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BEFORE THE CALIFORNIA HORSE RACING BOARD
OF THE STATE OF CALIFORNIA

IN THE MATTER OF:)
)
The Regular Board Meeting of)
The California Horse Racing Board)
_____)

TRANSCRIPT OF PROCEEDINGS
Del Mar, California
Friday, August 24, 2001

Reported by:
KATHLEEN H. SCHLENZ
CSR No. 11956
Job No.:
CHBH505

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BEFORE THE CALIFORNIA HORSE RACING BOARD
OF THE STATE OF CALIFORNIA

IN THE MATTER OF:)
The Regular Board Meeting of)
The California Horse Racing Board)
_____)

TRANSCRIPT OF PROCEEDINGS, taken
at 2260 Jimmy Durante Boulevard,
Del Mar, California, commencing at
10:05 a.m., on Friday, August 24, 2001,
heard before ROBERT H. TOURTELOT, reported
by KATHLEEN H. SCHLENZ, CSR No. 11956, a
Certified Shorthand Reporter in and for the
State of California.

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01 APPEARANCES

01

02 Chairman: Robert H. Tourtelot

02

03 Member: William A. Bianco

03

04 Member: Sheryl L. Granzella

04

05 Member: John C. Harris

05

06 Member: Alan W. Landsburg

06

07 Member: Roger H. Licht

07

08 Member: Marie G. Moretti

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09 Executive Director: Roy C. Wood, Jr.

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10 Deputy Attorney General: Thomas A. Blake

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1 - Approval of the minutes of the regular meeting of July 19, 2001.

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2 - Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting at the Oak Tree Racing Association at Santa Anita, commencing September 26 through November 5, 2001, inclusive.

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3 - Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Fresno County Fair at Fresno, commencing October 3 through October 14, 2001, inclusive.

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4 - Discussion and action by the Board on the request from Los Alamitos Quarter Horse Racing Association to amend its license application to cancel the night racing program on September 6, 2001.

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5 - Discussion and action on the allocation of race dates for 2002.

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6 - Discussion and action by the Board on the proposed regulatory amendment to CHRB Rule 1467, Application for License to Conduct a Horse Racing Meeting.

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7 - Public hearing on the adoption by the Board on the proposed regulatory amendment to CHRB Rule 1433, Application for License to Conduct a Horse Racing Meeting.

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8 - Report by the Thoroughbred Owners of California and the San Luis Rey Downs Horsemen's Organization on the stabling/starter issue at San Luis Rey Downs.

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9 - Staff reports on the following concluded race meets: Churchill Downs California Company at Hollywood Park from April 20, 2001 through July 16, 2001; Alameda County Fair at Pleasanton from June 27 through July 8, 2001; Solano County Fair at Vallejo from July 11 through July 23, 2001; Capitol Racing LLC at Cal-Expo from December 20, 2000 through July 28, 2001.

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01 Del Mar, California, Friday, August 24, 2001
02 10:05 a.m.

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05 MR. WOOD: Good morning, and welcome to the
06 regularly scheduled meeting of the California Horse Racing
07 Board. This meeting is being conducted on Friday,
08 August 24, 2001 at the Del Mar Satellite Wagering Facility
09 in Del Mar, California.

10 Present at today's meeting are Chairman
11 Robert Tourtelot, Commissioner William Bianco,
12 Commissioner Sheryl Granzella, Commissioner John Harris,
13 Commissioner Alan Landsburg, Commissioner Roger Licht, and
14 Commissioner Marie Moretti.

15 Before we go forward with the business of
16 this morning's meeting, I would respectfully request if
17 you have testimony to give in front of the Board that you
18 please state your name and your association for our court
19 reporter. If you have a business card to give her, it
20 will be appreciated.

21 At this time I'd like to turn this meeting
22 to our Chairman, Mr. Robert Tourtelot.

23 MR. TOURTELOT: Good morning, and welcome to the
24 August meeting of the CHRB here in Del Mar. We greatly
25 appreciate Del Mar hosting our meeting. Before we start,
26 I'd like to recognize a couple of people in the audience.
27 Art Venturi, who is the new chairman of the Association of
28 Racing Commissioners. Art, thank you for coming to the

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01 meeting, and they have their annual board meeting on
02 Saturday. And Lonnie Powell, the new president and CEO of
03 RCI, and the gentleman from Connecticut, right? No.
04 Bernard Daily. Mr. Daily, welcome.

05 All right. First item on the agenda is
06 approval of the minutes of the regular meeting of
07 July 19, 2001. Any comments with respect to the minutes
08 from any of the commissioners?

09 Do we have a motion?

10 MR. LICHT: I move the minutes be approved.

11 MR. BIANCO: Second.

12 MR. TOURTELOT: All in favor?

13 (Motion passed)

14 MR. TOURTELOT: Our next item for discussion and
15 action by the Board is the Application for License to
16 conduct a horse racing meeting at the Oak Tree Racing
17 Association at Santa Anita, commencing September 26 to
18 November 5th, 2001, inclusive. Jackie?

19 MS. WAGNER: Good morning, Commissioners.
20 Jackie Wagner, CHRB staff.

21 The application before you is from the
22 Oak Tree Racing Association. They're proposing to race
23 September 26 through November 5th for 32 days, which is
24 five days more than they ran in the year 2000. They're
25 proposing to race 232 races, or 8.6 races per day. They
26 meet the 10 percent requirement of stakes races. They
27 will be racing five days per week, Monday through Sunday,

28 with eight races per day weekdays, nine races on opening
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01 and closing days, weekends, and holidays. Their first
02 post time will be at 1:00 p.m. on weekdays and 12:30 p.m.
03 post on Saturday, Sunday, and holidays.

04 They will be hosting a Breeder's Cup Day on
05 October 27, which is a Saturday. Post time is 9:30 a.m.
06 November the 3rd, Cal Cut Day, 12:00 p.m. post time, and
07 12:30 p.m. post on Monday, October the 8th, Columbus Day,
08 and November the 5th, which is closing day.

09 We still need to receive the fire clearance
10 from them. A finalized -- the stakes schedule has been
11 finalized, and is in the process of being forwarded to
12 staff.

13 Staff would recommend that the Board approve
14 the application contingent upon us receiving additional
15 information.

16 MR. TOURTELOT: It occurred to me, and I bring
17 this up every time, where do we stand with the declaration
18 with respect to the backstretch?

19 MS. WAGNER: That is going to be taken under
20 Item Number 7, I believe. They have been inspected, and
21 we're going to be having that item up before the Board for
22 adoption.

23 MR. TOURTELOT: Now, page 21, 15(d) is the
24 declaration with respect to service contractors.

25 MS. WAGNER: That is for the service contracting.
26 The declaration for the backstretch is not included on
27 this application. It will be included on the new
28 application.

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01 MR. TOURTELOT: I understand, but with respect to
02 this one, the thought occurred to me. Maybe Chilly can
03 answer this.

04 Does Oak Tree have jurisdiction over the
05 concessionaires, or is that Santa Anita? In other words,
06 you're the lessee, right, of the -- you're the lessee of
07 the Oak Tree meeting, and Santa Anita or the Los Angeles
08 Turf Club or whatever it is, don't they enter into the
09 agreement to sign the service contractors and
10 concessionaires?

11 MR. CHILLINGWORTH: Sherwood Chillingworth,
12 Oak Tree Racing Associates.

13 We lease the whole facility, including the
14 concessionaires.

15 MR. TOURTELOT: You do (unintelligible)?

16 MR. CHILLINGWORTH: Exactly, and we participate in
17 the profits.

18 MR. TOURTELOT: So there's privity between
19 Oak Tree and all of the contractors and concessionaires?

20 MR. CHILLINGWORTH: Well, privity as it exists
21 through Santa Anita.

22 MR. TOURTELOT: Well, contracts between
23 Santa Anita and the service contractors?

24 MR. CHILLINGWORTH: Yes.

25 MR. TOURTELOT: And how do you have -- how can you
26 declare whether or not those agreements are filed and

27 separate as set forth in the declaration?
28 MR. CHILLINGWORTH: Are sound?
0010
01 MR. TOURTELOT: Now, your declaration is that
02 the -- the agreements are valid labor agreements that
03 remain in effect for the full term of the race meet; is
04 that correct?
05 MR. CHILLINGWORTH: Yes. Well, we are below the
06 secretaries to the agreements, so we do see them.
07 MR. TOURTELOT: So there is privity between
08 Oak Tree and the contractors?
09 MR. CHILLINGWORTH: Yes, but the primary
10 relationship is with Santa Anita.
11 MR. TOURTELOT: I know you haven't practiced law.
12 MR. CHILLINGWORTH: I know, yes. Even when I
13 practiced law, I had trouble at it. That's why I keep
14 practicing.
15 MR. TOURTELOT: Thank you, Chilly.
16 MR. HARRIS: I don't understand on the state
17 schedule. Why is that nominated?
18 MS. WAGNER: We have not received the copy of the
19 state schedule. I understand from the conversation this
20 morning that that state schedule has been finalized. We
21 are waiting for the actual receipt of that.
22 MR. TOURTELOT: You're talking about the state
23 schedule now?
24 MS. WAGNER: Yes.
25 MR. TOURTELOT: The one you had is fine.
26 Any comments from any of the other
27 Commissioners?
28 The Chair will entertain a motion to approve
0011
01 the application.
02 MS. MORETTI: So moved.
03 MR. BIANCO: Second.
04 MR. TOURTELOT: All in favor?
05 (Motion passed)
06 MR. TOURTELOT: Next item on the agenda is the
07 discussion and action by the Board on the application for
08 license to conduct a horse racing meeting of the Fresno
09 County Fair at Fresno, commencing October 3rd through
10 October 14, 2001.
11 MS. WAGNER: Jackie Wagner, CHRB staff.
12 The Fresno County Fair is proposing to race
13 from October 3rd to October 14th, which is 11 days, and
14 that's one more day than they ran in the year 2000. They
15 are proposing to race a total of 98 races, which is the
16 same number that they ran last year. They will be racing
17 five days the first week, six days the second week. First
18 post time of 12:37 p.m. on Saturday and on Saturday --
19 12:45 p.m. on a Friday and 1:30 p.m. post on Monday,
20 Wednesday, and Thursday. Their wagering program will be
21 using the CHRB rules. We are still looking for the fire
22 clearance from this association, and we still have not
23 received the horsemen's agreements for the quarter horses
24 and the Appaloosas.
25 We would recommend that the Board approve

26 the application contingent upon receiving the additional
27 information.

28 MR. TOURTELOT: Is there a reason why the
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01 horsemen's agreement is not signed?

02 MS. WAGNER: To my knowledge -- I'm not up-to-date
03 on that.

04 MR. KORBY: Chris Korby, California Authority of
05 Racing Fairs.

06 With respect to the quarter horse and
07 Appaloosa agreements, we've had some issues with each of
08 these associations. We're in continuing discussions with
09 them on the agreements for the 2001 racing season. In
10 light of the fact that we have not resolved all of those,
11 the previous agreement is in effect.

12 With respect to the Appaloosas, we have been
13 in a continuing overpayment position with them, and we're
14 trying to work out a mechanism whereby we can reconcile
15 that continuing overpayment to the satisfaction of both
16 parties.

17 MR. TOURTELOT: I believe that is the rule, that
18 until the agreement is signed, the previous --

19 MR. KORBY: Yes, sir.

20 MR. TOURTELOT: Any questions from any of the
21 commissioners?

22 Any questions from anybody in the audience?
23 Comments?

24 The Chair will entertain a motion to approve
25 the application.

26 MR. LICCARDO: Ron Liccardo, Pari-Mutuel
27 Employees.

28 I have one question about the application on
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01 the beginning page, where it says, "Wagering program to be
02 (unintelligible). Request a one-dollar minimum of all
03 exotic wagers at self-service machines." That's at all
04 machines, not just self-service only?

05 MR. TOURTELOT: Where is that?

06 MR. LICCARDO: The bottom two lines on the Item 3
07 page.

08 MR. TOURTELOT: And what was your comment?

09 MR. LICCARDO: Is that one-dollar wagering at all
10 the windows, or just self-service only?

11 MR. TOURTELOT: It says self-service only. It
12 doesn't say "only," but it says self-service.

13 MR. HARRIS: (Unintelligible).

14 MR. LICCARDO: That's correct. That's why I was
15 inquiring whether they were going to do something
16 different than what the law requires.

17 MR. TOURTELOT: Now, this says self-service
18 machines.

19 MR. LICCARDO: But it doesn't mention the others.
20 I figure that it makes (unintelligible) to this.

21 MR. TOURTELOT: Well, then, the Chair will request
22 that we amend this orally to find out if that provision
23 only applies to self-service machines.

24 MR. HARRIS: Just strike "self-service machines."

25 Just say "request a dollar minimum." Scratch out
26 self-service machines.

27 MR. KORBY: Yes, on behalf of the fair, that would
28 be our preference, to delete "self-service" from that
0014 phrase.

01
02 MR. TOURTELOT: Mr. Liccardo, is that all right?
03 MR. LICCARDO: Yes.
04 MR. TOURTELOT: And with that change, any other
05 comments?

06 The Board will -- the Chair will entertain a
07 motion to approve the Fresno Fair license.

08 MR. HARRIS: I'll move to approve, and the
09 official name is the Fresno District Fair.

10 MR. TOURTELOT: I knew that. I think everybody
11 knew what I was talking about.

12 MS. MORETTI: Second.
13 MR. TOURTELOT: All in favor?
14 (Motion passed)

15 MR. TOURTELOT: Item number 4 is discussion and
16 action by the Board on the request from Los Alamitos
17 Quarter Horse Racing Association to amend its license
18 application to cancel the night racing program on
19 September 6, 2001.

20 MR. WOOD: Mr. Henson?
21 MR. HENSON: Mr. Chairman, members of the Board,
22 I'm Rick Henson, general manager at Los Alamitos Quarter
23 Horse Racing Association.

24 This request was put in after it became
25 apparent that there would be no thoroughbred racing or
26 daytime simulcasting on that day. Fairplex moved their
27 opening day from the day after Del Mar to Friday the 7th,
28 and so we historically have found that if we're the only
0015 one racing at night, then it certainly has a negative
01 effect on our handle and attendance. So we requested to
02 cancel that day.
03
04 MR. TOURTELOT: Any comments?
05 MR. LICCARDO: Ron Liccardo, Pari-Mutuel Employees
06 again.

07 Rick told me about this. We have a concern
08 over it, but I agreed it would be okay for him to do that,
09 because I can see the financial burden it would be on
10 Los Alamitos. It's going to affect some of my members'
11 employment, obviously, but it would not hurt them
12 drastically, so we concur.

13 MR. TOURTELOT: Any comments from any of the
14 commissioners? Questions?
15 The Chair will entertain a motion to approve
16 that request.

17 MR. HARRIS: So moved.
18 MS. MORETTI: Second.
19 MR. TOURTELOT: All in favor?
20 (Motion passed)

21 MR. TOURTELOT: Next item on the agenda is
22 discussion and action on the allocation of race dates for
23 2002.

24 MR. REAGAN: Good morning Commissioners.
25 John Reagan, CHRB staff. That's R-e-a-g-a-n.
26 Commissioners, in your binder you have a
27 four-page color chart indicating the race dates as
28 allocated by the Race Dates Committee. The copy you have
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01 should say on the lower left "Revised August 15th," just a
02 couple of minor changes made at that point from what was
03 sent to you earlier. Essentially, the dates for 2002
04 represent a reduction of three days for Southern
05 California thoroughbred, nine days for Northern California
06 thoroughbred, two days for the northern fairs, and
07 increases of 26 days for the quarter horse and for the
08 harness.

09 As your staff person that worked with your
10 Race Dates Committee, I'm here to answer any questions or
11 anything else I can do to help you with this. I must say,
12 being Chairman of the Race Dates Committee was not fun.
13 In the years past, as I recall, (unintelligible). But
14 this year Commissioner Harris and I tried to do something
15 different. We got a lot of mail, a lot of telephone
16 calls. We have had three meetings. We had three meetings
17 before this meeting. We received a lot of input from the
18 different factions in the industry, and I know we haven't
19 satisfied everybody. I know some people are unhappy.

