MEETING

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:)
)
Regular Meeting)
_____)

DEL MAR SURFSIDE RACE PLACE

2260 JIMMY DURANTE BOULEVARD

GENERAL ADMISSION AREA

DEL MAR, CALIFORNIA

THURSDAY, JULY 22, 2010

9:47 A.M.

Reported by:
Martha L. Nelson, CERT

APPEARANCES

COMMISSIONERS

Keith Brackpool, Chairperson

David Israel, Vice Chairperson

John Harris

Jesse H. Choper

Richard A. Rosenberg

Jerry Moss

Bo Derek

STAFF

Kirk Breed, Executive Director

Robert Miller, Staff Counsel

Rick Arthur, DVM, Equine Medical Director

Mike Marten

ALSO PRESENT

Craig Fravel, Del Mar Surfside Race Place

Joe Harper, Del Mar Surfside Race Place

Richard Eckfield, Savvy Seniors at the Track

Laura Rosier, SLRD

John Bucalo, Barona Casino

Brad Blackwell, Churchill Downs, Inc. and YouBet

Jack Liebau, Hollywood Park

Barry Meadow

Michael Wellman

ALSO PRESENT (CONT.)

Allen Gutterman, Santa Anita

Mace Siegel

Jim Henwood

Alan Balch, CTT

Guy Lamothe, TOC

Denny Boultinghouse

Jim Henwood, Los Angeles County Fair Association

Madeline Auerbach

John Deganfelder

Richard English, Los Alamitos Race Track

Jeff Platt, HANA

Mark Thurman

George Haines, Santa Anita Race Track

Frank DeMarco, Santa Anita Race Track

Scott Daruty, Santa Anita Race Track and Golden Gate Fields

John Sadler, CTT

Richard Chillingworth

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23. Closed session for the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by Section 11126 of the Government Code. 200

A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).

B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned “Pending Administrative Adjudications,” as authorized by Government Code section 11126(e).

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PROCEEDINGS BEGIN AT 9:47 A.M.

(The meeting was called to order at 9:47 a.m.)

MR. BREED: This meeting of the California Horse Racing Board will come to order. Please take your seats, everybody. This is the regular noticed meeting of the California Horse Racing Board on Thursday, July 22nd, 2010, commencing at 9:30 a.m. at the Del Mar Surfside Race Place, 2260 Jimmy Durante Boulevard, Del Mar, California.

Present at today's meeting are: Keith Brackpool, Chairman; David Israel, Vice Chairman; Jesse Choper, Member; Bo Derek, Member; John Harris, Member; Jerry Moss, Member; and Richard Rosenberg, Member.

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

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

There's a public comment sign-in sheet for each

agenda matter on which the Board invites comments. Also, there is a sign-in sheet for those wishing to speak during the public comment period for matters not on the Board's agenda if it concerns horse racing in California. Please print your name legibly on the public comment sign-in sheet.

When a matter is open for public comment your name will be called. Please come to the podium and introduce yourselves by stating your name and organization clearly. This is necessary for the court recorder to have a clear record of all who speak.

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

Also, the Board may ask questions of individuals who speak. If a speaker repeats himself or herself the chairman will ask if the speaker has any new comments to make. If there are none the speaker will be asked to let others make comments to the Board.

And I want to also reiterate, as I did last night, that this meeting is going to be webcast. The audio portion is webcast. So please introduce yourselves, those on the Board, myself, and everybody, so that those people out in webcast land can know who's speaking.

Mr. Chairman?

CHAIRPERSON BRACKPOOL: Thank you, Kirk. Good morning, everybody. Let's get this going. We do apologize for the slight delay. We had traffic issues for some of the necessary participants.

Item number one, approval of the minutes of the meeting, the regular meeting of June 22nd, 2010. Do I have any comments from any commissioners?

COMMISSIONER CHOPER: I think two brief -- very briefs ones. On 119 (sic), at the very end of the top paragraph it said that Commissioner Moss voted no, but he didn't. It was I who voted no. He made the motion to carry it.

CHAIRPERSON BRACKPOOL: I-19?

COMMISSIONER CHOPER: 119. I'm sorry.

CHAIRPERSON BRACKPOOL: 119?

COMMISSIONER CHOPER: Yeah.

CHAIRPERSON BRACKPOOL: It's 119. But -- oh, you're right. It's Commissioner Choper --

COMMISSIONER CHOPER: Yeah.

CHAIRPERSON BRACKPOOL: -- and Harris voting no. You're correct. Thank you.

COMMISSIONER CHOPER: And -- and the -- and the other is just a question. I -- I was reminded by this -- in reading, the San Clemente satellite facility I think has just opened up --

VICE CHAIRPERSON ISRAEL: Not yet.

COMMISSIONER CHOPER: -- just received city approval.

CHAIRPERSON BRACKPOOL: I see. Okay.

COMMISSIONER CHOPER: I just -- I just would like to repeat that it would be a good thing if they could make some sort of inquiry as to what kind of -- what -- what are the -- the -- the nature of the people making bets there, as to whether they are new people, where they'd be otherwise, etcetera.

VICE CHAIRPERSON ISRAEL: Run a small market circuit.

COMMISSIONER CHOPER: It's small? Yeah.

CHAIRPERSON BRACKPOOL: San Clemente.

COMMISSIONER CHOPER: Is that open now?

CHAIRPERSON BRACKPOOL: Well, it's -- it's about to be.

VICE CHAIRPERSON ISRAEL: It's not open yet.

CHAIRPERSON BRACKPOOL: It's about to be.

VICE CHAIRPERSON ISRAEL: They're building it out.

CHAIRPERSON BRACKPOOL: Yeah.

MR. BREED: The city just gave them approval.

CHAIRPERSON BRACKPOOL: Right.

VICE CHAIRPERSON ISRAEL: Yeah.

CHAIRPERSON BRACKPOOL: So let's just make a note that maybe, Bon, in three or four months let's have them send us some information on what's happening, what they think the

demographic is, etcetera, etcetera.

VICE CHAIRPERSON ISRAEL: I think that would be good.

COMMISSIONER CHOPER: Thank you.

CHAIRPERSON BRACKPOOL: You're welcome. So with -- with that one alteration which has been caught, do I have a motion? Do I have --

VICE CHAIRPERSON ISRAEL: Move to --

CHAIRPERSON BRACKPOOL: Approve.

COMMISSIONER HARRIS: Second.

COMMISSIONER MOSS: Second.

COMMISSIONER ROSENBERG: Second.

CHAIRPERSON BRACKPOOL: So Commissioner Israel makes the motion. Commissioner Harris seconds. All in favor?

ALL COMMISSIONERS: Aye.

CHAIRPERSON BRACKPOOL: Motion carried. Okay.

Item number two, public comment. We're all aware that there was difficulties with training this morning and with the track. And so I thought given that we have a veritable who's who of racing here in the room that I would ask Craig Fravel and Joe Harper, who you can see are sporting the latest in Del Mar fashion wear, to -- to come forth and just give us a brief summary of what happened this morning and what the current status is, and are we racing this afternoon, etcetera.

MR. FRAVEL: All right. Well, let me start, first of all --

CHAIRPERSON BRACKPOOL: Identify yourself, Craig.

MR. FRAVEL: Craig Fravel, President and General Manager, Del Mar.

Usually what happens is that when we have a great day like yesterday, that was Joe's doing. And when we have a bad day like today, that's my doing. So I am -- I am here to --

MR. HARPER: You're always a mistake maker.

MR. FRAVEL: -- I'm -- I'm here to take the blame for what happened this morning.

The -- the fact of the matter is that we -- we did cancel training. We discovered that the power harrowing that we do in the -- during the nighttime maintenance procedures has the -- has a tendency to cause separation of materials with the fiber moving to the top of the track and -- and the sand and binder materials moving down, and that's not something unanticipated. We had scheduled maintenance using our rototillers to cure that problem on a weekly basis. And the original plan was to do that on Mondays.

We did not do that this week because we had only been training on it for a week, and our track maintenance guys thought that we could get through this week without doing that. And as it turned out, that was a mistake in judgment on our part. We should have done that this past Monday. But it is a fixable problem and it is being remedied at this moment. So we moved up that procedure from this coming Monday to this

morning.

The -- the decision to close the track, we -- we probably could have, you know, done some minor fixes and gotten it reopened to do some training. But we thought the better part of valor was to not only protect horse and rider and make sure that we have it correct, but to also ensure that we would race this afternoon.

So I know it seems dramatic, and we apologize for any mistakes that we've made in the process. But -- but our track maintenance guys are -- are confident that things will be back in perfect working order this afternoon.

I -- I would add, and -- and I know it all sounds like spin sometimes but, you know, we've gotten very positive reviews up until this morning from -- from riders. David Flores was out with us this morning while we were making our decisions. And I know I've talked to Darrell Haire from the Jockey's Guild and -- and the riders were very pleased with the way the track's performing, the way the horses are reacting to it. And so this is a hiccup, but I don't think it's going to turn into pneumonia.

CHAIRPERSON BRACKPOOL: Joe, anything to add?

MR. HARPER: Well, we're going to -- we should be through with the renovations around noon. One of the -- the reason it takes so long is the -- the rototiller doesn't go very fast. But everything is going according to plan. We were

just with the track superintendent just before we came over here and it looks -- it -- he's confident in that there should be no problems.

But just to -- okay. We're going to -- we've asked some trainers to put some horses on the track as soon as he's through, just to make sure that everybody feels confident that -- that the track is okay. So that, I think, will help.

VICE CHAIRPERSON ISRAEL: And it will be uniform all the way around?

MR. HARPER: Yes.

MR. FRAVEL: Yeah. The -- the -- you know, that was one of the things we were talking about this morning. The problem was identified in the stretch. And --

VICE CHAIRPERSON ISRAEL: Right.

MR. FRAVEL: And the question was: Well, should we just take the -- the -- the equipment and -- and remedy the stretch? And our view was it was best to do the entire track, which takes more time. And that's --

VICE CHAIRPERSON ISRAEL: Right. That's -- because I was concerned that half -- half the track would play one way --

MR. FRAVEL: No.

VICE CHAIRPERSON ISRAEL: -- and another --

MR. FRAVEL: We -- we --

VICE CHAIRPERSON ISRAEL: -- half --

MR. FRAVEL: We did not want to do a half job.

That’s why we closed the track entire.

CHAIRPERSON BRACKPOOL: Commissioner Rosenberg?

COMMISSIONER ROSENBERG: Yeah. Question: Was anything done last night that was different that was planned before this happened or before the meeting opened, or was this an unusual amount of work that was done last night?

MR. FRAVEL: No. I don’t think there was an unusual amount of work done last night. There -- there was more water put on during the day yesterday during racing than -- than we have been doing up until now, but that was our first race day. So that -- that’s probably the main difference.

CHAIRPERSON BRACKPOOL: Anybody else?

MR. FRAVEL: I do -- this is not something that hasn’t occurred before. The -- the track materials do tend to separate and -- and that’s why we have this rototilling equipment, because it is a standard part of the maintenance process to do that work to keep it well mixed. It’s just -- and we take the blame. You know, I -- I call this a timing difference. But, you know, that’s essentially what the issue was in making the judgment on when to do the work, and -- and we should have done it sooner than we did.

VICE CHAIRPERSON ISRAEL: When -- when are you going to do it next? Are you going to do it next Monday afternoon again?

MR. FRAVEL: That will be the plan from here on out.

VICE CHAIRPERSON ISRAEL: Continue on that way, it looks like.

MR. FRAVEL: And -- and we could do it twice a week. You know, the --

VICE CHAIRPERSON ISRAEL: Okay.

MR. FRAVEL: -- the first year we did it Mondays and Fridays. So if -- if -- if we see signs of separation we'll get on top of it and do it more frequently.

COMMISSIONER HARRIS: What sort of measuring items do you have now in your analysis of the track? I mean, is it moisture or hardness or any -- I mean, do you have any actual packages you can look at to assess the condition of the track?

MR. FRAVEL: Sure. There -- there are probes that are used. And Nick Peterson is here with his, you know, his -- all of his equipment. And -- and so we, you know, we do -- and Kirk's people were here last week, I believe, doing their measurement devices. So, I mean, we've got the full range of -- of measurement materials. You really can't measure moisture very easily in a synthetic surface, not like you could on a turf course. But -- but we've got plenty -- we've got plenty of equipment, plenty of brainpower here. And we -- we had a momentary failure.

CHAIRPERSON BRACKPOOL: Well -- did you have another -- no?

We -- we were fortunate to have this setting and this

meeting and this group of people here today so that you could explain it. And I leave it up to you as to how you communicate this to everybody else. But I -- I just can't emphasize enough, communication; communication of these problems. Because the rumors are always worse by a magnitude than the facts in these circumstances. And so whatever you feel is the right way to do it I would -- I would encourage you to do something.

MR. FRAVEL: I'll do that.

CHAIRPERSON BRACKPOOL: Okay. Thanks very much.

MR. FRAVEL: Thank you.

CHAIRPERSON BRACKPOOL: Thank you. Okay. I have some people wishing to speak. And the first speaker I have today is Richard Castro from Local 280.

MR. CASTRO: Chairman Brackpool, Commissioners, my name is Richard Castro, representing Parimutuel Employees Guild Local 280. I'm here in regards to a letter that I got dated July 8th, 2010, stating basically that if I didn't get a CHRB license that I was going to be denied access to the restricted areas of a race track.

I -- I think you've sent this letter in error. I think you're singling me out. I don't know why. I haven't had a license in 15 years. I'm allowed access to anywhere where I have members. It's never been a problem before. I don't know why this is happening to me now. Again, I think you're

singling me out.

It’s also at a time when we’re about to have union elections. I’m concerned that you’re trying to interfere with the union election process, as well.

I’d be interested in hearing your comments.

MR. BREED: It’s Executive Director Breed.

I -- I -- I sent a letter, not only to Richard but several people, who are -- who here before have been working in a capacity, either in -- in terms of representing a horseman’s organization or whatever, that have -- that were licensed and their license expired. And -- and according to the rule, anyone who is -- who is working in the enclosure in a restricted area is to carry a license. And -- and that’s for purposes of identification so that our investigators and so on and so forth know who’s there and can identify who is there. And in the case of -- and in the case of any sort of prosecutorial action can actually have the evidence of who has been there and who has not been there.

Now in the case of Mr. Castro his attorney, Mr. Rosenfeld, has communicated with me saying that there is federal laws that -- that supercede the state laws in -- in -- in terms of labor union representation in a restricted area. And I will pass -- I’ve passed those on to counsel. We will take those into consideration. But we did not -- nobody -- nobody selected Mr. Castro out, nor did we have anything to do

with -- with the upcoming elections in his organization. We're strictly treating him just like everybody else. You work in the business, you have a license. And if it -- if it comes down to Mr. Castro does not have to have a license because of federal law then we won't give him a license. Let -- let me --

CHAIRPERSON BRACKPOOL: We won't make him apply for a license.

MR. BREED: Yes.

MR. CASTRO: Let me -- let me change a little bit from what you said. You're correct in what you're saying. What David Rosenfeld is referring to the federal law falls under the end -- the end of the area of the NLRB, National Labor Relations Board, which doesn't cover race tracks.

However, when these kinds of things come up NLRB guidelines are historically used as what the practice should be in state's rights issues, such as this. However, the state does have a law also -- I was reminded of that this morning -- Provision 923, which also gives me access to the members that I have in the workplace. And I would urge you to check that provision as well, and I'm sure you'll -- you'll learn --

CHAIRPERSON BRACKPOOL: Richard, two --

MR. CASTRO: -- and I'll follow up on that.

CHAIRPERSON BRACKPOOL: -- two things. First of all, rest assured that nobody on this board, I can assure you, and nobody in staff is singling you out for anything. Number two,

we will -- we will look into this, as Kirk says, and -- and I'll make sure I'm copied on the correspondence. And number three, just for my own edification, is there a particular reason why you wouldn't want to have a license?

MR. CASTRO: Is there a particular reason?

CHAIRPERSON BRACKPOOL: A reason why you would not want to apply for a license?

MR. CASTRO: It's not necessary. And it's the historical practice that labor leaders don't do it, and that's the only reason why.

I actually told Kirk that -- that to make life easier for everybody I would get a license. But I plan on winning this issue before I do.

CHAIRPERSON BRACKPOOL: All right. I'm sure there's a lot --

MR. CASTRO: I'd like to --

CHAIRPERSON BRACKPOOL: I'm sure there's a lot of things we can occupy yourselves on to -- to turn this industry around, and I don't think this one is right at the top of the list. But we'll do what we can to -- to make sure this -- this one is really --

MR. CASTRO: Right. When this issue gets solved there will be a much better --

VICE CHAIRPERSON ISRAEL: Well, wait.

MR. CASTRO: -- working relationship.

VICE CHAIRPERSON ISRAEL: Let me ask you this. If we declare you the winner now you'll go get a license?

MR. CASTRO: Let me see. So they're going to declare me a winner. Come on, guys.

No. They're not -- they're not -- no. Can't do it.

CHAIRPERSON BRACKPOOL: Thank you, Richard.

MR. CASTRO: Thank you.

CHAIRPERSON BRACKPOOL: Thank you.

COMMISSIONER HARRIS: On -- on the NLRA issue, it's one thing, I've always been on somewhat of a crusade to try to get racing under the National Labors Relations Act. There's never been a lot of order to it.

And would the union folks buy into -- into that idea?

MR. CASTRO: Absolutely not.

COMMISSIONER HARRIS: No. Well, I understand, you don't want us in. Would you buy into something saying that the CHRB would strive to be in conformity with the NLRA, as -- as you'd stated?

MR. CASTRO: If you're asking me as one person from -- from a labor organization. I'm not going to speak for the other labor unions. I'm not going to speak for the Teamsters.

COMMISSIONER HARRIS: Well, in some form you said that -- that you felt that you wish there were more --

MR. CASTRO: Labor leaders at the race track do not

need your credentials. I'm --

COMMISSIONER HARRIS: Well --

MR. CASTRO: -- firm in that.

COMMISSIONER HARRIS: -- this is not credentials. This is -- this is just some of the conformity with the NLRA.

MR. CASTRO: I'm willing to work with you.

COMMISSIONER HARRIS: Yeah.

CHAIRPERSON BRACKPOOL: Okay.

MR. CASTRO: I'll speak for myself. But I'm the only labor leader that I know of that got this letter. And I can name you labor leaders who don't have one, including a person that was in my organization. You only got me.

CHAIRPERSON BRACKPOOL: Thank you, Richard.

MR. CASTRO: I have a second card. Do you want to do that one now?

CHAIRPERSON BRACKPOOL: No. You don't have a second card under this item.

MR. CASTRO: Well, yes, I do.

CHAIRPERSON BRACKPOOL: You had three minutes on this.

MR. CASTRO: It's as 19.

CHAIRPERSON BRACKPOOL: Okay. Anyway, Richard, take a seat. Work it out with Mike.

MR. CASTRO: No. That was item nine.

CHAIRPERSON BRACKPOOL: Not publicly.

MR. CASTRO: That was Sonoma County Fair, I-9.

CHAIRPERSON BRACKPOOL: Right.

MR. CASTRO: That wasn't --

CHAIRPERSON BRACKPOOL: Okay. Next speaker, Richard Eckfield, Savvy Seniors of the trade columnists.

MR. ECKFIELD: No. At the Track.

CHAIRPERSON BRACKPOOL: Mike, you need to rewrite this card.

MR. ECKFIELD: Yes. Thank you. I'll put on my stopwatch so I can self-police myself for a little bit.

My name is Richard Eckfield. And together with my wife, Helen -- Helen, raise your hand -- we write -- we have two -- two columns: Savvy Seniors, Frugal and Active; and Savvy Seniors at the Track. For the past six years we've been writing columns which appear here in Del Mar, and also in Saratoga.

It is my understanding that the materials sent to you earlier this month was placed into your Board packet. I want to thank your fine staff for their splendid cooperation. Perhaps in your August meeting we can review in greater detail any questions you have on the three items presented in that material, the first being the potential to dramatically increase attendance at all races at Del Mar through the construction of a permanent train stop at the rear of the fairground right behind the stretch run turn.

The second being the substance of Steve Buttenbach, who was track veterinarian when we started this in 2006, his proposal dealing with the health and well-being of the horses and the potential for expanding stabling capacity at Del Mar. This was Steve's number one suggestion of the best thing to be done for thoroughbred racing at Del Mar back in 2006 when we started the campaign for these two issues. Our issue, of course, was the train stop.

And the last was the request that your staff monitor the process being used to select the race operator, Del Mar. Now in addition to the five attachments provided by your staff and, I'm told, in your packet I wish to add a sixth that has been passed out to you. It is a letter from the -- we received Tuesday from the state headquarters of the Mothers Against Drunk Driving in Sacramento strongly endorsing the construction of a permanent train stop at it's easy to find location at the -- at the rear of the track.

That is correct. There is a huge problem with both underage drinking and post-concert or even post-opening day drinking by adults here at Del Mar. A train ride would provide these persons who have been over-served with a safe ride home. The often overlooked additional beneficiary of the direct train stop would be your workers, such as your court reporter. There are thousands of public service jobs here during the races and at other fairground events. Direct train service to the rear

of the fairgrounds via the Coaster, which is now adding six additional roundtrips per day, and adding four additional roundtrips -- or actually, four new roundtrips on Sunday, new Sunday service, will permit the workers from all over our county to get to their jobs without having to drive their car and park in the dirt, which they now have to do.

Perhaps we can discuss some of these items further in August. I'd be happy to be put on your agenda. I plan to be brief.

And it looks to me like I have about 20 seconds to tell you that last year we had the chance to go to Belmont in 2009. We didn't go this year. But our colleague that went with us brought me back this Belmont 2010 hat. It cost us $11.00 roundtrip to go from Pennsylvania Station to Belmont on the Long Island Railroad. He brought us his ticket, and it's gone up $1.00. This is our -- his ticket for $12.00 roundtrip from Pennsylvania Station, etcetera.

Hollywood Park's weeks are coming here. It's hard to get here when I-5 gets clogged. A direct train stop -- by the way, Amtrak has agreed that they will stop. They have to stop in Solano Beach. They will stop at the fairgrounds, but only during the racing. They don't -- Amtrak has no desire to stop here during the gun show. The Coaster will stop any time there's an event at the races, the fair, the gun show, etcetera.

CHAIRPERSON BRACKPOOL: That's a long 20 seconds, Richard. But anyway --

MR. ECKFIELD: You got it.

CHAIRPERSON BRACKPOOL: I thank you for your passion. I thank you for your brevity.

MR. ECKFIELD: Thank you.

CHAIRPERSON BRACKPOOL: Thank you.

MR. ECKFIELD: My pleasure.

CHAIRPERSON BRACKPOOL: Next speaker, Laura Rosier, SLRD. Did I pronounce your name correctly?

MS. ROSIER: Yes. Thank you.

CHAIRPERSON BRACKPOOL: How about that?

MS. ROSIER: They call me by many names, and that one works.

CHAIRPERSON BRACKPOOL: All right.

MS. ROSIER: Good morning, Chairman Brackpool, Vice Chairman Israel and Commissioners. My name is Laura Rosier, and I'm a trainer. And I'm an officer of the newly formed San Luis Rey Racing Corporation that was formed to keep San Luis Rey Downs open for training, and possibly racing. The way things are going you might need us. I'm here to ask why the San Luis Rey Down's horsemen are being excluded from subsidy funds.

At a recent SCOTWINC meeting horse inventory reports showed that before Del Mar, Santa Anita and Hollywood park had

a total of 2,877 horses stabled. The racing secretaries reported that they're active in inventory, which I assume includes San Luis Rey Down's horses, was somewhere between 1,800 and 2,000. San Luis Rey Down's horsemen question why between 877 and 1,077 horses are being subsidized at Santa Anita and Hollywood Park while San Luis Rey Down's trainers are shouldering the total cost of stabling their runners.

I feel that our horsemen deserve to know if that industry is going to do what's right. It's not fair to allow this inequity -- inequity to continue.

CHAIRPERSON BRACKPOOL: Thank you very much.

MS. ROSIER: Thank you.

CHAIRPERSON BRACKPOOL: Thank you.

MS. ROSIER: Any questions?

CHAIRPERSON BRACKPOOL: It's a public comment public period not on the agenda item, but we hear what you're saying.

MS. ROSIER: Thank you.

CHAIRPERSON BRACKPOOL: Thank you very much. Item number -- also wishing to speak, John Bucalo.

MR. BUCALO: Good morning, Mr. Brackwood (sic), Chairman, and Vice Chairman Mr. Israel and distinguished members of the Board. I'd like to briefly speak and take the three minutes that I have on the .97 percent that's being -- been withheld from the purses that are bet-wagered at Barona Casino off-track betting and other satellite facilities for

promotions. It's a small piece of the pie that's been withheld, and we discussed that at the Board several times. But it's never really come to light of where that money goes, why there -- in the almost eight years that I've worked at Barona there hasn't been a single promotion held at our satellite facility, other than the ones that we've paid for. But those monies are taken out of our players' wagers.

