well, I would prefer if you said that if there was a direct conflict with someone who has no contractual preference over Oak Tree, that then this will happen.

Is that unreasonable?

MR. HINDMAN: Yes, sticking again to the previous Oak Tree meet, we did show a hundred percent of Oak Tree's races. I think what the discontent was over was that sometimes they were shown on tape delay.

COMMISSIONER CHOPER: Yeah, live, not live.

MR. HINDMAN: Yeah, and so that was the issue, but we do try to show them all.

COMMISSIONER CHOPER: Well, okay. Thank you.

CHAIRPERSON HARRIS: But on, basically like Golden Gate, and when Santa Anita, you cannot show either of those because they're exclusive to HRTV, or how does that work?

MR. HINDMAN: That's correct.

CHAIRPERSON HARRIS: So even if they wanted you to show those, you couldn't?

MR. HINDMAN: Well, if they wanted us to show those, we're willing to do that.

CHAIRPERSON HARRIS: You would show them if they

said, look, we'd like you guys to be part of our network, but you wouldn't have to be exclusive, you would still -- you would go for that?

MR. HINDMAN: We would definitely be willing to, we'd be happy to entertain those discussions.

CHAIRPERSON HARRIS: But clearly you've got -- you can wager on via TVG and you have streaming video that everybody can wager on?

MR. HINDMAN: Yes, we do streaming video for all the tracks on our wagering venue, which include all California racetracks, and we can accept wagers on all California racetracks.

CHAIRPERSON HARRIS: Okay. You know, any questions on this application or any issues we need to focus on?

EXECUTIVE DIRECTOR BREED: Did you have some comments to make?

MS. FRANK: I'm Melanie Frank here, on behalf of the license application for TVG, so if you had any questions. I just wanted to say that we have submitted all of the documents requested by us, and we are in agreement to a one-year license, if you're going to license all the other entities for one year as well. Obviously, we applied for two and we prefer that, but we understand.

CHAIRPERSON HARRIS: Thank you. I'm not clear on

all the rates, and I guess the Horsemen have signed off on this, and -- but do they vary? When you make, when we're talking about the Horsemen's agreement is that made for the whole year, all those rates are agreed to or are they going to be kind of negotiated as you go along?

MS. FRANK: Typically, it's track to track. I mean, we do have an agreement for the upcoming races at Golden Gate and Santa Anita, and the Horsemen have agreed to those terms but, typically, the Horsemen's agree on the rates.

CHAIRPERSON HARRIS: So the Horsemen's agreement referred to here does not refer to 2010 for all the meets, it just refers to the ones that are coming up, like Santa Anita and --

MS. FRANK: Correct.

CHAIRPERSON HARRIS: Or not Santa Anita, I guess. Which ones are coming up, Hollywood Park Fall.

MS. FRANK: Santa Anita and Golden Gate.

CHAIRPERSON HARRIS: Yeah, but they don't have Santa Anita.

MS. FRANK: For wagering we do.

CHAIRPERSON HARRIS: Oh, for wagering.

MS. FRANK: For wagering we do, we just don't have television rights, right.

CHAIRPERSON HARRIS: Yeah, I got it.

COMMISSIONER BRACKPOOL: But given that piecemeal approach, is it the case then, Jackie, when you say you have -- when you say you have the Horsemen's agreement, but is that with -- you have it for every track for one year?

REGULATION/LEGISLATION MANAGER WAGNER: No. No, I don't. No, we don't. And I was going to make mention of this as we go forward in 2010.

As it appears with the ADW, at the time of licensure most of the ADW companies are coming forth with their HUB agreement, which covers the entire term of the license.

But as it appears, most of the contracts between the tracks are being negotiated at the time of the race meeting coming forward.

So as we go forward in 2010, staff is going to be more resilient in making sure that when we make the representation before the Board for the license to operate a race meeting, that they have their contracts in hand and that they are all signed.

We attempted to do that for last year, to some extent, but as I'm understanding the way that the negotiations are handled for the contract for ADW, it's for meet-to-meet, rather than one term.

COMMISSIONER BRACKPOOL: Okay, so as far -- I wasn't here last year, so as far as I understand it then, we

would be approving this license conditional upon continuous to you of --

REGULATION/LEGISLATION MANAGER WAGNER: Of track agreements.

COMMISSIONER BRACKPOOL: -- of track agreements as the year went on.

REGULATION/LEGISLATION MANAGER WAGNER: That is correct.

COMMISSIONER BRACKPOOL: And we are relying on staff telling us, if ever, there's a deficiency in one of those agreements.

REGULATION/LEGISLATION MANAGER WAGNER: Absolutely. That's correct. As we move forward and in order to mesh the actual procedure with how it actually is operating here in California.

CHAIRPERSON HARRIS: Because one of the frustrations in the past, we would all of the sudden be told the day before the meet starts that, oh, by the way there's a dispute and --

COMMISSIONER BRACKPOOL: That's what we would be told this time, so how would we avoid that very thing that Chairman Harris just mentioned?

MS. CHRISTIAN: Commissioner, if I might be able to address that. This has become -- Cathy Christian, I'm sorry, also representing TVG -- a little confusing because

of the difference between licensing an entity and saying you're eligible to conduct ADW and whether or not that licensed entity has all the agreements in place that are required before wagering can take place, what we can't do is tell you know for the next year, two years, that every single thing is done now; right.

COMMISSIONER BRACKPOOL: I understand, I understand.

MS. CHRISTIAN: What we can tell you is that we've met all of the eligibility requirements for licensure and represent to you that we know that we cannot take wagers without complying with the law for all the agreements.

COMMISSIONER BRACKPOOL: You're answering the question as it pertains to you, I guess I'm asking Jackie a question as it pertains to us.

MS. CHRISTIAN: Gotta.

COMMISSIONER BRACKPOOL: Which is how do we know when there's a problem, and when do we know, and what can we do about it?

REGULATION/LEGISLATION MANAGER WAGNER: At the time the association comes forward before the Board for licensure, just like we did this particular month, as we make that representation to you, right now we are just requiring the license applicant to identify who their ADW providers are.

In going forward in 2010, we want to put the onus on the applicant to make sure that all of those contracts are indeed signed, and sealed, and delivered before the association is licensed to conduct a race meeting.

Without that assurance, it is clearly within the Board's prerogative not to license the applicant going forward.

CHAIRPERSON HARRIS: I think the key is negotiation between TOC and the ADW, and that they conclude that, you know, well ahead of when it could create problems if it's not concluded.

MR. LAMOTHE: Thank you, Guy Lamothe, TOC.