20 All I can tell you -- and I think I speak
21 also for Mr. Harris -- we tried to do the best we could,
22 given problems that we perceived especially in Northern
23 California with respect to the work population. And some
24 people disagree that there are problems. In any event,
25 this is what we've come up with, and obviously we're
26 recommending it to the Board. The Board -- the
27 commissioners have one vote, so we open Board discussion
28 or any comments that anybody might have with respect to

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01 the Race Dates Committee recommendation.

02 MR. LICHT: Mr. Chairman, I have a comment, a
03 question, really, for the committee.

04 To me, from looking at all the data and so
05 forth -- and obviously I didn't have the extensive
06 presentation that you guys had -- obviously the Wednesdays
07 after holidays have to go. I think there's no question
08 about that.

09 But the other overlap, I don't see any
10 benefit to the horsemen, to the unions, to anybody other
11 than to that individual fair. In other words, the gross
12 handle is going to be -- most likely be down. The field
13 size -- there's no evidence that the field size has
14 improved from the data that I've seen where there's no
15 overlap, and I don't see what the benefit is other than to
16 the particular fair that's designated.

17 MR. TOURTELOT: Well, Commissioner Harris and I
18 did talk about it a lot. We did eliminate some of the
19 overlap. I know the Cal-Expos (unintelligible). We did
20 address the issue, Roger. I think John might speak to why
21 it is completely eliminated.

22 MR. HARRIS: I think you've got to look at the

23 history of why we have overlap in the north; we don't have
24 overlap of fairs in the south. But historically the fairs
25 had those dates, and at one point back in the 1980's, I
26 think, there was a drop -- there wasn't enough horses to
27 really run overlaps, and we tried to do that. But we're
28 concerned about the horse shortage now, maybe not on those

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01 particular dates. Maybe we can carry over -- run those
02 days later on in the month. Also, the economic viability
03 of the fairs -- I think it's important that they be in
04 existence to provide community racing for the fairs to
05 attend in these different areas.

06 What we tried to do is take away a couple of
07 the days that overlap (unintelligible). There seems to
08 be -- I can understand there's some overlap in Sacramento.
09 Why don't we overlap Pomona?

10 MR. LICHT: Well, I agree with you about the
11 economic viability of the fairs, but it seems to me the
12 economic viability of the horsemen is number one over the
13 fairs and over the tracks themselves, and to me, again, I
14 don't have -- I'm asking a question; I'm not making a
15 statement that the horsemen definitely suffer as a result
16 of this.

17 MR. HARRIS: Well, I question how much the
18 horsemen suffer. It's two days in June and two days in
19 September, and there's still ample opportunities for
20 horsemen to ride. (Unintelligible.) I don't think
21 there's any horsemen that are unable to get the horses in
22 the races.

23 One thing. Some people -- groups have
24 brought out that the purses during a given week at the
25 fair are less than the purses (unintelligible.) As I
26 understand it, the purses for any category of horses are
27 the same at either the fairs or the major tracks, so
28 there's really -- the fairs are not able to run as high a

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01 caliber race, as those races eventually do
02 (unintelligible). The whole fair thing is -- I realize
03 it's controversial, but I just didn't feel that it was
04 fair to take days away from the fairs.

05 MR. TOURTELOT: Ms. Moretti had a comment.

06 MS. MORETTI: I would like to make a few comments
07 about this issue.

08 First of all, let me begin as -- although I
09 was not on the committee, I was able to attend a couple of
10 committee meetings, and I've read through all the letters
11 that were copied to me from all of the different facets of
12 the industry. I would like to first of all commend the
13 committee, because I think that they did quite a good job
14 in terms of opening up the process and allowing anybody
15 who wanted to come to come before the committee and give
16 the reasons why they should or should not be cut or
17 maintained or increased or whatever, and I think that both
18 Commissioners Tourtelot and Harris also offered -- when
19 there was conflict, requested that people go and see -- go
20 out separately, privately to try to reach a consensus and
21 come back to the Board, and I think that they were very

22 open about receiving all of your ideas. So I'd like to
23 thank those commissioners for doing that, because it was,
24 I'm sure, not an easy process.

25 But I have a few of my own thoughts, and my
26 questions, thoughts, et cetera, have to do with the dates
27 process as we have it. I've only been on the Board a
28 relatively short time, but long enough to see how we've
0020 done it over a couple of years' time, and I'm not so sure
01 we're on the right track in the way we allocate dates. As
02 others have said, dates are -- it's our right to allocate.
03 No one owns those dates. But I wonder in terms of the
04 overall picture of helping horse racing if we're asking,
05 really, the right questions, because I think that there's
06 a basic premise that we all work under that there's too
07 much racing in California, and if we lessen the racing,
08 that perhaps that would be good for the industry.

09 Well, then, as I listen to other people
10 talk, I hear them saying the fields are too short. So
11 perhaps it's not too much racing. Maybe it is, but
12 perhaps it's not. Maybe it's just that the fields being
13 too short, maybe that's where we should put our emphasis.
14 Maybe we can have stricter, higher requirements for larger
15 fields.

16 I don't know. I'm just throwing this out
17 as some questions that have come to my mind. I
18 actually -- I do think eliminating the six-day week is a
19 smart move for a variety of reasons. I think it was at
20 our Bay Meadows meeting when Mr. Hollendorfer (phonetic)
21 was explaining the reasons why he was leaving California
22 or taking 40 of his horses out of the state. He still had
23 70 or 80 left, but he wasn't leaving, my understanding
24 was, because there was too much racing. He was leaving
25 because it was the wrong kind of racing during the time
26 for him. We were not offering to people like that the
27 right kind of racing, i.e. turf racing, for example.

0021 So that brings about in my mind questions
01 like, "Well, if that's where the problem is, then perhaps
02 we should try and delve into that issue." For example,
03 when the issue was raised at the last Dates Committee
04 meeting to potentially swap Solano with (unintelligible),
05 maybe that makes a lot of sense, and I don't think that
06 suggestions like that should be just left in the air. I
07 think that those are the kinds of things that should --
08 that the Dates Committee -- and I would request the Dates
09 Committee not to just do Dates Committee meetings once a
10 year, but continue the discussion so that the issue as a
11 whole can be looked at, and issues like, "Should we
12 potentially swap fairs?" -- I know that brings a lot of
13 problems, but there's a lot of good things that can come
14 about from that, too.

15 Let me remind everyone, when we have -- we,
16 the Horse Racing Board, carrying out horse racing law, we
17 have a number of charges. One of them is certainly to
18 provide for the maximum status of horse racing in
19 California, but the other is to promote the network of
20

21 fairs. So we have to do both hand-in-hand. We might not
22 always like one way or another how we do it, but we have
23 to do both, and it's our job to do that the best that we
24 can.

25 I just think that there are a variety of
26 other ideas. Maybe, for lack of a better term, the minor
27 league/major league concept. It works quite well in
28 baseball. Maybe we should apply that to horse racing in
0022 terms of -- minor league baseball is very symbiotic with
01 major league baseball. They draw from one another.
02 Obviously that's something that could be -- stratification
03 of purses could be looked at.

04 Those are the kinds of things that I would
05 request that the Dates Committee do during the course of
06 the year, and not just once a year when we have to turn
07 around and allocate dates.

08 MR. TOURTELOT: I would comment. I think your
09 comments are very well taken, and I think that the Board
10 should continually be looking at what it's doing and how
11 it's doing and try to improve that and not do something
12 just because it's been done that way for X number of
13 years. So I think your comments should be taken as an
14 admonition to the Board that we should examine it on a
15 yearly basis, not just in the process of deciding the race
16 dates.

17 I think the swap of San Mateo with
18 Vallejo -- but we did ask the two fairs to go and talk
19 about it. We thought it was an excellent suggestion.
20 Obviously, the racing is just one part of it. It can't be
21 done without taking into consideration all the other
22 aspects of the fair. But I believe San Mateo and Vallejo
23 are talking, as they said they would. So the ball's in
24 their court on that.

25 MS. MORETTI: I would like to see that the ball
26 not just be left in their court. I'm thinking we need to
27 bring it back into our court. Northern California is
0023 losing a lot more than Southern California in the
01 proposition that we have before us.

02 MR. TOURTELOT: They have a fair. They each have
03 a fair, and we can't, from the Board's standpoint, say
04 we're going to switch.

05 MR. HARRIS: I think we could just arbitrarily
06 allocate the dates, but I don't think we're obligated to
07 allocate dates in order to correspond with their fair
08 dates. (Unintelligible)

09 MR. TOURTELOT: The Board has the power to
10 allocate race dates. We obviously can't control the dates
11 on which the fairs are held (unintelligible).

12 But at any rate, Marie, I appreciate your
13 comments, and the fact that you did attend all the
14 meetings and you were very interested, and I think that
15 it's very healthy for us to continue to examine the
16 process of allocating the race dates. There's no magic
17 about why it's done that way, and certainly we're open to
18 suggestions of ways to improve it and change it.
19

20 MR. LANDSBURG: One of the things that -- I've
21 been hearing this now for the eight years in which I've
22 been involved, either on the Board or with TOC. I've
23 heard, "Let's cut the number of dates so that we have more
24 horses ready," or "Let's find ways to increase the horse
25 population." But we don't really have in front of us an
26 accurate vision of what would happen in terms of racing by
27 cutting one, two, three, four, down to a number of days so
28 that there's an empirical line that we can follow rather

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01 than just by guess and by golly, "Well, if we cut days,
02 we'll have more horses." I don't know that that's true; I
03 don't know if that's false. If we cut more dates, what
04 will be the sum effect by cutting? It's simply a runout
05 of empirical data, and how it will affect all of the
06 people and all of the horses that are involved. We're
07 kind of fumbling in a dark tunnel, trying to say that if
08 we cut the days or cut and overlap we will sufficiently
09 affect racing in California. And I keep becoming confused
10 when I try to figure out which is right. Do we cut days
11 and make for better racing and thus make for better
12 betting? Do we lose days of paying our workers?

13 There are scales here to be examined, and I
14 don't think we're ever dealing with empirical information.

15 MR. LICHT: I think we do know, Alan, from what
16 I've read or seen, that eliminating the overlap does not
17 increase field sizes, at least not historically, and so if
18 that's a fact and we lose jobs and we lose purse money,
19 why should we do it? And that's really what -- I was not
20 at the committee meetings. I was not part of that, and
21 that's why I really think I need to know. And I agree
22 with everything Marie said except for one thing, which
23 is -- I don't remember the exact words, but it was
24 something like "to promote the network of fairs." It
25 wasn't the word "promote," and I don't think that is one
26 of our duties. I think that it's horse racing, number
27 one, and the fairs just fall under that horse racing, not
28 the fairs themselves.

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01 MR. HARRIS: I think it is the key to keep tracks
02 viable on the issue as far as we don't allocate --
03 over-allocate -- overlapping the fairs, and their
04 viability is less. All we're talking about here is two
05 days in Sacramento and two days in Stockton, so this is
06 not a real drastic cut.

07 My concern is whether -- the fans I talk to
08 feel that we've got too many days, and also the results --
09 every week thus far in this year attendance has been down,
10 handles were down. It's like saying, "We're not selling
11 very much of our product, so let's make more of it." If I
12 could see some turnaround in our fan base or on-track
13 handle, I would be a lot more (unintelligible) of the
14 dates.

15 MR. TOURTELOT: Well, I know there's a lot of
16 people in the audience who want to speak.

17 MR. HARRIS: Before we do that, could we separate
18 between the north and the south? It's sort of two

19 different things, and it gets confusing sometimes when
20 we're starting the testimony, going back and forth.

21 MR. TOURTELOT: Let's start with the north.

22 MR. HARRIS: South might be less controversial.

23 MR. TOURTELOT: All right, then. We'll start with
24 the south.

25 MR. LICCARDO: Ron Liccardo, Pari-Mutuel
26 Employees. I have a question which involves both north
27 and south on the same dates, and I did call the Board to
28 bring this to light, and I don't know if that's one of the
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01 changes, because we don't have the amendments, but where
02 you start at Santa Anita with a seven-day week, and is
03 that one of the changes on the new proposal, that you will
04 be dark --

05 MR. HARRIS: I just read that myself. I didn't
06 recall that date.

07 MR. TOURTELOT: Ron, that was taken care of.

08 MR. LICCARDO: But we don't have the changes.

09 MR. TOURTELOT: That's why Mr. Reagan is going to
10 comment on it. It was done, but it's not reflected in the
11 paper.

12 MR. REAGAN: I can read you the schedule.

13 MR. WOOD: Just give us the changes.

14 MR. REAGAN: All right. The changes that were
15 made for the August 15th revision, we -- in Southern
16 California for the L.A. Turf Club meet, we made the 27th
17 of December dark and moved that day to Thursday,
18 January 3rd; no change of days, just moved one day to
19 another so they didn't have the start of what is it?
20 Seven continuous days? Eight?

21 MR. HARRIS: I don't recall doing that, actually.

22 MR. REAGAN: That was the request of
23 Mr. Tourtelot.

24 MR. TOURTELOT: Well, that was communicated to
25 you, John.

26 MR. REAGAN: But essentially, the important thing
27 is no change in the number of days, and, of course, when
28 the association comes forward with their application later
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01 in the year, they can actually move things around a little
02 bit themselves if they see a better opportunity and they
03 simply explain, of course, that they didn't want to open
04 up for seven days or this is not a good day here.

05 But all we've done is switch from this day
06 to that day, and, of course, it's up to the Board then to
07 decide if that's within the parameters. But generally
08 speaking, if we keep the same start day and the same end
09 day and the same number of days in between those, then I
10 think essentially the association has complied and, of
11 course, like I say, has some leeway there to maybe make a
12 change between certain dates.

13 MR. TOURTELOT: Anything else? Any changes?

14 MR. REAGAN: Yes. In changing the day I just
15 mentioned in Southern California, we made the same change
16 to Southern California -- I mean Northern California, so
17 that they have the coordination of the north and south

18 signal.

19 There was also an increase there at the
20 Golden Gate Fields meet, in that January 9th was added
21 back to Golden Gate Fields so that they would have the
22 same day as Southern California. Once again, the
23 north-south coordination of the race day. So there was
24 actually a one-day increase to Golden Gate Fields, taking
25 them up to 65 days.

26 MR. TOURTELOT: That was Commissioner Harris?

27 MR. REAGAN: Yes. So once again, for the Southern
28 California thoroughbred and Pomona, we had a total of a
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01 three-day reduction, and for the northern thoroughbred a
02 total of a nine-day reduction from 2000 to 2002.

03 For those coming forward, we do have a copy
04 of the revision on the table that I will leave here.

05 MR. TOURTELOT: Let's start with Southern
06 California.

07 MR. CHILLINGWORTH: Sherwood Chillingworth,
08 Oak Tree Racing.

09 May I inquire, does the present schedule
10 represent the one we've seen before where Oak Tree loses
11 two days?

12 MR. REAGAN: Yes, that is the current proposal.

13 MR. CHILLINGWORTH: I've read the issue here.
14 Getting into detail here why I think this is not a fair
15 solution, we only race 25 days a year. By losing two
16 races, we lose 8 percent of our racing. No other racing
17 facility association in Southern California is being
18 penalized to that extent.

19 Last year -- one of the reasons for doing
20 this, as we've already discussed here, is that -- the idea
21 is if you have fewer days of racing, you have better
22 fields and so forth. Well, Oak Tree last year raced 8.5
23 horses per race, the average. It's kind of like curing a
24 strep infection if you don't have one by giving somebody
25 penicillin. We don't have a problem filling races. To
26 take two days away from us doesn't seem to be logical or
27 reasonable.

28 MR. TOURTELOT: I thought we gave you the day back
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01 on the other end.

02 MR. CHILLINGWORTH: Well, I just asked you that
03 question.

04 MR. REAGAN: No, sir. Mr. Harris communicated
05 with me from Saratoga by a very interesting cell phone
06 in-and-out, but I think we understood him to say that he
07 was going to hold fast on that.

08 MR. HARRIS: I think these are just sort of
09 recommendations, but I wasn't clear on the Oak Tree dates.
10 Didn't you pick up five more days this year than you had
11 last year?

12 MR. CHILLINGWORTH: On odd-numbered years we race
13 an extra five days; on even-numbered years, we don't.

14 MR. TOURTELOT: Let the record reflect that the
15 Chairman of the Committee wanted to give you the date back
16 on the other end.