And I think if the industry is going to move forward that we all have to start doing the right thing. And I had our accounting office calculate those monies. And they add up to one point -- $1,229,261 since we opened our satellite in December of 2002 to -- to the conclusion of 2009. Now that's a lot of money. So there's multi-millions of dollars being withheld at that point -- .97 percent from all the satellites.

And why aren't there being promotions done? That's what that money was being earmarked for. And where is the money going? If it -- if it is going to horsemen or other areas, there's been a misappropriation of money. Because satellites are struggling. And we all need to get as much as we can for our -- our guests, you know, as far as our promotions to encourage them to come and join us for horse racing. And if those monies aren't being distributed for the purpose they were intended to it -- it isn't fair, nor is it right.

And I'd -- I'd like it to be brought up by the Board

and find out who is accountable for where these monies are going and why we aren't seeing them. That's a lot of money, and we feel we have an entitlement to that money and we should have these promotions that we put on paid for. And other satellites that are struggling right now could sure use those monies to encourage and help develop their players into stronger horse players.

So I -- I think that we -- we'd like to see this looked at, and I thank you.

CHAIRPERSON BRACKPOOL: Thank you. And Item 16 today is a discussion of take-out. But I would caution you against using the word misappropriated --

MR. BUCALO: Okay.

CHAIRPERSON BRACKPOOL: -- because that is a very pejorative term. And I don't think anybody is accusing anybody of misappropriating.

MR. BUCALO: Well, that --

CHAIRPERSON BRACKPOOL: I think your issue is slightly less than that.

MR. BUCALO: Okay. Well, we'd like to see where the monies are going.

CHAIRPERSON BRACKPOOL: Thank you.

MR. BUCALO: Thank you.

CHAIRPERSON BRACKPOOL: My next speaker, because it is a different issue so I will allow him to come back up, is

Richard Castro.

MR. CASTRO: Go ahead and keep going. I'll be short up here. I'll be short.

CHAIRPERSON BRACKPOOL: You filled out a speaker's card, Richard.

VICE CHAIRPERSON ISRAEL: You already are short.

CHAIRPERSON BRACKPOOL: Richard, please. Please. We've got to move on. Are -- are you speaking or are you not speaking?

MR. CASTRO: No. I -- I put a card in. If you don't want to respect the card.

VICE CHAIRPERSON ISRAEL: No. No.

CHAIRPERSON BRACKPOOL: I said you have a card.

VICE CHAIRPERSON ISRAEL: You have a card.

CHAIRPERSON BRACKPOOL: And I called you up to speak.

MR. CASTRO: Okay. Fine. I'll speak.

CHAIRPERSON BRACKPOOL: How difficult can this be?

MR. CASTRO: Well, I guess it is. Richard Castro representing Parimutuel Employees Guild Local 280. I didn't see it on the Sonoma County Fair application that -- that employees that were planning to work there had to have a social security card when -- before they were given an employment application. And I -- I thought that things like that had to be on the application when you guys gave the license.

I also don't see how the social security card

replaces a CHRB card. Do you guys do background checks? You -- especially for mutuel clerks. It just doesn't make sense to me. I'm just making note of it. That's all.

CHAIRPERSON BRACKPOOL: Thank you.

MR. CASTRO: You're welcome.

CHAIRPERSON BRACKPOOL: Thank you. All right. That's it for public comment.

Item number three. Item number three, discussion and action by the Board on the nomination of members to the board of directors of the California Thoroughbred Horsemen's Foundation. This appears to be a fairly ministerial action by us, I think, at this stage, Kirk; correct?

MR. BREED: Correct.

CHAIRPERSON BRACKPOOL: So we have the -- the -- the nominees in here. The staff recommendation is that we accept the nominees as submitted.

Do I have any questions or do I have somebody in favor?

VICE CHAIRPERSON ISRAEL: Does anybody appear for them?

CHAIRPERSON BRACKPOOL: No. Only if necessary.

VICE CHAIRPERSON ISRAEL: Oh. Would we like someone to --

CHAIRPERSON BRACKPOOL: Well, I have a speaker card that says if we would like somebody to appear they will appear.

Well, anybody have an issue with this? Then can I have a motion to move it forward?

COMMISSIONER CHOPER: So moved.

CHAIRPERSON BRACKPOOL: Commissioner Choper moves.

COMMISSIONER ROSENBERG: Second.

CHAIRPERSON BRACKPOOL: Commissioner Rosenberg seconds. All in favor?

ALL COMMISSIONERS: Aye.

CHAIRPERSON BRACKPOOL: Approved. Okay.

Item number four, discussion and action by the Board regarding the distribution of race day charity proceeds of the Los Angeles Turf Club in the amount of $83,008 to 16 beneficiaries. We have in our Board package here a letter from Mr. DeMarco, along with a list of where the money is proposed to go. And we have a staff recommendation that this -- this item be approved.

Do I have any questions? Can I have a motion?

COMMISSIONER HARRIS: Moved.

CHAIRPERSON BRACKPOOL: Commissioner Derek moves. Commissioner Harris seconds. All in favor?

ALL COMMISSIONERS: Aye.

CHAIRPERSON BRACKPOOL: Okay. Item number five, discussion and action by the Board regarding the amendment to the YouBet application for a license to conduct advanced deposit wagering for YouBet for a California multi-

jurisdictional wagering hub to update the application to reflect Churchill Downs as the current parent company of YouBet.

We have representatives. If you would please identify yourselves?

MR. BLACKWELL: Sure. Brad Blackwell on behalf of Churchill Downs, Incorporated and YouBet.

CHAIRPERSON BRACKPOOL: Okay. And what would you like to inform us?

MR. BLACKWELL: Well, we've been in constant contact with the CHRB since last November when we first announced the accusation. And as was publicly disclosed Churchill Downs, Incorporated and YouBet went through a review process with the Department of Justice for antitrust evaluation. That was completed and we informed the CHRB when the transaction closed on June 2nd of this year.

At that time the CHRB staff suggested that we submit a new application to reflect the change in ownership and change in officers and directors. We've complied with that request and now stand before you to answer any questions with regards to that change.

CHAIRPERSON BRACKPOOL: I believe Vice Chair Israel has a question.

VICE CHAIRPERSON ISRAEL: Are you -- are you aware that California Law prohibits any entity from having more than

one license in the State of California?

MR. BLACKWELL: More than one --

VICE CHAIRPERSON ISRAEL: License. This is the second license you're requesting.

MR. BLACKWELL: Right. And --

VICE CHAIRPERSON ISRAEL: You already have a license to operate Twinspires; is -- is that right?

MR. BLACKWELL: That's correct. And that license is in the name of Churchill Downs Technology Initiatives --

VICE CHAIRPERSON ISRAEL: Uh-huh.

MR. BLACKWELL: -- Company. This license is in the name of YouBet.com, LLC.

CHAIRPERSON BRACKPOOL: But it is the same parent now?

VICE CHAIRPERSON ISRAEL: And it's the same parent?

MR. BLACKWELL: It does have the same parent, yes.

VICE CHAIRPERSON ISRAEL: And it has the same board of directors; is that right?

MR. BLACKWELL: Yes. Yes. That's correct.

VICE CHAIRPERSON ISRAEL: Well, then what's the difference? It's --

MR. BLACKWELL: Well, they are separate operating entities. They're separate legal entities. They have separate contractual relationships in California. And they continue to operate and comply with those contractual obligations and have

continued to operate under their existing license. And so, you know, we've been through, you know, this situation before with the change in, you know, ownership and have never had any issues, and certainly did not hear of any issues before today.

VICE CHAIRPERSON ISRAEL: Well, frankly, I don't think this is any different than the issues we have right now with MID where they operate more than one betting platform, essentially, through Santa Anita, Golden Gate and XpressBet. And we've only granted a temporary waiver because you need to show cause for us to grant the waiver.

CHAIRPERSON BRACKPOOL: Would you address the question to Counsel Miller.

Counsel?

MR. MILLER: Yes?

CHAIRPERSON BRACKPOOL: What's your response to Vice Chair Israel's question?

MR. MILLER: Well, we bar common ownership. Only -- an entity can only have one license. And --

CHAIRPERSON BRACKPOOL: And --

MR. MILLER: And I --

CHAIRPERSON BRACKPOOL: I'm sorry. Go ahead.

MR. MILLER: -- I don't know the background of the two entities that you're representing here today, where the stock ownership is at. Who owns the stock?

MR. BLACKWELL: Who owns the stock? It's the -- the

ultimate stock is in the parent company, Churchill Downs, Incorporated which is a public company traded on NASDAQ.

COMMISSIONER CHOPER: They're two subsidiaries; is that right?

MR. BLACKWELL: They're two separate subsidiaries.

COMMISSIONER CHOPER: Is that --

CHAIRPERSON BRACKPOOL: They're -- they're owned by the same parent?

VICE CHAIRPERSON ISRAEL: They're wholly owned subsidiaries; right?

COMMISSIONER CHOPER: Yeah. They're wholly owned. So --

MR. BLACKWELL: Correct.

COMMISSIONER CHOPER: There must be some sort -- we -- we ought to look into it, I think, you know?

MR. BLACKWELL: Well, certainly. And -- and if would have been advised of this before, you know, we would have worked with, you know, staff and CHRB to address that issue.

CHAIRPERSON BRACKPOOL: Yeah.

MR. BLACKWELL: And, certainly, we are --

VICE CHAIRPERSON ISRAEL: You -- you should have.

MR. BLACKWELL: -- and we know our --

VICE CHAIRPERSON ISRAEL: Let me apologize. You should have been advised. Staff should have realized that this problem existed and should have notified you and us.

MR. BLACKWELL: Certainly. And -- and we provided the first notice in November of 2009, you know, in the interest of providing notice and working through any potential issues. Did not receive any feedback at that point. Provided a second notice on June 2nd, again explaining the transaction and how the ownership would work, and did not receive any feedback at such time. And now we're here today and, quite honestly, surprised to hear this.

And, certainly, as I was about to say, we are currently, you know, evaluating and putting together an integration plan. You know, this purchase is still fairly new. It just occurred within the last month. So we're working that process now and we certainly, you know, will continue to work with the CHRB with any issues they have and --

CHAIRPERSON BRACKPOOL: Well, I think --

MR. BLACKWELL: -- and want to make sure that we're continuing to operate in compliance with California Law, which is obviously our intent, with all of the notifications that we've provided.

COMMISSIONER CHOPER: I think you ought to have your house counsel do a little bit of research and find whether there are any parallel situations in California in which they've pierced the corporate veil, not under these circumstances.

MR. BLACKWELL: But I -- I --

COMMISSIONER CHOPER: That was a strong policy, I must -- I must say, this sounds to me.

CHAIRPERSON BRACKPOOL: I'd perhaps go a little further, Commissioner Choper.

COMMISSIONER CHOPER: Yeah.

CHAIRPERSON BRACKPOOL: I mean, I -- I think there are two -- two sets of people who appear to have missed this. I mean, I have to say that I don't see where staff has analyzed this, so that's a subsequent question we have for -- for -- for staff. And we're going to instruct them to go back and immediately look at -- at this.

Secondly, when you say it's the first you've heard of it, it's the law. And so, you know, our staff may have been remiss in not spotting it. Your counsel certainly were remiss in not spotting it. That doesn't -- that doesn't aggregate the -- the need to comply with the law.

So here's what I would -- here's what I would propose, to give you some time so that this does get resolved.

MR. BLACKWELL: Absolutely.

CHAIRPERSON BRACKPOOL: I would propose that the license be approved. However, that you would have to come back before the September -- well, at the September board meeting, but we'd need to have it resolved prior to then, that gives all of the reasons necessary why this Board should issue a waiver for you to own the two interests. The rule is there for a very

specific purpose, to stop concentration of ownership in a way that would be harmful to our sport.

So I will have counsel follow up with a letter to you following this Board meeting. But I would make a motion that we approve the license. However, the necessary waiver that we believe you're entitled to, if we're correct, we will only give you a 60 day waiver. Then you would have the next 60 days to come back and convince of all the reasons why it's in the sport's interest to have common ownership.

COMMISSIONER ROSENBERG: Mr. Chairman?

CHAIRPERSON BRACKPOOL: Does that make -- just -- just one -- one second, Commissioner Rosenberg.

Executive Director Breed?

MR. BREED: Yeah. Excuse me. Yeah. Yes. Mr. Chairman, there are several items, including the -- the -- the waiver --

CHAIRPERSON BRACKPOOL: Yeah.

MR. BREED: -- that need to be addressed. And we made a list of those which we will provide for you. Included in that list is a letter from Mr. Rosenfeld representing the Mutuel Clerks Local 280. The law does require you to have a contract with Local 280 in terms of a labor agreement. That, plus the rest of the list will be provided for you.

MR. BLACKWELL: And -- and to the labor union contract issue, YouBet does have a contract in place. So

we'll --

CHAIRPERSON BRACKPOOL: Well, this is saying that the item is not included in your application package.

MR. BLACKWELL: Okay. And I, again, worked with staff in terms of, you know, what would be provided. And there's correspondence to cover that to where we discussed what -- what materials we would provide. Because, obviously, we did not look upon this as a new application but, you know, a change in ownership. And so staff basically agreed in terms of how we approach that. So if there's certainly materials that the staff would like to see we will certainly cooperate with that and have been doing so --

CHAIRPERSON BRACKPOOL: Yeah.

MR. BLACKWELL: -- through this process.

VICE CHAIRPERSON ISRAEL: So you were aware that the law existed --

MR. BLACKWELL: No. No.

VICE CHAIRPERSON ISRAEL: -- the law barring dual ownership?

MR. BLACKWELL: No.

VICE CHAIRPERSON ISRAEL: Oh.

MR. BLACKWELL: And so -- and, again, you know, we -- we provided notice to get feedback to -- to -- to be able to work through that process in a cooperative manner with the CHRB staff and, again, provided multiple notices, provided the

application. And this is the first we've heard of any issues with the application or the ownership. And, certainly, we'll look -- look into that and, again, cooperate with CHRB staff --

VICE CHAIRPERSON ISRAEL: Yeah.

MR. BLACKWELL: -- and look and see if there's other absolutions --

VICE CHAIRPERSON ISRAEL: I just have one follow-up and then --

CHAIRPERSON BRACKPOOL: I have -- I have three commissioners wishing to speak. Commissioner Rosenberg first, then Commissioner Choper, then Commissioner Israel.

COMMISSIONER HARRIS: I just wanted to mention that licensing of management was an open issue --

CHAIRPERSON BRACKPOOL: Yeah.

COMMISSIONER HARRIS: -- as mentioned --

CHAIRPERSON BRACKPOOL: Correct.

COMMISSIONER HARRIS: -- by the staff.

CHAIRPERSON BRACKPOOL: Yeah.

MR. BLACKWELL: And -- and -- and I can say to that, that I obtained my California license this morning.

COMMISSIONER HARRIS: Okay.

MR. BLACKWELL: So --

COMMISSIONER HARRIS: Yeah.

MR. BLACKWELL: And that was something that, again, was raised for the first time. So I know that was an item of

discussion earlier today. And so I obtained that before coming to the meeting today.

COMMISSIONER CHOPER: Is that the only thing that was required for the licensing of management requirement --

MR. BLACKWELL: That's the only notice --

COMMISSIONER CHOPER: -- for you?

MR. BLACKWELL: -- that I received, yes. And so I've been the direct contact --

COMMISSIONER CHOPER: So -- but, I mean --

MR. BLACKWELL: -- in the application process, so --

COMMISSIONER CHOPER: -- you're saying that covers it; right?

MR. BLACKWELL: That is my understanding. That is the only communication I have received after we submitted the application was that I -- and it was addressed specifically -- specifically to me would need to have that license. And, again, I promised and followed up and obtained that --

COMMISSIONER CHOPER: And the other thing is --

MR. BLACKWELL: -- and --

COMMISSIONER CHOPER: -- the materials that we have say that you have put in documents in compliance with the requirement that you have a labor agreement with Local 280.

MR. BLACKWELL: That's correct.

COMMISSIONER CHOPER: So, I'm sorry, I didn't understand that. I thought someone said that you didn't have

it.

CHAIRPERSON BRACKPOOL: Kirk had said you didn’t.

MR. BREED: Well --

CHAIRPERSON BRACKPOOL: But -- but -- but --

MR. BREED: -- their lawyer says -- Local 280's lawyer says that the agreement is -- is not in force.

CHAIRPERSON BRACKPOOL: I understand. So in a minute we’ll hear from Mr. Castro who I can see is ready to come and speak on this issue on -- on -- on that one. But the -- the report we have from staff says the only issue outstanding is licensing of management. But -- although you have your license.

MR. BLACKWELL: Correct. And -- and that was the only communication I received.

CHAIRPERSON BRACKPOOL: Hold on. I haven’t finished my version. Although you have your license, I assume you’re not the entirety of management.

MR. BLACKWELL: That -- that is correct. And as I mentioned, the email that I received and the only correspondence as a follow-up, besides acknowledging the receipt of the application, was that -- that I obtain a license. And so, certainly, there was no other communication. If others do not have a license or need a license, again, we’ll certainly work with CHRB staff to get it --

CHAIRPERSON BRACKPOOL: Well, I’m at a disadvantage

here.

MR. BLACKWELL: -- whatever it wants.

CHAIRPERSON BRACKPOOL: Because the person who prepared this staff recommendation is unfortunately not with us today.

Bon, do you have a listing of who we have defined as management here?

MR. SMITH: I wish I could say I did, sir.

CHAIRPERSON BRACKPOOL: Well, okay. Well, we're not exactly batting 1,000 from our staff today.

COMMISSIONER CHOPER: Yeah. But can I -- can I say this? I really do think that you are provided help through your general counsel's office in addressing these questions.

MR. BLACKWELL: Right. And I'm -- I --

COMMISSIONER CHOPER: Because the faster -- the fast -- I know, look, if you didn't think of it, that's fine.

MR. BLACKWELL: Right.

COMMISSIONER CHOPER: But now we -- now you got to kind of try to --

MR. BLACKWELL: Oh, no. No. No. Absolutely.

COMMISSIONER CHOPER: -- try to get back and -- and give the staff, your folks, your -- your -- your lawyers --

MR. BLACKWELL: Right. And, actually, I --

COMMISSIONER CHOPER: -- to find a fix on this --

MR. BLACKWELL: -- I handle --

COMMISSIONER CHOPER: Good.

MR. BLACKWELL: And I handle the legal and regulatory affairs, so I'm -- I will be the person --

COMMISSIONER CHOPER: Okay.

MR. BLACKWELL: -- to look into this. And again --

COMMISSIONER CHOPER: Fine.

MR. BLACKWELL: -- it's not like we were working through this process.

MR. MILLER: I think -- I think you were working through the process. I think that the bar of common ownership, if -- if what Mr. Israel and -- and the chairman are talking about is Business and Professions Code Section 19484, 19483, those apply to track operators. Those apply to those that are conducting meets.

YouBet-Twinspires are not conducting meets.

MR. BLACKWELL: Correct.

VICE CHAIRPERSON ISRAEL: But Churchill Downs conducts meets.

MR. MILLER: Yeah. But not in this state.

COMMISSIONER CHOPER: Not in this state.

VICE CHAIRPERSON ISRAEL: Not in this state, but bets -- the bets on those meets are accepted in the State of California.

MR. MILLER: Yeah. So this is a question we're just going to have to research further. But I can see why --

MR. BLACKWELL: And I guess you have a point.

MR. MILLER: -- the staff would not -- would not have raised this --

MR. BLACKWELL: Right.

MR. MILLER: -- because of --

MR. BLACKWELL: Right.

MR. MILLER: -- preliminarily you're not a track operator.

MR. BLACKWELL: Correct. And -- and Churchill Downs, Incorporated, which owns four race tracks which had a California license. So certainly, as I mentioned, we'll look into that. And maybe there's --

VICE CHAIRPERSON ISRAEL: Bets are accepted on all of your tracks in California.

MR. BLACKWELL: Correct.

VICE CHAIRPERSON ISRAEL: Churchill, Calder, Arlington and --

MR. BLACKWELL: Right. But -- but those tracks --

VICE CHAIRPERSON ISRAEL: -- New Zealand's --

MR. BLACKWELL: -- are not licensed in California. Those wagers are considered to take place and are pulled into --

VICE CHAIRPERSON ISRAEL: I think one of the -- you know, in addition to all the legal niceties, you're going to have to show us why it's in the public interest and in the best

interest of horse racing to allow -- for us to allow you to have dual ownership.

CHAIRPERSON BRACKPOOL: Well, let -- let me just say that based on what Counsel Miller just said they may not have to show us that.

So I think the threshold question is whether they fall under this section or not. If you fall under this section you'll have to do this work.

MR. BLACKWELL: Yeah.

CHAIRPERSON BRACKPOOL: If you don't fall under this section then -- then we will approve the license conditional upon the outstanding item, which is licensing of management. Unfortunately, I don't have with me here all of the names of who has to be licensed. But that's something that our staff can do.

And I believe Commissioner Harris has a question.

COMMISSIONER HARRIS: Yeah. I would be inclined to give YouBet the waiver because there's so many people in California that have YouBet accounts now. If they don't have -- at least have the waiver they're all going to get cut off.

CHAIRPERSON BRACKPOOL: That's what I said. I'm -- I'm not --

COMMISSIONER HARRIS: But --

CHAIRPERSON BRACKPOOL: I'm not recommending it.

COMMISSIONER HARRIS: But --

CHAIRPERSON BRACKPOOL: I'm saying we -- we at least do it --

COMMISSIONER HARRIS: Yeah.

CHAIRPERSON BRACKPOOL: -- through September 15th. And it may be that -- that the waiver is not necessary. But counsel will work that out.

COMMISSIONER HARRIS: Well, if we do have to make some assessment of the virtue of having one company own two of these, I think we need some data, too, as far as what sort of market share they have --

CHAIRPERSON BRACKPOOL: Exactly.

COMMISSIONER HARRIS: -- or what --

CHAIRPERSON BRACKPOOL: And that's what would come back as part of that package.

COMMISSIONER HARRIS: -- California is. I'm not clear if -- if Churchill's long-term plan is -- is just to merge them together and have everything just be Twinspires and YouBet goes away, or -- or to keep YouBet as a platform that would be a distinct platform moving down the road for quite awhile.

MR. BLACKWELL: Right. And certainly, as I mentioned before, we're working through that integration plan and have not disclosed anything at this point. And certainly, just like

before, you know, any changes we would make in operations we would advise CHRB of those changes.

CHAIRPERSON BRACKPOOL: Okay. Assistant Executive Director Bon Smith.

MR. SMITH: Thank you, Mr. Chairman. The staff analysis does identify Roji DeCrow (phonetic), Mike Cody and Brad -- Brad Blackwell as new management and specifies that Mr. Blackwell will require licensing, not the others.

CHAIRPERSON BRACKPOOL: Okay. So that seems to have taken care of that.

So I believe, with that subject to resolving the issue on the union thing for a moment, I believe the threshold question is: Are they required to have a waiver or not?

And Counsel Miller, you'll report back to us on that.

MR. MILLER: Yes.

CHAIRPERSON BRACKPOOL: And if they are required then we would want to hear that issue at the September Board meeting. If you're not, then the license would be approved, subject, however, to -- under the motion. We haven't taken a vote on it yet.

So the subject hearing from Richard Castro. So, Richard, if you would come forth.

MR. CASTRO: Chairman Brackpool and Commissioners, Richard Castro representing Local 280. And just for the record, I think you're batting 1,000 with me. I'll acknowledge

that.

On this issue here, last month we talked about Delmar.com and Oaktree.com. And we felt that it was wrong under the ADW agreement that we have with the ADW companies that they can subcontract. We call it subcontracting, what they're doing. They say that it's two rooms and they have an open door between the rooms, and they feel that they're on legal ground, we feel that they were not.

What we were hoping to do when these contracts came back up -- well, first we were planning to take this to arbitration. The second thing, when we renegotiate these contracts we want to be sure that they're iron clad, that they don't allow for subcontracting, especially when the jobs are taken out of state.

CHAIRPERSON BRACKPOOL: Let me -- let me ask you a question, because we all want to move on.

There currently is an agreement in place. What you're talking about are changes that you would like to negotiate and see and protections you'd like to get built into a new contract?

MR. CASTRO: What we're concerned with is when they make this change that there will be changes. It may not be specific changes to -- yeah. We feel that there will be changes in the way they do business.

COMMISSIONER CHOPER: You're saying that they may be

in -- not in compliance with the agreement under certain new arrangements; correct?