The other area that there's an agreement with the Horsemen for the upcoming Santa Anita meet, we haven't received it, so we look forward to receiving that for, I believe, all of the ADW providers.

CHAIRPERSON HARRIS: So you don't have any agreements for Santa Anita for ADW?

MR. LAMOTHE: No.

MS. CHRISTIAN: Commissioner, this is Cathy Christian again, this gets so confusing. We delivered a letter to the Board, dated November 16th, I hope you all have a copy of that, because of the questions that we received from staff. And the purpose of that letter was to let the Board know that we have entered into an agreement

with TrackNet for advanced deposit wagering on the upcoming races because that's the way that works.

And so it has been represented to us that the terms are acceptable to the TOC.

VICE CHAIRMAN ISRAEL: We don't have that letter.

MS. CHRISTIAN: The November 16th letter, Jackie?

VICE CHAIRMAN ISRAEL: No, none of us got that letter.

CHAIRPERSON HARRIS: But I don't know if TrackNet was authorized to negotiate on behalf of TOC is the problem.

MR. HINDMAN: This is John Hindman, for TVG, they weren't -- they weren't negotiating on behalf of the TOC, but what we were cognizant of, and I think as TrackNet was in the negotiations, are that the terms of that agreement are completely consistent with the terms for ADW that the TOC has been setting forth for some time now. And those have been uniform terms across all ADWs, so we're very conscious of making sure that we weren't making an agreement that they would take objection to.

VICE CHAIRMAN ISRAEL: Wait, John, can you stay there because you're blocking the glare beautifully.

(Laughter.)

VICE CHAIRMAN ISRAEL: The glare is terrible and you were in exactly the right place.

CHAIRPERSON HARRIS: I'm not clear that the

parties really, necessarily, felt the terms were sustainable.

COMMISSIONER BRACKPOOL: Well, I haven't read the letter, so I don't know what's in the letter.

MS. CHRISTIAN: Well, we'd be happy to give you a copy of the letter.

However, again, ADW is difficult in this way, it remains difficult, in that the Horsemen always are negotiating with tracks, they always have to give their consent, and ADW is no different than any other across-state-lines Interstate Horse Racing Act requirement.

So there's always going to be a discussion between the Horsemen and the track, ADW can't exist without that.

And so in terms of a -- there's three people necessary for ADW but, really, the Horsemen and the tracks are the ones that are negotiating the terms.

We have to have that sign-off in order to conduct our business, and so it gets confusing sometimes because there's maybe a misunderstanding about who's talking to who.

We fully intend to comply with all the legal requirements --

COMMISSIONER BRACKPOOL: I'm sure you do.

MS. CHRISTIAN: Okay.

COMMISSIONER BRACKPOOL: And my sole issue was, if you don't --

MS. CHRISTIAN: Then we can't.

COMMISSIONER BRACKPOOL: -- have an agreement, we're reliant on your honesty in saying we don't, we can't take a bet.

But my question was more how do we get informed about that, given that these are normally last-minute negotiations?

REGULATION/LEGISLATION MANAGER WAGNER: Right. The only way that we would be able to let the Board know is to make sure that, again, at the time that it is licensed, that we have -- that the contracts, the proper documentation, the signed documents in our possession. Without that, we are going on the representation of what the parties have --

COMMISSIONER BRACKPOOL: Can we not add a condition that just said if there's no agreement, or if there is an agreement, you can do it positive or negative, on a day that the ADW -- you're the first ones up, so this is going to be the same for everybody -- the ADW company has an obligation to let us know that nothing was reached with that particular --

REGULATION/LEGISLATION MANAGER WAGNER: Absolutely, the Board can make that condition.

CHAIRPERSON HARRIS: I'm not clear if these are three-party negotiations, or maybe a two-party negotiation

with somebody having the right to accept or reject, because I'm not sure which, is the Horsemen who can accept and reject?

MR. LAMOTHE: I'd like to make a comment on what we've been hearing here so far. Guy Lamothe, Thoroughbred Owners of California.

And I think legally, technically, Ms. Christian's a very savvy attorney, she's probably one of the brighter minds in there and they're all -- actually, so technically --

VICE CHAIRMAN ISRAEL: She's blushing.

MR. LAMOTHE: I'm not done, yet.

(Laughter.)

MR. LAMOTHE: Practically speaking, what we've seen is the ADW companies do go directly to the tracks. These negotiations, for whatever reason, do tend to take a while, and inevitably they tend, more often than not, to get done right before the meet.

Now, as we saw last year, and I believe it was at this time last year, in November, we had the same licensing discussion on ADW because we were in an impasse.

Okay, one of the problems here is that there are negotiations and deals done and then they are dropped on TOC's porch right, you know, right before the meet starts, and it becomes a take it or leave it, effectively. And it

might be a good deal, it might be a bad deal.

If we are to object, you can see where the problem begins, right before a meet, without time to assess --

CHAIRPERSON HARRIS: So you don't really negotiate, you just accept or reject. Yeah, I mean, I guess you can negotiate from there.

MR. LAMOTHE: Well, and that's the point.

VICE CHAIRMAN ISRAEL: The Hollywood Spring meet you rejected and you negotiated, and you didn't take -- there was no ADW betting, I think, with one of the customers, the first one or two days of the meet; isn't that correct?

MR. LAMOTHE: It was the fall meeting.

VICE CHAIRMAN ISRAEL: It was the fall meeting? No, it was the spring meet, I think. Right, wasn't it? The fall meet, but then wasn't there a day missed during the spring meet or two days?

CHAIRPERSON HARRIS: I think they missed a whole meet last year.

VICE CHAIRMAN ISRAEL: Yeah, you missed 17 days during the fall meet.

CHAIRPERSON HARRIS: But the problem with that miss that a deal had been cut between Hollywood and TVG and subsequently TOC rejected it, so that stymied the whole thing.

MR. LAMOTHE: That's correct. Now, maybe to bring up Chilly's wise words, you know, at Pearl Harbor and Japan, like let's move forward, to that end our Board and Marsha Naify has scripted a letter and sent it to the track executives, and I believe the ADW executives and, if not, I'm sure they'll be hearing soon, is that we would like to be part of the process up front so we don't run into these problems. And I think we just think it's conducive to a better deal if, in fact, there are three parties in the deal. Whether one comes in late, at the end of the game, like us, with consent rights.

So we're hoping to have those, initiate those discussions soon. Although I'm hearing that there are already deals done with Santa Anita and I'm sure we'll be getting those agreements and reviewing them well in advance of when the meet starts.