17 MR. CHILLINGWORTH: Correct. And one of the
18 things that -- for us Monday, closing Monday, is a much
19 better day than an interior Wednesday. We have -- I've
20 checked the records, and for the last three or four years
21 we've had in excess of 6,000 more people on the closing
22 Monday than we've had on the prior Wednesday. We also --
23 our handle's been up by \$800,000, which is a big help to
24 the state and to the horsemen and to ourselves over the
25 prior Wednesday. The reason -- we're not sticking our
26 heads in the sand and saying -- personally, I think losing
27 any racing days probably has to be empirically
28 demonstrated to be correct. I agree with Mr. Landsburg.

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01 But to be good citizens in the industry -- and if you
02 question my empirical knowledge there, Mr. Tourtelot --

03 MR. TOURTELOT: Only as to privity.

04 MR. CHILLINGWORTH: And John Renquist was a
05 classmate of mine at Stanford, and he went on to greater
06 things, and I went on to horse racing.

07 MR. TOURTELOT: You're probably making more money
08 than he is, though.

09 MR. CHILLINGWORTH: I'm not sure about that.

10 At any rate, my English lit class was pretty
11 good. There was a poet called John Donne who said, "No
12 man is an island" and "Don't ask for whom the bell tolls.
13 It tolls for thee."

14 So we're saying, "Okay, we're part of the
15 industry. We're not really affected by this, but we're
16 willing to give up the days to try and help something
17 out." And Hollywood Park would like to have and TOC would
18 like to have a gap between Oak Tree and Hollywood. We
19 said, "Okay, we'll give up Monday and take a Wednesday."

20 Now, John doesn't believe in six-day weeks.
21 Maybe some others of you don't either, but we do race six
22 days a week at Del Mar; we race six days a week at the
23 fairs; we race six days a week at Fairplex -- not just
24 one week during that period but every week during that
25 period. So logically it doesn't seem to imply that we who
26 are only asking for one day, an extra Wednesday, or a
27 six-day week for one week, we're willing to go to Monday.
28 We would prefer to have a Monday. Honestly, what we're

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01 trying to avoid is making Hollywood unhappy.

02 So I'm just saying that I think losing
03 8 percent of our racing is really an unfair penalty when
04 no one else in either the north or south is penalized to
05 that extent.

06 MR. TOURTELOT: Now, you have agreed to give up
07 that day for Hollywood Park, the Monday; right?

08 MR. WOOD: He's asking for the 16th back now,
09 which is a Wednesday, and gave up Monday, the 4th of
10 November.

11 MR. HARRIS: I think he would rather have the
12 closing day back, wouldn't you -- wouldn't you rather have
13 the closing date November 4th back than the Wednesday?

14 MR. CHILLINGWORTH: Yes, for us it would be
15 better.

16 MR. HARRIS: Which I would be inclined to do. The
17 only problem is if we are consistent on this six-day week
18 at Del Mar, then we should really drop Hollywood's opening
19 day and make it the 7th or the 6th.

20 MR. TOURTELOT: That would create a real problem.

21 MR. CHILLINGWORTH: So we're perfectly willing to
22 have the closing Monday. We'd prefer to have the closing
23 Monday. We're just trying to be good citizens.

24 MR. WOOD: But you would accept the 16th of
25 October, the Wednesday, for an additional day and leave
26 the calendar at Hollywood Park as it is? Is that what
27 you're saying, Chilly?

28 MR. CHILLINGWORTH: That would be our second
0032 preference.

01 MR. HARRIS: If you're going to have a six-day
02 week, you might as well close on a Monday. Of the two, I
03 would think that would be a better option.

04 MR. TOURTELOT: Monday, the 4th of November. Do
05 you go for that, John?

06 MR. HARRIS: Yeah, I would do that.

07 MR. TOURTELOT: So that would be our
08 recommendation. You'll have closing on Monday, the 4th of
09 November.

10 MR. CHILLINGWORTH: Thank you very much.

11 MR. TOURTELOT: The Race Dates Committee, not the
12 Board. I want to have the Race Dates Committee in
13 agreement before we give the recommendation to the Board.

14 MR. CHILLINGWORTH: Don't you have a Race Dates
15 Committee agenda item here on the calendar --

16 MR. TOURTELOT: I'm confused. All I'm saying is
17 that there was a problem that I believe I told you that we
18 would be giving you back the 4th of November, and John
19 felt otherwise, and we now are in agreement from a Race
20 Dates Committee standpoint. So you don't need to argue
21 anymore.

22 MR. CHILLINGWORTH: Right. I'll shut up. Thank
23 you.

24 MR. TOURTELOT: Unless the Board turns around and
25 changes it, but I hope that won't happen.

26 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

27 The Hollywood fall meet would be the only
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01 meet throughout the course of the year in Southern
02 California with the exception of Fairplex that would not
03 have the benefit of at least two days before it opens.
04 We're giving up our closing day, even though the industry
05 is shifting from Inglewood to Del Mar when it could be
06 argued that the marketplace here in San Diego hasn't had
07 racing for almost a year and that there is a big break
08 between meets. Nonetheless, we're giving up our closing
09 day during the spring.

10 There is a three-day gap before the
11 Santa Anita meet this year at the end of our fall season.
12 As you recall from the Dates Committee meeting, that gap
13 is four days next year and six days -- I'm sorry, it is
14 three days in 2002, four days in 2003, six days in 2004.

15 So there's a wonderful gap before Santa Anita; there's a
16 wonderful gap before Del Mar, not only from a calendar
17 standpoint but from a marketplace standpoint.

18 The industry moves back up north, and
19 Fairplex has arguably, at least in terms of its direct
20 marketplace, a nice gap where there has been no racing
21 around it for three weeks. Oak Tree, I think you can
22 argue, has a nice gap because there's been fair racing
23 prior to its meet. It's not traditional -- excuse the
24 term, but it's not the traditional major league racing,
25 excuse the term again.

26 So Hollywood's fall meet is the only one
27 that suffers, and I thought that the Board, that the
28 Committee, had arrived at a fair resolution by allowing

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01 Oak Tree to race on the Wednesday after a rather weak
02 holiday, Columbus Day. It doesn't compare, certainly, to
03 a Memorial Day or something, and allowing Oak Tree to
04 close on a Sunday and giving opening day of Hollywood Park
05 fall a decent -- a chance to be a decent days.

06 So I would urge the committee and the Board
07 to reconsider and award Oak Tree the 16th of October and
08 give the Hollywood fall meet a fair chance for a decent
09 beginning.

10 MR. LICHT: I have a question for
11 Sherwood Chillingworth. I might just comment.

12 You said that the Monday is a much better
13 day for handle and so forth.

14 MR. CHILLINGWORTH: Yes.

15 MR. LICHT: How much of that is a result of
16 giveaways, promotions, the guaranteed pick-six giveaway
17 and so forth, and how much is just because it's a last
18 Monday? I guess that's hard to say.

19 MR. CHILLINGWORTH: We do absolutely nothing extra
20 on that day, no promotions, no giveaways, no guaranteed
21 pick-six.

22 MR. LICHT: There is a guaranteed pick-six
23 giveaway (unintelligible).

24 MR. CHILLINGWORTH: You might happen to be lucky
25 and have the carryovers, but that's the only -- that would
26 be just by chance. But we do nothing. And as I've
27 already pointed out, the last three years closing
28 Wednesday has done -- closing Monday has exceeded the

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01 prior Wednesday by over 6,000 attendees on-track. Our
02 on-track handle is up over \$800,000 over the prior
03 Wednesday.

04 MR. BAEDEKER: Rick Baedeker again.

05 I'd also like to point out that if the
06 Board, as a matter of fact, reinstates closing day at
07 Oak Tree, that will lead to consecutive six-day weeks, and
08 the following Monday is Veterans Day, and, as a matter of
09 fact, we would race 12 out of 13 days.

10 So once again, I would urge the Board to
11 accept Chilly's second choice, which is reinstating
12 October 16th.

13 MR. TOURTELOT: John, if we give back the 16th of

14 October, we can satisfy Hollywood Park and Oak Tree's
15 first choice; correct? We realize it's the second choice
16 (unintelligible).

17 MR. HARRIS: If you had no choice, which would it
18 be?

19 MR. BAEDEKER: Well, I won't answer that question.

20 MR. TOURTELOT: Do you have a problem, John, with
21 switching that?

22 MR. HARRIS: I guess, looking at it, I think it is
23 good to have (unintelligible). That's one of the whole
24 problems, is that racing is not -- opening day
25 (unintelligible).

26 Unfortunately, I would question whether
27 Hollywood Park is going to be that great with either
28 opening day. Hopefully they will.

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01 MR. TOURTELOT: Would you agree, John, that giving
02 back the 16th of --

03 MR. HARRIS: Yes.

04 MR. TOURTELOT: Would that satisfy everybody?
05 Because Rick, as I recall, at the last Race Dates meeting
06 you had two or three options. Of the three, you're happy
07 with the second option. So Hollywood's happy, Oak Tree's
08 happy. We can move on.

09 MR. HARRIS: Just for the record, I don't really
10 understand in the overall history why the two major tracks
11 in Southern California, Santa Anita and Hollywood Park,
12 why Oak Tree has a total of 110 days and Hollywood Park
13 has 100. What was the legislative history of that?

14 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

15 That bothers me, too. It dates back to the
16 change in the calendar when Marge Everette (phonetic) at
17 Hollywood Park cut a deal with Santa Anita to give up days
18 during the spring in exchange for the ability to run a
19 fall meet. Historically, going way back to the days when
20 the circuit included Southern California and Northern
21 California, the two meets in Southern California were
22 55 days. When racing became concurrent north and south,
23 the two meets, Santa Anita and Hollywood Park, were each
24 75 days, and there was a gap before the Santa Anita winter
25 season. So when those fall dates were added, a business
26 deal was made between the two associations, and hence the
27 lopsided -- but I'll offer today to switch ours for theirs
28 if --

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01 MR. TOURTELOT: I don't think that they're going
02 to accept it today.

03 MR. BAEDEKER: Probably not.

04 MR. CHILLINGWORTH: As I remember this discussion,
05 it was thought that the Hollywood days were in the spring
06 when the weather was better. You don't have the rains you
07 have at Santa Anita, and also the weather up north
08 obviously is better in that part of the year. And now
09 that we have simulcasting back and forth, that's a
10 significant item.

11 MR. TOURTELOT: That's food for thought for the
12 future.

13 MR. VAN DE KAMP: Mr. Chairman, John Van de Kamp
14 on behalf of TOC.

15 We support giving Oak Tree back its day. We
16 think that's fair. I think the 16th is a good solution.

17 I'd just like to ask whether or not the
18 Board members received our memo of the 15th of August. I
19 sent it to, I think, Mr. Wood, and asked him to distribute
20 it, because I didn't want to have to repeat it here today.

21 MR. TOURTELOT: I don't think so. What did it
22 say? I don't remember it.

23 MR. VAN DE KAMP: May I ask why this was not
24 distributed? Because it was sent to the Board for
25 distribution on the 15th after we received this. I have
26 copies of it here today. I'd be happy to pass it out.

27 MR. TOURTELOT: What basically does it say,
28 though, John?

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01 MR. VAN DE KAMP: It's a two-page memo, and we
02 talk about our evaluation of the racing dates. We talk
03 here -- I thought I would just mention very quickly -- I
04 appreciate the effort that you all put into getting this
05 date proposal put together. You spent a lot of time and
06 at it. I appreciate that. I thought you did it in a
07 judicious kind of way.

08 We all have different interests from the
09 horsemen's standpoint, we're interested in purses
10 generated. The tracks have a little different interest in
11 terms of concessions and other things that help their
12 bottom line.

13 MR. TOURTELOT: Excuse me, John. With respect to
14 Southern California, which we're dealing with at the
15 moment, you have no objection to Oak Tree's proposed
16 schedule, and I don't believe you have any objection to
17 Hollywood Park's schedule, and Del Mar is done. So, I
18 don't know --

19 MR. VAN DE KAMP: Yes. I'll be glad to speak,
20 though, to the point that you made before your committee,
21 because I think it's been constant over a number of years,
22 and that is the Christmas break that has been provided, we
23 believe, is totally inadequate. We believe there should
24 be somewhere between a ten-day and two-week Christmas
25 break to give fans, as well as the people who work in the
26 industry, a time for a Christmas break and to refresh
27 people, to get them back in and much more interested in
28 horse racing. We were unsuccessful in persuading your

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01 committee, but I just wanted to let the other members of
02 the committee know that TOC for a long time has been in
03 support of that.

04 This year I think we have an adequate break,
05 the way the calendar falls, but next year, 2002, as you
06 will see, I believe we start at the end -- just a short
07 distance before Christmas -- I think it's the 22nd -- and
08 we believe that's inadequate. We would like to have an
09 ending of the racing season, 2002, ending on December 16.

10 MR. HARRIS: That was -- I did receive the memo,
11 but I think we did give a lot of consideration to that

12 break. That was a big issue. I think we were just
13 persuaded, based on the data presented, that the holiday
14 seemed to offer an opportunity for advantage. If somebody
15 could come up with a scenario that that was just a bad
16 time to race, it would be one thing, but if the only
17 scenario is it's an inconvenient time for giving the
18 horsemen or the employees to be there, it wasn't
19 persuasive.

20 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

21 I promise not to belabor this point, but I
22 would like to reiterate that's it's a three-day break in
23 2002, a four-day break in 2003, a six-day break in 2004,
24 according to the way the calendar falls. And the only
25 other point I'd like to make is that I think at this
26 point, given the legislation that was just signed, that
27 the industry in California should be thinking a little bit
28 more locally going forward, and I'm not sure it's

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01 advisable, if it has been talked about -- there would be
02 some 30 states involved in account wagering over the next
03 couple of years. Taking California out of that
04 programming mix for ten days or two weeks would be very
05 damaging to the industry here in California, probably
06 train people to bet races from elsewhere, and I'm just not
07 sure that at this particular juncture when that particular
08 future is uncertain, that lopping off dates would be
09 advisable.

10 MR. TOURTELOT: Thank you. And it's also labor's
11 consideration, besides the horsemen, but with respect to
12 Hollywood Park, we're not talking about trying to rework
13 this year. We've already agreed on Hollywood Park,
14 correct, Rick? You're not embracing the TOC's suggestion
15 of a lengthy break at Christmas for 2002?

16 MR. BAEDEKER: I was doing the opposite of
17 embracing.

18 MR. TOURTELOT: Oh, good. All right.

19 MR. LICCARDO: Ron Liccardo, Pari-Mutuel
20 Employees.

21 If we do what TOC proposes, there would be
22 no Christmas for my employees if they're off two months
23 before the holidays. They wouldn't be able to have one.

24 MR. TOURTELOT: The TOC represents the horsemen,
25 not labor.

26 MR. LICCARDO: Yes, and I also -- labor works then
27 also. They would stop paying people for those two weeks.
28 Somebody has to take care of those horses. We still have

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01 to pay those people.

02 MS. MORETTI: John, can I respond? I'm just
03 curious, in terms of the break at Christmastime. Is it
04 the Christmas time period that's a necessary break to you,
05 or is it just that you want a wider gap at some point
06 during the year?

07 MR. VAN DE KAMP: We support having breaks between
08 meetings of two, three, or four days, and I think you've
09 done a pretty good job with respect to that. And just
10 this last discussion about Oak Tree and Hollywood, I

11 think, was a fair one.

12 In terms of the numbers, I can show you that
13 the last week at Hollywood Park is generally one of the
14 weakest weeks over the last six years of their meet.
15 Six-year average of the last week is an average handle of
16 about 7.5 million. There's only one other week that even
17 comes close to that. It is one of the weakest weeks of
18 the meet, and it's a time, we believe, that we can take a
19 break. We're going to lop off days.

20 Now, I'm not trying to hurt Hollywood Park,
21 because we've suggested, of course, at the Racing Dates
22 meeting, that they get some days back in the spring and in
23 the fall to make up for the days that they would lose. We
24 even suggested that they be permitted to run on the
25 weekend. In other words, in that week that they would be
26 off, that they could run the last weekend before Christmas
27 to make up for some of their lost time. But that -- they
28 said no to that because they felt that they had to have

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01 additional and promotional costs to advertise that week.

02 But we're talking about -- we have this
03 major sort of disagreement. I think the tracks would like
04 to run just about every day that they possibly could, and
05 they have their own reasons for that. We believe that we
06 need to cut racing dates, and we believe that this break
07 at the end of the year would make some sense in the long
08 run, and this year it will be very interesting to take
09 that and see what happens.