MR. CASTRO: That's correct.

COMMISSIONER CHOPER: So if --

MR. CASTRO: And -- and they're --

COMMISSIONER CHOPER: -- if we don't do anything then you've got to --

CHAIRPERSON BRACKPOOL: Then you've got to do something and you come to us. But at the moment there is -- all we were looking at was is there currently an agreement in place. The answer is yes. Then the secondary issue that you'll have to deal with is if you don't believe that they are complying with that agreement.

MR. CASTRO: Okay.

CHAIRPERSON BRACKPOOL: And it's a separate issue from the last item. That's all.

MR. CASTRO: I -- I understand. I understand what you're saying.

CHAIRPERSON BRACKPOOL: Okay.

MR. CASTRO: And we were unclear how this process was going.

CHAIRPERSON BRACKPOOL: Okay. Well, as you can tell, this particular agenda item is clear as mud, but let me try and bring it back to some order here.

So I would make a motion that we approve the license.

The condition of licensing of management, I have been informed by Assistant Executive Director Smith, has now been complied with, and we would approve it. And we would ask counsel to inform us, and I'd like you to inform us shortly --

MR. MILLER: Yes.

CHAIRPERSON BRACKPOOL: -- not at the next Board meeting, whether a waiver is required. If a waiver is required we want to hold that issue at the September Board meeting, and any license would be subject to that waiver. If it's not we'll inform you in writing that your license is approved and no waiver is necessary.

That's my motion.

COMMISSIONER ROSENBERG: Second.

CHAIRPERSON BRACKPOOL: And I don't have to repeat it?

COMMISSIONER ROSENBERG: No.

CHAIRPERSON BRACKPOOL: And Committee Rosenberg seconds. All in favor?

ALL COMMISSIONERS: Aye.

CHAIRPERSON BRACKPOOL: Approved. Thank you.

MR. BLACKWELL: Thank you.

CHAIRPERSON BRACKPOOL: Item number six, discussion and action by the Board regarding the proposed amendment to CHRB Rule 1974, wagering interests to, one, provide that the withdrawal of one horse from a wagering interest that consists

of more than one horse constitutes the withdrawal of the coupled entry or field and any horse remaining in the coupled entry or field shall run as a non-wagering interest for the purse only, and two, to provide that a horse that is removed from the wagering pool in error shall run as a non-wagering interest for purse only.

Who do we have to speak on this issue?

MR. BREED: Mr. Chairman, I'm going to present the issue. And I'm not exactly sure who is the underwriter or the sponsor of this -- this particular item. This item has been around for a number of years, basically a proposed amendment to -- Board Rule 1974 provides that the withdrawal of one horse from a wagering interest constitutes a withdrawal of a coupled entry, and so on and so forth as you explained.

This -- this whole thing started back in about 19 -- I mean, back in 2005 and in the Parimutuel Wagering Committee; is that correct, Mike?

MR. MARTEN: Yeah. It's been back and forth --

MR. BREED: Yeah. So, Mike, if you -- if you have some additional information on this --

MR. MARTEN: No. Actually, I thought that was a superb staff analysis offer and -- and it gives all the background. This -- this came back before the Board because there was a discussion at the Stewards' Committee meeting, and that's how --

COMMISSIONER HARRIS: Right.

MR. MARTEN: -- it came back around.

CHAIRPERSON BRACKPOOL: But just so that I'm clear, are we -- I don't -- we're not being asked today to approve language for public comment. We're just being asked to discuss this issue.

It says the item is presented for Board discussion and action, but I don't have -- is it the rule that's attached as an exhibit we're being asked to approve, Kirk?

MR. BREED: You're asking to start the process.

MR. MARTEN: Of putting it out for public comment.

VICE CHAIRPERSON ISRAEL: Start the clock.

MR. MARTEN: Yeah.

CHAIRPERSON BRACKPOOL: Commissioner Harris?

COMMISSIONER HARRIS: I think it's -- it's a bad idea. I mean, I can see maybe there's some merit for it in some extreme case, but I think it would do much more harm than good. And I don't even know why we're talking about it. There aren't even that many entries around anymore anyway, and you just lead to a lot of confusion. And it's just -- just one more thing we don't need to do.

COMMISSIONER MOSS: How often has this taken place in the last couple of years anyway that this kind of thing would even come up?

MR. MARTEN: Surprisingly to me it hasn't occurred

where you have an entry made and have -- scratch and have your -- the other horse, people stuff with it. It's -- we -- we've dodged that bullet for -- for a long time.

CHAIRPERSON BRACKPOOL: I think to be fair, Jerry, the -- when we, Commissioner Israel and I, had the stewards' meeting, the stewards wanted guidance on this because they were very unsure of what to do, using the extreme example that Mike just had where you'd have a one-to-nine shot, and then she was scratched and you'd have something else in there, should -- should the better be left with that? And I think they just wanted direction. Because at the moment they don't have direction with the way the rule is.

So I don't think it's that there's a groundswell of public opinion that this should happen. I think it was more trying to give the stewards some real objective criteria to make a determination.

COMMISSIONER ROSENBERG: I think -- Mr. Chairman, I think that the question is a good question. I think the gamblers would be the ones who would -- may have complained about this. And I know that some bets you don't -- you -- you get a refund, and other bets you're automatically stuck with the favorite in the race or with that -- with that horse.

So my question is: During those stewards' meetings was there ever -- did it arise because the stewards were just questioning how to react or had they had any complaints? If

they've had no -- no complaints I don't see any reason to change it.

CHAIRPERSON BRACKPOOL: They had had some complaints and they had had some instances. But, again, I just don't think it was done in a lot of -- lot of volume.

Mr. Liebau from Hollywood Park is going to address us.

MR. LIEBAU: This situation has -- has come up at least with respect to a horse that was mistakenly scratched. And I'd like to confine my -- my talk to that.

I -- I do think that if by chance a horse is mistakenly scratched that it ought to be able to run for purse money. And I will tell you that that had come up, not while I've been at Hollywood Park, but when I was at Bay Meadows. And I have been -- I know of no time that a horse has ever been allowed in California just to run for purse money. I -- I don't see the problem in doing that. But when it has come up in the past I've been completely unsuccessful in letting -- getting the stewards to allow a horse that had been scratched by mistake, which does happen infrequently. But I think the owner should have a chance to continue to compete, at least for the purse.

COMMISSIONER MOSS: So do I.

COMMISSIONER HARRIS: Yeah. I -- I agree with that. This is a whole different issue, though, than this proposal,

but --

COMMISSIONER CHOPER: I think we ought to look into how these --

MR. MARTEN: Yeah. Well, on number two, the second part down there speaks to that issue.

MR. BREED: Right.

COMMISSIONER HARRIS: Yeah.

CHAIRPERSON BRACKPOOL: Let’s -- let’s -- I have two people wishing to address the board on this issue. The first one, Barry Meadow.

MR. MEADOW: Hello, Chairman Brackpool and Commissioners. Imagine a concert where there are two performers, Vanilla Ice and Paul McCartney. You paid $2,000 for your first row ticket because you love Paul McCartney. You get in. The concert is about to begin. An announcement comes on, Paul has got laryngitis. He’s not performing. Sadly, you just paid $2,000 for a Vanilla Ice ticket. This is the situation.

COMMISSIONER CHOPER: What if it was the other way around?

MR. MEADOW: This is the situation that we’re in now.

Put it another way. Let’s say you’ve -- a new Mercedes costs $50,000. You find a dealer that’s going to give you two of them for $80,000. You say great deal, you give him $80,000. He says, sorry, I’m only delivering one. To bad

about the other one. Bad luck to you.

The rule as it stands now basically screws anybody who after the first leg of a daily double or a pick three or a pick four or a pick six, you are left with something you don't want. If a horse is scratched, let's say with two minutes to post, you might say, well, people can always change their ticket. But a lot of people bet early. A lot of people are milling around. They don't know there's been a scratch. They look on the tote board. They see number one is there. They think it's fine.

So this is a simply a rule to protect the public, and this is what it does. Let's say you've got two horses that normally one would be an entry, one would be 4-to-1 by himself, the other one would be, let's say 11-to-1 by himself. Together, because they are two entities, the odds are 5-to-2, which is fair. Now the 4-to-1 gets scratched, you're taking 5-to-2 on an 11-to-1 shot, which is not fair. If the 11-to-1 shot is scratched, now you're taking 5-to-2 to a 4-to-1 shot, which is still not fair.

So what this does is it protects the public, and this, of course, is part of the mission of what it does. It doesn't harm anybody and it's a benefit. So it sounds like a great rule and I don't see why it wouldn't be passed.

CHAIRPERSON BRACKPOOL: Thank you very much. Next speaker, Michael --

COMMISSIONER MOSS: Excuse me, sir, before you leave would you please state your name for the record --

MR. MEADOW: Sure. Barry Meadow.

COMMISSIONER MOSS: -- and the -- and your organization.

MR. MEADOW: Sure. My name is Barry Meadow. I'm a horse player. I don't represent any organization, but I do gamble every day on California races.

COMMISSIONER MOSS: Thank you very much.

MR. WELLMAN: Michael Wellman. I think Mr. Meadow said it about as clearly as could possibly be said. And I think what that CHRB needs to consider is here's an opportunity to protect the better and protect the public. I realize that under the certain conditions right now we want to handle every dollar we possibly can, but not at the expense of the customer. And by doing this, really what you're doing is you're telling the customer that you're going to have to take it, regardless of what happens. When you bet on an entry and one of them goes you're getting under value, regardless of how it works out.

It doesn't in any way penalize the owners now because you could race for money. And I don't see what the downside is. I don't see anything that really hurts protecting the people that you need in the stands and betting the money. All it is is being -- standing on principle and understanding that the customer comes first.

CHAIRPERSON BRACKPOOL: Thank you.

MR. WELLMAN: So thank you.

CHAIRPERSON BRACKPOOL: Commissioner Moss?

COMMISSIONER MOSS: Yeah. If -- if we went through with this and --

CHAIRPERSON BRACKPOOL: What we're doing is putting it out for 45 day public --

COMMISSIONER MOSS: I just wanted -- you know, it went along with what was suggested, and we sort of approve this in some form, then what happens to the pick six better? It goes back to the -- the favorite or their alternate; correct?

MR. WELLMAN: Yes.

COMMISSIONER MOSS: Then you're saying whatever would reflect as the favorite would then get a wager; correct?

MR. WELLMAN: Right.

COMMISSIONER MOSS: Thank you.

COMMISSIONER HARRIS: Yeah. I'm worried about the unhappy fan concept where it's treating --

CHAIRPERSON BRACKPOOL: It's not a debate, Michael. It's not a debate. Just one second.

MR. WELLMAN: -- treating--

CHAIRPERSON BRACKPOOL: Take a seat.

MR. WELLMAN: -- information.

COMMISSIONER HARRIS: There's obviously time to -- to cancel your bet if you don't want -- if one part of the entry

gets canceled and all that.

But the real problem, I think, is the entry does win. Even though one of them is scratched it wins, and that person goes up to cash their ticket and they're told, oh, by the way, this whole thing was scratched. You don't get anything. And the guy's sitting there thinking he had a winner and he's got a ticket that's just not worth more than face value.

CHAIRPERSON BRACKPOOL: But -- but -- but to me what we're being asked to do here is put this out for comment, and those are the types of comments, the types of comments that the last two speakers have had, the types of comment you've had. I mean, I -- I think it's worthy of debate. I know we have another speaker here.

Mike, did you have something to add?

MR. MARTEN: Yes. Two things. One is it's scratched. The various rules, though, in pick three, pick four, they all treat scratches in different ways. However, each rule treats a scratch as how that -- that -- that will be treated. Okay.

Secondly, if you're going to put out to notice you have to decide whether it's going to be the -- the -- just the single issue of the multiple -- of the entries, or are you going to add the -- the inadvertent scratches if -- if you're going to --

CHAIRPERSON BRACKPOOL: No. I understand.

MR. MARTEN: -- authorize it for noticing.

CHAIRPERSON BRACKPOOL: I understand.

MR. WELLMAN: The exception before the rule, you know, if it doesn't happen often --

CHAIRPERSON BRACKPOOL: You have to identify -- you have identify yourself.

MR. WELLMAN: Oh. Michael Wellman. Also, I think that that's exactly -- not that we should follow New York racing, necessarily, but I do believe that's the rule that exists in NYRA, although I'm not familiar with Kentucky or anything like that.

VICE CHAIRPERSON ISRAEL: I -- I have a question, Mike. Stay there.

MR. WELLMAN: I think they responded because of people that were upset with it the way it was previously.

VICE CHAIRPERSON ISRAEL: And -- and this is a question. It's a weird hypothetical situation. I don't know what the answer is.

Is it fair -- I know it's fair to the owner to let an inadvertently scratched horse run for purse money. What if that horse interferes and prevents one of the horses that's running for purse money and for the betters and prevents that horse from winning or placing on the board, how --

MR. WELLMAN: Well --

VICE CHAIRPERSON ISRAEL: -- how -- how fair is that?

MR. WELLMAN: Well, first of all I think we're talking about a very, very minute --

VICE CHAIRPERSON ISRAEL: Well --

MR. WELLMAN: -- period.

VICE CHAIRPERSON ISRAEL: -- this whole thing is very minute.

MR. WELLMAN: But -- but when an owner puts up his money and for one reason or another is scratched incorrectly --

VICE CHAIRPERSON ISRAEL: Right.

MR. WELLMAN: -- okay, and may have trained for 45 days, 60 days for a race and someone in the racing office scratches them --

VICE CHAIRPERSON ISRAEL: Right. It happened this year. I know that.

MR. WELLMAN: Okay. He should still have the opportunity. And I don't think anybody personally that is running in that race is going to be upset about a guy that is incorrectly scratched out of a race to be able to have the opportunity to run.

VICE CHAIRPERSON ISRAEL: But what -- what about the consumer who has been on a horse that's interfered with and then does not --

CHAIRPERSON BRACKPOOL: If it was interfered with it would be disqualified.

MR. WELLMAN: Yeah.

VICE CHAIRPERSON ISRAEL: Yeah. But he's running for purse money.

MR. WELLMAN: He's running for purse only but he'd -- he'd be treated the same way --

CHAIRPERSON BRACKPOOL: He'd be treated the same way.

MR. WELLMAN: -- as he would in any race.

CHAIRPERSON BRACKPOOL: He'd be treated the same.

MR. WELLMAN: And I believe the horse that would run second at that point would be paid as the winner.

CHAIRPERSON BRACKPOOL: Correct.

VICE CHAIRPERSON ISRAEL: As the winner. I would assume that's the only way.

MR. WELLMAN: Yeah. No. That's -- that's --

CHAIRPERSON BRACKPOOL: I have one more speaker on this issue, Allen Gutterman. Let me --

VICE CHAIRPERSON ISRAEL: Go ahead.

CHAIRPERSON BRACKPOOL: -- from Santa Anita.

MR. GUTTERMAN: Thank you, sir. Allen Gutterman, Santa Anita Park. I just wanted to relay a story that happened years ago when I was working at the Meadowlands and were racing thoroughbreds at night. And horses would come over from New York sometimes to race at -- at -- at night in a stakes race. And Angel Cordero and a horse who is 3-to-5 and a grade three stakes came over, and a rabbit had been -- come over from the same stable.

And something happened at the gate, I'm not remembering exactly what happened, but something happened with the horse at the gate and Cordero and the horse were scratched. And that left a horse -- that left a horse who would have been about 50-to-1 at 3-to-5, this -- because of the -- the favorite I the stake. And that horse ran and -- and finished sixth or seventh, as he probably should have, and we had a riot. We had a full-blown riot at the track, guys jumping over the fence onto the track, ripping up the tote board, setting fires to the garbage cans. And --

CHAIRPERSON BRACKPOOL: You got to love New Jersey.

MR. WELLMAN: Well, you know, I -- I mean, I took of my tie and my jacket and just joined the crowd because I didn't want them to beat me up. But it was -- it was -- it was -- you know, it -- it is a cautionary tale. And -- and, you know, it's tough enough being a horse player, and we all empathize with them. But having a situation like that is brutal.

VICE CHAIRPERSON ISRAEL: So you're advocating this?

MR. GUTTERMAN: Yes.

VICE CHAIRPERSON ISRAEL: Okay.

COMMISSIONER CHOPER: Well, I'd like --

CHAIRPERSON BRACKPOOL: Commissioner Choper.

COMMISSIONER CHOPER: I'd like to move that we -- that we send it out. You know, the more you think about it, you come up with hypothetical situations that cut the other

way.

VICE CHAIRPERSON ISRAEL: I think we ought to take a look at it.

COMMISSIONER CHOPER: Well, it happened. I mean, it happened. Let's --

CHAIRPERSON BRACKPOOL: I would support the motion for -- for an additional reason, which is that I -- I did hear from the stewards that they would really like some guidance here. And I think if we could give the stewards objective criteria it's just much fairer on the stewards.

Commissioner Moss?

COMMISSIONER MOSS: Yeah. I would agree with that. And also, discuss the idea of how much do we need entries anyway, you know?

CHAIRPERSON BRACKPOOL: Right. I --

COMMISSIONER MOSS: And it -- so -- so --

CHAIRPERSON BRACKPOOL: I agree. And I think that's a good agenda item to -- to --

COMMISSIONER CHOPER: Yeah.

CHAIRPERSON BRACKPOOL: -- to discuss on a go forth basis.

COMMISSIONER HARRIS: I think you need to separate it into two parts, though, where it's clear that one issue is where a horse is accidentally scratched, which has happened in the last year, it can run for first place.

CHAIRPERSON BRACKPOOL: Well, they are -- they are separated --

COMMISSIONER HARRIS: Yeah.

CHAIRPERSON BRACKPOOL: -- here. And I will make sure that when this rule goes out that they are properly separated as -- as two. And I'll take your advice, Kirk, as to whether we send these out as two separate rule changes to overcome Mr. Harris's issue and so that people can comment on -- on both and we can figure out the -- the right way to --

MR. GUTTERMAN: Okay.

CHAIRPERSON BRACKPOOL: -- to -- to do that.

COMMISSIONER HARRIS: I mean, we've got some history of how much this -- I think we're sort of rearranging pictures to get here. I question this ever happens.

CHAIRPERSON BRACKPOOL: I -- I think the bigger -- I don't know. I mean, I think that's one way to look at it. The other way is to take Allen's example as any other. I mean, if it was to happen in an extreme situation, that it would be very good if the stewards had objective criteria upon which to make --

VICE CHAIRPERSON ISRAEL: Well, and I know I read --

CHAIRPERSON BRACKPOOL: -- make their decision.

VICE CHAIRPERSON ISRAEL: -- I read in minutes from one of our tracks this year that a horse was inadvertently scratched and -- and prohibited from running. I can't

remember --

COMMISSIONER HARRIS: That happened to a mule. There's a mule race --

MR. BREED: A mule race, yeah.

COMMISSIONER HARRIS: -- in Santa Rosa.

MR. BREED: In Santa Rosa.

COMMISSIONER HARRIS: Yeah.

MR. BREED: Yeah.

COMMISSIONER HARRIS: So while the --

CHAIRPERSON BRACKPOOL: It's a mule race. Anyway, I have one more speaker on this issue, Mr. Mace Siegel.

MR. SIEGEL: Yeah. They handle it very simply in New York, and I think they handle it beautifully, and that is that if part of an entry is scratched they don't -- the horses still runs, but there's no betting on the entry. They just call the entry a scratch. And that --

CHAIRPERSON BRACKPOOL: That's what this rule is proposing.

MR. SIEGEL: And that is absolutely the simplest way to do it and the right way to do it.

COMMISSIONER HARRIS: Right. What time does the scratch take place as far as the track?

MR. SIEGEL: As soon as you know.

COMMISSIONER HARRIS: Do they get scratched that morning?

MR. SIEGEL: As soon as you know it.

COMMISSIONER HARRIS: But let's say a scratch -- a horse scratches at nine o'clock in the morning, so there's no wagering on that entry all day?

CHAIRPERSON BRACKPOOL: Is that covered under our language, Kirk?

MR. BREED: It is.

CHAIRPERSON BRACKPOOL: Okay. So let's do this, let's set a motion that we put this rule out. I believe Commissioner Choper made the motion.

VICE CHAIRPERSON ISRAEL: I'll second it.

CHAIRPERSON BRACKPOOL: And Commissioner Israel seconds the motion that we put this out for public comment, and we'll hear the public comment. And I guess we'll hear this at the September meeting. Okay.

Do you have something else, Jerry?

COMMISSIONER MOSS: No. No. That's it.

CHAIRPERSON BRACKPOOL: Okay. All in favor?

COMMISSIONERS: Aye.

CHAIRPERSON BRACKPOOL: Approved.

COMMISSIONER HARRIS: Well, I -- I would like to vote opposed. Because I think we've -- all I think we've got to --

CHAIRPERSON BRACKPOOL: Okay.

COMMISSIONER HARRIS: -- do with racing, I don't think this is very high.

CHAIRPERSON BRACKPOOL: Commissioner Harris votes against everybody else in favor; is that right?

VICE CHAIRPERSON ISRAEL: Yes. It was six to one.

CHAIRPERSON BRACKPOOL: Six to one?

COMMISSIONER HARRIS: Yeah.

CHAIRPERSON BRACKPOOL: Okay.

VICE CHAIRPERSON ISRAEL: John, welcome to the block of being the one.

COMMISSIONER HARRIS: Yeah. Well, I'm just trying to save a tree.

CHAIRPERSON BRACKPOOL: All right. Come on point.

Item number seven, discussion and action by the Board regarding proposed amendment to CHRB Rule 1876, financial responsibility, to add financial responsibility complaints from equine medical hospitals and services provided by horse farms that are directly related to horse racing where the debt exceeds $1,000.

Executive Director Breed?

MR. BREED: Mr. Chairman, Members, the -- this has come up a couple of times. And basically what Tommy Town Thoroughbreds and other -- other farms have a problem out there. Commissioner Derek brought this to our attention. We put together this rule which sets a level at $1,000. If, in fact -- we haven't done this a whole lot in the past, but we have on special occasions, that if the debt is 1,000 -- over

$1,000 and they can’t collect a debt then -- then the licensee can come before the stewards and request us our intervention in -- in terms of taking action against a person who owes them money.

Commissioner Derek, did you want to say something more?

COMMISSIONER DEREK: Well --

MR. BREED: I also have a person in the audience.

CHAIRPERSON BRACKPOOL: Yeah.

COMMISSIONER DEREK: This just came up because Mrs. Teller (phonetic) of Tommy Town called me very frustrated one day that someone who owed her farm a lot of money hadn’t been paying their bills. They couldn’t even reach them by telephone. He had just won a big race with a big purse and felt it wasn’t right, and asked if the Board could do something. And --

CHAIRPERSON BRACKPOOL: Well, I don’t have a speaker card because I had agreed you were going to come forth and present on this issue.

MR. BREED: Yes.

CHAIRPERSON BRACKPOOL: So please come forth, state your name, affiliation, and welcome.

MS. BEER: Hi. My name is Deanne Beer. I’m the CFO for Tommy Town Thoroughbreds, aboard there for about eight years. And with the economic times, what it is right now, in

the last several years we've had a very difficult time collecting board. Tommy Town, as probably most of you know, not only breeds, but we also break yearlings. We also train for the race track. We do rehab. And Mr. and Mrs. Teller are obviously very much into racing. I believe they were the leading breeder in California last year, so they're very involved in the racing. They love it. They really enjoy it. But it's been very difficult in trying to collect funds lately.

And we do really appreciate the stewards helping us this spring and doing those financial complaints and allowing us to actually, number one, reach the people that are not paying us. Because they are called when they got their letter that they had to come to the stewards. And it has -- actually, they've made a couple payments so far. We were reasonable and -- and did a year with them, which I'm probably off topic.

But we would really appreciate your --

CHAIRPERSON BRACKPOOL: What is -- what is the eye of the beholder?

MS. BEER: Yeah. I would really -- we would really appreciate, you know, as a breeder, you know, owning three or four stallions, we really support the California racing. And to have your support makes a huge difference in allowing us to be paid.

We've had clients that move their horses from farm to farm to farm. And they get into a race track and the only

thing they've paid is the stud fees, because that's what they have to pay in order to get their certificate. So your support as trainers and everything here at the track, they can't run unless they've kept their financial commitments. We would really appreciate your help in helping us get paid so that people -- we don't end up last on the last, basically.

CHAIRPERSON BRACKPOOL: Right.

MS. BEER: Basically, that's what happens. We end up last on the list.

CHAIRPERSON BRACKPOOL: Commissioner Derek, you've read the rule. Are you okay with this proposed solution to the problem?

COMMISSIONER DEREK: I do. And I -- I think this is an opportunity for the Board to really help build the structure of our business.