VICE CHAIRMAN ISRAEL: What shakes the table down there?

MR. LAMOTHE: Pardon me?

CHAIRPERSON HARRIS: Discussed that for a while. Yeah, because that's one of the problems, it looks like, that if all you've got is accept or deny, it's not really a negotiation, but it kind of puts a factor to the bargaining table, but maybe that was the purpose for the -- the law is written that way, so that's it, I guess.

Cathy, you're on.

MS. CHRISTIAN: Well, I think in part it tracks the -- the Horsemen have always got that yea or nay decision under the Interstate Horse Racing Act, for satellite wagering, or ADW, or anything else, and to that extent this isn't any different.

There are specific provisions written in the new ADW law about the Horsemen's ability to arbitrate the HUB agreement or reject. So it isn't as if they are without -- I mean, nobody has a hammer here. Or, I mean, everybody has a hammer, maybe is a better way to say it.

But I want to assure you on behalf of TVG that at the time that the track submits its application for a meet, obviously you have a right to know what agreements are in place and are not, it's not going to be possible for us to tell you a year in advance everything, but we clearly --

COMMISSIONER BRACKPOOL: No, we just want to know before the meet starts --

MS. CHRISTIAN: But we clearly would let the Board know about the --

CHAIRPERSON HARRIS: But some of the things referenced in Jackie's report about the Horsemen's agreement, that agreement is sort of a global agreement, it should include some of this stuff.

REGULATION/LEGISLATION MANAGER WAGNER: But going

forward we're going to specify the Horsemen's agreement, as we currently do in the application process, and then we're going to identify the agreement with the ADW company. We're going to address those as two separate issues, just so we'll make sure --

VICE CHAIRMAN ISRAEL: In the association license?

REGULATION/LEGISLATION MANAGER WAGNER: Yes, in the association, when the license comes up for consideration. Just to make sure that we have the ADW side covered and that the Board is aware of what is happening as it pertains to ADW.

VICE CHAIRMAN ISRAEL: So effectively we'll have a month or 30 days' notice, more or less.

REGULATION/LEGISLATION MANAGER WAGNER: Correct.

VICE CHAIRMAN ISRAEL: Okay.

CHAIRPERSON HARRIS: Yeah, because it is a complicated deal because we have all these different types of wagers. But I think the average horseman out there doesn't like the deal, which I think -- personally, about the deal, I think it's a fairly fair deal, but there needs to be more transparency and more understanding of who gets what and the whole deal.

REGULATION/LEGISLATION MANAGER WAGNER: In addition, I mentioned when I first did the introduction for TVG, TVG does have their bond on file. It does expire on

October the 12th, and the Board may consider requiring them to maybe extend their bond to coincide with the terms of their approval, which would be a year. Right now the bond is scheduled to expire on October the 12th, 2010.

CHAIRPERSON HARRIS: Who's the beneficiary of that bond?

REGULATION/LEGISLATION MANAGER WAGNER: We are.

MS. CHRISTIAN: The California Horse Racing Board.

CHAIRPERSON HARRIS: So what would we -- I mean, if the --

COMMISSIONER BRACKPOOL: We'd hold it in trust.

CHAIRPERSON HARRIS: We'd hold it in trust. But I mean at any given time I would guess that you have accounts outstanding more than 500,000.

MR. HINDMAN: Let me just to -- we do. And let me just address that really quickly, I think when we were talking about some of the things that we've been advertising on the network earlier, that's precisely what we were advertising.

We put into place, recently, a program where every dollar -- we have -- in addition to the $500,000 bond with CHRB, every dollar on deposit of TVG, from any subscriber, is fully bonded. We monitor it.

In addition to the requirements of California law, we've bonded every --

COMMISSIONER BRACKPOOL: That's a voluntary decision you've made, that's not part of your application process that you are committing to on a continuing basis.

MR. HINDMAN: That's a voluntary decision that we have made because we thought it was in the best interest of our customers.

COMMISSIONER BRACKPOOL: Right, right, right. But that doesn't really address John's point about the dollar amount of the bond. I'm saying they can drop that voluntary position at any time they want to.

CHAIRPERSON HARRIS: Yeah, that's true, too.

Well, I think we need to have our staff look at the whole thing as far as, as a licensing agency we can assure patrons that there is some oversight.

COMMISSIONER BRACKPOOL: What was the genesis of the $500,000 bond?

CHAIRPERSON HARRIS: I think that was just a dartboard or something.

VICE CHAIRMAN ISRAEL: Ten years ago, when they didn't know what the business was.

CHAIRPERSON HARRIS: And it's secure, but there's just no -- I'm not clear if it's all, maybe it is, all segregated and all that stuff.

VICE CHAIRMAN ISRAEL: Well, since we're going to have a December meeting, do we want to resolve all these

things and then do this in December?

CHAIRPERSON HARRIS: Well, I think we can just come back and revisit the whole thing, but as far as the year license I think --

COMMISSIONER BRACKPOOL: I'd personally be in favor of granting the licenses and then maybe setting up a working group that's going to take longer than 30 days, like 90 days or something, where we recommend changes for next year, so that we have a justification of why we only went one year.

And then I think we've got to look at the bond size, we should look at when we, you know, have the mandatory coverage counts against the bond, credits against the bond, and I think we've got to think of those things.

I think trying to fix the world in a 30-day period is --

VICE CHAIRMAN ISRAEL: Yeah, good idea. All right, so then I'll move that we grant the one-year license.

COMMISSIONER BRACKPOOL: I will second it.

CHAIRPERSON HARRIS: All in favor?

(Ayes.)

CHAIRPERSON HARRIS: We got TVG, now we got one more.

MS. CHRISTIAN: Thank you.

CHAIRPERSON HARRIS: We've got Youbet.

MR. CASTRO: Excuse me, I think I have a card in for --

CHAIRPERSON HARRIS: Oh, I'm sorry.

MR. CASTRO: Yeah, I know you're sorry.

CHAIRPERSON HARRIS: I am sorry.

MR. CASTRO: You know exactly the subject I'm going to bring up.

Richard Castro, representing Pari-Mutuel Employees Guild, Local 280.

I think we have a little different standing on these ADW contracts. I believe in your rules and regulation -- oh, for the internet companies, I want you -- I wish you weren't in the room right now. You're all going to have an agreement with us, there's not going to be a problem.

Now, let me continue with what I was going to say. Under your rules and regulations, the way I read it, it is very clear that they have to have an agreement with us or you're not to license them.

And the last time this issue came up, you took a vote and you voted to license them without us having a collective bargaining agreement.