10 Anyway, I'll be back up here in a minute to
11 talk about Northern California, because I think we have
12 something -- at least among the associations in TOC, some
13 agreement on Northern California.

14 MR. TOURTELOT: John, with respect to the argument
15 about the Christmas break, you're talking about
16 conceptually for all years, or are you still arguing about
17 changing the break for the 2002 calendar?

18 MR. VAN DE KAMP: No, I'm suggesting that we do
19 this for 2002, as we recommended to your committee. So we
20 respectfully disagree with your conclusion. We disagree,
21 and the committee gave it a lot of thought.

22 MR. TOURTELOT: Any more comments on Southern
23 California?

24 Great. Let's move on to Northern
25 California.

26 MR. HARRIS: Was there some clarification of that
27 December 27th date? Did the Southern California tracks
28 prefer to be off that day?

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01 MR. REAGAN: Yes. In terms of not opening up with
02 the seven continuous days, take a break on the 27th and
03 insert that into January.

04 MR. TOURTELOT: All right. Let's move on to
05 Northern California. Let's hear from Mr. Liebau.

06 I assume the fairs are happy. You're happy,
07 David?

08 MR. ELLIOTT: The fairs are okay.

09 MR. LIEBAU: Perhaps Mr. Reagan could just go over

10 the changes that are in the Northern California proposal.
11 I take it, John, that January 3rd is
12 substituted for December 27th.

13 MR. REAGAN: True.

14 MR. LIEBAU: And that January 9th is added back?

15 MR. REAGAN: As a live race date, yes.

16 MR. LIEBAU: And September 11th, it was my
17 understanding, would be substituted for September 12th.

18 MR. REAGAN: Yes, just those two days were
19 reversed, yes.

20 MR. LIEBAU: And do we then pick up October 16th
21 to be running concurrently with Oak Tree?

22 MR. WOOD: Would you go over September, please?

23 MR. REAGAN: The change there in September was
24 simply a revision whereby prior to the August 15th
25 revision they were dark on the 11th, which is the last day
26 of Del Mar, and they were running on the 12th, which is a
27 dark day in Southern California prior to the L.A. County
28 Fair. This was switched so that Bay Meadows would be open
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01 on the 11th, concurrent with Del Mar in the south and dark
02 on the 12th, when Southern California would also be dark,
03 and that should be in your package as Revision
04 August 15th, the 11th being a race day, the 12th being a
05 dark day.

06 MR. LIEBAU: One other housekeeping problem with
07 respect to comments made by Mr. Harris about the overlaps,
08 and certainly with respect to the Fresno Fair. Mr. Harris
09 has a lot more personal knowledge of that than I do, but
10 in my checking, which went back to 1961, the Fresno Fair
11 has always been overlapped with Bay Meadows or Golden Gate
12 since 1961, over 40 consecutive years.

13 MR. HARRIS: I think originally Bay Meadows -- the
14 north, I think, has always overlapped the fair, but the
15 south has not overlapped (unintelligible).

16 MR. LIEBAU: But for 40-some-odd years now they've
17 been overlapped by both, I think. Also, with respect to
18 Stockton, there I do have some knowledge, having worked
19 the first fair at the Solano County Fair in my youth, and
20 the Solano County Fair used to be the first fair on the
21 first fair circuit, and for some reason that I'm not aware
22 of, they did switch with Stockton. So there has been some
23 change in those days historically.

24 MR. DE MARCO: Mr. Chairman, members of the Board,
25 I'm Frank DeMarco, general accounts over at Los Angeles
26 Turf Club and vice president of Magna Entertainment
27 Corporation.

28 At the outset I would like to say that
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01 Shermie Chillingworth was a former law partner of mine,
02 and he was an outstanding lawyer and an outstanding
03 partner, even though he doesn't know the definition of the
04 word "privity."

05 We've prepared some written remarks which we
06 have asked be placed in the record by myself, Mr. Liebau,
07 and Mr. Tunney, and at the beginning I would like to say
08 again that they may be being too lawyer-like. At the

09 beginning of any inquiry like this or any regulatory
10 hearing, it's incumbent to ask why are we here and what
11 are the guidelines.

12 Why are we here? This board sits by a
13 mandate from the state legislature that's -- its charge is
14 to, quote, "allocate racing weeks and dates for the
15 conduct of horse racing in this state as will best
16 subserve the purposes of the horse racing law and which
17 will be in the best interests of the people of
18 California," close quote.

19 Its charge is not to do what's best for
20 Santa Anita or Hollywood Park or Bay Meadows or the fairs.
21 Its charge is not to make the determination based on any
22 preconceived personal opinions as to what's best for horse
23 racing in this state or what supposed ills exist that need
24 to be cured.

25 And the second is, what are the guidelines?
26 As in any rule-making process, the guidelines are that the
27 Board's decision's got to be based on facts presented to
28 the committee and to this Board.

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01 It's critical that at the conclusion of this
02 hearing we be able to have the answers to three questions.
03 One, we've got to assure that the ruling is supported by
04 the facts. We've got to have a record so that some
05 interested party might have the right to request a
06 reconsideration under Rule 1430, which has to be based on
07 an unforeseen fact not known at the time of the hearing.
08 So, in other words, if we don't know what the facts are
09 that the ruling is based on, then we don't know if it was
10 foreseeable. And lastly, there has to be some kind of a
11 record upon which an aggrieved party can seek judicial
12 relief.

13 With all due respect to the hard work of the
14 committee, we believe that the regulatory process is
15 somewhat flawed with respect to the recommendations
16 regarding the Golden Gate and Bay Meadows allocation in
17 the year 2002. There hasn't been any recitation of facts
18 nor of evidence that supports the recommendation of the
19 Dates Committee; in other words, any such evidence
20 delivered to us in response to a request we made under the
21 California Public Records Act.

22 MR. HARRIS: When was the request made?

23 MR. DE MARCO: In July, yeah.

24 MR. HARRIS: What was the request?

25 MR. DE MARCO: What evidence you have on which
26 you're basing some of the conclusions and statements that
27 were made at the 22 hearing.

28 MR. TOURTELOT: I'm totally confused, Mr. DeMarco.

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01 It wasn't a Board meeting. It was a Race Dates Committee
02 meeting, and we've had three of them, which I think the
03 records will reflect is more than any we've had in the
04 past eight years. Everybody was allowed to present their
05 views. I received tons of material and I received a
06 number of letters and many phone calls and visits. It
07 wasn't a court hearing. You're presenting it like it was

08 a hearing in Superior court.

09 MR. DE MARCO: Well, I'm presenting it on the
10 basis of it being a fact-determining exercise for purposes
11 of making a ruling, and we presume that every ruling that
12 is made be based on the facts presented. We'd like to
13 know what the facts were. There were three meetings.
14 What are the facts that you've based your decisions on? I
15 went to the meetings and I've read the transcripts.

16 MR. HARRIS: Have you reviewed the field sizes for
17 each day and also your attendance and your
18 (unintelligible)?

19 MR. DE MARCO: We don't think those were ever
20 presented at any hearing.

21 MR. TOURTELOT: I don't know how you can turn it
22 into a legal proceeding that requires all of these things
23 that you've (unintelligible) computed as part of the
24 process of the Race Dates Committee. I mean, it was an
25 open forum where we asked all aspects of the industry to
26 give us their input and their ideas, and they certainly
27 did. And I think in the past it was restricted like one
28 meeting before the Race Dates Committee made their

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01 recommendation to the Board. We had three meetings. In
02 addition to that, my phone was open to all of you, our
03 mailbox was open to all of you, our fax machine was open
04 to all of you, and our e-mail was open to all of you, and
05 everyone utilized it. When you say there's no facts, I
06 don't understand.

07 MR. HARRIS: I'm not sure, Mr. DeMarco -- you're
08 implying that only facts actually presented at a meeting
09 should be considered?

10 MR. DE MARCO: Yes, I am.

11 MR. HARRIS: In that case, we may just have to
12 have another meeting, because we were relying on a lot of
13 facts that were public knowledge to the Horse Racing Board
14 on various figures, but you're saying that those should
15 not have been relied on (unintelligible).

16 MR. DE MARCO: Are they in the record somewhere,
17 where we can see them?

18 MR. TOURTELOT: What about my eight years of
19 experience? Am I supposed to put all of that in writing?

20 MR. DE MARCO: Well, it's your eight years of
21 experience that I assume you'd understand what I'm driving
22 at. When this thing is over, we have to know what facts
23 you used to base your decision.

24 MR. BLAKE: The Board is not required to state its
25 reasons. The Board can exercise its discretion at this
26 hearing based on the recommendation of the committee.

27 MR. DE MARCO: Well, just one thing. As
28 Commissioner Landsburg pointed out, are there any kind of

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01 scientific or statistical facts that dwell on this issue
02 of whether fewer racing dates, increased field sizes --
03 and if so, what are they? That's all -- that's the kind
04 of thing I'm asking.

05 MR. TOURTELOT: Mr. DeMarco, I'm not here to be
06 deposed by you. That's number one. But number two, I

07 can't go back over the three meetings that we had -- we
08 had them throughout the state -- to recite every fact that
09 was brought up at those meetings, and in addition, the
10 materials that were presented. So you're asking me to do
11 that, and I refuse to do it, and it's not my deposition.

12 MR. DE MARCO: I didn't suggest it's your
13 deposition --

14 MR. TOURTELOT: (Unintelligible) certainly a full
15 discussion of three different meetings that went on
16 throughout the state. Everybody had an opportunity for
17 input, and Magna certainly put its input in.

18 MR. DE MARCO: Yes, we did.

19 All right, sir. I understand your position,
20 and it's not a judicial inquiry. I realize that. I
21 apologize. I wasn't trying to take your deposition.
22 Perhaps we can discuss it some other time.

23 MR. TOURTELOT: You know, that bothers me that
24 sometime you can take my deposition some other time.

25 MR. DE MARCO: I didn't mean that, and you know
26 it.

27 MR. TOURTELOT: Well, why would you say it?

28 MR. DE MARCO: Because we've had personal

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01 conversations before. We can discuss this issue outside
02 this arena.

03 MR. TOURTELOT: You started off about a judicial
04 review. That was mentioned in your opening remarks. I
05 think that the chairman, Mr. Stronach (phonetic), believes
06 that it's unconstitutional for the state of California to
07 control race dates.

08 MR. DE MARCO: Now, that's nonsense, sir.

09 MR. TOURTELOT: I was told that by him.

10 MR. DE MARCO: That's absolute nonsense.

11 MR. TOURTELOT: Well, is it nonsense that he told
12 me that, or nonsense that he thinks that?

13 I just don't want to turn this into a
14 confrontation, which is what Magna is attempting to do by
15 your opening remarks. That's the way I feel.

16 MR. LIEBAU: Jack Liebau.

17 We do not view this as an adversarial
18 situation, although at times it has appeared to be the
19 case. But I would say that as far as judicial review is
20 concerned, I'm sure the attorney general is going to say
21 that any regulatory agency in the state of California is
22 subject to judicial review, and I don't think --

23 MR. BLAKE: That's true, but this is a
24 constitutional agency, and the courts will give it the
25 appropriate (unintelligible).

26 MR. LIEBAU: That may be the case. I think that
27 we respect the Board and the decisions it makes. We may
28 not agree with them, but I think that the Board in turn

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01 has to respect the rights that we may have at some point
02 in time, and nobody is threatening judicial review, but it
03 certainly is a possibility of any regulatory agency in the
04 state of California.

05 MR. TOURTELOT: But your opening remarks

06 mentioning judicial review, I want to go on record that it
07 isn't going to change my view at all. I'm interested in
08 the best interests of racing for the state of California.
09 For Magna to get up in an opening statement and throw in
10 judicial review is not going to change my view one iota.

11 MR. LIEBAU: We appreciate that, and if I might,
12 just to make the remarks involving Mr. Tunney and myself
13 probably easier to understand, in your packets there is
14 three schedules that maybe I can walk you through.

15 The first one pertains to concurrent racing.
16 This was a -- the concurrent racing sets forth both handle
17 and attendance in the Northern California network, when
18 there's concurrent racing affairs and when there isn't.
19 The first example is when the north is dark and the south
20 is open. We've taken comparable Wednesdays when both the
21 north and the south signal were offered, and as you see,
22 the attendance, the average daily Northern California
23 handle, is about 1.8 million. The average daily Northern
24 California attendance was 68,062.

25 MR. HARRIS: Just to clarify, there were very few
26 days where the examples -- so the two examples you have
27 were 1/27 and 2/3/99. Now, those two days were days where
28 the north was dark, south was going. But comparable

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01 Wednesdays were throughout 1999? Those are like every
02 Wednesday of '99?

03 MR. LIEBAU: No. Comparable Wednesdays to those
04 in -- that are listed below.

05 MR. HARRIS: How would it be comparable? It
06 wouldn't be comparable in the same year. It must be like
07 every Wednesday or -- what are we comparing with here?

08 MR. LIEBAU: We're taking a situation where the
09 north is dark and the south is open. What we're trying to
10 do is we've taken two Wednesdays when they're the same on
11 both the north and the south, and the average was 1.8.

12 MR. HARRIS: Like comparable Wednesdays, but what
13 was your -- I mean, you took them all and averaged them,
14 or you kind of arbitrarily picked one, or what?

15 The problem with this whole racing dates
16 issue is when we try something new like a four-day week,
17 we're trying in a way to see how it does work. Maybe it
18 works and maybe it doesn't work. But I don't know if you
19 can make a big conclusion just based on two days, or if
20 you have to average all of your days.

21 MR. LIEBAU: That may be so, but we only came up
22 with two Wednesdays when the north was dark -- the races
23 from the south, and that's because of the policy that the
24 California Horse Racing Board has had over the years, and
25 they supported concurrent racing in both the north and the
26 south. All this is trying to show -- and is really just a
27 validation of -- the existing policy that the California
28 Horse Racing Board has had in the past.

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01 MR. HARRIS: I just want to understand these
02 numbers, though. Are these numbers -- is this an average
03 of all your Wednesdays in '99?

04 MR. LIEBAU: No. We've picked Wednesdays that we

05 thought was comparable to those two Wednesdays. We would
06 certainly be willing to give you an average later today or
07 whenever with all the Wednesdays if you'd like it, but I
08 can assure you that there is increased wagering when there
09 is concurrent racing in the north and the south. And as I
10 said, that in and of itself is a validation of the past
11 policy of the California Horse Racing Board. The same --
12 it's just the opposite when the north's open and the
13 south's dark.

14 On the next sheet we have overlap days
15 with --

16 MR. HARRIS: That Tuesday, that was actually a
17 fair racing day, wasn't it?

18 MR. LIEBAU: No. That would have been --

19 MR. HARRIS: Just compare with the other dates.

20 MR. LIEBAU: That is Pleasanton.

21 The second sheet just demonstrates that
22 during the overlap period -- and it's kind of just logical
23 that when there are two signals available, people bet more
24 than when there is only one signal, and that's why, when
25 there's a dual signal between Bay Meadows and Stockton, or
26 Bay Meadows and the state fair, or Bay Meadows and Fresno,
27 more is bet than if either Bay Meadows or Golden Gate are
28 just operating by themselves. The point of the matter is

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01 that the pie is bigger during those overlap periods than
02 during the nonoverlap periods.

03 If you go over to the next page, which has
04 some statistics about average field size, that during the
05 Stockton 2001 overlap, the days -- it was 7.94. During
06 the state fair's overlap days it was 7.68. Fresno was
07 7.97, and the total amount of average on the fair circuit
08 as a whole was 7.68.

09 MR. HARRIS: I think, though, my point on the
10 overlap on the fair days was not to help the fairs as much
11 as to help Bay Meadows in your field sizes. As I
12 understood, the numbers I saw is that your field sizes
13 during that period were in the sixes.

14 MR. LIEBAU: Well, I thought another reason that
15 you enunciated earlier was that the shortening of the
16 overlaps enhanced the financial viability of the fairs,
17 and as to that remark, again, I would say that I have no
18 understanding or knowledge whether these fairs are in need
19 of financial assistance.

20 MR. HARRIS: As I understand it, during the Fresno
21 overlap you were the operator or you basically did the
22 (unintelligible).