CHAIRPERSON BRACKPOOL: Yeah. I --

COMMISSIONER DEREK: And that's like a --

CHAIRPERSON BRACKPOOL: Okay. Commissioner Rosenberg?

COMMISSIONER ROSENBERG: I would think it's a good idea to send this out for discussion. A couple questions come to mind. One is: Is it -- is it fair to limit it to -- specifically to farms, I believe is the language?

MS. BEER: I believe it's all -- all --

COMMISSIONER ROSENBERG: As opposed to other than --

MS. BEER: -- all equine hospitals.

COMMISSIONER ROSENBERG: Okay. So -- so it's going to happen on the -- on the equine? That's one point, though. This farms and equine hospitals, is that enough? Is that broad enough? It may be excluding other groups who are involved in dealing with horses, thoroughbred horses.

CHAIRPERSON BRACKPOOL: Well, we're adding them, Richard. We -- we -- we believe these are the two that are missing. If you've got --

COMMISSIONER ROSENBERG: Oh. You think there are --

CHAIRPERSON BRACKPOOL: -- others specifically that you think --

COMMISSIONER ROSENBERG: Well --

CHAIRPERSON BRACKPOOL: -- are missing, but most people are included. It just for -- for historically reasons did not include these --

COMMISSIONER ROSENBERG: Right.

CHAIRPERSON BRACKPOOL: -- these -- these two entities.

COMMISSIONER HARRIS: Got -- got your trainers, vets, blacksmiths, farriers, they're all included in that.

CHAIRPERSON BRACKPOOL: Right.

CHAIRPERSON BRACKPOOL: This is just --

COMMISSIONER ROSENBERG: Maybe we could have a discussion to see if there's anyone -- any other group missing.

But the second thing is on the equine hospitals, there's a provision in here that you can make it -- you can not go on collective or go after a debtor if you have a prior complaint against that person within 24 months, which makes sense, I think with general -- in a general situation. But in an emergency -- horses have emergencies. So if -- if that horse is sent to a hospital you don't want to have a computer show you that someone recently is a deadbeat with them and not treat the horse. So I would question whether that should apply to the equine hospitals. It may be a minor point, but it might involve a horses life some day.

CHAIRPERSON BRACKPOOL: Keith? Commissioner Harris?

COMMISSIONER HARRIS: The issue, since I own a farm, I'm going to ask our counsel, should I -- I think I should probably abstain on this and not discuss it.

MR. MILLER: Yes.

COMMISSIONER HARRIS: Okay.

CHAIRPERSON BRACKPOOL: Thank you.

COMMISSIONER HARRIS: I just wanted to clarify that.

CHAIRPERSON BRACKPOOL: Commissioner Moss?

COMMISSIONER MOSS: Yeah. Then why is it a 1,000? Maybe it should be 500. I'm -- I'm not sure. But --

MR. BREED: I don't know who came up with it.

COMMISSIONER DEREK: I think that was just in -- in -- to -- to save the stewards from -- from smaller claims, I

think to conserve their time and effort.

COMMISSIONER MOSS: Because it doesn't take a lot to build up $1,000 bill, you know? And it's --

MS. BEER: Actually, out of --

COMMISSIONER MOSS: I mean, in some areas.

MS. BEER: Yeah. Well --

CHAIRPERSON BRACKPOOL: I think the $1,000 is brought in to stop the french fry episode reappearing.

COMMISSIONER DEREK: Probably.

CHAIRPERSON BRACKPOOL: -- that we were all enjoying three months ago to-do.

I know we have a speaker on this. I am awaiting the -- the -- the card.

I think what -- in response, while I wait for this card, I think in response to Commissioner Rosenberg's comment, I would say let's put the rule out with equine hospitals. And if somebody else feels that they could be included where they haven't been included before --

COMMISSIONER ROSENBERG: Yes.

CHAIRPERSON BRACKPOOL: -- that would be the appropriate time for them to --

COMMISSIONER HARRIS: Right.

CHAIRPERSON BRACKPOOL: -- speak or forever hold their peace.

COMMISSIONER ROSENBERG: Right.

MS. BEER: May I --

CHAIRPERSON BRACKPOOL: I have --

MS. BEER: May I say something?

CHAIRPERSON BRACKPOOL: Yes, please.

MS. BEER: Sorry. Regarding the -- it's listed here as race horses. Again, as a farm doing breeding and raising of foals, and also having mares that are producing race horses, we'd like to make sure that those are included. Because the problems that we've been experiencing from owners and trainers are when they bring a mare and they have us breed it, and they -- they basically abandon the horse and the foal. So we end up with those which aren't technically, maybe, race horses, but --

CHAIRPERSON BRACKPOOL: Yeah. I'm not sure that that's within our -- I think, you know, the -- the problem is we're here to protect horse racing interests. We're not -- we're not legislated that we protect anything to do with any horse anywhere in the state. So I would have to take legal advice, advice from counsel as to --

COMMISSIONER MOSS: Yeah. I --

CHAIRPERSON BRACKPOOL: -- whether that's --

COMMISSIONER MOSS: This -- the -- these are actions against licensees. If somebody comes to your farm that -- with a mare but is not licensed by us we have no jurisdiction in the matter. So you're talking about situations where licensees are

bringing it --

CHAIRPERSON BRACKPOOL: Then you would --

COMMISSIONER MOSS: -- then it would seem to come --

CHAIRPERSON BRACKPOOL: You would be protected under that.

COMMISSIONER MOSS: Yes.

COMMISSIONER DEREK: If they're licensed, yeah.

CHAIRPERSON BRACKPOOL: If they're licensed.

COMMISSIONER MOSS: If they're licensed.

CHAIRPERSON BRACKPOOL: Yeah.

MS. BEER: All right. We see. We understand that it's only licensees --

CHAIRPERSON BRACKPOOL: Right. I want you to know, we're good, but we're not that good.

MS. BEER: And I don't know, too, as a suggestion, maybe, is that when we accept a new client that we get them to assign -- to sign an agreement that says if they acknowledge that they were willing to be under the authority of the CHRB --

CHAIRPERSON BRACKPOOL: Well, I --

MS. BEER: -- as far as us --

CHAIRPERSON BRACKPOOL: I think they either are or they are not. I don't think that any voluntary agreement --

MS. BEER: I meant, as far -- as far as responsibility --

CHAIRPERSON BRACKPOOL: Well --

MS. BEER: -- as far as financial responsibility.

COMMISSIONER MOSS: Yeah. Well --

COMMISSIONER DEREK: This rule would apply.

CHAIRPERSON BRACKPOOL: This rule would apply. Yeah.

COMMISSIONER CHOPER: If you're going to -- if there are things, just follow the law.

CHAIRPERSON BRACKPOOL: Yeah.

COMMISSIONER CHOPER: I mean, everybody agrees to that.

CHAIRPERSON BRACKPOOL: I think we're -- we're rapidly approaching the category of don't push it. But more -- more or less. I have -- I have -- I have a helpful suggestion. I have a speaker on this issue, Jim Henwood from Fairplex. Please stay where you are in case we have any other --

MR. HENWOOD: Jim Henwood representing Fairplex. I would only ask if, in fact, action is taken on this that we include the auction sale of the thoroughbred, as well, because there are problems in that arena as well, along the lines that the presenter has --

MR. BREED: Uh-huh.

CHAIRPERSON BRACKPOOL: Can we modify it to that?

MR. BREED: Uh-huh.

CHAIRPERSON BRACKPOOL: I think that's a good suggestion, and that's responsive to you, Richard, that there is --

COMMISSIONER ROSENBERG: Yeah.

CHAIRPERSON BRACKPOOL: -- somebody.

COMMISSIONER ROSENBERG: There's one.

CHAIRPERSON BRACKPOOL: There's one.

COMMISSIONER ROSENBERG: Also, I just want to comment on -- on the -- the issue of who is included. Look at the paragraph under the proposed legislation under (d)(1)-

CHAIRPERSON BRACKPOOL: (B)(1)?

COMMISSIONER ROSENBERG: D, like D -- little d -- little d, 1876(d)(1). It says,

"The complaint involves services, supplies or fees that are directly related to the licensees California race track operations."

CHAIRPERSON BRACKPOOL: Yeah.

COMMISSIONER ROSENBERG: I mean, does that limit -- getting back to the same issue, is it -- is -- is it clear that you can go after a person that holds a license, even though the activity involved -- that involves the debt does not relate to race track operations?

CHAIRPERSON BRACKPOOL: Counsel?

MR. BREED: That's an existing rule, Richard. That's an existing rule.

COMMISSIONER ROSENBERG: Yeah. But what's --

MR. BREED: And, yes, it does.

COMMISSIONER ROSENBERG: I mean, because race track

operations --

CHAIRPERSON BRACKPOOL: That was Executive Director Breed doing a good impersonation of Counsel Miller. Now let's ask for the -- the authentic response.

COMMISSIONER MOSS: What? I'm -- I'm sorry. I can't hear the question.

CHAIRPERSON BRACKPOOL: The question is: Under (d)(1) on 7-4 of the package, it says,

> "The complaint involves services, supplies or fees that are directly related to the licensees California race track operations."

And Commissioner Rosenberg's question was: Does that limit it by using the phrase "race track operations?"

MR. MILLER: Well, that's the jurisdiction of the stewards. And then if you go to (e) it talks about horse farms. That's what we're adding.

CHAIRPERSON BRACKPOOL: And I think that was Kirk's point, that it's the -- it's the -- it's the --

MR. BREED: It's the existing rule.

CHAIRPERSON BRACKPOOL: -- it's the existing rule, and we're modifying the existing rule.

COMMISSIONER MOSS: You're adding to the existing rule.

COMMISSIONER DEREK: We're adding to it.

COMMISSIONER ROSENBERG: But they -- they -- they

have the same language at the end of that Paragraph (e) --

MR. BREED: Right. It makes --

CHAIRPERSON BRACKPOOL: Yeah.

COMMISSIONER ROSENBERG: -- right?

COMMISSIONER CHOPER: I think it probably should, to exclude debts that are totally unrelated to what they --

COMMISSIONER ROSENBERG: Yeah. Yeah.

CHAIRPERSON BRACKPOOL: Actually, it's -- yeah. I -- I -- I understand what you're saying. Let's talk dirt. Let's put the rule out and get the comments, and then see how we look.

All in favor -- well, first, do we have a motion? I think this should definitely be Commissioner Derek's motion.

COMMISSIONER DEREK: I make the move.

CHAIRPERSON BRACKPOOL: Do I have a second?

COMMISSIONER ROSENBERG: Second.

CHAIRPERSON BRACKPOOL: Commissioner Rosenberg seconds. Commissioner Harris abstains, because he never signs a bill over $1,000.

VICE CHAIRPERSON ISRAEL: He never -- he never pays a bill over $1,000.

CHAIRPERSON BRACKPOOL: And the motion, also, the motion is modified from that here; we will also include the auction house.

So Commissioner Derek makes the motion. Commissioner

Rosenberg seconds. All in favor?

COMMISSIONERS: Aye

CHAIRPERSON BRACKPOOL: And Commissioner Harris abstains. Motion approved. Thank you very much.

Item number eight I'm going to ask Alan Balch of CTT and Guy Lamothe of TOC to step forward. Item number eight is a rule that was brought into play before I joined the board, but one that I think is a particular good rule. But I'm thinking that we may even be able to improve on it slightly. It's the claiming rule that says if your horse is not raced in 180 days you can bring it back at the same or one level higher and still be protected.

It appears that we're not using this rule very much. And I think the reason we're not using this rule is a combination of two things, the first being that with the -- the general economy, as well as the horse population, I think what was a $50,000 claiming race a year ago is perhaps a $32,000 or a $40,000 claiming race today to one is not available -- one is not able to avail oneself of the rule.

And I think the second issue is that 180 days doesn't then differentiate between a year or whatever. And what we're trying to do with this rule is encourage horses to stay in training and, just as importantly, stay in California.

And so we just wondered whether there was some additional modification that could be made to this rule that

really would encourage horses to stay in training. And illustratively, is that you can come back one level lower than you last raced at and be protected or whatever? So -- so that's the purpose.

COMMISSIONER HARRIS: So -- so that would be not to stay in training but to stay in a racing career

CHAIRPERSON BRACKPOOL: Exactly. Exactly. To stay in a racing career and -- and do that.

So I'd like to ask Guy and Alan just to speak on the issue. There's not a proposal in front of us today, but we're trying to see if there's one that could be developed.

MR. LAMOTHE: Thank you, Commissioner. Guy Lamothe, Thoroughbred Owners of California. And I agree, you're raising a lot of good points right now. And some of these things have come to our attention. We believe it is quite a good rule. It's got very good intention. In fact, it's a little self-serving, but TOC, along with others, did help to lead the implementation of this rule.

Thank you. What we'd like -- and look, in light of the -- the current inventory we're trying -- we're looking at all sorts of means and methods to address that inventory and keep horses here and training in California.

So what we'd like to suggest is that this has been in effect for a little bit over a year. This is the type of issue we went through at TOC. We went through our racing affairs

committee. We take an in-depth look at it. We'd like to get together with CTT and racing secretaries, and they can help us pull some of the data on this and see how effective it's been, what the trends have been, and see if we can improve this rule along the lines to some of which you've suggested, Mr. Brackpool.

And I'd like to engage support of CTT, as well, on this, and the racing secretaries.

CHAIRPERSON BRACKPOOL: Please, Alan.

MR. BALCH: Alan Balch, CTT. We agree with everything Guy said. We've talked to our leadership about it.

I think the -- the main point to concentrate on here are possible unintended consequences where with a rule change. We hear you. We understand the issues. And we are willing to move right ahead and analyze all the data with the racing officers and our constituency, too, and see what we can do to improve it. We just want it to be an improvement.

CHAIRPERSON BRACKPOOL: Oh, I -- I -- I couldn't agree more, and -- and we can't force one. There either is one or there -- or -- or there isn't one. But anything we can do at this level to, you know, keep horses here when they come back I think is -- is critical.

Commissioner Harris, start off.

COMMISSIONER HARRIS: I was an advocate for this to start with. I've taken advantage of it several times,

actually.

One of the problems, it does cost so much to stop a horse, even for sixth months. If you have a $10,000 or $12,000 horse and bring him back you've got another 10,000 or 12,000 it -- it's -- it's very marginal to make it work.

But I think what would happen, well, it would be nice if you could it do more than just one start, if you can do it, assuming maybe you could exclude winners, but you took the time, you got maybe two or three starts to really give people a little bigger incentive. Because just that one start may not be enough to see that --

CHAIRPERSON BRACKPOOL: But you're saying one -- more than one start, assuming it didn't win --

COMMISSIONER HARRIS: Yeah.

CHAIRPERSON BRACKPOOL: -- it's first start? Right. Right. Right.

Well, Commissioner Rosenberg?

COMMISSIONER ROSENBERG: Just a question. Has it ever come up about someone who's raced a horse that it's last race was not a claiming race but was a condition race, which is theoretically higher than a claiming race, and they entered a horse for a claiming price? Is that implied in here or is it clearly -- I mean, I've read that several times. I can't decide whether it's in or out.

CHAIRPERSON BRACKPOOL: I don't believe it applies.

COMMISSIONER ROSENBERG: It's out?

CHAIRPERSON BRACKPOOL: Exactly.

COMMISSIONER ROSENBERG: Has it ever --

CHAIRPERSON BRACKPOOL: It's out. That's -- that's an interesting --

COMMISSIONER ROSENBERG: Has it ever --

CHAIRPERSON BRACKPOOL: -- possible addition to the -- to the rules.

MR. LAMOTHE: We can look at those --

CHAIRPERSON BRACKPOOL: Yeah.

MR. LAMOTHE: If we can figure it out then --

COMMISSIONER ROSENBERG: Right.

MR. LAMOTHE: -- you know --

COMMISSIONER ROSENBERG: Give it -- Right.

CHAIRPERSON BRACKPOOL: Right. And do that.

Do I have any other commissioners' comments on this?

COMMISSIONER MOSS: Do we know how many times this rule has been employed?

MR. LAMOTHE: No. That's one of the things that we would need to get -- to get at on this. We'll find that out.

CHAIRPERSON BRACKPOOL: We've -- we've gotten various further other comments that it's not being used very much. But one of the things that I asked them to do is to sit down with the racing secretaries and let's actually get actual data, because I think that's -- that's --

MR. BALCH: We just have to get beyond the anecdotal evidence to really see.

CHAIRPERSON BRACKPOOL: Exactly.

VICE CHAIRPERSON ISRAEL: Is partly an awareness question that --

MR. BALCH: Could be.

VICE CHAIRPERSON ISRAEL: Yeah.

MR. BALCH: Could be.

VICE CHAIRPERSON ISRAEL: You haven’t gotten information out of the trainers and owners?

MR. BALCH: Well, the trainers I think are -- and owners are -- are very well aware of it. But there may be questions, and you can never do enough of that, anyway, to make sure they know about it.

CHAIRPERSON BRACKPOOL: Right. But I think all of the suggestions we’re talking about are interesting here, and I’d like to develop this. I’ll let you -- I won’t give you, you know, a firm date that has to be next month, but I’d certainly like to hear it by September. So if you would continue to work. And when you’ve developed some proposals, please work with staff, and then we’ll get it agendized and -- and go through it. But I think you’re hearing some of the types of things we’d like to -- to have discussed that comes up.

Just before you leave, I have a speaker on the

issues, Mr. Mace Siegel. I would let you speak from over there, Mace, but there's no microphone and it's very difficult for the people who are listening by webcast who are waiting impatiently to hear your dulcet tongue.

MR. SIEGEL: Yeah. This -- it's amazing to me that this law is so new, and everybody has lost the reason why we put it in effect. And the reason we put it in effect -- I was there at the time -- is to do what's right for the horse. And we've now lost that and now look upon it as keeping horses in California. It had nothing to do with keeping horses in California.

It had to do with the responsibility of an owner and a trainer to do what's right for the horse. There were -- when you look at and they kept running horses after horses, and they'd finally break down. So we said, as a group of owners that TOC used to be -- what it is today, I have no idea -- we said let's do what's right for the horse. Take the horse who is showing wear and tear, you run him through the machine, you get red spots, let's take that horse and turn him out, and we're going to turn him out. And when he's ready to come back we're going to treat him like he's a champ, because the horse deserves that. And it's as simple as that.

CHAIRPERSON BRACKPOOL: I couldn't agree with you more. And I think that based on what you've said it's incumbent upon us to really try to improve on this role for

that reason --

MR. SIEGEL: You bet.

CHAIRPERSON BRACKPOOL: -- the main reason.

MR. SIEGEL: That’s where it’s at.

COMMISSIONER DEREK: As soon as possible.

CHAIRPERSON BRACKPOOL: Yeah. I think we’re all in agreement.

MR. SIEGEL: That was the thinking. I know. I was there. Madeline was there.

CHAIRPERSON BRACKPOOL: Right.

MR. SIEGEL: We had a great executive committee, and that’s the kind of thinking we were developing.

CHAIRPERSON BRACKPOOL: Well, as I say, Mace, I think the difference here is that -- and the data will show it, whether we’re -- whether we’re right or wrong. But I’m told that this rule is not being used enough because it’s very difficult to bring a horse back at the same level because that is effectively a higher level than it, perhaps, was a year ago.

So if you can improve on the rule and -- and accomplish what you set out to accomplish, that would be terrific.

MR. SIEGEL: I think that it’s unfortunate that owners and trainers don’t have enough respect for the horse. And we have to try to teach them how you treat a horse as an owner.

CHAIRPERSON BRACKPOOL: Well, I think that's a bit of a generalization, sir. But I understand the emotion.

MR. SIEGEL: Thank you.

CHAIRPERSON BRACKPOOL: Okay. Thank you.

Item number nine, discussion and action by the board regarding the feasibility of adding CHRB Rule 1581.2, suspended trainer may enter horses, to allow suspended trainers to enter a horse to race during the time of suspension, provided the race occurs subsequent to the last day of suspension.

This language sounds far more negative than what the intent of this issue is. So why don't I let Executive Director Breed talk about it. And I know Vice Chair Israel has a comment, as well.

MR. BREED: Mr. Chairman, Members, the -- the -- Kirk Breed with California Horse Racing Board.

The item that we've included here is a potential rule change. It goes a little bit further than the directive on the back side of this page that we -- that we used.

Basically, what we did in this case, members of the Board and the public and everyone have noticed, that in some instances a trainer has -- has been, in essence, over-penalized and given extra days by wanting to enter a horse after his suspension has -- has ended, which, in essence, and not being able to do so, which was left to the discretion of the -- the stewards, the board felt that this is something that we need to

look at.

We temporarily introduced a directive that would kind of stop the practice that is going on right now for a period time, not to exceed August -- I think August 1. So we wanted to -- if the board takes some action on this today then we would continue that until it's -- it's completed.

The -- the rule, though, that we put in here, it goes a little bit further than being able to transfer a trainer -- transfer an entry or transfer it to another trainer at -- at the point of entry time, and then transfer back when the horse is actually run. What this says is that,

> "During a term of suspension a trainer may enter horses to race, provided the races will occur after the last day of the term of suspension unless denied such privileges by the stewards or the Board."

So we submit this for the -- to the board to look at over a public comment period. And I'm sure Mr. Israel -- Commissioner Israel has something to say about this.

VICE CHAIRPERSON ISRAEL: The point of this was to make sure that a 15 day suspension is a 15 day suspension and not an 18 day suspension. As currently constituted, if you have a 15 day suspension that's scheduled to end on a Friday and you'd like to enter for the weekend on Wednesday you're prohibited from doing that, and you won't be able to run a horse for essentially another week. That extends the

suspension unfairly, in my eyes.

And this -- this makes it possible for that trainer to have horses entered and then transfer them by his assistant trainer or her assistant trainer, and to have those horses transferred back into his or her name on race day so that there's -- there's transparency, because they are running under the original trainers name, as -- as well as in the interest of fairness so that penalties aren't extended beyond their termination date. It creates additional paperwork. But nobody has a problem if a horse is sold that's already entered in a race. We find a way to transfer it to the new owner and run the horse under name and in the colors of the new owners. So we should be able to do that with a trainer whose suspension has been served, who's paid -- who's paid his debt to society or her debt to society. And this is not to defend any trainer who's done something wrong. They should be penalized. But they shouldn't be penalized past the point where the stewards saw fit to penalize them. And, effectively, that's what's been happening.

CHAIRPERSON BRACKPOOL: Okay. So I have some commissioners. Commissioner Rosenberg first.

COMMISSIONER ROSENBERG: Just a question. So if -- if a -- this rule passes it's also subject to the steward's discretion, which I -- I don't know why that was put in there, but it's assuming there's a good reason, if somebody could

explain that.

But secondly, if an assistant trainer -- if the -- if the trainer who has been suspended is permitted to enter a horse and then the horse races as the -- his name goes on the papers the day of the race and there’s a post-race violation, the trainer is risking automatic penalties --

CHAIRPERSON BRACKPOOL: Correct.

COMMISSIONER ROSENBERG: -- even though he technically was not -- the horse was --

CHAIRPERSON BRACKPOOL: That -- that -- that’s correct.

COMMISSIONER ROSENBERG: Well, I can see --

CHAIRPERSON BRACKPOOL: That will be the risk he has to take --

COMMISSIONER ROSENBERG: Right.

CHAIRPERSON BRACKPOOL: -- he or she has to take.

COMMISSIONER ROSENBERG: Well, but that doesn’t matter because usually it’s his assistant trainer.

CHAIRPERSON BRACKPOOL: Correct.

COMMISSIONER ROSENBERG: He’s not worried about it.

CHAIRPERSON BRACKPOOL: Right.

COMMISSIONER ROSENBERG: Is that correct?

CHAIRPERSON BRACKPOOL: Correct.

VICE CHAIRPERSON ISRAEL: But that’s the risk one must assume in order to do it.

CHAIRPERSON BRACKPOOL: Correct.

VICE CHAIRPERSON ISRAEL: Okay.

CHAIRPERSON BRACKPOOL: Commissioner Moss?

COMMISSIONER MOSS: I agree with Mr. Israel. And I think we should just make it possible for a trainer to enter a horse while on suspension, as long as the race is occurring after his suspension.

CHAIRPERSON BRACKPOOL: Yeah. Dr. Arthur?

EQUINE MEDICAL DIRECTOR ARTHUR: Yes. I think there's -- certainly in the --

CHAIRPERSON BRACKPOOL: If could identify yourself.

EQUINE MEDICAL DIRECTOR ARTHUR: Dr. Arthur, Equine Medical Director, California Horse Racing Board.