And I just want to get it on the record that that is my belief, that's what we negotiated in Sacramento.

And I hope with this new Board, it will follow

your own rules and regulations especially as it relates to us.

CHAIRPERSON HARRIS: What does the law say on these?

MR. CASTRO: Yeah, let's read the law.

COMMISSIONER CHOPER: We're told here -- we're told on this packet, but we're told here that the labor -- there is a labor agreement that does not have any expiration dates, and TVG represents an agreement remains in full force and effect.

MR. CASTRO: I totally -- let's just put that off to the side. They will have and you will have a signed agreement, I acknowledge that.

COMMISSIONER CHOPER: A new agreement?

MR. CASTRO: A new agreement, yes.

COMMISSIONER CHOPER: They're going to come out with a new agreement?

MR. CASTRO: Well, the reason why is because that agreement that they had in place did have an expiration date, as did with the other companies, and you were furnished a copy of that.

In fact, the very intelligent, bright Cathy Christian also forwarded it to you, as well as I did.

COMMISSIONER CHOPER: The labor agreement, we're told, does not include an expiration date.

MR. CASTRO: Well, I don't know where you got that from.

REGULATION/LEGISLATION MANAGER WAGNER: That was for -- that's the letter that was provided to substantiate.

COMMISSIONER CHOPER: Jackie?

REGULATION/LEGISLATION MANAGER WAGNER: That was the letter that was provided to substantiate that they had a labor agreement in force. There was no expiration date on the correspondence that we received.

MR. CASTRO: You didn't even get a collective bargaining agreement, you got a letter.

REGULATION/LEGISLATION MANAGER WAGNER: That's correct.

MR. CASTRO: What Cathy and I did was we did sign an agreement, we furnished a copy of the agreement.

COMMISSIONER CHOPER: Anyway, it remains in full force and effect until you sign a new one.

MR. CASTRO: No, we have an agreement that that one has an ending date on it.

COMMISSIONER CHOPER: When?

MR. CASTRO: At the end of this year.

VICE CHAIRMAN ISRAEL: You mean in 30 days' time?

COMMISSIONER CHOPER: Well, that's something because that's different from what I've been reading.

MR. CASTRO: Well, but that's not the issue that

I'm bringing before you. The issue I'm bringing before you is that in your own rules and regulations it states that they must have an agreement with us prior to you issuing a license, and you didn't do that last time.

COMMISSIONER CHOPER: No, no, last time we didn't, that's right.

MR. CASTRO: That's right, I got slammed. My group got slammed.

But I'm letting you know and I'm letting the internet companies know that you will have a signed agreement, you will have one. And I just want to make sure you're going to follow the law.

I'm pleased at the comments of Commissioner Blackwell. I wish to hell you were on the Board before, I'd have had one friend, anyway.

COMMISSIONER CHOPER: Well, we have an agreement here for TVG; is that right?

REGULATION/LEGISLATION MANAGER WAGNER: Yes.

MR. CASTRO: We have an agreement, yes, currently today you do. You do for --

COMMISSIONER CHOPER: When does it expire?

MR. CASTRO: At the end of the year.

COMMISSIONER CHOPER: Is that right or wrong, why does it say here that it has no expiration date and that it remains in full force and effect? There's a different

between those two positions.

MS. CHRISTIAN: Yes. Actually, with respect to TVG, I can't speak for the other companies --

COMMISSIONER CHOPER: No, I understand that, and this is only with respect to TVG.

MS. CHRISTIAN: Right, right. The letter I believe Mr. Castro is referring to is dated November 28th, 2007, it's the letter we submitted to the Board offering to enter into discussions with a particular unit of employees of TVG. And that doesn't have an expiration date on it. We didn't say we'll only agree to talk to you for a certain number of months or years.

COMMISSIONER CHOPER: I see.

MS. CHRISTIAN: And so that remains in effect.

COMMISSIONER CHOPER: You mean what remains in effect is your obligation to engage in negotiations?

MS. CHRISTIAN: No, we specifically talked about a particular group of people that we -- that if the union wanted to proceed, we would talk to them. They haven't yet done that, they are in the process of doing that.

And so at some point -- I mean, this is like a lot of other things, if you didn't license ADW because there wasn't a collective bargaining agreement, you would be in a position of stopping ADW over the collective bargaining agreement, that's the issue that would be before you.

I'm not trying to speak to what the law says right now.

But we agreed to enter into negotiations, that's what the letter says, and there is no end date on that.

MR. HINDMAN: And also, the law says that we have to -- we have agreed to be card check neutral, and that letter pledges us to be card check neutral.

MS. CHRISTIAN: And that is what was submitted with the application.

COMMISSIONER CHOPER: Okay.

CHAIRPERSON HARRIS: So have the card -- I mean, have you got signed cards from their employees?

MR. CASTRO: Like Cathy said, we're in the process of it. What's holding us up is the issues with the international, SEIU International. And I don't want to go into those details, it's nothing but a mess.

CHAIRPERSON HARRIS: Yeah. Because I'm not sure if California law can bind like out-of-state employees and all this stuff, too.

MR. CASTRO: You don't want to get involved and I do want to stay on this.

CHAIRPERSON HARRIS: I don't want to go there.

COMMISSIONER CHOPER: Well, we went through that already.

MR. CASTRO: I'll be down at Harris Farms with my

picket signs.

MS. CHRISTIAN: Right, but this letter that we're referring to was submitted to the Board before we were licensed before. We have always complied with that provision and are willing to have a conversation with Mr. Castro at the appropriate time.

MR. CASTRO: Yeah, I've had conversations with all the internet companies, there's not going to be a problem getting you a signed copy before the end of the year.

COMMISSIONER CHOPER: That's good, I'm glad. Really.

MR. CASTRO: But more important, I'm concerned about what's in the rules and regulations.

COMMISSIONER CHOPER: No, I understand.

MR. CASTRO: And whoever follows me, I think it's just totally unfair, totally unjust when we go to Sacramento in good faith, with the industry, and then this Board rules against us. I mean, that was just -- I need to quit.

COMMISSIONER CHOPER: Well, we went through that last time and it turned out all right. We had ADW --

MR. CASTRO: Well, that's another subject, I would say it didn't turn out all right. I would say that you took away our collective bargaining rights. That's what I -- that's what I'm upset with.

We clearly negotiated something in Sacramento --

COMMISSIONER CHOPER: No, no, I understand.