23 MR. LIEBAU: We only get what was imported from
24 out of zone and out of state, and during those two days in
25 question, the commission on our live racing would be in
26 excess of \$125,000. The purses that are disbursed during
27 those six days in question are closed at \$900,000. The
28 takeout during those six days in question at Bay Meadows

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01 is 3.7 million. And during those six days in question,
02 345 horses competed at Bay Meadows, and probably most
03 important of all is in the jobs category. It would be

04 1,246 more people or man days on those six days. But that
05 is a summary, I think, that you'll have a better
06 understanding of what Mr. Tunney and I would like to tell
07 you.

08 MR. TUNNEY: I'm Peter Tunney, representing Golden
09 Gate Fields and Bay Meadows.

10 There has been some earlier discussion today
11 about the --

12 MR. TOURTELOT: I'm sorry. Can we take a
13 five-minute break?

14 (Recess)

15 MR. TOURTELOT: We're ready.

16 Peter, you have the floor.

17 MR. TUNNEY: Thank you. I'm Peter Tunney,
18 representing Golden Gate Fields and Bay Meadows.

19 Some of this will be repetitive and some of
20 it's been remarks made by the Board members themselves,
21 but as has been pointed out, the proposed 2002 racing days
22 for Bay Meadows and Golden Gate Fields as compared to 2001
23 has been reduced by nine days as we understand it today,
24 whereas the racing days for the tracks in the south have
25 only been reduced by three. The difference is even more
26 pronounced when you consider that Bay Meadows and
27 Golden Gate operate for only a ten-month period because of
28 the fairs, and the tracks in the south operate over the
0056 12-month period.

02 As Mr. DeMarco had remarked or was going to
03 remark, there is a problem in the north that has not been
04 defined. Even though the problem has not been clearly
05 identified, the solution recommended by the Dates
06 Committee is to make the fairs stronger at the expense of
07 Golden Gate Fields and Bay Meadows, making them thus
08 weaker. The fairs continue to operate six days a week,
09 even though the Dates Committee looked upon the six-day
10 weeks in disfavor in the south. And in short, the status
11 quo was maintained for the fairs, but not for Bay Meadows
12 and Golden Gate Fields.

13 The tracks in the north do not believe that
14 their dates should be reduced in order to shorten the
15 overlaps with Stockton, Cal-Expo, and Fresno. In
16 addition, Bay Meadows should be allowed to conduct racing
17 on other days during the calendar in which they operate
18 and racing is conducted in Southern California, concurrent
19 racing. We feel very strongly about that, and the
20 statistics that you have in your packet will show that
21 concurrent racing is in the best interest of the state of
22 California, the horsemen, and the tracks themselves, as
23 well as the fairs.

24 We haven't heard from the fairs today. I
25 guess they're comfortable with the calendar as it
26 currently exists or is proposed by the Board, but
27 Mr. Korby on behalf of CARF stated in a letter back in
28 February that increasing -- the increasing shortage of
0057 horses in Northern California will grow more acute, and
02 fewer horses will increase the difficulty of conducting

03 two overlapping meets simultaneously. That dire
04 prediction did not come true, and, in fact, the entries at
05 California Expo have been very strong and they're to be
06 complimented. That helps all of us.

07 In reviewing some of the transcripts of the
08 Dates Committee, it's apparent that there's a preconceived
09 notion that the situation in the north was far more
10 critical. I think that goes back to the meeting that the
11 Board had at Golden Gate Fields in March, where remarks
12 were made that we have a lot of problems in Northern
13 California. We haven't seen the evidence of that, and, in
14 fact, it tends to be getting stronger. It should be noted
15 that Mr. Korby's presentation to the Dates Committee was
16 limited to only the overlaps for Stockton and Cal-Expo,
17 and request by CARF was made for the overlap of the Fresno
18 Fair, the Fresno District Fair.

19 When Mr. Korby was specifically asked
20 whether he opposed the overlap for the San Mateo Fair and
21 Ferndale, he responded by saying that the Humboldt County
22 Fair that's in Ferndale was a considerable distance from
23 the San Mateo Fair, and thought that the running at
24 Ferndale historically has not affected the San Mateo Fair.

25 We believe such reasoning is indicative of
26 why CARF did not request a shortening of the Fresno
27 overlap. As to the Fresno overlap, no mention of the
28 possibility of it being shortened was made at the hearing

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01 prior to the publication of the shortening by the Dates
02 Committee. Dave Elliott, who's actually here today,
03 maintained that Cal-Expo does not have the product because
04 of the overlap. To quote him, "We don't have the product
05 that we can put forth in front of the people, in front of
06 the fans," end of quote.

07 They certainly have the funds to compete as
08 far as purses are concerned through the availability of
09 supplemental purse funds. The purses at Cal-Expo are the
10 same at Bay Meadows for the similar type races. Certainly
11 it cannot be argued that the overlap hurts Cal-Expo during
12 the first eight days of their meet. In the year 2000, the
13 type of thoroughbred races offered by Cal-Expo during the
14 same first eight days or the un-overlap period were about
15 the same as the overlap period.

16 Although Dave Elliott continues to bang away
17 at the overlap, he did have a momentary lapse during the
18 hearings -- and I've had several of those myself -- when
19 he conceded that Cal-Expo's problems were not the overlap,
20 but because of the placement in the racing calendar, and
21 he's right. Mr. Elliott said, "We're in a poor position
22 because we're right in between the San Mateo Fair," which
23 is basically a San Mateo meet -- pardon me, a Bay Meadows
24 meet -- "and opening of Bay Meadows' actual race meet.
25 Those horsemen in the bay area would rather just sit and
26 wait for the Bay Meadows meet to open. It's really a
27 tough spot to be in. There's been conversations about
28 some of these fairs moving around, San Mateo County Fair

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01 being one of them, so we would encourage further

02 discussions of that."

03 So Cal-Expo's purported problem is no
04 different than that experienced by Hollywood Park just
05 prior to the opening of Del Mar, as Mr. Baedeker mentioned
06 earlier. Thus, based on Mr. Elliott's own words, the
07 overlap is not the problem, but the problem is Cal-Expo's
08 place in the racing calendar, a problem which could be
09 alleviated by the Solano-San Mateo switching.

10 Prior to shortening the Sacramento overlap,
11 just like the Stockton and Fresno overlaps, a
12 determination has to be made whether these overlaps
13 represent a problem, and if so, whether shortening
14 outweighs the benefits derived from being maintained. The
15 overlaps certainly provide for the maximum exposure of
16 racing opportunities, as is the purpose stated by the
17 California Horse Racing Law.

18 It is submitted that the Dates Committee is
19 recommending applying a Band-Aid to an unspecified hurt,
20 or in this case an undefined problem. What we should all
21 be doing is looking for a long-range solution to better
22 racing throughout the California circuit.

23 MS. MORETTI: Peter, I'm sorry to interrupt you,
24 but I have a question. I don't mean to be rude, but are
25 we required to do both Northern California and Southern
26 California all at the same time? Are we required to do
27 this today? The reason I ask is because I feel there is a
28 tremendous amount of information, as a committee as a

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01 whole, that we haven't had time to digest in terms of the
02 numbers and stuff. I have a lot of questions, actually,
03 about the numbers, but I'm wondering if we can either move
04 this part, the Northern California part, over to the next
05 month or something, or do Southern California, or -- is
06 there a requirement that we do this?

07 MR. WOOD: Commissioner Moretti, this is the
08 recommendation of the Dates Committee, and the Board will
09 vote on the recommendation of the Dates Committee. They
10 can vote on the package of the Dates Committee
11 recommendation in toto or they can vote on part of it.
12 They can also ask the Dates Committee to reconsider parts
13 of the recommendation and to accept further testimony.
14 There is -- the only time frame that's required is that
15 there is a time in the calendar for California which we
16 have to plan for a December 26th opening of the race
17 tracks, which is the beginning of our racing calendar, and
18 the time past the September board meeting
19 (unintelligible). We've been in this process for quite
20 some months now and have come to a conclusion. So these
21 are options that you have. This is just a reported
22 recommendation from your Race Dates Committee which you
23 can accept or ask for further clarification, or you can
24 accept parts of it.

25 MR. LIEBAU: I think, if I may just add, as far as
26 the south is concerned, there doesn't seem to be much
27 controversy, if any at all, so I think everybody
28 previously is -- interested parties have urged the

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01 allocation of those dates. With respect to the north, I
02 think that it's pretty well assumed or -- Golden Gate
03 Fields, that would be operating at that point in time, is
04 confident that ultimately the dates in December, January,
05 February are going to go to Golden Gate, and are willing
06 to proceed based on that assumption at their own risk as
07 far as marketing is concerned, group sales and things of
08 that nature.

09 MR. LICHT: I think Marie's suggestion is
10 excellent. I think we all need some more time to go
11 through this.

12 MR. LANDSBURG: What you're saying, Jack, just so
13 I'm clear, that -- I just want some clear groundwork
14 here -- that through April the schedule as read would be
15 acceptable to Bay Meadows and Golden Gate. Is that a fair
16 estimate of what's going on?

17 MR. LIEBAU: I think that that's a fair estimate,
18 and I think what I'm saying is both Bay Meadows and
19 Golden Gate are willing to take the risk with respect to
20 the fact that for some unknown reason, those dates might
21 not be allocated to them. So for that reason, we would be
22 willing to go ahead with our marketing programs and our
23 group sales and things of that nature, because I think the
24 first dates that really come into controversy are probably
25 not until June, so I don't think there's any rush to
26 judgment here as far as the dates from the north are
27 concerned.

28 MR. TOURTELOT: Let me ask the attorney general,
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01 do we have to approve the dates for the association in
02 toto, or can we do it in part? If we can do it in part,
03 then we could approve the dates up to April, and then the
04 Board could have further time to digest, have further
05 meetings about the period in question, which apparently is
06 summer.

07 MR. BLAKE: Certainly. You can accept it in part
08 or however you would prefer to do it.

09 MR. LICHT: I would think maybe that the Southern
10 California dates are not at this point apparently agreed
11 on. I guess we also have (unintelligible) dates, which we
12 haven't heard any discussion on those yet. But maybe we
13 could set aside the northern dates and get some more data.

14 My concern, which I'm somewhat frustrated,
15 is that I (unintelligible) just trying to help the fairs
16 or do (unintelligible). All I wanted to do was see bigger
17 field sizes and better growth in the north than we've had.
18 I think the north has shown a decline, and think we can't
19 have a sport survive if we show 5 or 6 percent decline
20 every year for 20 years.

21 MR. LIEBAU: I do recognize that, but later on we
22 were going to point to some statistics as to what has
23 happened in the last decade as far as on-track attendance
24 at Bay Meadows, and I'm sure that Mr. Harris is familiar,
25 basically, because we might say it was because of his
26 leadership that relative on-track attendance at Bay
27 Meadows has declined less than any other track in
28 California other than Del Mar.

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01 MR. HARRIS: I think that Bay Meadows has made
02 some strides, but the field size -- my concern is that
03 field size -- there's a period in here from like September
04 to October that just -- you know, a lot of racing in
05 Northern California. But I'm just concerned that -- I've
06 talked to a lot of the racing secretaries that work for
07 all of you, that share the concern that it's just tough to
08 fill races, and a lot of the fans do not like to wager,
09 won't go out to the track unless you've got more of a
10 field. My theory on the four-day week really had not that
11 much to do with Fresno. It was more based on that you do
12 a better job running four days in a given week than
13 running five days that week. I'd like to see some of your
14 figures that show that.

15 But I think we should set aside the northern
16 schedule until another meeting.

17 MR. TOURTELOT: What I would like to propose, if
18 it is helpful to you, because you have to do some
19 marketing, is that -- I would recommend to the Board that
20 we accept the Southern California schedule proposed by the
21 Race Dates Committee, and that for Northern California we
22 vote on approving the schedule from December 26 up through
23 March 24th, which would take us up to the opening of
24 Bay Meadows, and that we then have another meeting or
25 however the Board wants to do it so that we can digest all
26 this material and better understand your proposal.

27 MR. LICHT: Add the quarter horses and the
28 harness, too, as to the approval?

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01 MR. TOURTELOT: Right, the harness also. At least
02 give you so that Golden Gate has its schedule approved. I
03 asked the attorney general. There's nothing to prohibit
04 us from doing that.

05 MR. LANDSBURG: I would like to amend that just
06 slightly. I think we're going to need the experience of
07 April. Given all of the other changes that are going to
08 be happening within the structure of racing, why not go
09 through April so we have an experience both with
10 Golden Gate and Bay Meadows, and that allows Golden Gate
11 and Bay Meadows at least to program their opening as well.

12 MR. LIEBAU: One slight suggestion and request is
13 that if Golden Gate could be changed to run through
14 March 31st in lieu of those dates being run by
15 Bay Meadows. Right now Bay Meadows has more dates than
16 Golden Gate, as we equalize it. It's out of balance.

17 MR. TOURTELOT: So the two days' break of the
18 25th --

19 MR. LIEBAU: No, we aren't suggesting that at all.
20 We're just suggesting that those days, the 27th through
21 the 31st, flip over to Golden Gate.

22 MR. LANDSBURG: I hope that we can get through
23 April and know by experience, with Bay Meadows open and
24 knowing it has its horses in order, and also, then, the
25 changes that apparently are going to be occurring in terms
26 of how the new wagering formats will enter into the entire
27 equation. You're going to need some time for promoting

28 what will happen in June-July, and we're cutting it really
0065

01 close.

02 MR. TOURTELOT: Well, the idea, then, Alan, is
03 that we would do our reading and discussions between now
04 and the September meeting, and then hopefully vote on the
05 remainder of the Northern California calendar in June --
06 excuse me, the September meeting.

07 MR. LANDSBURG: That's fine, then.

08 MR. TOURTELOT: We at least have solidified the
09 first part of the calendar; all right? Let's do that.

10 Somebody make a motion. Let's just start
11 with Southern California.

12 Dave Elliott?

13 MR. ELLIOTT: I'd like to have at least two
14 minutes to comment before you move on to the next agenda
15 item. I haven't had an opportunity yet.

16 MR. TOURTELOT: What do you want to speak on?

17 MR. ELLIOTT: I'd like to speak just very briefly.

18 MR. TOURTELOT: Well, wait a minute. Dave, are
19 you going to speak on the second half of the Northern
20 California calendar? You're not concerned with the
21 first --

22 MR. ELLIOTT: I'm not concerned, Mr. Tourtelot,
23 with anything other than the overlap of Cal-Expo and
24 Bay Meadows. I'm not going to speak on anything else.

25 MR. HARRIS: We do have several of these fair
26 people who have come all the way down here --

27 MR. TOURTELOT: I don't care. The fact of the
28 matter is that we're going to -- the whole idea is that
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01 we're going to roll over the discussion to the next
02 meeting as to the second half of the Northern California
03 calendar. Do you want to say it now, or you can say it
04 again. I hope at the next meeting --

05 MR. ELLIOTT: I promise to keep my comments brief.

06 MR. TOURTELOT: All right.

07 MR. ELLIOTT: David Elliott, California State
08 Fair.

09 I understand what this Board is getting
10 ready to do as far as putting off the decision on Northern
11 California dates after April. This Board -- this racing
12 committee has heard argument and has received a myriad, as
13 Mr. Tourtelot has mentioned, of facts and figures and
14 numbers and the whole nine yards to just go over for the
15 last three or four months. I thought -- I was under the
16 impression that today was the day that everything had
17 already been digested. Now we're at the eleventh hour.
18 Magna has brought to you a report which I request to
19 Mr. Wood if I can get a copy of that, as it is public
20 record now.

21 MR. WOOD: You certainly can, Dave.

22 MR. ELLIOTT: You know, there's been a lot of
23 facts presented, and Mr. Liebau presented a fact that
24 there are 7.9 horses per field size during an overlap, and
25 I just don't know when we got to the point where we were
26 satisfied with 7.9 field size. What he did not mention,

27 however, was less thoroughbred races run at Cal-Expo
28 during the overlap because we can't fill the thoroughbred
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01 races. We have days when there are five thoroughbred and
02 six emerging breed races. We depend on the emerging
03 breeds. My point to that, Mr. Licht, is that less
04 racing -- the less racing for thoroughbred races, yes, it
05 did bring the field size up a little bit as far as the
06 thoroughbred races are concerned.