Certainly the Judge O'Neill (phonetic) situation which brought this to a head, that particular suspension was granted -- it was a reciprocity situation. I don't know exactly what the situation is but he specifically asked for those specific dates to be suspended, and that's usually the case. There's usually a discussion between the stewards. I don't know if there's any stewards here. But certainly in settlement agreements, when that suspension actually starts is part of the discussion. We let -- many of those suspensions start on a Monday, simply to take away some of the bite out of this. So this is all taken into consideration. And this is, frankly, I think an unnecessary rule. The entire sanction

process, everybody understands how it works. It's included in the disciplinary action. And quite frankly, California is pretty darn nice relative to suspensions for violations compared to other states.

So these are all taken into consideration. The trainer has an opportunity to discuss either with the stewards or with the people in Sacramento who handle these negotiations. I think it's unnecessary, but certainly we can adjust the penalties to -- to recognize that, and the chairman has to approve all those. But --

CHAIRPERSON BRACKPOOL: I would just clarify one thing. Your -- your description of he asked for those dates is -- is -- is certainly vague and misleading if I was sitting here in a trial. As you know, the way it works is we go back and forth. We go back and forth until we come up with something that's agreeable to both sides. This is not a request that someone makes and we just agree to the request. So I don't -- I don't -- the characterization of he asked for those dates, we went back and forth a number of times.

I believe the reason that this has become an unfair rule is just the way that we calendar entries these days where, you know, sometimes two days before, sometimes it's five days before, etcetera. And so we are extending a suspension beyond that that we had given. So that -- that's why I'm prepared to -- to certainly put out the -- vote to put out this rule

and -- and hear what the -- what the issues are.

Before we -- do I have any other --

COMMISSIONER DEREK: No. I'm -- I'm agreeing with you.

CHAIRPERSON BRACKPOOL: Okay. I have one speaker on the issue, Carlo Fisco from CTT.

Rick, you can stay where you are in case there's any follow-up, if you don't mind.

MR. FISCO: Mr. Chairman and Committee Members, good morning. Carlo Fisco, CTT.

CTT would agree with the proposed stand, notwithstanding the consideration to which Dr. Arthur is referring to. The point is that the suspension is dated for a specific amount of time. And the draw schedule presently can extend that up to five or six days.

We had an analogous situation which we've been working with the race secretaries concerning the scratch rule which is a finite period of time, and because of the draw schedule has been extending. And we've been trying to work a solution to that matter.

The only question that we have is the proposed language states, "unless denied such privileges by the stewards."

Now I think Commissioner Rosenberg was touching on this, that if there is some discretion which would serve to

override this rule we would like that fleshed out and defined more clearly. Because it wouldn't make sense to allow an entry and then have some discretion vested in the stewards.

CHAIRPERSON BRACKPOOL: Yeah. That's a good point. Let me ask you, Executive Director Breed, why that -- why the language is drafted that way. Is there a particular reason? Because I agree, it does seem to be in conflict with the -- the idea of changing the rule.

MR. BREED: The reason why we drafted it this way, I guess, is because it's -- this is the simplest way of stating the rule. If the trainer -- if a trainer's suspension ends and he wants to enter a horse prior to the suspension ending then he should be allowed to go in and enter the horse.

MR. FISCO: We agree.

MR. BREED: Okay. That's the way we wrote it. Here again, the way - the practice that has been -- that has been incorporated in the past is that if I want to run the horse and -- and -- and the entry is prior to -- to the actual running of the horse, then I go transfer it, during the suspension transfer the horse to another trainer, and then the trainer transfers it back to me at the end of the suspension.

MR. FISCO: Right.

MR. BREED: That seems to be a confused way of -- of doing it, but it has been an acceptable practice in the past.

So the option here is to either write the rule

requiring two transfers, or just simply say that the -- the owner can go in --

VICE CHAIRPERSON ISRAEL: But --

MR. BREED: -- I mean, the --

VICE CHAIRPERSON ISRAEL: But that -- that -- you're not --

MR. FISCO: That's --

VICE CHAIRPERSON ISRAEL: You're not answering the question.

MR. FISCO: That's correct. I agree. So we can do away with that last part.

My question was to -- to find what the discretion is that --

CHAIRPERSON BRACKPOOL: Right.

MR. FISCO: -- is written in the rule.

CHAIRPERSON BRACKPOOL: Commissioner Choper?

COMMISSIONER CHOPER: You know, very often laws are -- are written and you get some unintended consequences, and you leave a little bit of flexibility. If we have confidence in the stewards, you know, to see a particular problem that wasn't contemplated at the time that the rule was passed and you give them some discretion to suspend the rule, if you -- if you will, under proper circumstances. If it's abuse in some way then come back and fix it up. But sometimes that's better than really not thinking about a particular

situation and it comes up, and -- and you can't do anything about it.

MR. FISCO: Commissioner Choper, I couldn't agree with you more. However, we are dealing with a pretty rudimentary rule here whereby we are allowing a likely 15 day suspension to be a defacto 15 day suspension, rather than the 19 or 20 day suspension which is now the case.

COMMISSIONER CHOPER: But what this says is -- and that's true, unless there are some exceptional circumstances that we haven't thought about.

MR. FISCO: And -- and I'm asking, has anyone thought of such a scenario?

VICE CHAIRPERSON ISRAEL: I haven't. And I think I'm probably responsible for setting this in motion. So I don't know why that -- that last phrase is there.

MR. FISCO: It's seemed --

VICE CHAIRPERSON ISRAEL: And I can't --

MR. FISCO: -- pretty clear cut to me.

VICE CHAIRPERSON ISRAEL: I can't think of a justification for it. If someone is deserving of a lengthier suspension, the lengthier suspension should have been the penalties.

MR. FISCO: Yes. There's remedies throughout --

VICE CHAIRPERSON ISRAEL: Yeah.

MR. FISCO: -- the horse racing rules that they could

have done --

VICE CHAIRPERSON ISRAEL: Right.

MR. FISCO: -- prior to or even after. But in this particular instance we're dealing just with the entry, and the entry going beyond -- the race date being beyond the suspension date. It seems --

VICE CHAIRPERSON ISRAEL: Yeah.

MR. FISCO: -- pretty black and white.

VICE CHAIRPERSON ISRAEL: And -- and I will say, I was motivated in some part to do this by a desire for transparency. Because I -- I think the practice that's been common of running horses in the name of assistant trainers for suspended trainers is dishonest and -- and almost is designed to trick the public in some way. And -- and I -- I don't like that practice. And I'd like to be as transparent as we possibly can to the extent that we can without, frankly, causing too much harm to the business because we do have a problem of insufficient entries for our races.

MR. FISCO: I certainly understand.

VICE CHAIRPERSON ISRAEL: And -- and I think this kind of splits the baby in some ways.

MR. FISCO: Well, your -- your point is an issue which occurs during the term of suspension where --

VICE CHAIRPERSON ISRAEL: Right.

MR. FISCO: -- where -- and I --

VICE CHAIRPERSON ISRAEL: Well, no. But we -- but -- but -- but -- but to extend that, what -- what we were -- what was happening even after the suspension because of the entry requirements was horses were running in the assistant's name even when the trainer was back training the horse, the -- the original -- the trainer was back training the horse. That's completely misleading.

CHAIRPERSON BRACKPOOL: And I -- I think since we're trying to bring this to -- to a decision, I think what we're down to here in order to -- to let this -- to let this go is the issue -- to let this go for discussion is this issue of discretion for the stewards. And what I'm hearing from Kirk is that a lot of the rules have this discretionary language in there. And I think, therefore, we should -- I would recommend that we actually send the language out as is for the moment.

VICE CHAIRPERSON ISRAEL: Okay.

CHAIRPERSON BRACKPOOL: And we can look at that issue as we -- as we go.

I do have one speaker on the issue, Mace Siegel, who is vying for the --

EQUINE MEDICAL DIRECTOR ARTHUR: I have another comment, as well, Mr. Chairman.

MR. SIEGEL: I want to tell you, I think the worst thing that's happened in this industry in the last 20 years is the conflict that developed with Jerry Jamgotchian. And it was

the stewards that said to him, as an owner you have no rights whatsoever, none. And they said to the trainer, it's your responsibility to act for the owner.

Now we put a lot of money in this game. And then to have somebody tell you that you have no rights, I mean, that was an absolute disgrace. It has never been --

CHAIRPERSON BRACKPOOL: On point of this particular item, how does that relate to this item?

MR. SIEGEL: It relates to the item because the problem is that the owners don't have rights, and you can't duck that problem. It's been ducked for time and time again.

CHAIRPERSON BRACKPOOL: Okay. Well, thank you. I hear what you're saying. As far as this item goes itself --

MR. SIEGEL: Well --

CHAIRPERSON BRACKPOOL: -- it's --

MR. SIEGEL: -- I question --

CHAIRPERSON BRACKPOOL: This is --

MR. SIEGEL: -- I question --

CHAIRPERSON BRACKPOOL: -- this is specific language --

MR. SIEGEL: I question --

CHAIRPERSON BRACKPOOL: -- that we're sending out for -- for discussion and comment for 45 days.

MR. SIEGEL: I seriously question that owners can not be told that they have no rights. And this discretion to the

stewards says that to the owners.

CHAIRPERSON BRACKPOOL: I think it's in a different context myself, but I -- I hear what you're saying. Thank you.

EQUINE MEDICAL DIRECTOR ARTHUR: Mr. Chairman --

CHAIRPERSON BRACKPOOL: Sorry, Dr. Arthur.

EQUINE MEDICAL DIRECTOR ARTHUR: -- one other -- one other issue. When a trainer enters a horse he is under the obligation to enter a horse that is fit and ready to run. I don't understand how a suspended trainer can do that because he's not on the grounds. I do understand there's -- there's ways to -- it certainly happens with assistant trainers around the country. But I do think there should be language in this provision that makes it clear that the trainer is still ensuring the condition of the horse and in no way can use this -- the excuse that somebody else had the horse under their control prior to the horse when the trainer was suspended as an excuse for not ensuring the condition of the horse.

VICE CHAIRPERSON ISRAEL: I -- I -- I do agree with you, although there is a bit of hypocrisy in what you're saying. Because I know of more than one instance in which trainers have never laid eyes on horses for weeks that they've entered in races because they're not there training the horse.

EQUINE MEDICAL DIRECTOR ARTHUR: But they still --

VICE CHAIRPERSON ISRAEL: And then --

EQUINE MEDICAL DIRECTOR ARTHUR: -- ensure the

condition of the horse.

VICE CHAIRPERSON ISRAEL: I understand. But this -- it's -- it's just -- it's the same exact thing.

CHAIRPERSON BRACKPOOL: And this rule would -- This rule would instill an obligation upon the trainer to take full and complete responsibility and do that.

Mr. Fisco, one last comment?

MR. FISCO: CTT would never seek to circumvent the trainer and charter rule. And the suspended trainer always remains beyond the -- beyond the enclosure. It's either the assistant trainer who enters the horse and is responsible for the horse.

CHAIRPERSON BRACKPOOL: Thank you.

MR. FISCO: Thank you.

CHAIRPERSON BRACKPOOL: Okay. Do I have somebody prepared to make a motion that we send this rule out for --

VICE CHAIRPERSON ISRAEL: So moved.

CHAIRPERSON BRACKPOOL: Vice Chair Israel.

COMMISSIONER CHOPER: Second.

CHAIRPERSON BRACKPOOL: And Commissioner Choper seconds. All in favor?

ALL COMMISSIONERS: Aye.

CHAIRPERSON BRACKPOOL: Motion approved to send the rule out for discussion.

Item number ten is a report from the chairman of the

Board regarding legislative industry developments. This is on here, really, as -- as -- as -- as a placeholder. As we approach the last several weeks of legislative session there's been a lot of -- a lot of meetings, a lot of action, a lot of discussions. I would hope to be able to make a full report -- a much fuller report at the August Board meeting.

The only comment I would make at this stage is that having the previous meetings bang the table a bit about the lack of cooperation, I just want to say the cooperation over the last couple of weeks has been tremendous. I think we're making some good progress of coming up with some common proposals and thoughts here, etcetera. And I am -- I'm very encouraged with -- with where we're heading at the moment. And I think leave it at that and report back at the -- at the August Board meeting on details. But I have been on record of saying many, many times that I don't think we're working together. And I just wanted to say that I think there's been a seachange over the course of the last several weeks, and I want to thank everybody for their efforts. There have been many, many, many hours put into this beyond the -- the -- the call of duty. So I want to thank everyone who has been participating in that process and look forward to updating everybody at the August meeting.

EQUINE MEDICAL DIRECTOR ARTHUR: Thank you.

CHAIRPERSON BRACKPOOL: There being no questions

on -- on that -- this report, move on.

Item number 11 is a discussion and action by the Board regarding a report from the Thoroughbred Owners of California regarding the results of its recent board election and TOC's plans for 2010 and beyond.

Guy, why don't you, as you're presenting on this, come and sit down at the front and identify yourself.

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

I'd like to report to the board that TOC held elections last month. And I'd like to congratulate and welcome new directors on our board. And those people are Cal Fischer, Ed Moser and Mike Pegram. We'd also like to congratulate returning directors, and those are Keith Pronske and Pablo Suarez. Tomorrow at our next board meeting we intend on electing new officers of the board.

CHAIRPERSON BRACKPOOL: I wish every report was as short as that.

I -- I have a public speaker request. Do I have any comments or questions from the board before that?

Stay where you are, Guy, and I'll do that.

I have -- I'm hoping I get the name right -- Denny Boultinghouse. I apologize if I didn't pronounce your name correctly.

MR. BOULTINGHOUSE? You were right on.

CHAIRPERSON BRACKPOOL: All right. That's two for two today.

MR. BOULTINGHOUSE: I'm Denny Boultinghouse, and I've been involved in the industry as a consultant for almost 40 years.

I have a question -- excuse me -- for the industry, specifically for the TOC and you ladies and gentlemen. And this is my question -- and if we -- if I've missed it along the way I missed it. Do you all have any thought about hiring or creating a position for a commissioner of racing here in California? And -- and if so, where are we in that process?

CHAIRPERSON BRACKPOOL: Well, I -- I don't think that's germane to the -- to the item in front of us. I don't think -- I mean, I think that's a public comment --

MR. BOULTINGHOUSE: Okay. Okay.

CHAIRPERSON BRACKPOOL: -- point. I know of no such discussions or see that there's a need for any such, but thank you for your --

MR. BOULTINGHOUSE: Thank you --

CHAIRPERSON BRACKPOOL: -- comment.

MR. BOULTINGHOUSE: -- for taking my question.

CHAIRPERSON BRACKPOOL: Thank you. Thank you for the report, Guy.

MR. LAMOTHE: Thank you.

CHAIRPERSON BRACKPOOL: I think what we might do is

probably ask you at the next board meeting -- we will ask you at the next board meeting to come back and tell us the election of the officers, etcetera, etcetera.

MR. LAMOTHE: Be happy to.

CHAIRPERSON BRACKPOOL: Thank you very much.

MR. LAMOTHE: Thank you.

CHAIRPERSON BRACKPOOL: Item number 12, discussion and action by the Board on the application for license to conduct a horse race meeting of the Los Angeles County Fair at Fairplex commencing September 9th, 2010 through September 27th, 2010. I have presenters here. So if I could --

MR. BREED: Mr. Chairman?

CHAIRPERSON BRACKPOOL: -- do that --

MR. BREED: Yeah. Mr. Chairman, Members, Kirk Breed. As Mr. Henwood and -- and the folks from the Fairplex come forward, this -- the -- all of the items are in and accounted for. There are a couple items that were listed here, but they were since signed. Is that my understanding, TOC has signed up?

MR. HENWOOD: Yes. Correct.

MR. BREED: Okay.

MR. HENWOOD: Correct.

MR. BREED: The staff recommends approval of this license.

CHAIRPERSON BRACKPOOL: So we have the -- the ADW

agreements have been signed, the horsemen agreement and the CTT agreement?

MR. HENWOOD: Correct.

CHAIRPERSON BRACKPOOL: Okay.

MR. HENWOOD: That's correct.

CHAIRPERSON BRACKPOOL: Excellent. All right. Well, tell us a little about the plans for the -- for the fair, please.

MR. HENWOOD: Yes. My name is Jim Henwood. I'm president and CEO or Los Angeles County Fair Association. We're looking for another great race meet at Fairplex Park to work in conjunction with this year's Los Angeles County Fair, which will be held from September 9th through the -- through September 27th inclusively, closed on Mondays and Tuesdays.

I have with us today a number of our people that could maybe give you a quick overview. One of the areas of concern was the marketing approach and the focus of our racing done in conjunction with the fair. We have Michelle DeMott here with us who could perhaps answer questions in that regard. If we want to get into more technical questions we have staff here to -- to -- to do that, as well.

CHAIRPERSON BRACKPOOL: Well, I think we'd be interested in hearing a minute or two on the marketing, you know, concepts and -- and --

MR. HENWOOD: With that I'll turn the mike over to

Michelle.

CHAIRPERSON BRACKPOOL: Thank you.

MS. DEMOTT: Thank you. Michelle DeMott, director of marketing and communications at Fairplex. Thank you very much.

We will be, again this year, having an extensive marketing campaign promoting exclusively our race meet. And we'll be having comparable spends to previous years in -- in all mediums, that's radio, television and print. In addition, one of the greatest benefits that we have is -- is aligning our racing with the LA County Fair. And we are spending more than $3 million in advertising in the L.A. market just for the fair, and racing is highlighted as a feature of that event. We have the opportunity to introduce a lot of new fans to the sport through the 1.4 million people who come through our grands.

So we'll be placing extensive emphasis on that, along with some new alignments this year with some strategic partners in the marketplace in major sports categories like soccer, major league baseball, and tying some of those promotions in with activities in our racing, as well, trying to drive new fans in.

CHAIRPERSON BRACKPOOL: What have you done differently in the -- the -- the last year compared to years before, especially with issues like social networking sites, etcetera? I mean, we keep talking about radio, print; but fewer and fewer people are looking at print media at this

stage.

MS. DEMOTT: You're absolutely correct. And we are spending less in print, but do have extensive social media strategies that are in place. We're very actively involved in Facebook and have thousands and thousands of followers there, have a site set up for the fair, and also for the racing side of our business. We do actively push out messages, as well. We're not just relying on people to land on our web page. But we do e-blasts on a weekly basis, and we have many of those that are strictly focused on our racing meet, as well.

CHAIRPERSON BRACKPOOL: Thanks. And purses, where are we compared to last year on purses?

MR. CEDAR: Mike Cedar. I'm the CFO. Our purses we're projecting to be down overall about $300,000, which is roughly five percent. We've looked at the -- the industry trends and we -- we're taking a fairly conservative approach in our application. We'd like to think that with the -- the various promotions that we're -- we're putting in place we're going to do better than that.

COMMISSIONER HARRIS: Are you coming to the meet then overpaid or underpaid?

MR. CEDAR: We have an overpayment that is from two years ago. So we began to work some of that off last year. We think it's going to take another couple years.

COMMISSIONER HARRIS: Oh.

CHAIRPERSON BRACKPOOL: What was the size of the overpayment?

MR. CEDAR: It was 450,000, which at the time was roughly about ten percent of our purse.

CHAIRPERSON BRACKPOOL: And how much of that did you pay off last year?

MR. CEDAR: About 120,000. So we expect it's going to take a couple more years.

CHAIRPERSON BRACKPOOL: Commissioner Derek? No?

COMMISSIONER DEREK: Huh-uh.

CHAIRPERSON BRACKPOOL: Anybody else?

COMMISSIONER CHOPER: Yeah.

CHAIRPERSON BRACKPOOL: Okay. Commissioner Choper?

COMMISSIONER CHOPER: Yeah. Let me -- I -- one question: I know you don't use the place pick bet at all; is that right? Any reason for that?

MR. LLOYD: Well, our -- Bill -- Ken Lloyd, equine manager. Bill Avaro (phonetic) sets our schedule. And he has a win pick nine pool that carries over generally, though, 15 days.

COMMISSIONER CHOPER: Is that -- that better? You don't want to do both of them, or anything like that?

MR. LLOYD: Correct.

COMMISSIONER CHOPER: Okay. I mean, I -- I -- I think that's a pretty good bet, actually, and attractive to a

lot of people I know.

MR. LLOYD: Okay.

CHAIRPERSON BRACKPOOL: This is a message that Commissioner Choper is not coming to your fair.

COMMISSIONER CHOPER: I'll be there. No. I'd be stuck with my money otherwise.

The -- the other thing I wanted to say, and I -- it's addressed more to Golden Gate -- Golden Gate Fields. I see Robert is there. Your -- Golden Gate is going to be running with you. And start at one o'clock and are going to run how many races? A lot of races, 12 races, up to 12 races on the weekend.

MR. HARTMAN: Right.

COMMISSIONER CHOPER: I hope that you -- and we start at --

MR. HARTMAN: So do we.

COMMISSIONER CHOPER: -- Golden Gate starts at 12:45. So that leaves about three races at the end in which you're sitting around stuck with your money, and sometimes you go home.

VICE CHAIRPERSON ISRAEL: Or not.

COMMISSIONER CHOPER: Or not.

CHAIRPERSON BRACKPOOL: Yeah.

COMMISSIONER CHOPER: It's --

CHAIRPERSON BRACKPOOL: And that --

COMMISSIONER CHOPER: So to me, I mean --

CHAIRPERSON BRACKPOOL: And that assumes you've had a very good day and you've still got money.

COMMISSIONER CHOPER: Yeah. To the -- to the extent that you can -- I mean, you say you're -- in your application you're going to coordinate it.

MR. LLOYD: Yeah.

COMMISSIONER CHOPER: So I just hope you do it that way.

MR. LLOYD: We -- we do. We manage our post times. We run 25 minute post times. Actually, last year we never did -- we never completed the whole card absolutely on time, and we do it just as we go along.

MR. HARTMAN: Robert Hartman, Golden Gate -- Golden Gate Fields.

We coordinate with the south year-round. So whether it's Fairplex or Hollywood Park or Santa Anita, we really are -- are dictated by their schedule and -- and we just follow along.

VICE CHAIRPERSON ISRAEL: Please make sure Commissioner Choper is never stuck with his money.

COMMISSIONER CHOPER: Or I'm -- look, I'm certainly not telling you how -- you know, when to start and when -- when -- the day there. But if you do fall behind, right --

MR. HARTMAN: Right.

COMMISSIONER CHOPER: -- and -- and I know that. I mean, almost everybody does, but -- and you're no -- no exception. And if that's running late you might think of starting a half-an-hour earlier. From some people's standpoint that would be a plus. You get a home a little earlier, you can sit for all the races.

VICE CHAIRPERSON ISRAEL: Traffic issues.

CHAIRPERSON BRACKPOOL: Yeah. Although I think the issue of continually moving starting times is -- is confusing to -- to a patron, as well.

VICE CHAIRPERSON ISRAEL: Yeah. In Southern California we generally start at one o'clock at most of the tracks.

MR. HARTMAN: Right.

VICE CHAIRPERSON ISRAEL: So --

COMMISSIONER MOSS: I think it's 12:30 at the --

VICE CHAIRPERSON ISRAEL: No.

CHAIRPERSON BRACKPOOL: No.

VICE CHAIRPERSON ISRAEL: That's winter at --

CHAIRPERSON BRACKPOOL: That's winter.

VICE CHAIRPERSON ISRAEL: -- at Santa Anita.

CHAIRPERSON BRACKPOOL: Yeah.

VICE CHAIRPERSON ISRAEL: So there's a lot to --

CHAIRPERSON BRACKPOOL: Right. I'm sorry. Go ahead, sir.

MR. LLOYD: With our 25 minute post it does shorten the day by 50 or so minutes. So it's made a big difference for us.

CHAIRPERSON BRACKPOOL: Right. I have two speakers on this issue. First speaker, the TOC, Madeline Auerbach and Guy Lamothe. Is this a duet or --

MS. AUERBACH: Yeah.

MR. LAMOTHE: Yes.

CHAIRPERSON BRACKPOOL: Oh.

MS. AUERBACH: It's a little complicated because --

CHAIRPERSON BRACKPOOL: Oh. You just needed him to hold you. Oh.

MS. AUERBACH: Well, anyway, I think we're -- I think we're okay.

CHAIRPERSON BRACKPOOL: Please go ahead.

MS. AUERBACH: Madeline Auerbach, TOC, director.

We had a very long discussion with the folks at Fairplex. And our big concern was opening on Thursday because, quite frankly, it's been horrible. And we went into a meeting predisposed to talk them out of running on Thursday. And they begged us one more time for our indulgence on that issue. And they presented to us a rather aggressive marketing scheme, which prior to this we haven't really seen. And we were quite impressed with the amount of work and effort that they had put into it.

And I don’t know if the -- did you gentlemen -- because I was out of the room for a minute, and I don’t know if they told you about their idea for a match race and --

CHAIRPERSON BRACKPOOL: No. I’d like to hear that.