MR. CASTRO: -- and it's in your rules and regulations, and you violated, as far as I'm concerned, your own rules and regulations when you gave them a license. You made it much more difficult, you strained the relationship that I have with all these ADW people. You strained the relationship. You took it from one side and moved it to the other, you shoved us off in the foyer, that's what you did to us.

COMMISSIONER CHOPER: Well, we didn't mean to do that.

MR. CASTRO: Well, so we're -- I'm telling you --

COMMISSIONER CHOPER: We meant to -- we meant to have a continuation of ADW broadcasting and, at the same time, do everything we could to make sure you had a contract. That, at least, was my view of it. And I'm sorry you feel that way.

MR. CASTRO: Yeah, I feel the pain.

COMMISSIONER CHOPER: I do, I regret that.

CHAIRPERSON HARRIS: Well, I'm still not really clear if we can approve this without a labor agreement in place.

MR. CASTRO: Well, wait a minute, no, no, no.

REGULATION/LEGISLATION MANAGER WAGNER: There is

one in place.

MR. CASTRO: You go ahead and approve it, they're going to have an agreement. I'm speaking on the record, I just don't have it here in front of me to give you, it's in Rosenfeld's office, David Rosenfeld, our lawyer.

I would encourage you to give them their one-year agreement or whatever you're going to do.

CHAIRPERSON HARRIS: Okay, it's been moved and seconded. Okay.

COMMISSIONER BRACKPOOL: Yeah, I moved it.

COMMISSIONER CHOPER: Yeah, second.

CHAIRPERSON HARRIS: Okay, that was for TVG, but now we're going onto Youbet.

One of the issues on all this labor -- you're set.

MS. CHRISTIAN: Okay.

CHAIRPERSON HARRIS: One thing I would like to do is, and probably all sides would not want to do, is I think this activity should be under the National Labor Relations Act, where the Racing Board does not have to worry about the union aspects of it.

COMMISSIONER BRACKPOOL: Who's next up, Youbet?

COMMISSIONER CHOPER: Youbet.

EXECUTIVE DIRECTOR BREED: Eighteen, Number 18.

REGULATION/LEGISLATION MANAGER WAGNER: Yeah, that's Twinspires.

COMMISSIONER BRACKPOOL: Twinspires.

REGULATION/LEGISLATION MANAGER WAGNER: Churchill Downs.

CHAIRPERSON HARRIS: Okay, Churchill to acquire Youbet.

REGULATION/LEGISLATION MANAGER WAGNER: Twinspires has filed its application as an out-of-state multi-jurisdictional wagering hub to operate from December 31, 2009, or for one year. Their bond of $500,000 is on file, and their bond is continuous until it is canceled.

CHAIRPERSON HARRIS: So Youbet would basically just be part of Twinspires, or it would be a distinct Youbet, as well.

MR. BLACKWELL: Well, actually --

EXECUTIVE DIRECTOR BREED: Identify yourself.

MR. BLACKWELL: Brad Blackwell on behalf of Churchill Downs Technology Initiatives Company.

Actually, we just announced that acquisition and that application -- that acquisition is subject to, first of all, Youbet shareholder approval, and then also anti-trust approval, so we are in the process of filing a Hart-Scott-Rodino filing, so this will have to go through a couple of different approval processes. So the transaction has not closed. There has been an agreement signed, but this is something that could take up to, you know, in excess of

three months.

CHAIRPERSON HARRIS: Okay, so we're --

MR. BLACKWELL: So I mean they could close more in the first or second quarter of next year, but until that point -- excuse me, Commissioner, but until that point both entities will operate as competitors until an actual closing were to take place, so it should not impact our application today.

CHAIRPERSON HARRIS: Okay.

REGULATION/LEGISLATION MANAGER WAGNER: As presented, this application is missing the same items that TVG was missing.

We do not have a Horsemen's agreement and we have yet to receive a hub agreement.

It's going to be the same for all of the ADW providers, in terms of the procedure going forward, what we're going to do in 2010.

We would need a hub agreement from Twinspires in order for this Board to consider licensure, before they can take a wager.

And then the Horsemen's agreement and the track agreement will come as the race meets come forward.

COMMISSIONER BRACKPOOL: Each time?

REGULATION/LEGISLATION MANAGER WAGNER: Each time.

COMMISSIONER CHOPER: Is there any difficulty with

that?

MR. BLACKWELL: No, we don't anticipate any problems.

COMMISSIONER CHOPER: I notice that you say, or the staff statement says that you have not received a request in writing from a bonafide labor organization to enter into a contractual agreement.

MR. BLACKWELL: That's correct.

COMMISSIONER CHOPER: So I guess this is what I don't --

CHAIRPERSON HARRIS: Yeah, what's going on there.

COMMISSIONER CHOPER: -- I have difficulty --

MR. CASTRO: That's exactly what -- Richard Castro, Local 280.

That's exactly what the discussion was before. I don't have a signed copy with their names on it, my name on it to present to you now. It's in Rosenfeld's office, it will get done. I'm asking you, as far as our issue is concerned, that you license them.

CHAIRPERSON HARRIS: But you are talking to them?

MR. CASTRO: I have an excellent relationship with all the ADW companies.

CHAIRPERSON HARRIS: Okay.

MR. CASTRO: Yeah, they talk, they know how to say no.

(Laughter.)

MR. CASTRO: With one look on their faces, no, no, no. I might as well be talking to Commissioners.

CHAIRPERSON HARRIS: It's conditional approval.

COMMISSIONER CHOPER: I mean, it would certainly behoove you to have -- are you granting a contract, is that what they proposed --

MR. CASTRO: Rosenfeld has it in his office, yes.

COMMISSIONER CHOPER: And it's coming?

MR. CASTRO: It's exactly the same as what you have in your Sacramento office, with the exception of one sentence.

COMMISSIONER CHOPER: As the last one?

MR. CASTRO: Yes. It's exactly the same, with the exception of one sentence, and that one sentence says that either party, if it wants to reopen it, can reopen it, because I'm aware of things that are happening in the Legislature, because there are friends in the Legislature that we have, that thinks that you should have telephone wagering jobs here, in California.

And we are trying to work something out in that area, and we want everybody in the room to be our partner, we don't want to fight with anybody.

CHAIRPERSON HARRIS: Okay.

COMMISSIONER CHOPER: And I would move approval of

it.

CHAIRPERSON HARRIS: Is there a second?

COMMISSIONER CHOPER: Second.

CHAIRPERSON HARRIS: Okay, moved and approved. Anything else?

All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Okay, so we've got Twinspires, now we go to Youbet.

And, Jackie, can you send the Board the Horsemen's agreement, I mean just one of those? I don't really understand what is in that.