07 Mr. Tunney spoke for me in some comments,
08 and I'm not going to argue those points right now. I do
09 want to mention, too, though, that it was Mr. Tunney at
10 the meeting at Cal-Expo that provided information to this
11 board that stated, and it's in public record now, that
12 Fridays were a better day handlewise than Sundays were,
13 hence not wanting to open on Friday -- or wanting to keep
14 the Friday instead of opening on Sunday, which is clearly
15 incorrect, and I feel I've provided that information to
16 this board, and if you'd like to have it again, I'd be
17 more than happy to provide it.

18 MR. TOURTELOT: Dave, you know, you do yourself a
19 disservice, with all due respect, by making this argument
20 now when we have at least four or five members of the
21 Board that haven't digested all of this information.
22 They're not going to remember your argument now when they
23 come back to revisit this issue of the second half of
24 the -- I think your argument should be made -- better made
25 at the time when all the Board is fully advised of Magna's
26 position.

27 MR. ELLIOTT: I understand that, sir. My point is
28 it's an eleventh hour report coming to this Board.

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01 MR. TOURTELOT: Let me tell you my problem with
02 that. They have the right to hand in anything they want,
03 number one. Number two, we have at least three, maybe
04 four, commissioners who said -- expressed the view that
05 they want to read this and understand it before they make
06 a vote, and they're entitled to that. John and I have
07 been living with it for six months. That doesn't mean
08 that they have to just accept what we say and not read any
09 of this. So I think that the request is a good request.
10 They can't be expected to vote in the dark.

11 MR. ELLIOTT: I'm surely not asking for that.

12 MR. TOURTELOT: I think we've worked out an
13 acceptable solution to everybody to give Northern
14 California up through -- I'd like to give up through May.
15 Seems to me, why not give them May also?

16 MR. HARRIS: I don't know why we don't just
17 (unintelligible) in California. They know they're going
18 to open in December anyway.

19 MR. TOURTELOT: This way, John, we can do it.
20 We're here and we can do it, and it gives them -- at least
21 from a marketing standpoint, they know -- if they want to
22 flip the days in March with Golden Gate. I don't have a
23 problem with that.

24 MR. WOOD: The only thing I would suggest about
25 the change is that April, May, and June are dates that

26 would need to be considered in the further discussions of
27 overlap. If we run this up to March 31, that gives them
28 the opening ---

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01 MR. TOURTELOT: Let's do that, then. I would ask
02 somebody to make a motion, then, that starting with
03 Southern California -- that we deal with the
04 recommendations of the Race Dates Committee for Southern
05 California for Los Alamitos, the harness racing at
06 Cal-Expo, and up through March 31st on the Northern
07 California calendar, with the proviso that we flip
08 Bay Meadows for Golden Gate, we extend Golden Gate from
09 the 27th of March to the 31st; correct?

10 MR. REAGAN: Mr. Chairman, I believe I can read
11 those starting and ending dates and number of days into
12 the record so we're all perfectly clear.

13 MR. TOURTELOT: Okay. Why don't you do that.

14 MR. REAGAN: Certainly.

15 MR. TOURTELOT: Somebody has to make a motion.

16 MR. LANDSBURG: I so move, based on

17 Mr. Tourtelot's discussion.

18 MS. MORETTI: Second.

19 MR. TOURTELOT: I've got a second.

20 MR. REAGAN: Southern California thoroughbred and
21 fair, Santa Anita, 12/26/01 to 4/21/02, 85 days; Hollywood
22 Park, 4/24/02 to 7/21/02, 65 days; Del Mar, 7/24/02 to
23 9/11/02, 43 days; Santa Anita-Oak Tree, October 2nd, 2002,
24 November 3rd 2002, for 26 days; Hollywood Park, 11/6/02 to
25 12/22/02, 35 days; with Pomona, September 13, '02 to
26 9/29/02 for 17 days. That's in Southern California.

27 The first meet in Northern California would
28 be Golden Gate, 12/26/01 through 3/31/02 for 70 days;

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01 quarter horses at Los Alamitos, 12/27/02 -- I'm sorry,
02 12/27/01 through 12/22/02, 207 days; Cal-Expo harness,
03 12/26/01 to 8/3/02, 145 days; Cal-Expo fall, 9/25/02 to
04 12/22/02, 56 days.

05 That's what will be on the table at this
06 point.

07 MR. TOURTELOT: All in favor? Opposed?

08 That will carry.

09 (Motion passed)

10 MR. HARRIS: As I understand it, these days are
11 not really chiseled in stone. They will be allocated by
12 the Race Association.

13 MR. TOURTELOT: Can we have a representation from
14 Magna that we won't get hit with another whole packet next
15 week?

16 MR. HARRIS: I think we need as much information
17 as we can get.

18 MR. TOURTELOT: I'm talking about at the next
19 meeting. If you have some more information, can you do it
20 ahead of time?

21 MR. DE MARCO: Absolutely.

22 MR. LICHT: I'd like to see the TOC letter, too,
23 circulated.

24 MR. TOURTELOT: You should have it right now.

24 CTT, the Thoroughbred Owners of California, and the tracks
25 have worked together to reach an agreement as to how best
26 to implement the 10 percent automatic payment of trainers'
27 commissions.

28 The proposed amendment to this rule will
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01 require that 10 percent of the purse earned on any horse
02 that finishes first, second, or third at a thoroughbred
03 race meeting be deducted and deposited into the trainers'
04 accounts.

05 The amendment also allows and specifies that
06 horse owners may elect to opt out of the payment plan by
07 submitting written notification to the paymaster not to
08 deduct the 10 percent.

09 Staff has received indication that the
10 parties have come to an agreement, and we would recommend
11 that the Board instruct us to initiate the 45-day comment
12 period.

13 MR. TOURTELOT: Thank you.

14 Any comments or questions from the
15 commissioners?

16 MR. LANDSBURG: Yes, I have a couple of comments.

17 I'm all in favor of doing this. However,
18 there are certain things that concern me. Number one, if
19 a horse wins a purse, according to this, the money goes
20 immediately to the trainer. In the event, then, that the
21 horse is disqualified for any number of reasons, will the
22 owners be responsible for repayment of that money because
23 it's coming out of the owner's purse, or will the trainer
24 be responsible? Is there anything in it that we should
25 regulate in order to be sure that we don't wind up having
26 to sue trainers to give back money?

27 MS. WAGNER: In the proposal under Subsection 3,
28 that has been addressed, and the language specifies that

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01 any moneys paid shall be repaid to the paymaster by the
02 trainer upon any order requiring redistribution.

03 MR. TOURTELOT: In the past they haven't repaid.
04 We still right now have a situation where money was
05 supposed to be repaid, and nobody is doing anything about
06 it other than us asking for it.

07 MR. WOOD: Under the regulations, as Jack
08 explained, the paymaster services the accounts for the
09 three entities, the trainer, the owner, and the jockey,
10 and I think distribute the purse funds to each individual.
11 Each individual has been responsible for returning the
12 moneys in disqualifications. That's what the rule says.

13 MR. TOURTELOT: It took two years to get one owner
14 to pay back the purse; right?

15 MR. LANDSBURG: I understand. All I wanted to
16 make sure of was that the responsibility is directed to
17 the trainers and there be some kind of penalty if they
18 don't immediately repay, since it's been paid to them.

19 MR. WOOD: As long as the individual is licensed
20 by the California Horse Racing Board, we can facilitate
21 the return of the funds.

22 MR. LANDSBURG: And the owners will not be

23 responsible?

24 MR. WOOD: Under the regulation, that's correct.

25 MR. LANDSBURG: One other comment on this is just
26 that this is a lot of paperwork, meaning -- even for the
27 owners, and some of the owners are kind of a long distance
28 from the -- I don't know how to put it. They are not

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01 right there at the time. Can one application be made -- I
02 just don't know whether we can do this. Once you say,
03 "Okay, the trainer can have the 10 percent," can it go for
04 all tracks rather than have to do a new sheet for every
05 meet that goes on, a new one for the fair? 5As long as
06 the owner doesn't want to opt out, can one submission of
07 this memorandum allowing the 10 percent to be taken then
08 be there for all of the meets in California?

09 MS. WAGNER: It's my understanding that that
10 particular provision would be difficult to implement,
11 primarily because the paymaster systems are not
12 electronically together. They are all separate. So it
13 would be difficult for that information to be transferred
14 to another paymaster.

15 MR. VAN DE KAMP: Mr. Chairman, just to clarify
16 that, this is automatic. You don't have to file anything
17 unless you opt out, and as I understand it, it's possible
18 to develop forms so if you want to opt out at a number of
19 tracks, you could have duplicate copies sent, let's say,
20 to the other tracks so that it can be a one-stop
21 situation, even if you're opting out. But I would imagine
22 that 75 to 80 percent of the people will not file to opt
23 out.

24 MR. TOURTELOT: John, while you're standing up, I
25 wanted to bring this up with the other commissioners. The
26 problem has been -- does arise from time to time. An
27 owner is paid the purse, then there's a disqualification,
28 and letters to the owner to return the money. The owner

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01 doesn't return it, and the only thing that happens is
02 every once in a while somebody writes a letter or calls
03 the owner asking for the money back up to -- I'm not going
04 to say two years, but it's been a long time -- and then
05 there's no provision for interest. The owners or the
06 corporations have the money for two years or a year, and
07 finally gives it back. There's no interest paid, and the
08 person who is now entitled to the purse and hasn't had the
09 money for the year wants the interest on the money.

10 We have no rules in place that really deal
11 with that. We have a situation right now that -- that's a
12 real situation that's been going on.

13 MR. VAN DE KAMP: I think it's really --

14 MR. TOURTELOT: The TOC ought to police itself so
15 that we don't have to do that.

16 MR. VAN DE KAMP: I think you could probably
17 establish a rule that might address that. However, I can
18 report to you that we have a bill that is moving through
19 legislature that will provide, if an owner is being
20 charged with a disqualification by the Board, there is a
21 bond requirement to protect the Board that would take

22 place before any kind of hearing on the disqualification.
23 I think that would help address that issue, because it
24 would have to, under this new law -- the hearing would
25 have to take place 90 days after the claim was filed by
26 the CHRB. Ahead of that hearing, a bond would have to be
27 put up for the purse that's in question. So at least
28 we're working on that legislatively. You may -- I don't

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01 think it applies to this rule here today.

02 MR. TOURTELOT: No, it doesn't, but how about the
03 interest on the money? The person who pays back the money
04 after, say, eight months, and then we turn around and it
05 goes to the horse that becomes the winner, and that horse
06 owner says, "But I want interest on my money. You've had
07 it for six months." The Horse Racing Board's not going
08 to pay the interest. We have no provision for that
09 whatsoever.

10 MR. VAN DE KAMP: But I'm saying you may want to
11 look at that in the form of a rule.

12 MR. TOURTELOT: It has to be addressed at some
13 point.

14 MR. WOOD: There have been several changes over
15 the last several years. We've discussed with TOC the
16 process of requiring the funds not to be distributed until
17 the horses clear all their requirements before they
18 actually become declared the winner, including going
19 through the testing process, and we've looked at the rule
20 several times for not paying out those funds until that's
21 cleared, and we've discussed that, because on occasions
22 we've had problems collecting our money.

23 I think we need to look at those discussions
24 in the future. I understand TOC's position that they have
25 a 72-hour clause in their contract with the tracks, and I
26 think it is Mr. Van de Kamp's consideration that
27 legislation will to some degree alleviate that problem,
28 if, in fact, the money's placed in an interest-bearing

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01 escrow account, and all the things that come with that
02 type of legislation.

03 If that does not work, I would really
04 suggest that the Board should reconsider the adjustment of
05 the payouts until the horse has cleared all of these
06 problems.

07 MR. TOURTELOT: I assume the TOC will no longer
08 object to that, that we withhold money until the testing
09 comes back.

10 MR. VAN DE KAMP: We think that the problem you're
11 talking about is relatively minor. It happens in probably
12 a couple of anecdotal cases, but the overwhelming number
13 of purses that are paid out are not in any kind of
14 jeopardy, and we believe that it's in the best interest of
15 all concerned, whether it's the jockeys, the trainers, now
16 under this rule, as well as the owners, to get that money
17 within the 72 hours.

18 I'd be happy, certainly, to look at that
19 with the Board and look at the numbers and look at the
20 percentage that seems to be in jeopardy and then make a

21 determination as to whether or not it's worthwhile.

22 MR. TOURTELOT: Okay. I wish you would work with
23 the Board on that, because it happens in relatively few
24 instances. When you have one and you have -- you have one
25 person who will not give the money back, although it's
26 clearly disqualified, and the other person is calling the
27 Board and threatening lawsuits because they're entitled to
28 the money, then when they finally get the money, then they

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01 want interest. And Mr. Woods says, "What are we going to
02 do?" I said, "I'm not going to pay it." Who's going to
03 pay the interest?

04 So I wish that TOC would work with the Board
05 to work that out, since -- it may be few and far between
06 the incidents where it happens, but when it does, it's not
07 fun to deal with. You have very irate people. I'm not
08 going to mention any names, but they're out there.

09 MR. LANDSBURG: I move that we --

10 MR. HARRIS: I wanted to say that originally I had
11 some concerns with this. Not the fact, obviously, that I
12 think trainers should be paid promptly their 10 percent.
13 But I have concerns about if this was really a role for
14 the Board to get involved in, or do we really need the
15 governmental (unintelligible) to do this.

16 But the one person who was really
17 responsible for this was Gary Burke, who was the driving
18 force of this. It took him a couple of years to get it
19 done, and it's very sad that he's not with us here today.
20 He died just a few weeks ago. And he was present in TOC,
21 and he was really a great horseman and a great supporter
22 of racing, and it was a tremendous loss, and this
23 amendment is definitely his doing.

24 MR. LANDSBURG: I don't want to interrupt, but
25 later at the end I have a note about Gary I'd like to
26 extend to the Board.

27 MR. TOURTELOT: Yes.

28 The Chair will entertain a motion, then,

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01 to --

02 MR. LANDSBURG: So moved.

03 MR. WOOD: Second.

04 THE COURT: All in favor?

05 (Motion passed)

06 MR. TOURTELOT: Item number 7 is the public
07 hearing on the adoption by the Board of the proposed
08 regulatory amendment to CHRB Rule 1433, application for
09 licensing. That's the one I've been pushing for.

10 MS. WAGNER: Jackie Wagner, CHRB staff.

11 The amendment before you is for CHRB
12 Rule 1433. Essentially, this amendment will revise our
13 application that is used for the licensing process to
14 conduct a horse racing meeting. We have heard this
15 before. The last time was in January of this year. At
16 that time, some additional comments were requested that
17 they be added to the application. That has been done.
18 The application has been sent out for 15 days for
19 comments. Staff has not received any comments on the

20 proposed application, and we would recommend the Board
21 adopt the amendment as it's presented.

22 MR. TOURTELOT: For the Board's edification, on
23 page 9, paragraph 14, this is a provision that I've been
24 pushing for with respect to the backstretch housing, the
25 certification at the time of the application. The
26 applicant doesn't know of any violations of local housing.
27 Any questions?

28 MS. MORETTI: I will make a motion to adopt this.
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01 MR. TOURTELOT: Second?

02 MR. BIANCO: Second.

03 MR. TOURTELOT: All in favor?

04 (Motion passed)

05 MR. TOURTELOT: Moving right along, item number 8
06 is a report by the TOC and the San Luis Rey Downs
07 Horsemen's Organization on the stabling/starter issue at
08 San Luis Rey Downs. And the Chair will note that the
09 commissioners have received a packet of information from
10 the Horsemen's Organization of San Luis Rey Downs.

11 MR. VAN DE KAMP: Mr. Chairman, John Van de Kamp
12 of TOC.

13 I know that the San Luis Rey horsemen would
14 like, I'm sure, to speak to the Board, but I just want you
15 to know that we are scheduling a SCOTWINK statement
16 meeting at the termination -- after the termination of
17 your meeting here today to get into this issue. We would
18 like to have had it done earlier, but there were
19 scheduling problems which prohibited. We have told
20 them -- and it's subject, of course, to our meeting --
21 that we'd like to help them and to make up the difference.
22 I'm speaking about TOC, which represents about half of the
23 votes on the Vanning and Stabling Committee, on an interim
24 basis to make up the 8 to \$12 differential that has been
25 charged to them. It will be effective on September 1st.
26 It will come out of the Vanning and Stabling fund.