MS. AUERBACH: -- some advertising about that. I hope they will share -- let them share that and then I’ll come --

CHAIRPERSON BRACKPOOL: I’d like to hear that and then have you carry on, because I have a response to your first part of your question. But let’s hear the --

MS. AUERBACH: Okay.

CHAIRPERSON BRACKPOOL: -- the promotion first.

MR. LLOYD: We do have a match race scheduled that was just now approved, actually. But it’s going to be between David Flores and Martin Pedroza, our leading riders. It will be a mile and a sixteenth race. And we’re going to center a lot of our opening day promotion on this match race to enhance our opening day and --

CHAIRPERSON BRACKPOOL: How do you select the horses?

COMMISSIONER CHOPER: Is there betting on it?

MR. LLOYD: Yes, there’s betting on it. Yes, sir.

CHAIRPERSON BRACKPOOL: How do you select the horses?

MR. LLOYD: It will -- we’ll -- we’ll have entries for a maiden 20,000, is what we’re looking at. And we’ll select horses that are as comparable as possible to put -- put

on there.

CHAIRPERSON BRACKPOOL: And it will just be the two of them?

MR. LLOYD: Yes. We'll actually have three horses with an alternative horse, in case one is scratched.

CHAIRPERSON BRACKPOOL: Interesting.

COMMISSIONER MOSS: It's happened down here.

CHAIRPERSON BRACKPOOL: Uh-huh.

VICE CHAIRPERSON ISRAEL: Yeah.

MR. LLOYD: Yes.

COMMISSIONER MOSS: And at Del Mar that --

VICE CHAIRPERSON ISRAEL: Is the match race -- my only question, it sounds like a good idea for promotion purposes.

Dr. Arthur, is there -- is there any reason to worry that a match race is deleterious to the, I mean, the health? Because I know if something happens all we're going to hear about is Ruffian.

EQUINE MEDICAL DIRECTOR ARTHUR: To my knowledge there's -- you know, Ruffian and Foolish Pleasure was an anomaly --

VICE CHAIRPERSON ISRAEL: Okay.

EQUINE MEDICAL DIRECTOR ARTHUR: -- but it sticks in everyone's mind. I doubt if there's been half a dozen match races since then.

VICE CHAIRPERSON ISRAEL: Well, that's why.

EQUINE MEDICAL DIRECTOR ARTHUR: Yeah.

VICE CHAIRPERSON ISRAEL: They're -- they're really --

CHAIRPERSON BRACKPOOL: That was in the mud --

EQUINE MEDICAL DIRECTOR ARTHUR: -- and it was a lot.

CHAIRPERSON BRACKPOOL: -- that's why. That's a possible --

VICE CHAIRPERSON ISRAEL: No. No.

CHAIRPERSON BRACKPOOL: -- contributor to --

VICE CHAIRPERSON ISRAEL: Yeah. I'm a little -- I think the match race idea is a good idea, but I'm a little worried about the horse inventory, and if you realistically would be better off dropping a day as Alan suggested, just to give you a little bit more inventory for the meet. But that is really your problem.

MR. HENWOOD: Right. I think we'll find that out as we get into our race meet and -- and start seeing the inventory as it comes to Fairplex Park --

VICE CHAIRPERSON ISRAEL: Yeah.

MR. HENWOOD: -- following the Del Mar. We are hearing very good comments out there as to the anticipation of our race meet and interest by way of owners and trainers to handle horses.

CHAIRPERSON BRACKPOOL: I just think one of the

things we've got to get away from in this -- in -- in this Board is this antiquated notion that every day you race is a guaranteed day of profit for everybody involved. And I think that the -- the -- the -- the people at Hollywood Park -- and I had a very good discussion about this the other day where I, without putting words in their mouth, I think they concurring that --

MR. HENWOOD: Right.

CHAIRPERSON BRACKPOOL: -- you know, life has changed, and it's just not -- not the case like that anymore.

Look, these dates were agreed at last year's meeting. You've agreed with TOC. You've plainly done a good job of convincing people who aren't easy to --

MR. HENWOOD: Right.

CHAIRPERSON BRACKPOOL: -- on this issue. So I'll trust that -- that the minds that be have had those meetings. There will be announcing at the August meeting the -- the date I September where we're going to have an entire meeting, not a regular monthly meeting, an entire scheduled meeting just on race dates. Because I think this notion in the past where all we've done is move a little bit here, a day here, a day there or whatever is just wrong. And we're going to have, I think, a really quite extraordinary meeting on race dates in -- in September.

And so I think that I'd be inclined to, if -- if

Madeline and her group, you know, are in agreement with you, not fight this at this stage. I tend to agree with Commissioner Harris that I -- I think you'll find it tough slating a couple of -- a couple of days. But let's -- let's go with it as is for now. And I'm pleased that you've actually put some effort into opening day. But I think this is worthy of a much broader, deeper conversation when we have our race dates meeting in September, which will not be a short day.

COMMISSIONER HARRIS: Yeah. I think it's important, too, to look around the country to the places you're simulcasting to and receiving races from. And it's a total picture, more than just what you have going on there. And see if -- if -- if the days you've chosen really are going to be a big plus day or not.

CHAIRPERSON BRACKPOOL: Madeline?

MS. AUERBACH: I tell you, I just want -- I don't believe that these folks shared with you, I -- I didn't hear it, some physical changes that they are making.

My -- my other big concern, aside from the number of dates, was what do they typically do to get their patrons, which are quite a few, from the fair into the track? Because you can go to the fair and not even be aware that there's racing, and this is my biggest concern, other than horse collaring people and dragging them in. And they are making physical changes which will make the track area, let's put it

this way, more inviting. And they're going to do more, even beyond that.

When I looked at the amount of effort and thought that they put into their proposal, I don't really see that from anybody else. And I felt that it was our responsibility to encourage that creativity. And that was a lot of -- of why we went ahead and acquiesced to that opening day Thursday.

CHAIRPERSON BRACKPOOL: Well, they're good words.

MS. AUERBACH: Yeah.

CHAIRPERSON BRACKPOOL: Thank you. Do I have a speaker on this issue? I have two speakers on this issue. The first one, John --

MR. DEGANFELDER: Deganfelder.

CHAIRPERSON BRACKPOOL: Deganfelder. There, I'm three for three because he gave me a clue. Please, step up, Mr. Deganfelder.

VICE CHAIRPERSON ISRAEL: He didn't give you a clue. He said it.

CHAIRPERSON BRACKPOOL: I said John.

MR. DEGANFELDER: I wanted to tell -- tell everybody how pleased we are to have Arabian horse racing at Fairplex, as well, and thank them for that. And don't forget to mention it in your advertising.

CHAIRPERSON BRACKPOOL: Thank you very much. Thank you very much indeed.

My -- my -- the other speaker is actually for -- for a separate issue.

So with that I would ask for a motion from the -- from the Board. Commissioner Choper will make the motion to approve. Commissioner Israel seconds. All in favor?

ALL COMMISSIONER: Aye.

CHAIRPERSON BRACKPOOL: Permission approved. Have a good fair.

MS. DEMOTT: Thank you.

MR. HENWOOD: Thank you.

CHAIRPERSON BRACKPOOL: Item number 13, discussion and action by the Board on an application for a license to conduct a horse race meeting of the Oak Tree Racing Association at Santa Anita -- is this correct --

VICE CHAIRPERSON ISRAEL: Oh, yeah.

CHAIRPERSON BRACKPOOL: -- of the -- I’ve got to get some humor going here -- the Oak Tree Racing Association at Santa Anita commencing September 29th, 2010 through October 31st, 2010 inclusive.

Mr. Chillingworth?

Oh, that’s right. We were going to --

VICE CHAIRPERSON ISRAEL: Do all these --

CHAIRPERSON BRACKPOOL: Yeah. Yeah. Yeah. Yeah. Yeah. Yeah. Yeah. Sorry. I did that. We’re going to push this item over until the August Board meeting because we don’t

have the -- the necessary paperwork yet. I apologize. I had known that and didn't turn to the page.

Item number 14 --

MR. BREED: Items 14, 15 and 16 is -- Bon's going to present those.

CHAIRPERSON BRACKPOOL: Yeah. Okay. Item number 14, Assistant Executive Director Bon Smith will present discussion and action by the board on the approval of the 2010/11 providing funding support for the Board. Bon?

MR. SMITH: Mr. Chairman, Bon Smith, assistant executive director, California Horse Racing Board.

As with last year's budget formula proposal an agreement was circulated amongst all the various participant associations. We had signatures from all of them recognizing their responsibility and support to fund the board. Our budget amount for this year is $11.734 million. It's in the governor's budget that we hope will be approved sometime in the --

CHAIRPERSON BRACKPOOL: Next decade.

MR. SMITH: -- reasonable future. Right.

The proposal for this year includes a true up from the amount last year, the -- which was based on -- on handle. It came up a little short of expectation. We fortunately had enough built in, in a reserve, that we were able to fund all of our expenses for the prior fiscal year.

CHAIRPERSON BRACKPOOL: I have a public speaker on this. Before I do, do I have any comments from the Board?

Mr. Wellman?

MR. WELLMAN: Hi. Michael Wellman.

First of all, did you render the deficit last year, actual dollar for dollar? I mean, I -- I don't know. But I have a suggestion that I think is a fair one.

CHAIRPERSON BRACKPOOL: It's not a question and answer session.

MR. WELLMAN: Well, I understand that.

CHAIRPERSON BRACKPOOL: Just go ahead with what you're saying.

MR. WELLMAN: But I -- I -- you asked the question about reserves. There -- there's a mention of reserve. So I'm assuming that he used reserves, there was a deficit.

Anyway, I've been a licensed owner here for over 30 years, and I still consider owning a license a privilege. That being said, I think the best bang for the buck probably in the industry is being able to own an owner's license. And I think California is extremely fair with the price they charge. Although I'm not necessarily in favor of additional taxes of expenses for anything, I think that the CHRB should consider what we charge.

CHAIRPERSON BRACKPOOL: Unfortunately, Mike, it doesn't go to us.

MR. WELLMAN: Well, that's --

CHAIRPERSON BRACKPOOL: It goes to the general fund.

MR. WELLMAN: Okay.

CHAIRPERSON BRACKPOOL: So --

MR. WELLMAN: Could I have my three minutes still? Okay.

CHAIRPERSON BRACKPOOL: Go ahead.

MR. WELLMAN: We charge $150 to have the privilege for three years. That's $50.00 a year, which I think is less than anybody else in the country. I think, again, owning a horse is a privilege. I think you could raise a little bit of money by increasing, dangerous to say, an owner's license. And it's just something I would like you to consider. Again, I think we are very inexpensive in terms of that. Horses cost a lot of money. $50.00 to $100 with 10,000 people as owners raises another half a million dollars. And I think anybody that's fortunate enough to be able to afford owning a horse or having a license should be able to afford another $50.00 a year, or something in that vicinity.

CHAIRPERSON BRACKPOOL: Thank you. Do we have -- so we have staff recommendation that the Board approve the funding formula agreement for fiscal year 2010/11. I'm happy to make that motion. Do I have a second?

COMMISSIONER ROSENBERG: Second.

CHAIRPERSON BRACKPOOL: Commissioner Rosenberg

seconds. All in favor?

ALL COMMISSIONERS: Aye.

CHAIRPERSON BRACKPOOL: Approved. Thank you. Stay there, Bon.

Item number 15, discussion and action by the Board regarding a report from the Los Alamitos Racing Association regarding the impact of the two percent increase in the take-out and conventional and exotic wagers on races conducted by the racing association has had on handle, and if the take-out increase should continue until September the 8th, 2010 as approved by the Board.

Because we did this for six months; right?

MR. BREED: Yes.

CHAIRPERSON BRACKPOOL: Okay.

MR. SMITH: The -- the original approved extension of the increase was through the end of the Del Mar meet.

CHAIRPERSON BRACKPOOL: Okay.

MR. SMITH: And if I could add, Mr. Chairman -- this is, again, Bon Smith, assistant executive director.

In the staff analysis for this item the comment was made that to counteract the take-out increase that the better suggested would erode interest in wagering, I -- the -- the conclusion suggested that it was a response --

CHAIRPERSON BRACKPOOL: I think it was inartful language. I -- I got Mr. English’s email and I agreed with it.

I don’t think the intent was -- I trust you two have had a conversation. I --

MR. ENGLISH: No, we haven’t.

CHAIRPERSON BRACKPOOL: Okay. I don’t think the intent was there. These are very difficult things to try to get into a paragraph. And at the time I read it --

MR. SMITH: It -- it was --

CHAIRPERSON BRACKPOOL: -- it --

MR. SMITH: It was entirely coincident that the reduction in days occurred --

CHAIRPERSON BRACKPOOL: Right.

MR. SMITH: -- simultaneous. I just wanted to --

CHAIRPERSON BRACKPOOL: Right.

MR. SMITH: -- make sure that that was clear

CHAIRPERSON BRACKPOOL: Yeah. No. I thought that was inartful language, and I thought your point was well taken, Mr. English.

MR. ENGLISH: Thank you.

CHAIRPERSON BRACKPOOL: Thank you, sir.

Well, the floor is yours, sir.

MR. ENGLISH: Thank you. The last time this was brought up was at the April meeting, if you’d like an update. And that’s what I’d like to do at this time.

At the April meeting I --

CHAIRPERSON BRACKPOOL: Please identify yourself --

MR. ENGLISH: Oh. Richard English --

CHAIRPERSON BRACKPOOL: -- for the court reporter.

MR. ENGLISH: -- Los Alamitos Race Track.

At the April meeting there were -- a couple issues came up. One was there is a lack of common data. There was disputes about what the handle was, the actual handle was between myself, some gambling representatives, Jeff Pratt and Barry Abrams, and also the race board. We specially had a meeting at Los Alamitos and sat down. I sat down with mister -- with Jeff beforehand. We reconciled the handle numbers. We came up with a common -- common record for reporting the handle. We -- at the time we identified my numbers, we identified Jeff's numbers and reconciled the two. We were never able to identify where the Horse Racing Board's numbers came from or staff's numbers came from. Okay.

Subsequent to then I've updated the -- the report, and it's included in the current package. As -- as you see what's included in the package, the handle didn't go up right after we went to three days. And during the course of the meet it stayed up, and we've generated more purses than handle. But if you watch week by week the handle fluctuates, not with the -- not directly with the take-out. It directly -- it relates directly with the field size. You look week through week you can see what happens when our fields go up and go down.

Commissioner Rosenberg said a question one time, how -- at one time we've increased our purses, and the question was: How can we afford to do that after we cut back? And that's one of these things that shows up in this presentation I made. I'd like to show you, just recap it briefly. It shows the week, the number of races per day. It comes up with the average starters per day. And we now show the handle for that per race, our regular handle and the ADW handle per race for that week, and what was generated in purses and what was generated in handle. And so you go through, you -- you track week by week.

As you can see, as the field's going -- went to three days a week our field -- our field size direct -- increased -- increased, and so did the handle directly. The increase in take-out did not have an adverse effect at that point and time and still does not. As the meet's worn on you look currently and, unfortunately, our field size has decreased again. We're having the same problems everybody else is. Our field size, we've gone up to 30 races. We've dropped back down to about 6.9 horses per race.

But what I'd like to point out is our handle per race this last couple of weeks is just about what it was the beginning of the year. The beginning of the year it was about $118,000 a race. Now it's back to about $120,000 a race. What has happened is that because of the take-out we're generating

$700 a month more -- $700 per race more in purses and commissions. It doesn't seem like a lot. But in the horse racing industry, 30 races a week, that's $21,000 a week, 50 race -- 50 weeks a year, that's $1 million in purses. It makes a huge difference.

I agree with the handicappers that our total -- that our gross numbers are down from last year. We've had fewer days, fewer races. That's a function of the number of horses available to us. This increase in take-out is vital to us continuing in our -- in our operations.

Like I said the handles are down. We can no longer afford to race four days a week or to have that purse stretched. We're overpaying purses by over $1 million, and nobody can go on that -- in that method. This is a way to -- to help to be able to cover our costs.

I brought one -- two more exhibits to share with you at the course of the meeting. These were generated from CRIMS (phonetic), directly from ADW handles. This covers the period from January 21st, the date of our rate increase, through July 15th. During that period of time on ADW wagering California -- California wagers a bet -- I'm sorry.

CHAIRPERSON BRACKPOOL: With respect, we're not going to be able to evaluate a 14 --

MR. ENGLISH: No. But I want --

CHAIRPERSON BRACKPOOL: -- page spreadsheet --

MR. ENGLISH: No.

CHAIRPERSON BRACKPOOL: -- as we sit here.

MR. ENGLISH: I -- I --

CHAIRPERSON BRACKPOOL: Just give me the summary of what it is you're --

MR. ENGLISH: The summary is the average take-out bet among all tracks by California wagers, the average win take -- take-out is 16.62 percent, right in line with ours. And the -- and the exotic take-out is 22.2 -- 22.0 percent.

In terms of ranking Los Alamitos among all the California wagers bet on 250 tracks our take-out is 160th. We're nowhere near the top of the field. But my -- our take-out rate is competitive. It's something our aspect of the market needs. And I'd like to ask you to -- to not only continue with that, but continue it for the rest -- the balance of the year.

VICE CHAIRPERSON ISRAEL: So what you've been able to determine so far, the most important factor in determining handle and interest is the quality of the product, not the price of the product?

MR. ENGLISH: Absolutely.

VICE CHAIRPERSON ISRAEL: Okay.

CHAIRPERSON BRACKPOOL: And -- and we define quality of the product to this case is field size?

VICE CHAIRPERSON ISRAEL: Right.

MR. ENGLISH: Yes. That's correct. Perhaps more interesting, because it's just like people pay extra money to see something in 3D --

CHAIRPERSON BRACKPOOL: Right.

MR. ENGLISH: -- as opposed to regular theater.

CHAIRPERSON BRACKPOOL: Right.

VICE CHAIRPERSON ISRAEL: So -- so quality is a much more important determining factor than pricing?

MR. ENGLISH: Correct.

VICE CHAIRPERSON ISRAEL: Okay.

CHAIRPERSON BRACKPOOL: Okay.

MR. ENGLISH: Correct.

CHAIRPERSON BRACKPOOL: Mr. Platt, who has brought his coffee to the table thinking he's going to be here for some period of time, evidently. I've never seen anyone bring their coffee to the table before.

VICE CHAIRPERSON ISRAEL: That, and his computer.

CHAIRPERSON BRACKPOOL: But -- well, I hope you're not watching a DVD in there or something. But anyway, please, sir, go ahead.

MR. PLATT: All right. Jeff Platt representing HANA.

I prepared a spreadsheet that's very simple in nature. On one side it shows --

CHAIRPERSON BRACKPOOL: Did you submit it to us?

MR. PLATT: I did submit it to you. It is part of

the package.

CHAIRPERSON BRACKPOOL: Oh, it's in the package. It's not a separate one?

MR. PLATT: No.

CHAIRPERSON BRACKPOOL: No. Okay.

MR. PLATT: And I just want to summarize what --

CHAIRPERSON BRACKPOOL: Great.

MR. PLATT: -- what the spreadsheet is. On one side it is handle for 2009. On the other side is handle for 2010. The time period covered is from the start of the experiment through the end of June 2010.

During the time period of the experiment on-track handle went down 27 percent. I think it's vitally important before you make your decision that you are acutely aware of the need to look at handle on a per calendar basis rather than just a per race basis. The people behind me have to pay their bills on a per calendar basis, not on a per race basis.

CHAIRPERSON BRACKPOOL: Well, I think that falls into the category of I wish we weren't where we are, but we are where we are.

MR. PLATT: Right. Right. The second point that I would like to make is when I analyze the structure of the handle, where it was good, where it was bad, brick and mortar handle was impacted the most by the price increase. ADW handle appears to have held firm from last year to this year. There

is a reason for that. And there's evidence of price elasticity in the ADW numbers.

When Dr. Allred did the new signal contract after the take-out increase he went to the rebate houses and he told them, "We have a two percent take-out increase. But I'm only going to up your signal fee one percent to mitigate the effect of the price increase."

And I think the mitigation of that is being reflected in the ADW portion of the handle.

CHAIRPERSON BRACKPOOL: That's certainly one theory. I mean, the other theory is that brick and mortar facilities are continuing their natural decline as people have alternate methods of -- of being to -- to make a bet.

MR. PLATT: When I talk to other large players they have told me without question that the rebate houses where they play passed that one percent onto them. Their rates for playing the Los Al signal actually went up. They were incentivized to play the Los Al signal. I think that's an important point, and I think it is reflected in the ADW handle numbers.

CHAIRPERSON BRACKPOOL: Right. Right.

MR. PLATT: In closing, I'm asking you on behalf of the public to sunset this.

CHAIRPERSON BRACKPOOL: Okay. I think you're asking me on behalf of you and perhaps HANA. I don't actually think

you speak for the public. But I understand the point that you're -- that you're making.

MR. PLATT: Well, we have over 1,600 members.

CHAIRPERSON BRACKPOOL: That's what I said --

MR. PLATT: So that's not --

CHAIRPERSON BRACKPOOL: -- it's on behalf of HANA.

MR. PLATT: -- necessarily --

CHAIRPERSON BRACKPOOL: I think the -- the public was a little great.

MR. PLATT: Well, all right.

CHAIRPERSON BRACKPOOL: That's what I was saying. Yeah.

MR. PLATT: Okay.

CHAIRPERSON BRACKPOOL: Do I have -- do I have questions from any other commissioners on this?

COMMISSIONER HARRIS: I wasn't clear on the increase in take-out, if Los Alamitos was able to pass that on to their out-of-state people in ADWs or not.

MR. ENGLISH: That -- that was a significant obstacle. It was a challenge to us. And we did is we shared the increase of out-of-state locations. They kept one percent and we got one -- we kept -- one percent came to us.

CHAIRPERSON BRACKPOOL: I see.

MR. ENGLISH: And that's the arrangement with the ADW companies.

CHAIRPERSON BRACKPOOL: Well, I think we -- actually, I think this has been a very useful exercise. And I -- I really commend you who had to do this, because we required of you doing it, and Jeff for the work he's done in -- in putting in this. And I think that -- that you make an interesting point about, you know, calendar days are important for something else, and I think it's a bit of an apple/orange argument because I think you make a good justification for a different reason. We'd all like to be running more, but horse inventory tells us when we can and how much we can -- we can run. And I think on a per race meeting it's -- it's very, very close and I think has -- has been very interesting.

So I, for one, would be happy to support a motion that allowed this to continue through the end of this calendar year, which is what you've asked for; correct?

MR. ENGLISH: Well, I'd like it to be permanent.

CHAIRPERSON BRACKPOOL: Well, I understand.

MR. ENGLISH: I'm not sure what's on the docket today.

CHAIRPERSON BRACKPOOL: But -- but I would like --

VICE CHAIRPERSON ISRAEL: I'd like to be playing in the NBA, so --

CHAIRPERSON BRACKPOOL: Yeah.

MR. ENGLISH: I'd like to, too.

CHAIRPERSON BRACKPOOL: And you have a greater chance

of me making this permanent than that.

Anyway, but -- but, no, I think we should carry this on through -- through -- through the end of -- of this year and just continue to monitor. I think that gives Jeff and his people a fair chance to continue to -- to do it. I've really been pleased with the way you've all worked together to come to this -- to this detail.

MR. ENGLISH: Thank you.

CHAIRPERSON BRACKPOOL: And -- and then perhaps at that stage we'll -- we'll have it on as a consideration for -- I don't know about permanent, but certainly for -- for a considerably more permanent period of time.

MR. ENGLISH: Thank you. And I would like to say there's a partial byproduct to this. One of them is this new handle report that is going to be available on the internet where everybody will have the same data, be able to at least analyze it.

VICE CHAIRPERSON ISRAEL: Right.

CHAIRPERSON BRACKPOOL: Yeah.

MR. ENGLISH: And we have different analyses. Some are players. Some are trip handicappers.

CHAIRPERSON BRACKPOOL: Yeah.

MR. ENGLISH: But you all --

CHAIRPERSON BRACKPOOL: Yeah.

MR. ENGLISH: -- you'll have the same document.

CHAIRPERSON BRACKPOOL: Well, I wouldn't thank me or pick up your papers yet, because all I'm doing is making a motion that's going to be voted on by everybody. So --

MR. ENGLISH: Okay. So -- so --

COMMISSIONER ROSENBERG: I second the motion.

CHAIRPERSON BRACKPOOL: So that will be the motion. Commissioner Rosenberg -- oh, I'm sorry. You're right. I do have -- I do have one speaker on this. I apologize. Barry Meadow, I apologize, sir.