COMMISSIONER BRACKPOOL: I'd like to see that, also.

REGULATION/LEGISLATION MANAGER WAGNER: You mean the Horsemen's agreement as it pertains to the ADW or --

CHAIRPERSON HARRIS: Yeah.

COMMISSIONER BRACKPOOL: Yeah.

REGULATION/LEGISLATION MANAGER WAGNER: Okay, as soon as I get one, because I don't have one --

CHAIRPERSON HARRIS: Have you got last year's?

COMMISSIONER BRACKPOOL: How bout last year's?

REGULATION/LEGISLATION MANAGER WAGNER: Yes, I believe I do.

COMMISSIONER BRACKPOOL: I'd like to see a sample.

CHAIRPERSON HARRIS: I'd like to see what stuff's in there.

Okay, go ahead.

REGULATION/LEGISLATION MANAGER WAGNER: We have the applicant, Youbet.com, they've applied for an application as an ADW provider for here in California. Their bond of $500,000 is on file, and their bond is good until canceled.

And they are also in the -- they're in the same situation as the other ADW provider, we have yet to receive their hub agreement -- their hub agreement, the Horsemen's, or their track agreement.

CHAIRPERSON HARRIS: That's the thing, all of these, I think, we need to get all this stuff in, but we can move approval conditioned on that, but I think there's got to be some due diligence going in to look at things.

Is there any questions on this one?

COMMISSIONER BRACKPOOL: They're all the same.

CHAIRPERSON HARRIS: I think they're all the same, so can I get a motion to approve and a second?

COMMISSIONER CHOPER: I would hope for all that we have a meeting a month from today, that we get it all done by then.

COMMISSIONER BRACKPOOL: Well, but the Horsemen's agreements are going to keep coming on a continual basis.

COMMISSIONER CHOPER: They come on a continual, but we want the current --

COMMISSIONER BRACKPOOL: The hub agreement.

REGULATION/LEGISLATION MANAGER WAGNER: We should have the hub agreement.

COMMISSIONER BRACKPOOL: Right.

CHAIRPERSON HARRIS: Yeah.

COMMISSIONER BRACKPOOL: Then I would move approval of this.

CHAIRPERSON HARRIS: Okay. Richard, want to second?

COMMISSIONER ROSENBERG: Second.

CHAIRPERSON HARRIS: Second, good.

All in favor?

(Ayes.)

CHAIRPERSON HARRIS: Okay, what else have we got here?

REGULATION/LEGISLATION MANAGER WAGNER: And our last --

CHAIRPERSON HARRIS: XpressBet.

REGULATION/LEGISLATION MANAGER WAGNER: Our last ADW provider in California is XpressBet. I am pleased to report that I do have a hub agreement from XpressBet. Their bond, we do have a $500,000 bond on file. Their bond will expire January 1st, 2010.

And staff would recommend that the Board require them to get a bond that will cover the duration of their license term.

COMMISSIONER BRACKPOOL: Do we have to make a motion to the bankruptcy court for that?

MR. SCOGGINS: The bond that we have currently in place is fully collateralized to the amount of $500,000, so all we need to do is renew that bond, which we do not anticipate any problem whatsoever in getting that done.

COMMISSIONER BRACKPOOL: And because it was issued post-petition, you don't need to get permission?

MR. SCOGGINS: That's right. That's right.

COMMISSIONER CHOPER: So I'm sorry, I missed that. So you are going to have an extension by the first of the year?

MR. SCOGGINS: Yes.

COMMISSIONER CHOPER: Good. That's it.

REGULATION/LEGISLATION MANAGER WAGNER: We do have the hub agreement. We are missing, of course, the Horsemen's agreement and the track agreement.

And I'm not sure if your contractual agreement, if we do have that?

CHAIRPERSON HARRIS: As I recall, there's some joint ownership on HRTV between Magna and Churchill, I think.

MR. SCOGGINS: That's right.

CHAIRPERSON HARRIS: Is there joint ownership of XpressBet with anybody?

MR. SCOGGINS: No, XpressBet is a wholly owned sub of MEC.

CHAIRPERSON HARRIS: But is it in bankruptcy?

MR. SCOGGINS: No, XpressBet is not in bankruptcy.

CHAIRPERSON HARRIS: It's not in bankruptcy.

MR. SCOGGINS: And our customer funds are 100 percent protected because Oregon law requires us to have an account in place that achieves that goal, and it's mandated, it's not monetary.

COMMISSIONER CHOPER: But it is for sale; is that right?

MR. SCOGGINS: It is for sale.

COMMISSIONER BRACKPOOL: And you gave the auction date of that earlier, was it the same date or not?

MR. SCOGGINS: No, actually, I did not give the auction date for XpressBet, right.

COMMISSIONER BRACKPOOL: So there is not an auction date that --

MR. SCOGGINS: We are entertaining bids and the process is fluid, so we're not in a position to say that a date is -- you know, to define a date.

CHAIRPERSON HARRIS: Okay, any issues on this?

COMMISSIONER CHOPER: It's an asset -- it's an asset of Magna; is that right?

MR. SCOGGINS: Yes.

COMMISSIONER CHOPER: So the auction will be conducted by the bankruptcy court?

MR. SCOGGINS: Yes.

COMMISSIONER BRACKPOOL: Well, it doesn't necessarily have to be an auction, right, you can go in with a motion to sell.

CHAIRPERSON HARRIS: It's not in bankruptcy.

MR. SCOGGINS: We can, but the expectation is that we will pursue the auction process.

CHAIRPERSON HARRIS: Do we have financial statements on all these applicants?

COMMISSIONER BRACKPOOL: Yeah, they're in the binders.

REGULATION/LEGISLATION MANAGER WAGNER: We do not have financials for XpressBet. We do have financials for the other ADW providers, those were in your boxes, in those big --

COMMISSIONER BRACKPOOL: I know. Binders that made you very popular earlier.

REGULATION/LEGISLATION MANAGER WAGNER: Yes.

CHAIRPERSON HARRIS: Yeah, I got those, yeah.

COMMISSIONER CHOPER: Which we've read every

corner.

REGULATION/LEGISLATION MANAGER WAGNER: I know you read every page.

CHAIRPERSON HARRIS: We lost several trees on that project.

Okay, any issues on here? If not, somebody move.

EXECUTIVE DIRECTOR BREED: Richard had a question.

COMMISSIONER ROSENBERG: I have a question. During the Santa Anita meeting, upcoming, TVG will not be -- will be non-exclusive; correct?