27 We have to consider that, and a vote will
28 have to be taken, and they'll be talking to us, and I know
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01 they want to talk to you, and I know that they would like
02 to be fully funded, but we think that we have some numbers
03 that we're going to have to look at in conjunction with
04 Fairplex. In the next two or three months we'd like to
05 have everybody at the same table, coming to positive
06 conclusions.

07 They made a very good presentation to our
08 board, and I can tell you that the number of starters
09 coming out of San Luis Rey in the last year and a half has
10 increased. So I'll turn it over to them, but I just
11 wanted you to know we're going to be taking some action, I
12 believe, as soon as you're finished here today with
13 respect to their request.

14 MR. WOOD: Mr. Van de Kamp, the 8 to \$12
15 differential, does that also include the payment of the
16 starter fee in addition to the makeup --

17 MR. VAN DE KAMP: I've said at this point that TOC
18 will have to probably eliminate the starters' fee to be

19 able to take care of that. Where we're going to end up
20 this afternoon I cannot tell you with certainty, because I
21 know the tracks and TOC will discuss this after their
22 presentation today and make a decision about that. We
23 like starters' fees, frankly, because we think it's helped
24 to provide an incentive to get them to start horses, and I
25 think it's helped at San Luis Rey, frankly. The question
26 is the amount of money that's required to do this, what we
27 have in the bank, basically until the end of the year. So
28 we'll be hoping we can work with them on that issue, but

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01 we need a full discussion of our numbers after we get
02 started this afternoon.

03 MR. BAKER: Wayne Baker, President of the San Luis
04 Rey Downs Horsemen's Organization.

05 We're here today to discuss equal stable
06 funding. I hope you've all had time to go through your
07 packets that you got yesterday. And this is my vice
08 president, Laura Rosier, and board member Sam Simkin
09 (phonetic). Laura's going to go through the packet with
10 you right now.

11 MR. LICHT: Excuse me, just so you know, we didn't
12 get them until today, so -- at least I didn't. I didn't
13 have a look at it.

14 MR. BAKER: She'll go through it with you right
15 now.

16 MR. WOOD: They were hand-delivered yesterday
17 afternoon.

18 MS. ROSIER: Before I start, I just wanted to tell
19 you my opinion today, with all the issues of the small
20 fields and the trouble that we're having in horse racing
21 today, that I hope you seriously consider supporting us
22 for equal funding. Mr. Van de Kamp explained to you the
23 offer that TOC has expressed to the horsemen at San Luis
24 Rey Downs, and this was our response on August 8th to
25 that.

26 "The horsemen at San Luis Rey Downs
27 appreciate the offer. Unfortunately, it falls far short
28 of our incremental costs, not to mention the injustice

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01 that continues to exist in the distribution of the
02 SCOTWINK funding. Therefore, we will continue to seek
03 your board's full support."

04 By that we mean in incremental costs. Not a
05 handout, not an offering, not treating us like we are, you
06 know, the illegitimate child or whatever you want to call
07 it.

08 Now, to start with the packet on the
09 first -- on the front page, we have the history of
10 San Luis Rey Downs, and there's some very important
11 information in there. I hope if you haven't looked at it,
12 you will take the time to look at it later.

13 We also put in there the law, and Sam Simkin
14 (phonetic) is our special advisor on the law. There's
15 some information about that. The first page in the packet
16 is an aerial view of San Luis Rey Downs, and it shows that
17 we are a state-of-the-art facility. If any of you haven't

18 been there, it's really a beautiful place, a wonderful
19 place to train horses.

20 The next page, we have a graph put together
21 by the Horsemen's Organization showing all of our training
22 areas and how we're set up at San Luis Rey Downs. The
23 next page shows that we have all the amenities of any
24 other training facility in California, and more than most.
25 We have a partial list of some of our outstanding horses
26 from San Luis Rey Downs and a partial list of owners
27 during the past five years.

28 I'm going to skip over this letter and
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01 repeat it in a moment. Here's a memorandum explaining how
02 we came up with the numbers on the graph, and your own
03 personal graph to study on your own time.

04 The next page, I just wanted to bring your
05 attention to the second paragraph. It says, "We
06 understand what the per diem amount of incremental
07 payments is." Where it says Fairplex, we were under the
08 understanding that it was 6,000 per day, but now we've
09 heard that it may be as much as 7,000 per day; okay?

10 Also I think some of the questions that our
11 horsemen have thought up at the bottom of the page are
12 very important to think about. Shouldn't the fund be
13 completely eliminated and this money go back where it came
14 from? Shouldn't everyone pay rent at the track of their
15 choosing? And what's wrong with everyone paying rent and
16 getting a starter fee to offset the rent when a horse does
17 run, as San Luis Rey gets now? And what's wrong with a
18 level playing field?

19 Next, there's a letter from Frank Bethos
20 (phonetic). It's a very powerful letter, and it reflects
21 the sentiments of horsemen at San Luis Rey Downs. That's
22 why we chose to put it in there.

23 These are entries for Del Mar. I think it's
24 very impressive that as of August 23rd, we have 146
25 entries. And we show Fairplex's entries also. It ended
26 up to be 64 as of the 23rd. This isn't to attack Pomona;
27 we are very supportive of Pomona. We're working together.
28 We're all making the races go; we're making the field

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01 sizes what they are; we're helping the races to go and,
02 again, we have no problem with Fairplex being supported.
03 But we feel that we also should be supported in this.

04 And lastly, I just wanted to quickly
05 reiterate what I've been stating here with the letter that
06 was made up by the horsemen and Wayne Baker. It says:

07 "We, the San Luis Rey Downs horsemen,
08 believe that we should have parity with the
09 other CHRB-licensed tracks currently under the
10 SCOTWINK umbrella. We have the same proportion
11 of horses in all categories as all the other
12 tracks. We deal with the same regulations and
13 fees as all the other tracks. We allotted 500
14 stalls on each racing association's license
15 application for racing dates. We are asking
16 that you, the Commissioners of the California

17 Horse Racing Board, instruct the SCOTWINK
18 Committee to see that all licensed horsemen at
19 all the licensed approved thoroughbred
20 facilities in Southern California receive equal
21 treatment and funding. Please do not let this
22 poorly-conceived rationalization of our
23 industry continue. It is your decision. You
24 have the power to give our horsemen the option
25 of choice by developing a level playing field.
26 We haven't asked for any special standards; we
27 are asking for equal standards."
28 And if we can answer any questions, we would

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01 be glad to.

02 MR. TOURTELOT: I have a question. How is the
03 funding determined between Fairplex and San Luis Rey
04 Downs? What's the formula?

05 MS. ROSIER: I think we would have to ask -- right
06 now, if we run a horse from San Luis Rey Downs and it's
07 the first time he runs, we get, I believe, \$650 -- 600,
08 I'm sorry -- and anytime after that that you run your
09 horses, it's for 150, or to the owner it's \$450.

10 MR. WOOD: I think what he's asking is, who makes
11 the decision how much is paid to whom?

12 MS. ROSIER: This -- from what I understand, TOC
13 is involved in the process, but SCOTWINK is the committee
14 that dispenses the funding, from what I understand -- and
15 I'm not the most knowledgeable person in it. But what we
16 don't understand is why Pomona, Santa Anita, Hollywood,
17 and everyone else receives their incremental costs, and we
18 don't. We're thrown a bone, and -- and I don't mean to be
19 rude. That sounds a bit rude, but we just want to be
20 treated in the same standards.

21 MR. TOURTELOT: I have to admit my ignorance, but
22 I don't understand why Fairplex is getting almost six --
23 more that six-and-a-half times as much as San Luis Rey
24 Downs --

25 MS. ROSIER: That's the travesty of it.

26 MR. TOURTELOT: You have 615 horses versus 493?

27 MS. ROSIER: That's the travesty of it. We were
28 told for many years that Pomona was running five horses to

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01 our one per day, and we've also just figured that whoever
02 was saying that, and what they were talking about, that
03 every year as things get tougher and tougher in horse
04 racing, we try to find out more and more. And this year,
05 a few months ago, when we found out our stall rent was
06 going up again, we took it upon ourselves, the horsemen of
07 San Luis Rey Downs, to do everything we could to find out
08 what the real numbers were, and we used the daily racing
09 form and the entries in the daily racing form to do that.
10 And we not only found out that it wasn't five to one, but
11 actually we are running more than Pomona, as you can see
12 at this time.

13 MR. BAKER: And we feel that TOC, that has
14 15 percent of the votes, have the power to give us equal
15 funding.

16 MR. TOURTELOT: I understand that, but I just
17 don't understand how this developed. It's mind-boggling
18 to me.

19 MR. VAN DE KAMP: Mr. Chairman, I came into TOC in
20 1996, and almost immediately there was the issue of
21 whether the funds -- San Luis Rey has been receiving some
22 money over the years. The evaluation that was done in the
23 years prior to that established that two to three times as
24 many horses were coming out of Fairplex, and there was a
25 need for one fully funded facility.

26 I think that what we're seeing here from the
27 information that they have, and it somewhat needs to be
28 wrestled to the ground in some way, but I think they're in
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01 the right direction. I think that they are sending more
02 horses today than they have before. They may be sending
03 more than Fairplex. I've asked the Fairplex people to sit
04 down at the table with us to evaluate this whole
05 situation. We have a contract with Fairplex that runs
06 through -- I think it's April 30th of next year. The
07 figure, I believe, is now \$7,100 a day that's going to
08 Fairplex.

09 The request that's being made here today is
10 basically to start immediately full funding of San Luis
11 Rey Downs, which will cost somewhere around 1.7 million a
12 year, half of which is paid for by horsemen, which will
13 have to come out of the purse funds, half of which comes
14 from the race tracks. This is something we're going to
15 have to consider and budget for if we decide to do that,
16 or come under some other kind of understanding.

17 There's no absolute requirement that we fund
18 either track. In fact, Hollywood Park for years, up until
19 fairly recently, has voted against any funding of
20 off-track stabling at Fairplex or San Luis Rey Downs, and
21 has only supported funding with off-site stabling at
22 either Santa Anita or Hollywood Park or other tracks that
23 are running.

24 MR. BAKER: The money is already there and
25 available.

26 MR. TOURTELOT: Apparently there's a pot, and
27 correct me if I'm wrong, that's made up of \$1,446,000 and
28 \$276,000, the total of which is a pot. And then that is
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01 divided by some method between San Luis Rey Downs and
02 Fairplex, and I don't know what the method is.

03 MS. ROSIER: Excuse me, Mr. Tourtelot. Actually,
04 Pomona gets right now, I believe, around 2.2 million per
05 year. This is only through August of this year.

06 MR. TOURTELOT: Whatever, but I mean --

07 MS. ROSIER: And there is a pot that comes from
08 1.25 percent of the wager dollar, and right now we're only
09 using -- right now, from what I understand, we're only
10 taking out .65 percent, because all the extra money has
11 been put back, so the SCOTWINK has decided themselves that
12 we have not been, through the years, worthy of funding,
13 but Santa Anita, Hollywood, and Pomona are.

14 And I know that there have been some

15 arguments that I would have even thought had some merit to
16 them, but they aren't there anymore. Those arguments
17 aren't there anymore. And we are seeking this funding as
18 soon as possible, because this shouldn't go on. It's
19 unfair. It's just downright unfair. And we think Pomona
20 should continue to get their incremental costs paid for
21 also, because they're also making the races go. They're
22 also doing their job.

23 And another point that I need to make is
24 that many of the people that we have here at San Luis Rey
25 Downs are clients that we brought into the business from
26 San Diego County, so we're bringing in new clientele from
27 San Diego County, and we need this place here. It's very
28 important.

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01 MR. TOURTELOT: Is Fairplex being overpaid and
02 San Luis Rey underpaid --

03 MS. ROSIER: I don't think so.

04 MR. TOURTELOT: -- or is Fairplex being paid
05 fairly and San Luis Rey Downs being underpaid?

06 MS. ROSIER: I think so, the second one. I think
07 Pomona is getting -- see, SCOTWINK goes to the management
08 of each association and then figures out what the
09 incremental costs are, what it costs to keep the place
10 running for the horsemen there. So they are getting what
11 it costs to run their facility. We are not getting what
12 it costs to run our facility. It comes out of our pockets
13 and our owners' pockets and our owners are putting into
14 this fund. How come they don't get their fair share out
15 of it? That's my question. That's what they want to
16 know.

17 MR. TOURTELOT: Where's the money going to come
18 from to bring San Luis Rey Downs --

19 MS. ROSIER: It's there. From what we understand,
20 it's being put back every year because it's not used.

21 MR. VAN DE KAMP: Mr. Chairman, under the law a
22 maximum of 1.25 percent can go into the Vanning and
23 Stabling Fund in the north and in the south. I think in
24 the north, if I'm not mistaken, they use about .75.
25 Pleasanton, which by the way, provides horses that run
26 both tracks, and has a starter fee, I believe, and vanning
27 reimbursement when they come to Bay Meadows or Golden
28 Gate -- I think, by the way, that they have some fairly

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01 good arguments, and that's what we're going to be
02 addressing in the next meeting.

03 We are spending close to \$8 million a year
04 dividing it equally between the tracks and the horsemen,
05 on the present vanning and stabling in Southern
06 California. But they're asking for -- and I'm not taking
07 an absolute position on this today -- it's about another
08 1.3 to add to that when you subtract the starters' fees
09 that we're now paying -- which I think comes to about
10 \$300,000 a year -- to go the San Luis Rey owners today.

11 So the point is, we're going to try to
12 address this in an effective way. They would like to have
13 you, I'm sure, tell us what to do, and they have every

14 right to ask you to do that. We have to make, I think,
15 our own best business decisions. One of the concerns that
16 we have is there are empty stalls at Hollywood and
17 Santa Anita. Fairplex has increased its number of horses
18 that are stabled there in the last year and a half, two
19 years. However, the number of starters out of Fairplex
20 has declined, and that's what we're trying to get the
21 answers, as to why that has occurred.

22 MR. TOURTELOT: I think that we have enough to
23 know that we don't know enough. I would like to suggest
24 that one of the commissioners head up a subcommittee to
25 investigate this, because -- nobody's going to give us the
26 answers today that I would think we're going to walk away
27 saying, "That's fine."

28 MR. VAN DE KAMP: I'd have no objection to having

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01 a member of the Board sit in on our committee just to
02 observe --

03 MR. TOURTELOT: Well, I'd like the Board to have a
04 subcommittee headed by one of the commissioners.

05 MR. HARRIS: I'm not clear legally what the
06 Board's obligation is. Are we supposed to have oversight
07 or what?

08 MS. ROSIER: From what I understand, the CHRB has
09 the authority to --

10 MR. TOURTELOT: Well, we have some authority,
11 because this has been an issue for the eight years or --

12 MS. ROSIER: But it's a very different issue now.
13 I feel it's a very different issue now than it was several
14 years ago.

15 MR. WOOD: Mr. Chairman, you're correct in the
16 fact that for the eight years that I've been associated
17 with the Horse Racing Board we've had several committees
18 who sat with the SCOTWINK Board, the NOTWINK Board, and
19 discussed this entire issue of stabling and vanning. As
20 you said, SCOTWINK or NOTWINK comes to the Board and asks
21 for a percentage of the money that's allocated to them by
22 law for stabling and vanning to be allocated for the
23 stabling and vanning -- for subsidy of the off-track
24 betting. So this is how it's regulated.

25 MR. TOURTELOT: Is there a commissioner who's
26 willing voluntarily to take this --

27 MR. LANDSBURG: I would.

28 MR. TOURTELOT: All right. Alan Landsburg, then,

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01 will head up a subcommittee to deal with this, and then
02 advise the Board so that we are getting it from our side,
03 and that committee will then -- will first have hearings
04 and get the facts from both sides. I don't think there's
05 much more -- this is a problem, but I don't know how we
06 can do much more today.

07 MR. LANDSBURG: (Unintelligible.)

08 MR. TOURTELOT: Roger?

09 MR. LICHT: Okay, I'll do that.

10 MR. TOURTELOT: Cheryl?

11 MS. GRANZELLA: All right.

12 MR. BAKER: One of the big problems that we have

13 is that on September 1st, the stalling is going up to \$12
14 a day. Many of the horsemen, probably all of them, cannot
15 afford to pay \$12 a day.