COMMISSIONER ROSENBERG: Mr. Commissioner, by the way, just while the gentleman is walking up, the pack -- the materials that you refer to as being in the package, we only had a one page attachment, which I don't think --

CHAIRPERSON BRACKPOOL: No.

COMMISSIONER ROSENBERG: -- made all that --

MR. BREED: No. No. No.

CHAIRPERSON BRACKPOOL: Look under the spreadsheet behind that.

COMMISSIONER ROSENBERG: It's the next one?

CHAIRPERSON BRACKPOOL: Yes. No. It's not the next one. You're -- You may have an incorrect Board package.

COMMISSIONER ROSENBERG: They are?

CHAIRPERSON BRACKPOOL: But I have all the -- we all have the details.

COMMISSIONER ROSENBERG: We have them? Okay.

CHAIRPERSON BRACKPOOL: That's just starting there.

VICE CHAIRPERSON ISRAEL: Red.

CHAIRPERSON BRACKPOOL: Yeah. The red is Los Al and the yellow is handle.

VICE CHAIRPERSON ISRAEL: Okay.

COMMISSIONER ROSENBERG: Okay. Is it all? Okay.

CHAIRPERSON BRACKPOOL: So --

COMMISSIONER ROSENBERG: I didn't picture that.

MR. MEADOW: All right. And imagine a two person golf tournament, me versus Tiger Woods. Tiger shoots a 65, I shoot 165. You could say Tiger beat me by 100 shots. You also could say I finished second to the great Tiger Woods.

The argument is not about what the -- what the numbers are. The whole question is how these are interpreted. Obviously, as a horse player I have a completely different take on what Rick English might -- might say.

Let's say I have a play. I'm a producer. I have 40 people come to my play on Friday, 60 on Saturday. I charge them ten bucks a piece. I take in $1,000 a week. I decide, you know, Friday is not doing that well. I'm only going to do Saturday. But now I'm going to offer free cookies, I'm going to offer --

CHAIRPERSON BRACKPOOL: You know, I'm only going to permit you two analogies per -- per -- per comment.

MR. MEADOW: Okay. This is --

CHAIRPERSON BRACKPOOL: I mean, it's --

MR. MEADOW: My --

CHAIRPERSON BRACKPOOL: I can't keep up with them all.

MR. MEADOW: My final analogy --

CHAIRPERSON BRACKPOOL: So what is the -- what -- what -- what is the -- what is the point?

MR. MEADOW: I might bring in a higher amount of people on a particular day, but overall I'm giving a better product, but totally I'm bringing in less money. This is the problem with the take-out.

Take-out means the churn gets reduced because -- because people don't have enough money. Whether they understand what the take-out is or not they have less money in their pockets. That's true whether you're a big player or a small player. That effect compounds over a period of -- of -- of time.

I don't see how you can raise prices under these economic conditions. I don't see how you do it. And I don't see where the -- where comparing a race that has ten horses this year with a race that had eight horses last year is going to tell us much of anything, other than the fact that the product is better. If the product is better you're going to get more money. Yeah, you raise the prices, but you've got -- you've got a better product.

I think it’s important that we do not raise prices under these conditions. And if anything we should be cutting the take-out, not raising the take-out.

CHAIRPERSON BRACKPOOL: Thank you very much. So I have a -- I have a motion that I made to approve this issue through December 31st, at which stage we’ll have another report at the -- at -- at one of the year end meetings, November or December. And I have a second by Commissioner Rosenberg. All in favor?

ALL COMMISSIONERS: Aye.

CHAIRPERSON BRACKPOOL: Motion approved. Thank you.

MR. ENGLISH: Thank you.

COMMISSIONER CHOPER: I would just urge you to keep these statistics.

MR. ENGLISH: Yeah.

COMMISSIONER CHOPER: Because one of the problems is statistics are very difficult to compare and they’re always --

MR. ENGLISH: That’s right --

COMMISSIONER CHOPER: But they -- the -- the comparable dates and how many things you were doing then, how many things you’re doing now are very difficult to try to figure out. But by December I don’t know that you’ll have anything better.

MR. ENGLISH: Well, but it’s --

COMMISSIONER CHOPER: But you still may be comparing

apples and oranges. But as long as you -- it would be very helpful along the way to see it. And that -- and that's really the reason that I think we've got to hang with this. You're -- you're -- nothing wrong with your logic. But that --

CHAIRPERSON BRACKPOOL: No. The reason that we're going to December is to be fair to Jeff and his people --

COMMISSIONER DEREK: Yes.

CHAIRPERSON BRACKPOOL: -- who are putting all this time and effort into -- into -- into helping monitor this.

COMMISSIONER CHOPER: But it's very difficult figuring it out.

MR. ENGLISH: Thank you all --

CHAIRPERSON BRACKPOOL: Thank you.

MR. ENGLISH: -- for that.

CHAIRPERSON BRACKPOOL: Thank you. Thank you. Maybe the coffee will go back with you, Jeff.

VICE CHAIRPERSON ISRAEL: You must have a great battery in that thing.

CHAIRPERSON BRACKPOOL: Okay.

VICE CHAIRPERSON ISRAEL: He was running that off a battery all --

CHAIRPERSON BRACKPOOL: Item number 16, this was an item requested by Commissioner Harris at the last Board meeting, you know, which is the -- really the pie charts regarding the report on the revenue stream, the take-out

dollar, where it goes, how it's used and the sources of -- of -- of handle.

This is -- this is a difficult one for -- for you to present on because there's a vast amount of data here. And I -- I guess I'd just ask John, I actually thought it was very useful to have this delineated the way it is. We've now got it as a separate exhibit. Was there something else in particular you wanted to -- to go with this, or was this just helpful to have it laid out here like --

COMMISSIONER HARRIS: The idea is good. It -- it's almost more information than we can decipher. But a lot of times there are comments that, gee, too much is going here, not enough is going there. And it's good to have it and see. I think if -- if -- the way it is needs to be specific or where -- how you want to re-cut the pie.

CHAIRPERSON BRACKPOOL: Right. Well --

COMMISSIONER HARRIS: But at least these are the pie.

CHAIRPERSON BRACKPOOL: I think it's very useful. I mean, a lot of this information is in the annual report. But I thought the point that Commissioner Harris made last time which was good is that, you know, this needs to be -- this needs to be available, this -- this data, in an easier form, I think, for people to -- to access and -- and -- and -- and look at. And I think that was really the -- not putting words in John's mouth, but I think that's what John was saying and perhaps

still is, that rather than making people go find this, it's there.

So I know we have something on our website with this. But is -- is it in this format?

MR. SMITH: Mr. Chairman, Bon Smith, assistant executive -- executive director.

The overall pie chart is the -- is in the annual report every year with slight modifications as the percentages that go to various entities changes ever so slightly due to changes in legislation and/or the --

CHAIRPERSON BRACKPOOL: Right.

MR. SMITH: -- where the handle --

CHAIRPERSON BRACKPOOL: Right.

MR. SMITH: -- occurs.

CHAIRPERSON BRACKPOOL: But somebody has to know that to go to the annual report, go to the exhibit and find it.

MR. SMITH: Yes. And putting a dedicated spot on our website for financial information is something we've been trying to get updated with the addition of a new CRIMS report on the handle that should be generated for LAQHRA. We also believe that we can do something along those lines for --

CHAIRPERSON BRACKPOOL: Is this something that I can --

MR. SMITH: -- the overall handle.

CHAIRPERSON BRACKPOOL: -- task you with to --

MR. SMITH: Yeah.

CHAIRPERSON BRACKPOOL: -- to do? Because I think that would take care of a lot of your --

COMMISSIONER HARRIS: Yeah. I think a lot of it is it is what it is. And a lot of it is legislated, although legislation can be changed. But I think we need everyone on the same page rather than -- we've got a lot of gripers in the industry who are saying this isn't enough or --

CHAIRPERSON BRACKPOOL: Right.

COMMISSIONER HARRIS: -- there should be more of this or that.

CHAIRPERSON BRACKPOOL: Right.

COMMISSIONER HARRIS: But in a perfect world maybe we could make the pie bigger. But, I mean, anyway, if there are different ways to cut the pie we need to -- we need to get that on the table.

CHAIRPERSON BRACKPOOL: Right. Commissioner Choper?

COMMISSIONER CHOPER: Yeah. I found this very helpful.

Having said that, I looked all over and I couldn't find any definition of commingled guests, which is a big ticket item here. I don't know what it means. Now maybe I just, you know, know a lot less than everybody else. But I thought -- I mean, I found your definitions page and I looked for something, but it's not there, is it? If it is -- if it is I'm

embarrassed publicly.

MR. BREED: Mr. Chairman and Commissioner Choper, CRIM -- this report was prepared in collaboration with Mark Thurman.

Mark, would you come up here? And do you want to bring parties you're perfectly welcome to.

MR. THERMAN: I don't know about collaboration here, so --

CHAIRPERSON BRACKPOOL: Identify yourself, Mark, would you?

MR. THERMAN: I'm Mark Thurman, president of CRIMS.

CHAIRPERSON BRACKPOOL: The -- the question from Commissioner Choper was the definition of commingled guests.

COMMISSIONER CHOPER: Yes.

MR. THERMAN: Commingled guests.

COMMISSIONER CHOPER: That's a bit section in a lot of these.

MR. THERMAN: Yeah. What -- what that is, is that's the amount of money that is kept by the out-of-state location that's wagering on a California race. So they are the commingled guests.

So if we have -- say we have a 20 percent take-out and we're sending our signal to New York. We're going to get the host fee back. But then the -- the most -- and let's say we have a host fee of 3 percent, so we've got 17 percent that

is going to stay in New York. So that -- that's the commingled guest, the 17 percent that would remain there. We would get the three percent back.

CHAIRPERSON BRACKPOOL: Yeah. So it's just defined as out-of-state?

MR. THERMAN: Right.

VICE CHAIRPERSON ISRAEL: So does that assume -- that's New York plus Kentucky plus Florida.

MR. THERMAN: Oh, yeah. Yeah.

CHAIRPERSON BRACKPOOL: Right.

MR. THERMAN: Yeah. Yeah.

VICE CHAIRPERSON ISRAEL: I got it.

MR. THERMAN: Yeah.

CHAIRPERSON BRACKPOOL: Did you find your money, Commissioner Choper?

COMMISSIONER DEREK: It's a lot of money.

CHAIRPERSON BRACKPOOL: Commissioner Rosenberg, yes?

COMMISSIONER ROSENBERG: This relates to the fist public comment or second public comment about San Luis -- San Luis Rey Downs. I think it's appropriate, not necessarily put that item on the agenda for a future meeting, but to get some information on that specific amount of money that's allocated towards that. It's defined very -- on page 16-A in a very broad way in terms of monies that go to the re-stabling areas at race tracks and the subsidies to offset the daily cost of

stabling horses.

CHAIRPERSON BRACKPOOL: Is your question who has the discretion and who has the executive authority to make those determinations?

COMMISSIONER ROSENBERG: Exactly.

VICE CHAIRPERSON ISRAEL: Yeah.

COMMISSIONER HARRIS: I think in all of these, this is where the money goes. And there’s a bunch of subheadings of all of these categories.

CHAIRPERSON BRACKPOOL: Right.

COMMISSIONER HARRIS: There’s somebody out there that’s sorting out who gets that money. But that’s where it goes, anyway.

CHAIRPERSON BRACKPOOL: Right. And that goes to the -- the speaker under public comment, John Bucalo’s point, which is who’s -- who’s making these determinations, which I chided you for your one comment. But the rest of your comments were -- were -- were -- were on -- were on point. So --

MR. THERMAN: But there are organizations and -- and -- that are approved by the Board.

CHAIRPERSON BRACKPOOL: No. I -- I understand. So what I’m wondering is whether we don’t have -- have that as an exhibit next time, which is delineating the organizations that are distributing this money, because that goes to John’s point, as well as Commissioner Harris’s point.

Commissioner Moss?

COMMISSIONER MOSS: How long has this set up been going on --

CHAIRPERSON BRACKPOOL: Right.

COMMISSIONER MOSS: -- you know?

CHAIRPERSON BRACKPOOL: Right. I think that's a very, very useful exercise. I'll give staff until the September meeting to come back with that one, just because we've got, I know, vacation schedules, etcetera, with some people. But I -- I -- I think that's good. We come back with the -- the organizations that are actually distributing this money, are in charge of it. And as Commissioner Moss says, how long they've been in place, etcetera. And I think that's --

COMMISSIONER MOSS: How long -- how long is it viable?

CHAIRPERSON BRACKPOOL: I'm sorry?

COMMISSIONER MOSS: How long it's viable for.

CHAIRPERSON BRACKPOOL: How long it's viable. Yeah. I think that's -- I think that's a good one. But I still do think that we should -- Kirk, I'd like you to make sure this happens, that we get this information on our website in a far more accessible form than it -- than it -- than it -- than it currently is.

I have, before you go, a speaker, Michael Wellman. You can take the -- stand up, Michael.

MR. WELLMAN: Michael Wellman. I think this is something that I've really asked for since February, maybe. And my particular focus was on the CMC situation when Hollywood Park requested from the CMC to take money that, as far as I was concerned, was interpreted as money for promotional purposes and used for purses. And I think it is -- it would behoove the -- the -- the Board to look into this further.

I did get, finally, a response back. And I was very disappointed with really the amount of clout the CHRB has in really controlling what happens to the money. And -- and like everybody up there has said, there are a number of different areas where money is put into different sections and allocated in certain ways. And I don't think any of us have confidence of exactly how that money is used.

CMC specifically -- I -- I held my breath a couple of times when both -- well, Oak Tree didn't come up in terms of their license. But I was happy to hear about Pomona -- or Fairplex, excuse me, coming up and talking about the promotional stuff that they were intending to do. And I was very curious at that time whether they were going to go the route of Hollywood Park or take the money that I guess is intended from the CMC and utilize it for promotion. I think for us to exist and to maybe improve ourselves, promotional things have to be considered. And money used any other way is detrimental to the longevity and future of the sport.

CHAIRPERSON BRACKPOOL: Thank you. Okay. So I think we have marching orders on that. Thank you, Mark. Thank you, Bon.

COMMISSIONER MOSS: Oh, I'm sorry.

CHAIRPERSON BRACKPOOL: Commissioner Moss?

COMMISSIONER MOSS: But -- but every one of these entities the -- I've really looked at.

CHAIRPERSON BRACKPOOL: Yeah.

COMMISSIONER MOSS: And what -- what is the service they're providing? What do they deserve what they're getting? You know, a real in-depth --

CHAIRPERSON BRACKPOOL: Yeah. We --

COMMISSIONER MOSS: -- study.

CHAIRPERSON BRACKPOOL: We will --

COMMISSIONER MOSS: It's probably the first time this has happened --

CHAIRPERSON BRACKPOOL: Which -- which I think would be excellent. And --

COMMISSIONER MOSS: -- in a long time.

CHAIRPERSON BRACKPOOL: -- we will do our best to -- to get that information ready for the September Board meeting. I've got staff working on a bunch of different, so we'll do our best -- we'll do our best to have it done by September. It may be October, but we'll do our best, like I said. Because I think to do a proper job on this is going to take some time and

analysis, but it's something that needs to be done.

COMMISSIONER HARRIS: That's right.

CHAIRPERSON BRACKPOOL: So --p

COMMISSIONER HARRIS: But it's like an educational effort, too, with the industry, that they understand it. Because I think very few people in any aspect of the industry really understand it.

CHAIRPERSON BRACKPOOL: I think those are points --

COMMISSIONER HARRIS: And I think it's important.

CHAIRPERSON BRACKPOOL: -- that have come through time and time again.

Commissioner Rosenberg?

COMMISSIONER ROSENBERG: Well, there might be some duplication, as Mr. Wellman alluded to, the CMC, there may be some duplication. A stabling fund that comes out of a handle, and the CMC at one time had a pot of their money going to that. So --

CHAIRPERSON BRACKPOOL: Right. I have -- I have two -- two speakers on this issue, Madeline and -- and Guy. We're good. We're good. We're good.

MS. AUERBACH: Okay. I want to speak.

CHAIRPERSON BRACKPOOL: We're good. I have a copy for --

MS. AUERBACH: Madeline Auerbach, TOC.

VICE CHAIRPERSON ISRAEL: Just turn the mike.

MS. AUERBACH: Hello?

VICE CHAIRPERSON ISRAEL: There you go.

MS. AUERBACH: Okay.

VICE CHAIRPERSON ISRAEL: Yeah.

MS. AUERBACH: Madeline Auerbach, TOC.

This issue, I'm glad that you're doing this, and it's quite timely. About a year ago we started the process, so you're a little bit ambitious in terms of wanting it by September. We've put a tremendous amount of time and effort into it. And very specifically with the money, we were concerned where it was going, what it was being used for, how effective it was. And the TOC, under Marsha's leadership, really pushed to have a complete examination of all the funds that you are now questioning. And we came up with a controllers group. And we have basically put a very good controllers group together to examine all of these funds.

And I think that Guy should apprize you of where we are in our examination. I think a duplication of efforts, I mean, it's fine, but we've done a lot of the legwork. And I think we should be sharing it with you, as opposed to you trying to reinvent the wheel.

CHAIRPERSON BRACKPOOL: Yeah. And we'll -- we'll definitely piggyback your --

MS. AUERBACH: But can --

CHAIRPERSON BRACKPOOL: -- your information --

MS. AUERBACH: -- can we --

CHAIRPERSON BRACKPOOL: -- and do that.

MS. AUERBACH: -- just take a minute and tell you exactly how far we've come? Because we've come a long way --

CHAIRPERSON BRACKPOOL: Please.

MS. AUERBACH: -- in this.

CHAIRPERSON BRACKPOOL: Please.

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

Thanks, Madeline, for putting me on the spot. A little impromptu here.

Madeline is right, we did put a group together of various -- we call it a controllers group, but we've got people from various race tracks and owners groups and things like that. We've taken a lot of time to do financial review of the various funds. We'd be happy to sit down with all of you and apprize you of our assessment. Much of the work was looking at the OTB network, SCOTWINC AND NOTWINC, since that -- among all the funds, that probably makes up the biggest allocation of funds.

And that will dovetail in with some of the standards that this Board is looking for that was brought up at the last Board meeting. We've already gotten -- reached out to -- to your staff and began to implement some of the recommendations that we came up with in -- in our very extensive assessment.

I will add that this -- you know, that was a phase one. This is an ongoing process. So we don't see this as something, you know, we just -- we did it once and we're done with it. This is part of just doing business, to continually improve on our operations, on the costs side of the equation, as well as revenue development.

So if you have any questions --

CHAIRPERSON BRACKPOOL: No. Not so much a question as I think this is a very good start. I think this is something that I'm -- I'm -- I'm hearing strong, you know, support that we should -- we should do. So we're going to get on with this and do that. And we'll definitely piggyback the work you've -- you've -- you've done.

MR. LAMOTHE: Thank you.

CHAIRPERSON BRACKPOOL: Thank you. Thank you, Bon.

Item 17, discussion and action by the Board regarding a comprehensive report from MI Developments as requested by the Board at it's May 2010 regular meeting concerning it's future plans for California racing and it's plans for racing at Santa Anita Park Race Track and Golden Gate Fields. If I could ask the principals to step forward and identify themselves.

George, why don't you introduce your group.

MR. HAINES: George Haines, Santa Anita.

MR. HARTMAN: Robert Hartman, Golden Gate Fields.

MR. DEMARCO: Frank DeMarco, Santa Anita.

MR. DARUTY: Scott Daruty with Santa Anita and Golden Gate.

CHAIRPERSON BRACKPOOL: Okay. Well, we'll cut right to the -- to the -- to the chase here. This is a discussion about the comprehensive report, and there was no comprehensive report. We've had several discussion between us, as -- as to that. But I'll let you go ahead and give your explanation of where you think things stand at this stage, George.

MR. HAINES: Well, we have been back and forth and had discussions with you. We have submitted public documents, which include financial reports from MID as to the financial stability of MID. And we have also made certain comments regarding future plans for Santa Anita. Mr. Stronach in the -- the June meeting made his intentions clear. You know, he wants to further --

CHAIRPERSON BRACKPOOL: I suspected his intentions. I don't know that he made it clear.

MR. HAINES: Oh. Well, and to bring forward California racing and to promote California racing as -- as we see at every -- every meeting in the CHRB mission statement, we're here to promote Southern California -- California racing, and to do it to the best of our ability, and to use all the assets that we have to do so.

So with the lack of, as I -- I guess you would determined, a comprehensive business plan, you know, we're

prepared to go forward. We -- we still need more information from the industry. Mr. Stronach has stated his intentions to come back in the middle of August and to talk to Board members, the CHRB Board members, and also to more horsemen groups, and to come up with, you know, a final solution. But the plans are going forward.

VICE CHAIRPERSON ISRAEL: Find a different phrase.

MR. HAINES: Yeah. I'm sorry.

CHAIRPERSON BRACKPOOL: Poor choice of words. The -- let's -- let's get a couple of things on the table here.

The reason that you have given -- repeatedly given me over the last two weeks as to why a comprehensive report was not and has not yet been submitted is that, you know, you wanted protection under some trade secret provision to be able to submit an exhaustive plan that we could review as a board, and yet would not in any way harm you. We've been advised by counsel that that is possible to do.

I over the last week have strongly encouraged you to have your counsel work with ours so that such a plan can be submitted. I will tell you that I don't believe it's going to be the position, from what the -- all the comments I've heard over the last several months I'd be surprised if it was the position of this Board that they would just waive that requirement. But we'll come to that in -- in a moment.

I think, you know, your -- there are certain aspects

of your business plan that it's acceptable that it be given to us in -- in confidence, and we're happy to have that worked out. And as I say, Counsel Miller has -- has given me a very good opinion, a very detailed opinion as to how that can be done. And so I, for one, will be insisting that that -- that does happen and that gets -- that gets done.

You know, items 17 and 18 I'm going to take in combination here, because they're really the same -- the same issues. Item 18 is really the action item as to what we hear in item -- item 17.

But I -- I think it's -- it's beyond frustrating at this stage, that this is the third meeting in a row that we're having a conversation about the dog ate my homework. I mean, it's -- it's really -- you know, we've all got a lot vested in this business. We know you have a lot vested in this business, both individually and corporately. The idea that you won't share that with the rest of the industry, and yet expect the rest of the industry should continue to cooperate with you because you've got some magic box that you're going to open on a date uncertain over there, it's just fanciful and it -- it doesn't work.

We're not sitting here making these requests for fun. We're sitting here making these requests because the seven of us are charged with that mission statement over there, and we have obligations. We have obligations to protect, to regulate

and promote. And I understand that you're executive management doesn't think we should be doing any of those, and that's fine, they can have that opinion. But right now the law gives us that obligation and responsibility. And we're not just going to waive it because somebody says I'm not going to send it to you. This has to be resolved. I don't know if I can make myself any clearer that this has to be resolved.

So let's -- let's -- let's get the first point agreed. If you're -- if you are prepared to send it, if we can give you a confidentiality provision that's acceptable, we'll do that. If that's not really the issue and you're not going to send it anyway then let's not waste any more time pretending it's a confidentiality issue.

So let me ask that question directly. Is that the issue or is that not the issue?

MR. HAINES: Not really. You know, it's the main concern for us, the confidentiality issue. So if that's resolved I believe we can go forward.

CHAIRPERSON BRACKPOOL: Well, I believe that can be resolved. I have to tell you that, and I'll just say this and then I'll move on, I would have been more impressed if somebody said to me, I have a document here, it's got everything you want, but I need to negotiate a confidentiality provision. To send me a letter on July the 6th that said I'm not going to send you anything because I don't have the confidentiality

provision is in my view dog ate my homework category. So that -- that's -- that's where I feel strongly about this.

At this stage, before I say any more, I'm going to open it up to other Board members to ask some -- some -- some questions. Commissioner Derek first.

COMMISSIONER DEREK: I don't know if this is premature, but have you signed the lease with Oak Tree for the fall meet yet?

MR. HAINES: Did you want to answer that?

MR. DEMARCO: No. It hasn't been signed yet.

COMMISSIONER DEREK: I noticed, too, it was supposed to be under the same conditions as last year. So is -- is there a problem, a reason why it hasn't been signed?

MR. DEMARCO: Well, it's not exactly the same as last year.

CHAIRPERSON BRACKPOOL: Introduce --

MR. DEMARCO: I'm sorry. Frank DeMarco for Santa Anita.

MR. BREED: Your name?

MR. DEMARCO: Frank DeMarco for Santa Anita. All right.

It started out to be a really simple process. I thought maybe we'd do a one pager and we'd solve all the problems, but it didn't. Because of the bankruptcy there are various provisions in that that had to be considered by the

bankruptcy counsel on both sides. It took them about ten days to work their problems because Oak Tree filed some claims in the bankruptcy proceeding, so they had to be worded just right in this -- in this lease.