MR. SCOGGINS: TVG will not have any television rights.

COMMISSIONER ROSENBERG: How about streaming rights?

MR. SCOGGINS: They will have streaming rights.

COMMISSIONER ROSENBERG: Live streaming rights?

MR. SCOGGINS: Yes, sir.

COMMISSIONER ROSENBERG: Now, my question, are they separated, are they different from --

MR. SCOGGINS: Yes, an entity's ability to live stream over their internet site is different from a television channel, in this case TVG's right to broadcast over television.

COMMISSIONER ROSENBERG: All right, thank you.

CHAIRPERSON HARRIS: Any other issues on this one?

I need a motion to approve.

COMMISSIONER BRACKPOOL: I'll make the motion.

COMMISSIONER ROSENBERG: Second.

CHAIRPERSON HARRIS: It's been moved. And seconded by Richard.

COMMISSIONER ROSENBERG: Yes.

CHAIRPERSON HARRIS: Okay, all in favor?

(Ayes.)

MR. SCOGGINS: Thank you.

CHAIRPERSON HARRIS: Okay. Well, thank you very much.

I think we're just about finished up here, we just have --

EXECUTIVE DIRECTOR BREED: Some public comments.

CHAIRPERSON HARRIS: The public. Well, we've got Executive Director's comments, I think.

EXECUTIVE DIRECTOR BREED: Yeah, Mr. Chairman, the only -- and members, the only thing I have is at the last meeting Commissioner Brackpool asked for a revenue stream, along with the expenditures, which we provided in the budget on the back page.

Other than that, I have no comments.

CHAIRPERSON HARRIS: Okay, we've got public comment. Any public comments?

EXECUTIVE DIRECTOR BREED: I think we have Ruby

and Ray Thomas.

CHAIRPERSON HARRIS: Oh, yeah, we've got -- is Ruby and Ray here, they're under public comment.

MS. THOMAS: Yes, I'm Ruby Thomas, trainer and owner. We trained mixed breeds and thoroughbreds, and I'm at your mercy for the mules today. We seem to not have any stabling. They tell us that we're not welcome to come to Pleasanton to get our workouts before the fairs start.

And if we come like two weeks before, they have to go into the receiving barn with a fence around them so they don't get out and scare the thoroughbreds.

So we're at your mercy for stabling on the fairs.

CHAIRPERSON HARRIS: You're stabled -- where -- I didn't -- I thought you were stabled at Pleasanton, or Stockton, or someplace.

MS. THOMAS: Well, we start at the ranch, but we have to get our works and fee qualifications, and when I talked with CARF, Larry Swartzlander, he supposedly talked with Pleasanton and was told that we were not welcome to come there unless we wanted to make an appointment and come after 11 o'clock in the morning, which some of the people did, they went there at 11 o'clock and worked from 11:00 to 12:00.

We had to pay for the gate crew, we had to pay for the track, and we had to pay for the clocker.

CHAIRPERSON HARRIS: Yeah, I know the mules are, I think, a viable part of the summer racing circuit and we need to look at what -- you know, how we can better accommodate them.

And I would suggest that the Executive Director look at -- because you are generating handle for them.

MS. THOMAS: Exactly. And we run the first, second race, not actually to have a big handle, our purses are not going to be big because we are the first and second race. And we also only get $3,000.

CHAIRPERSON HARRIS: Yeah, the number of starters you have per stall that you're taking up is pretty good, too, compared to thoroughbreds.

MS. THOMAS: Yes.

COMMISSIONER BRACKPOOL: So what's your recommendation, John, to get --

CHAIRPERSON HARRIS: Well, I think we need to get some kind of a summary that substantiates what --

EXECUTIVE DIRECTOR BREED: A condition with their license that they have to provide stabling.

CHAIRPERSON HARRIS: Yeah, well, what they need and it should be a part of the deal if they're going to provide summer racing, that you have to provide some way for the mules to train.

MS. THOMAS: Well, we also have thoroughbreds, and

quarter horses, and Arabians, and we can't get worked at the ranch, and we can't get ready at the ranch to be able to run when the fairs first open, we're stuck and can't run until Vallejo.

CHAIRPERSON HARRIS: Well, like at Fresno you're mixing the mules and the horses, and all the --

MS. THOMAS: We mix mules in Pomona and nobody has a problem, and they have good thoroughbreds there.

CHAIRPERSON HARRIS: Yeah, it doesn't seem like it's a --

MS. THOMAS: The same difference.

CHAIRPERSON HARRIS: Yeah, I don't think it's an inherent problem to mix them.

MS. THOMAS: No, it's not a problem. It's a problem, but it's not for horsemen, I don't think.

CHAIRPERSON HARRIS: Yeah. Okay, let's take a look at that, Kirk.

EXECUTIVE DIRECTOR BREED: Okay.

MS. THOMAS: Okay, and I think Sandy Torok would like to say something, also.

CHAIRPERSON HARRIS: Oh, Sandy.

MS. TOROK: Hi, Sandy Torok, public trainer. I train Arabians, quarter horses, and mules. I used to be a thoroughbred trainers. I am one of the trainers that took a very bad hardship this year. I have owners that have gotten

completely out of the business. I am venturing for another job because I have no animals left.

The thing on TOC, and I will say TOC is Pleasanton, we've always had a training track at Pleasanton, we have always been there with open arms.

This year, when I called to get my stalls, which consist of 15 to 20, I was informed I had to contact TOC or the racing secretary over here.

Nobody had a problem with it. I had been shipping in Arabians every week, so they can't say it was the emerging breeds. There were records of my Arabians going through the gates, working, and coming home.

When I told them I needed to bring mules in, absolutely not. We had to make special arrangements. They put us in a barn that is totally enclosed, made us lock the gates.

Now, these are mules. These are not tigers, or lions or something that's going to get you. We did have to pay for it. I don't want to correct Ruby, we were allowed on the track after ten o'clock, we had to pay for all our own services.

This is TOC and CARF. We're used to having Stockton open on May 1st. CARF chose not to open it until May 15th this year.

Our purses have been cut.

Pleasanton gave us ten stalls, our animals were standing on pavement at 120, 130 degrees this year. And if anybody was there, they could witness how hot it was in Pleasanton.

We had to beg the first four days to get water to those portals.

Now, if this would have been Jerry Hollendorfer, or anybody else with thoroughbreds, they would have a red carpet. But for some reason this year everybody has chosen to pick on the emerging breeds.

Well, these people that are picking on us have jobs. I am one of the people standing here with no job now, because my owners cannot afford it because I chose to train for the little purses, keep my expenses down, and try to let them have fun.