16 MR. TOURTELOT: I just don't know what else we can
17 do today. I mean, I'm sympathetic to the problem --

18 MR. BAKER: If San Luis Rey Downs is not there,
19 then the fields are just going to get smaller and smaller,
20 as you can see how many horses we've raced --

21 MR. TOURTELOT: I just don't know what else we can
22 do today, unless the TOC can give you some temporary
23 financing.

24 MR. VAN DE KAMP: Well, we've already indicated to
25 them that we would support making up that difference,
26 assuming I get another vote on the Vanning and Stabling
27 Committee. We'll try to wrestle this whole issue to the
28 ground in the next two or three months. So at least in

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01 terms of that issue, as long as there's another vote
02 there, I think we've dealt with it. We can deal with that
03 one.

04 MR. TOURTELOT: And Mr. Landsburg's committee will
05 get to the bottom of this. I don't know what we can do
06 today, other than --

07 MR. LANDSBURG: John, are you suggesting -- just
08 so I understand, since I'm going to be involved in this --
09 are you suggesting that there is a way to make the
10 adjustment, the \$4 a day adjustment now, or that it will
11 have to be sometime in the future?

12 MR. VAN DE KAMP: It will be done as soon as the
13 Vanning and Stabling Committee votes on it.

14 MR. LANDSBURG: When will they meet?

15 MR. VAN DE KAMP: Today, right after this meeting
16 today.

17 MR. TOURTELOT: Hopefully it will pass and they'll
18 get the money by September 1st.

19 MS. ROSIER: Can I ask the Board to request that
20 we take care of this in a speedy manner? We're talking
21 about thousands of dollars that we feel that we already --

22 MR. TOURTELOT: We'll request this be taken care
23 of ASAP.

24 MR. HARRIS: I think we have to give the SCOTWINK
25 Board the latitude to weigh all the evidence and look at
26 all --

27 MS. ROSIER: How long do you think they need for
28 that, Mr. Harris?

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01 MR. HARRIS: Well, it's their money. This money
02 is really owners' money and track money.

03 MR. SIMKIN: Hello. Sam Simkin.

04 First off, the money comes from satellite
05 wagering, and the biggest satellite facility is the place
06 we're sitting in right now. And every penny that's
07 generated here is leaving San Diego County and goes to
08 Los Angeles County to support them.

09 MR. VAN DE KAMP: If you take a look at the daily
10 handle from Santa Anita and Hollywood Park as they're
11 acting as satellites, you might come to a different

12 conclusion. But nonetheless, the point that should be
13 made is that there's a substantial interest in horse
14 racing in this area. We understand that, and we don't
15 want to see San Luis Rey closed.

16 MS. ROSIER: We have to speak to our owners when
17 we go back. Today everyone is teetering on what choices
18 they're going to make in the near future, and to go back
19 without an answer, a lot of people are going to really be
20 upset. Our owners would like to know how the Board feels
21 about San Luis Rey Downs, how their incremental costs are
22 covered.

23 MR. LANDSBURG: I think it's more important, what
24 you heard Mr. Van de Kamp saying, that they are aware and
25 willing to go, and trying to help. You cannot get this
26 Board to take it, based on the amount of information we
27 have at this instant. However, we will have some
28 justification or at least clarification of what the
0097 Vanning Committee would like to pay and would like to do,
02 and that's the right thing to do right now. So wait until
03 this afternoon before you poll this Board, because we
04 don't have enough information. We have one chart and a
05 committee that's been appointed that has all the
06 possibility of relieving you of some of the burdens. As
07 my father said, you can't get a better answer than yes,
08 and right now you have a yes answer, that it will be
09 addressed today. That's all we can do.

10 MR. TOURTELOT: And the Board's very supportive of
11 San Luis Rey Downs. You can tell that to your owners.

12 MR. CHILLINGWORTH: I think we have a very quick
13 answer here to make everybody feel comfortable, and we can
14 save a lot of time. The Stabling and Vanning Committee
15 have the right to do this. TOC has a 50 percent vote on
16 that committee. They only need one other track to agree
17 with them, and this thing goes through. Magna owns the
18 facility.

19 MR. BAKER: So it should go through. It deserves
20 to go through.

21 MR. LIEBAU: And I think what Mr. Landsburg said
22 was you're going to have to wait until after the meeting,
23 because it's unclear to me whether the incremental amount
24 that's being proposed be paid between the \$8 and \$4 is in
25 lieu of the starter fees that are already being paid, or
26 whether it's supplemental to those. There isn't going to
27 be a decision on that until after the meeting this
28 afternoon.

0098 MR. TOURTELOT: Let me just ask you. What is it
01 you'd like to take back to your owners, to your horsemen?
02

03 MR. BAKER: I'd like to ask you a question. Do
04 you think it's fair that what you can see from the chart,
05 that what San Luis Rey Downs gets paid and what
06 Del Mar and --

07 MR. TOURTELOT: No, it looks very unfair. But I
08 don't have all the facts. That's why Mr. Landsburg is
09 going to hold hearings.

10 MR. BAKER: This is information from the daily

11 racing form.

12 MR. LANDSBURG: The allocation of every dollar
13 coming out of the horsemen's purses is a concern to all of
14 racing. The allocation of the moneys coming out of
15 SCOTWINK are part of the horsemen's concerns. To say to
16 you, "Yes, whatever you want, you'll get" I don't think is
17 going to happen, but I think you will find that the
18 vanning and -- the committee that meets this afternoon
19 will bring you an answer. Whether this Board supports
20 that answer or not, they can give you an answer. It isn't
21 this Board that's going to give you an answer.

22 MS. ROSIER: Okay. Mr. Tourtelot, my question to
23 the Board that I've been sent to ask is, again, does the
24 Board support San Luis Rey Downs being treated equally and
25 receiving incremental costs like every other training
26 facility that is sending horses to the races? That's the
27 question.

28 MR. TOURTELOT: Well, that's a question that
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01 Alan Landsburg's committee is going to --

02 MS. ROSIER: No, they're going to offer us to help
03 us out of our financial stress --

04 MR. TOURTELOT: No, no. What we're doing is, the
05 Board has appointed -- the Chairman has appointed a member
06 of the California Horse Racing Board to head a
07 subcommittee to look into this. I can't in a vacuum tell
08 you anything other than it doesn't -- I don't know all the
09 facts.

10 MS. ROSIER: So what we are asking for is for
11 incremental costs.

12 MR. TOURTELOT: You keeping asking me to tell you
13 something that I can't, but I am giving you Alan Landsburg
14 to devote his time to head a subcommittee to get the
15 facts, and then this Board will be able to get the
16 recommendation from Mr. Landsburg and his committee.

17 MR. BLAKE: Mr. Chairman, the matter is on the
18 agenda today for a report, and there is no agenda for
19 action on --

20 MR. TOURTELOT: It's okay. We've done all we're
21 going to do. We can't do any more.

22 MS. ROSIER: Well, we were --

23 MR. TOURTELOT: It doesn't mean we're not
24 sympathetic.

25 MR. WOOD: It does mean we'll have another meeting
26 in September, so there is time for this meeting to take
27 place, Mr. Landsburg's committee to meet. We will express
28 your interest, and we will be meeting again in September,
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01 and this issue can be discussed at that time.

02 MS. ROSIER: Okay. My birthday is in September.

03 MR. TOURTELOT: Well, maybe you'll get a birthday
04 present. Thank you very much.

05 The next item is the staff report on the
06 following concluded race meets: Churchill Downs at
07 Hollywood Park from April 20th, 2001 to July 16, 2001, and
08 then we will just continue with the rest of them.

09 Mr. Reagan?

10 MR. REAGAN: Yes. John Reagan, CHRB staff.
11 Commissioners, this is our end-of-meet
12 reports for this month, as indicated, Hollywood Park,
13 Capitol Racing at Cal-Expo, Alameda County Fair, and
14 Solano County Fair. The first two pages are, in fact, a
15 summary of each meet indicating across-the-board
16 percentages for the average daily and average on-track and
17 average off-track and so on and so forth. If you have any
18 questions about these reports, I'll try to answer them.

19 MR. HARRIS: No questions.

20 MR. WOOD: No questions, and the Chairman stepped
21 out for just one second.

22 MR. BLAKE: We're off the record.

23 (Pause in the proceedings)

24 MR. TOURTELOT: The next item on the agenda is the
25 report from the Race Dates Committee, and I'm going to
26 skip that, because I think we've -- unless anyone has any
27 questions.

28 The next item is the report from the
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01 Medication Committee, Commissioner John Harris. The
02 committee met yesterday.

03 MR. HARRIS: We had a good meeting yesterday of
04 the Medication Committee with Commissioner Moretti and
05 Commissioner Bianco, and I was there. We had several
06 issues that were discussed. We got a lot of good input
07 from two of the top scientists from the University of
08 California at Davis that work in the lab there. We
09 established a rule-making procedure to -- were starting a
10 rule-making procedure to establish a decision level for
11 Clenbuterol, and this is based on -- this is the research
12 that Dr. Baker has done in this report that's available,
13 if anyone would like to see it. It's backed up by about
14 20 different references of other types of research on the
15 same issue. Clenbuterol is probably one of the most
16 researched medications around. We established a decision
17 level of 5 nanograms, which this will enable the horses to
18 be treated up to about four days away from a race.
19 (Unintelligible.) So that was one thing that's going.

20 The other things were, there is concern
21 about a lot of congestion in the receiving barns from
22 testing horses, and also the cost of the tests, plus
23 there's some -- there's a lot of thought that it's better
24 to do fewer, better tests than -- there's just too many
25 tests. We're looking at a few categories that we could
26 eliminate testing on without jeopardizing integrity at
27 all. We're going to a rule-making process with dropping
28 the testing of second and third horses in stakes unless

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01 the stake is 75,000 or more. The current number is 40,000
02 stakes for second, and this would raise it to 75,000. We
03 discontinued the blood testing of claimed horses.

04 We also discussed another issue that we
05 couldn't come up with the exact language. We're going to
06 work it out, but do it at a subsequent meeting on
07 nontherapeutic nonlabel drugs or medications that are not
08 registered for equine use that have no therapeutic value

09 to an equine. We're concerned that those should be
10 prohibited and that if anyone has possession of those at
11 all, and we needed a rule to cover that, and to --
12 specifically the name of one of them was EPO, which is
13 a -- I can't pronounce the total name, but it's an
14 antibiotic. It's a dosage for humans for anemia, and
15 there's some concern that that could be used in horses,
16 although it -- it may have a real detrimental effect in
17 horses, but that was one that we're going to put on the
18 list.

19 But I think we made some good progress, and
20 we'll be seeing these rules as they come forward, and that
21 would be coming before the Board at some point.

22 MR. TOURTELOT: Thank you, John.

23 Darrell, would you come forward and give us
24 your report? Are you going to give a report on the Guild,
25 or was Chris? Chris had to leave. Chris McCarron
26 (phonetic) was going to give a report, but I believe he
27 had to leave.

28 MR. HAIRE: Darrell Hair (phonetic), member

0103
01 representative of the Jockeys' Guild.

02 I'd just like to say that the Guild is
03 moving forward. We are making progress. New management
04 has made a lot of progress in the last couple of months.
05 Our number one priority is to get health insurance back
06 nationally, and we are making a lot of progress, and it
07 looks like in a short period of time we will get it back.
08 We do have an 800 number for the members to call Lexington
09 now, and it's 1-866-GOJOCK, and we're very excited with
10 the new management. We're looking forward in time to
11 maybe implementing some type of retirement program for the
12 jockeys. I just got back. I made a trip. I've been to
13 15 different race tracks in 19 days, just bringing the
14 riders up to date on what's going on. They're very
15 excited. The change is good. Thank you.

16 MR. TOURTELOT: Thank you, Darrell.

17 Now we have general business. Alan?

18 MR. LANDSBURG: I wanted to take a moment before
19 the Board, if you don't mind, to salute an old friend.

20 In the firmament of human behavior, the
21 virtues of kindness and generosity rank high. So does
22 honesty, coupled with integrity. All of them were
23 characteristics of a friend and associate who died
24 suddenly, a passing more tragic because it was totally
25 unexpected. His name was Gary Burke. He was the
26 newly-elected Chairman of TOC. As the director of TOC, I
27 had the pleasure and the privilege of spending seven years
28 with Gary at TOC's meetings, associated social events, and

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01 countless days at the races.

02 Gary cared passionately about racing. Above
03 all, he cared for its people. He was an advocate in the
04 councils of racing for the backstretch population, those
05 24/7 folk who populate the shed rows most every day of the
06 year. He provided a voice for the trainers, the grooms,
07 the farriers, and vets within the deliberations and

08 committees of TOC. He was Prometheus for the little guy,
09 rock-solid in his opinions, and willing also to go to the
10 wall on behalf of the caring and sharing that racing
11 needed in its business dealings and personal associations.

12 An encouraging smile always seemed to be in
13 place, giving him a cherubic look. The grin belied the
14 steel beneath. He was always clear about his loyalties
15 and his personal vision of racing's needs and future. He
16 could vent anger, but only on behalf of a cause in which
17 he believed. He could be stubborn in upholding the ideals
18 by which he lived. He could be excessive. Witness the
19 protruding stomach, barely contained by pants whose
20 support were the ever-present suspenders that typified his
21 costume for a day at the track. Gary Burke was a singular
22 person who wore the clothes, talked the talk, and walked
23 the walk of the common man. It was his modest disguise
24 for the uncommon man within.

25 If this eulogy paints only the goodness of
26 the man, so be it. I am proud to present it, for he is
27 deserving of the tribute. All of racing is poorer that
28 he's gone. All of racing is richer for his having been

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01 here. So Gary, we'll miss your energy and your heart, but
02 stand convinced that wherever you are and however it can
03 be done, you'll be there for all of us.

04 MR. TOURTELOT: Thank you, Alan. Very moving.

05 Any old business?

06 MR. DUARTE: Charlie Duarte (phonetic), California
07 Thoroughbred Trainers.

08 Those were beautiful words about Gary. I
09 also think it's appropriate to mention another great loss
10 that racing incurred in the exact same time frame, and
11 that was Bart Halliburton (phonetic). He was a very true
12 friend of racing, especially in Northern California. He
13 served on the Horsemen's Committee for approximately
14 20 years and was an owner for 30 years. So I think the
15 words that Alan said about Gary were very appropriate and
16 pertain to Bart as well.

17 Thank you.

18 MR. HARRIS: I agree that Bart was a tremendous
19 person for racing, as was Gary.

20 MR. GOODRICH: Mr. Chairman, one other item of
21 general business. I knew Gary and Bart both, and they
22 were both champions to the backstretch workers. I'm
23 Cliff Goodrich, President of the CTHF.

24 I want this group to know I came before this
25 group a couple of months ago about the plight of our
26 foundation. For those of who you don't know, we represent
27 the healthcare needs of the backstretch workers. And
28 today I handed Roy Wood our audit financials for the

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01 period ending last June 30, and though we still lost
02 money, we have made a lot of improvement, and a big reason
03 for that improvement comes from the continued support, and
04 I do mean the continued support, of the race tracks
05 through their foundations and the horsemen.

06 And what the horsemen have done is, there's

07 a provision in the law which has not been utilized, but it
08 allows one race per meet to be run with purses moneys
09 dedicated to the benefit of the welfare fund, which is the
10 CTHF fund. And with all the negative publicity in the
11 newspapers you always read, I want this Board to know and
12 anybody listening that these tracks and these horsemen
13 support this foundation. And on closing day at Del Mar --
14 and this will move right through the thoroughbred calendar
15 through next June, there is an overnight stakes called the
16 Living Green Stakes, which is very appropriate. The purse
17 money from that race will be dedicated to the welfare fund
18 for the benefit of the backstretch workers, and I think
19 that's a very benevolent gesture on the part of the TOC.

20 I'm confident the tracks will continue in
21 their support of our organization. We're getting better,
22 and we see the light to where might be able to finish in
23 some profitable mode next year, and it's largely because
24 of the horsemen and the tracks who continue to support
25 this foundation, and I hope that's known by more than just
26 the people in this room.

27 MR. TOURTELOT: Thank you, Cliff. I'm glad you're
28 here.

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01 We're going to adjourn now for executive
02 session. We'll reconvene, but we'll have no further
03 business. Thank you all for coming, and we'd appreciate
04 it if you'd clear the room as soon as possible so we can
05 get into executive session.

06 (Meeting adjourned at 1:15 p.m.)

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