And the same thing happened to me in thoroughbreds, and my dad was a trainer for years, and that's why I chose to go to the emerging breeds.

And I just noticed that this whole meeting today, everybody talked about thoroughbreds, stalls, dates, everything else, but not one person brought up an emerging breed, or a mule that's going to fill a thoroughbred race that we can't get to go.

And, you know, thoroughbreds you can run over eight days, they're going to run the first part of Ferndale,

they ain't going to come back the second part, so then they have to take over the emerging breeds and let us run.

And I just think that what they did to us this year really, really needs to be looked into. Thank you.

CHAIRPERSON HARRIS: Thank you. I think we need to make sure that these emerging breeds have a Horsemen's agreement. They used to.

EXECUTIVE DIRECTOR BREED: Yeah.

CHAIRPERSON HARRIS: And they should have a Horsemen's agreement just like the thoroughbreds have a Horsemen's agreement and that be a contingency of licensing.

EXECUTIVE DIRECTOR BREED: They still -- the quarter horses, and I'm not sure about the mules and the Arabians but --

CHAIRPERSON HARRIS: Well, they need to get together with the quarter horses and all that and have one agreement, I guess.

EXECUTIVE DIRECTOR BREED: Right.

MR. KORBY: Chris Korby, California Authority of Racing Fairs. I don't want to take a lot of time, but we appreciate the input from the trainers that just spoke.

I can tell you that there are a couple of issues here that are more global in nature. We have limited funds available for the stabling and vanning payments. It costs us money to open a racetrack for stabling and training.

We opened Stockton as early as we could with the money that we had available. In fact, we opened Vallejo in the middle of the summer, which is not a stand-alone for stabling and training, and the fairs pay for that out of their own pocket.

So we're doing everything we can to make accommodations to all the trainers who bring runners to run at the fairs, including emerging breeds. And we will continue to work with them, and the thoroughbred owners to make as much stabling and training, as many facilities available as we need.

COMMISSIONER CHOPER: You have a date at which Pleasanton becomes open for this sort of thing, which all the necessary arrangements are already made?

MR. KORBY: Typically, what we do is we open -- we open Stockton for --

COMMISSIONER CHOPER: For emerging breeds.

MR. KORBY: -- for emerging breeds. And we don't have a date set for that, that's quite a ways away.

COMMISSIONER CHOPER: So if you have -- if you open Stockton, and that's the first of the emerging breeds meets; right, Stockton?

MR. KORBY: That's correct.

COMMISSIONER CHOPER: So I guess, is it your judgment that it will be taken care of there?

CHAIRPERSON HARRIS: Where do they go after Stockton? I mean, you say you're an emerging breed and you go to Stockton, but then where do they go after Stockton?

MR. KORBY: This year there were enough runners to warrant opening Vallejo on the circuit.

COMMISSIONER CHOPER: So at Stockton and Vallejo they get full service?

MR. KORBY: That's correct.

COMMISSIONER CHOPER: I mean, is that an accurate --

MR. KORBY: And we could -- we have several options available to us. Some of it will depend on the calendar.

MS. TOROK: This was never a problem until Golden Gate -- Bay Meadows closed and Golden Gate took over Pleasanton, because we used to all start at Pleasanton.

But now the biggest problem is it's very hard to get a horse ready to run at Stockton in 30 days. And if they don't open up sooner, then we end up missing Stockton.

And the mules are a little bit easier, but not when you have Arabians. And it's just they opened it, when they did open it we were three-quarters full.

Then we thought about Vallejo, Vallejo's was three-quarters full. What are they going to do with us this year?

CHAIRPERSON HARRIS: Well, back when you were doing Pleasanton, you were paying for stalls at Pleasanton?

MS. TOROK: No, we didn't even get stalls. We had to ship in, they put us in --

CHAIRPERSON HARRIS: Now, this year I know you --

MS. TOROK: Right. No, we did not -- they would not even give us stalls --

CHAIRPERSON HARRIS: A few years ago, though, wasn't it the system a few years ago that --

MS. TOROK: Yes, we had to pay rent, stall rent.

CHAIRPERSON HARRIS: Yeah. And you'd be okay paying stall rent, but you just want to get a stall.

MS. TOROK: Right, so we can get a track to officially work on and break out of a starting gate at.

CHAIRPERSON HARRIS: Yeah.

MR. KORBY: One of the elements that changed this year is that because of Bay Meadows' closing Pleasanton is now virtually full. That was not the case in years past. And we're maybe two to three hundred head of horses that we're stabling and training at Pleasanton. And so there were stalls available.

But now that Pleasanton has become the primary auxiliary stabling and training facility, we don't have that luxury anymore.

MR. HARTMAN: Robert Hartman, Golden Gate Fields.

Chris is exactly right, it's just a matter of losing 800 stalls at Bay Meadows.

So what the thoroughbred industry did, on the emerging breed behalf, is opened up Stockton earlier at the cost of $2,000 a day, and that came out of stabling and vanning.

Now, every day you want to move that opening back it's just going to cost more money.

So it's an economic issue, we want to help, absolutely, and I think if we have a conversation we can figure it out. And maybe the emerging breeds have some money they could pitch into these stalls being opened earlier.

But it's a matter of downsizing the barn area, really, nothing more than that in economics.

CHAIRPERSON HARRIS: Yeah, it's a balancing act. I'm concerned is it could be a shortage of horses, and mules, and everything so maybe at some point there's plenty of room at the inn.

COMMISSIONER BRACKPOOL: And we're not trying to solve this right now.

CHAIRPERSON HARRIS: Yeah, we're not going to solve it right now, so we got to kind of move on. But appreciate the comments.

MR. KORBY: Thank you.

COMMISSIONER BRACKPOOL: So this is something, Kirk, you'll get back to us on?

EXECUTIVE DIRECTOR BREED: Yeah.

COMMISSIONER BRACKPOOL: Then the participants can hear what the results of that were.

EXECUTIVE DIRECTOR BREED: Yeah.

COMMISSIONER BRACKPOOL: Good.

EXECUTIVE DIRECTOR BREED: That's it.

CHAIRPERSON HARRIS: Okay, that's it, we're going to go into Executive Session.

(Thereupon the California Horse Racing Board Regular Meeting was adjourned at 3:37 p.m.)

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CERTIFICATE OF REPORTER

I, RICHARD A. FRIANT, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing Meeting of the California Horse Racing Board; that thereafter the recording was transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 2nd day of December, 2009.

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Richard A. Friant