The lease, incidentally, has magically turned into a license and not a lease, because it's -- we're shorter than the period of a year.

I was satisfied with the final form of the document, as were the bankruptcy on both sides and Oak Tree's counsel, as well, and that was on the 16th of July.

Then we got word that we were not authorized to sign the document until this particular hearing was over with, and that's where we are. I've heard nothing further since then.

CHAIRPERSON BRACKPOOL: Well, my understanding of that is slightly different. Maybe you've raised -- maybe you've raised the bar a level here. My understanding is that there was a mechanical issue that said that until we had issued a license for -- for MID to operate Santa Anita, mechanically it could not be executed. So --

COMMISSIONER DEREK: Is that the only reason?

CHAIRPERSON BRACKPOOL: If -- if -- if you're now telling me that we're having a leverage conversation, then let me know that we're having a leverage conversation.

MR. DEMARCO: Well, define a leverage conversation?

CHAIRPERSON BRACKPOOL: I don't think you want me to

define leverage conversation.

MR. DEMARCO: Yes, I do. It might be --

CHAIRPERSON BRACKPOOL: Don’t -- don’t -- don’t start playing poker here. Right.

Are you now saying that you will possibly sign an Oak Tree lease, possibly not sign an Oak Tree lease, depending on the outcome of the issues in front of us on this agenda?

MR. DEMARCO: I’m not in power to say yes or no. It’s not my authority. I was told not to sign it until this issue was just disposed of. That’s what I’m telling you.

CHAIRPERSON BRACKPOOL: Until which issue is disposed of?

MR. DEMARCO: That’s on the calendar today.

CHAIRPERSON BRACKPOOL: Which issue on the calendar today?

MR. DEMARCO: Well, the -- the --

CHAIRPERSON BRACKPOOL: We’ve had multiple issues --

MR. DEMARCO: Multiple --

CHAIRPERSON BRACKPOOL: -- on the calendar today.

MR. DEMARCO: The multiple license issue. Yes. Unless you’ve heard something different.

MR. HAINES: No.

MR. HAINES: I think what we’re talking about is if we had a license to go forward and do business in the future. If we don’t -- obviously, if we don’t have a license to do

business we have to unwind our operations.

VICE CHAIRPERSON ISRAEL: Define the future.

MR. HAINES: Well, the immediate future, I mean, tomorrow. I mean, if we don't have a license to operate --

CHAIRPERSON BRACKPOOL: That's what I'm saying, a mechanical -- a mechanical --

MR. HAINES: Yeah.

CHAIRPERSON BRACKPOOL: -- a mechanical issue --

MR. HAINES: Yeah.

CHAIRPERSON BRACKPOOL: -- is what I was told it was.

MR. HAINES: So -- so --

CHAIRPERSON BRACKPOOL: So are you saying it's a mechanical issue?

MR. HAINES: Yes.

CHAIRPERSON BRACKPOOL: Okay.

MR. HAINES: We need a license to continue business, to employ people. If we don't have that license we can't go forward?

VICE CHAIRPERSON ISRAEL: So through November 1st then?

MR. HAINES: I would say so, yes.

VICE CHAIRPERSON ISRAEL: Okay. That -- that defines future.

COMMISSIONER CHOPER: It's not known that there's an overlap between a mechanical issue and a leverage. I mean, but

what's the difference? That's the reality.

CHAIRPERSON BRACKPOOL: Okay. Before I carry on, any other Commissioners to speak to the house?

COMMISSIONER HARRIS: Yeah. Mr. DeMarco mentioned bankruptcy counsel. Now am I clear on that or whatever it is has been released from bankruptcy? There's not really a bankruptcy proceeding going on now. Hasn't that been concluded?

MR. DEMARCO: Well, NAC (phonetic), the plan of reorganization was approved by the court. The company, the assets of Santa Anita are now MI Developments.

The issues in the bankruptcy, and I'm not a bankruptcy lawyer, were because of claims that were filed in that NAC bankruptcy proceedings that had to be resolved, and that issue was raised by Oak Tree's lawyer, not by us. So then I referred it back to the MID bankruptcy lawyer, and the two bankruptcy lawyers apparently solved the problem because they re-drafted those portions of the license agreement.

CHAIRPERSON BRACKPOOL: Right. Right. I don't want this to be or you to construe that this is a meeting about Oak Tree. This is a meeting about MI Developments and the issue of the waiver, and whether this Board should issue a waiver or whether this Board should direct you to pick one of the three businesses and stay with one of the three businesses.

The rule is in place for a very specific particular

reason. And I would say pictorially you are the reason. It's there to say if we have a level of influence being exerted over the majority or a multiple group of assets in this state that the Board has to be convinced that it is in the best interest of racing for that to happen. It is very difficult for the Board to reach that conclusion when you are doing the corporate version of taking the fifth at every hearing.

So there is no way that I would be prepared certainly -- I can't speak for the others -- but no way I'd be prepared to vote for a permanent waiver without the data.

So, George, you've told me that the confidentiality provision is paramount. I will say that in the -- in the meetings we've had in the last week or two that you've had with Commissioner Israel and myself, we've been able to get into a little more detail. We have to cut through these issues and get to -- to the business plan. I can't be any clearer. We have to have a business plan that we, as a Board, can rely on to make our determination as to whether to grant the waiver or not.

COMMISSIONER DEREK: Can you tell us, does the business plan exist?

MR. HAINES: Not in a final form, no.

COMMISSIONER DEREK: Close to final? How far from final in days, would you say?

MR. DARUTY: Can I -- Scott Daruty.

I guess there’s been a lot of discussion about the business plan concept. And I think it’s important to understand, there -- there is a plan. There -- listen, everybody’s made it clear, from -- from our chairman down, we want racing in California to succeed. We’re willing to work and cooperate with the rest of the industry to -- to help make racing succeed.

There is no black box that’s hiding over here that will be unveiled on some day. There’s no magic bullet. If there was anybody in this room would have already come up with it. So this isn’t a matter of any big secret. It’s a matter of how do we work within the industry to move forward the industry by implementing changes.

As -- as Chairman Brackpool mentioned a few years ago, in the last couple of weeks there’s been a great amount of cooperation on legislative issues that are team, while not being the leader of, has been cooperative of, and we will continue to cooperate.

So is there a business plan? Yes. We want to continue to run racing at Santa Anita and at Golden Gate Fields and continue to operate XpressBet and do it in a way that makes economic sense and helps the industry move forward. I -- I just wanted to say that because I don’t want there to be some perception that we’re hiding something or keeping something back. From a business plan standpoint in all likelihood it’s

going to look very similar to business plans in the past, again, because there is no magic bullet, with an effort on cooperating through new legislative changes to try to make this industry work.

CHAIRPERSON BRACKPOOL: Mr. Daruty, I'll tell you that -- I'll -- I'll -- I'll tell you the -- the difference. The difference is that in the past things went wrong. We need to know that in the future they're not going to go wrong. And when I have four people sit in front of me who say collectively I don't know, I've really been told that I have to do the following, or I don't have the authority for that, that's what makes everybody nervous.

So when I say business plan for the waiver discussion, in addition to it being a comprehensive plan as to how you're going to run the track and what you're going to do, I want to know what MI Developments is going to do differently with this multiple ownership. Is it going to invest money in (inaudible)? Is it going to invest different money in marketing? What's the management structure? What's the decision structure? What's the authority level? Those are the things, to me, that I would need to be able to lead a discussion here as to whether it's appropriate to have or not.

Commissioner Moss?

COMMISSIONER MOSS: I just -- if we look at the worst case scenario and we grant you a temporary waiver, and then

let’s say the negotiations with Oak Tree fell apart somehow, so we have two different entities vying for the same dates somewhere, I mean, we need to know more.

CHAIRPERSON BRACKPOOL: Uh-huh.

COMMISSIONER MOSS: You know, we just need to know more.

MR. DARUTY: And I think both of those comments are very reasonable. And everybody here understands, the things you just asked for make sense.

At the same time, I mean, one of the things we’ve tried to communicate with -- with you in some of our, you know, other meetings that we’ve had has been that it’s hard for us to sit here and say here’s the plan, here’s the investment that we will or won’t make. This industry is so tied together with what other tracks do, which what -- what issues we don’t control.

We have submitted a list of items for discussion, 13, I believe, that said here’s some ideas. We can’t sit here today and tell you all of these are good ideas and we’re going to push every one of them, because a lot of those depend on cooperation from others within the industry. And I think what you have seen over the last couple of weeks, and I believe will continue to see, is that we are willing to work in -- in that sort of cooperative way.

VICE CHAIRPERSON ISRAEL: I mean --

CHAIRPERSON BRACKPOOL: Commissioner Israel?

COMMISSIONER MOSS: I have another question.

VICE CHAIRPERSON ISRAEL: All right. I don't agree with that conceptually. But if MI Development brought these properties out of bankruptcy thinking that the rules, laws and regulations of the State of California would not longer obtain, that was foolish. That's like buying the Dodgers and saying you're going to play in the National Football League just because you want to.

There -- everybody involved at MID knew what the laws of California were as it related to this. They all knew what the rules and regulations were. The business is in flux, but changing the law is different from a business in transition. And the laws in all likelihood aren't going to change significantly. This body's ability to regulate horse racing isn't going to be aggregated. And -- and that seems to be the only plan that we've been presented with, is go away and let us do what we want. And that's not the only way you can succeed, that's not the only way the business can survive and thrive, and it's not going to happen.

MR. DARUTY: Right. And I think people sitting at this table recognize that that's not going to happen and --

MR. HAINES: And we -- we assure you that MID is not going to sit still. They are in business for the long term in horse racing. They're very passionate about it. They're

willing to make a large capital investment. And a lot of ideas, you've probably seen in the public forum over there, their Chief Executive Officer, Larry Pollock, made some statements regarding capital investments. We are prepared to do that. We're not in business for six months. We're going to be -- we're -- we're looking here to make a long term investment.

CHAIRPERSON BRACKPOOL: Commissioner Choper?

COMMISSIONER CHOPER: May I -- may I speak? I want to say first of all, I don't envy you four guys. All right. That's perfectly clear. But we -- I think -- I think we're entitled to have some -- some schedule here. We know what these issues are. There's a confidentiality issue, although, you know, from what you said I don't really get it. But maybe there is something that you want to keep confidential. Okay. And --

MR. DEMARCO: And the law protects.

COMMISSIONER CHOPER: Then, as you've indicated, you know, obviously, we're going to conform to that.

The Oak Tree issue, you can see what -- you know, realistically and psychologically, you -- you are all in this industry. You know what -- what this means. Let's -- let's get that settled. And it certainly is possible for you to settle it and say, yeah, well, that's -- this is just a technicality as to whether you got the license. And,

obviously, if you don't have the license -- if you don't get the license it's going to be off in some way; right? I would think that's a defense. To make any contract with Oak Tree and then you don't get a license. I think you ought to -- and I'm not -- not a lawyer, but you are. I think that's -- that would be true.

So -- but also, I think we ought to, you know, we ought to just get a calendar that we can -- that we can agree on. We've got to resolve this confidentiality issue. We've got to resolve the Oak Tree thing. And I think we've got to resolve these --

CHAIRPERSON BRACKPOOL: Yeah. The -- the bigger -- the -- the -- the issues on the -- on the -- that -- that I went through about why would we support somebody owning multiple unless we knew what the authority levels were and what the investment decisions were, etcetera.

Do I have other comments? Commissioner Rosenberg?

COMMISSIONER ROSENBERG: Well, this -- discussing item number 16 and 17 --

CHAIRPERSON BRACKPOOL: Yeah.

COMMISSIONER ROSENBERG: -- 17 and 18 --

CHAIRPERSON BRACKPOOL: Yeah. I'm speaking of 17 and 18.

COMMISSIONER ROSENBERG: -- and 20 here, also --

CHAIRPERSON BRACKPOOL: Well, I'm --

COMMISSIONER ROSENBERG: -- is --

CHAIRPERSON BRACKPOOL: I'm -- what?

COMMISSIONER ROSENBERG: And also, we skipped number 13, which is that discussion about Oak Tree.

CHAIRPERSON BRACKPOOL: No. No. No. We put it over until the next month because the documents weren't ready.

COMMISSIONER ROSENBERG: Okay.

CHAIRPERSON BRACKPOOL: This is really -- I'm talking at the moment on item 17 and 18. I'm not yet talking about the license issues.

COMMISSIONER ROSENBERG: Okay.

CHAIRPERSON BRACKPOOL: I'm just talking about 17 and 18 at the moment.

The two of you, I'm going to ask you to stay there for a moment. I'm going to allow the public speakers to come forward and speak. And then I'm going to tell you what I think we should do for a next step.

Guy, are you -- Guy Lamothe, TOC, first speaker.

MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of California. Well, I -- I'm still trying to catch my breath after this presentation or lack thereof. This item is on the future of racing. And I want to make one global warning on a more practical point.

And globally speaking, when we talked about future plans, I think it's awful presumptuous of MID to be acting

almost in a unilateral way. It really runs contrary to them speaking of working as partners with the rest of the industry, the owners, the trainers, the breeders. And when we talk about future plans we've got so much going on with inventory issues. We talk about all these funds today and we want disclose on CMC and all this stuff. What we really need out here in California, among other things, is some stability. Okay. Stabilities for owners, for breeders to know that the anchor race track in California will be here. And we're not sending that signal today. We haven't for some time. Okay.

We're certainly -- we know they're flying out of California, owners are. We're doing nothing to -- here today to attract owners back into California when we hear this. And some -- you know, you need a waiver; that's very disturbing in my opinion.

On a more practical matter, short term plans, you know, we need to -- the stabling area has been closed for -- is closed now through the fall. So there's two months remaining while it's closed. It's -- it's pretty evident that they're not going to replace the track, but we know there are issues with the track. And we want to know what's being done to repair the track? Again, a stability issue. If we're not confident in the track, which lost several race days last year, okay, which is not only detrimental to purses but also to commissions, it's also detrimental to fans. They don't know

when the show's going to be on. We've got to cancel the day before. Okay.

So we want to know what's going on as we -- you know, this is two months out.

CHAIRPERSON BRACKPOOL: Yeah. Guy, if I may, and stay there for a moment, before I get to the next speaker I want to ask specifically about the track, because obviously we've got some determinations to make here.

Are you authorized right now as the president of MID California, correct --

MR. HAINES: Yes.

CHAIRPERSON BRACKPOOL: -- are you authorized by your executive body in Canada to expend funds on the track to get everything ready so that when this, hopefully, mechanical issue of licenses and everything goes that you would be in a position to run and run safely at Oak Tree?

MR. HAINES: Yeah. Well, I wish I would have spoke to Guy before that because we've never had this conversation. We start Monday with some track renovations, as directed by Rich Tadesco (phonetic), our track superintendent. We have also sent material to Australia to be analyzed to come back to us of what -- exactly what the track may need.

CHAIRPERSON BRACKPOOL: Did you start this with a yes?

MR. HAINES: Yes.

CHAIRPERSON BRACKPOOL: Okay.

MR. HAINES: We -- we begin Monday.

CHAIRPERSON BRACKPOOL: So, yes, you are authorized to -- to do that?

MR. HAINES: Right. We already have plans to -- to start some renovation on the track.

CHAIRPERSON BRACKPOOL: Right. Well, I would strongly suggest that you and Guy sit down, you know, following this meeting and understand exactly what those plans are and work through it, because, you know, this is absolutely crucial in terms, certainly, of us basing a decision, I'm sure, as to whether -- because I certainly hope we're not having, as Mr. DeMarco perhaps said here, a leverage conversation here. So please tell me we're not having a leverage conversation here about the track.

MR. HAINES: Well, we're not going to leverage horse safety.

CHAIRPERSON BRACKPOOL: Right. Thank you, George. Thank you.

VICE CHAIRPERSON ISRAEL: I think you should also communicate with the trainer.

CHAIRPERSON BRACKPOOL: Well, hold on, sir. My next speaker -- I apologize. I interrupted just because I wanted to be very strong on that point. My next speaker is Alan Balch, CTT. Actually, John and -- John Sadler is going to come forth,

as well.

MR. SADLER: Thank you. John Sadler. I'm CTT president. Alan Balch, our director. We wanted to speak in unison with TOC and how concerned we are with MID's plan for the track. I mean, I looked up -- it wasn't long ago when -- we lost countless days last winter. And, basically, Mr. Haines says there were a bunch of holes in the track to get it to drain. And we're very concerned looking for next year what -- what the plans are with the track. We feel, you know, time is of the essence. Today is the first we've heard that they were doing anything. If they were doing something then we certainly weren't privy to it until today.

So we can't express enough how important it is that we get a plan going into next year, other than we hope it doesn't rain.

CHAIRPERSON BRACKPOOL: Can I -- before you -- before you go, John, can I implore you, George, that communication, communication, communication? I mean, I'm very happy to hear you're starting on Monday. I'm very happy to hear it's not a leverage issue. And I'm happy to hear that horse safety is paramount, because that's my number one concern.

But why are we not communicating this to the industry participants is a mystery to me. So can you enlighten me?

MR. HAINES: We've been doing this every year for the past X many years. And -- and we've never really gone through

this process.

CHAIRPERSON BRACKPOOL: Well, MID is a brand new owner of a business that's never had any interest in horse racing before, as I've been told over and over again. So I think what you have to understand --

MR. HAINES: It's been -- it's --

CHAIRPERSON BRACKPOOL: What you have to understand, George, is that it -- it appears to be convenient that sometimes we're the old company and we've been in business forever. Sometimes it appears, on page 42, we'd like to be new company that's never been in the business. But if you go to page 45 you've actually been in the business for a long time. You -- you just can't play that -- that -- that role. I won't even -- I won't -- I won't go further than that.

I understand that what you're now doing is talking about Santa Anita has been there for years and has -- has been doing it. But you have to understand that this MID, we're new, we've got this, you know, idea of how we're going to revolutionize the industry, hangs over you. And you're wearing two hats. Wear them properly.

So I don't think you should just assume that you do it every year and it's fine. So I would absolutely insist that you sit down with CTT, with TOC, and work through this issue. Because this -- this -- this is -- this is going down. One of us will be happy to participate however it works. But we need

to resolve this communication issue so that we're not having to have this laundry being washed in public at all times.

MR. BALCH: Alan Balch --

CHAIRPERSON BRACKPOOL: Alan Balch.

MR. BALCH: -- CTT. And we would join the comments that TOC made, as Mr. Sadler said, that specifically this is not a routine year as far as track repair. There are specific problems at the -- at the finish line area. There are other problems with the membrane perhaps being pierced and -- and stones coming up through the surface, and things like that. And I think if we could -- particularly at this time when, you know, there's a race meeting going on here it's going to be difficult, but we really urgently need to address this for our constituents and -- and speak with whatever -- whoever the track people are that are doing this so we can share and -- and, we believe, participate in with maybe some suggestions so that the problems they're addressing are the same problems that the horsemen, the trainers and the owners see on a daily basis. But given the experience last winter, we think that's essential.

CHAIRPERSON BRACKPOOL: Yeah. And Mr. Sadler?

MR. SADLER: Yeah. We'd -- we'd like to know, you know, how much is going to be spent on -- on the race track, what -- if there's -- if there's numbers that they're -- they're comfortable with what they're going to do. And then we

haven’t heard anything either on the stable or the barn area, which is, obviously, in horrible shape.

CHAIRPERSON BRACKPOOL: George, is there an answer to those two questions?

MR. HAINES: We -- we don’t have a final cost yet because, you know, we’re still waiting for the analysis to come back from Australia.

As far as the barn area, we anticipate doing some grading of the roads. We’re got our crews working back there right now. We’re -- we’re doing a clean up of all the stalls as the horses leave. So we’re doing the maintenance that we are scheduled to now perform.

CHAIRPERSON BRACKPOOL: Maintenance, but no -- no deferred maintenance and no capital improvement?

MR. HAINES: We’re -- we’re working on some -- some long term capital improvements. As I think we’ve talked about, we’re working with the City of Arcadia. And we’re also doing just, you know, general maintenance and getting it -- we haven’t been closed for two years. So when we’re closed we’re able to get into areas like tack rooms and whatever and do major repairs, whether replacing beams or whatever, that takes -- get into the restrooms and do a thorough cleaning of the restrooms, repairs. That’s all things we do when we’re closed down every other year.

CHAIRPERSON BRACKPOOL: Commissioner Moss?

COMMISSIONER MOSS: Yeah. George, forgive me for -- this sounds maybe a bit snide. But isn't Australia where this thing -- where the problem started with the Pro-Ride and the fact that we had to cancel dates? And what concerns me is as an owner, certainly, that we're -- we're just continuing to reinvest in the Pro-Ride product which has been responsible for having to cancel so many races in the past.

You know, I -- I just think it's time, you know, that -- I'm not going to quote the statement, but the understatement is get off the pot. You know, you -- you either have to do something or -- you know, and make a stand or what -- what -- what -- what are the owners supposed to do here? I mean, where -- where are the horses going to run? And how can we run with the knowledge that they're going to run safe and have a successful meet. And something's got to be done.

And, you know, it -- it's just, I mean, very depressing, you know, that you're here today without a real statement of what you're going to do. And we want to help in every aspect. We all know we're in this together. But somehow this message isn't getting to -- to -- to the people at Santa Anita. And that's all I got to say.

MR. HARTMAN: Robert Hartman, Golden Gate Fields. Just from Northern California's standpoint there has not been one capital expenditure request that I sent up to MID that has

been denied since MID took over. We are spending six figures to add more prior to our August 27th opening. So MID is spending money. They're not just sitting on their hands waiting for -- for -- for something to happen. I mean, every single request I've made has -- has been approved. So they're going forward to stay in the horse racing business. And -- and I just want --

CHAIRPERSON BRACKPOOL: You have to send six figure requests to -- to Toronto?

MR. HARTMAN: Absolutely.

VICE CHAIRPERSON ISRAEL: What's the threshold?

MR. HARTMAN: For capital. Any capital expenditure expense over $50,000 has to be approved.

VICE CHAIRPERSON ISRAEL: A 50,000 threshold. And -- and also at Santa Anita?

MR. HAINES: Yes.

COMMISSIONER DEREK: It's 15.

COMMISSIONER ROSENBERG: Mr. Haines, I have to -- excuse me --

CHAIRPERSON BRACKPOOL: Commissioner Rosenberg, please.

COMMISSIONER ROSENBERG: As -- as the president of MID California or West Coast or whatever it is, it seems to me that the -- the point the Chairman made much earlier about communication is the key, it's almost as if the information

that Mr. Hartman just put out is -- is information that maybe has been shared, but probably has not been shared. And the coincidence, announcing today that you're starting work on the track Monday when the back stretch scuttlebutt was that there was no authority to start work on this surface, contrary to that. And -- and it just -- it seems to me you should communicate, communicate, communicate. I'll just repeat that.

CHAIRPERSON BRACKPOOL: That's right.

MR. HAINES: Well, I apologize for not communicating that and putting out a press release. But however, specifically, the inception of the synthetic surface at Santa Anita, actually it started in the UK with cushioned tracks. Pro-Ride is the one that's -- that's got us this far.

We have continually spent seven figures on this race track for fixes. So what -- what Robert is talking about, the six figure fix, is not a big number to us. And -- and as we have done to promote the safety of the -- of the race track we have spent the money that's -- that's needed.

So, you know, we're communicate with the owners and the trainers exactly what we're doing and get their input. We already have their input through our --

CHAIRPERSON BRACKPOOL: But you shouldn't do it because we're telling you to do it.

MR. HAINES: No.

CHAIRPERSON BRACKPOOL: You should do it anyway.

MR. HAINES: We -- we do have a committee that is -- you know, travels the world looking for new surfaces and reporting back and, you know, we're listening to their input.

CHAIRPERSON BRACKPOOL: Okay.

VICE CHAIRPERSON ISRAEL: Buy American.

CHAIRPERSON BRACKPOOL: Right. I have one speaker on this issue, Michael Wellman.

MR. WELLMAN: Michael Wellman. I hope you're not sick of me yet. And first of all, you know, I've got tremendous sympathy for the board and -- and even for the four gentlemen that sit before you. But I -- I am sort of speechless and -- and to say depressed would be maybe an understatement. There are a number of people here, probably the fist thing I'm depressed about is I'm the only owner that's getting up here and speaking. It's beyond me.

You know, the TOC had an election a month ago; 800 out of 8,000 voted. So we're to blame for a lot of this ourselves.

But the CHRB still is our governing group and commission, and I see this very clearly. I've said it for months now. I've tried to be more active. I make my feelings heard. You know, this is a poker game. And anybody that doesn't think it -- and if you think leverage isn't part of this, you know, I read -- I read the minutes. I read the transcripts. I see what's being said.

And as a board I ask you again, like I have a number of times, you're being played. They've got a full hand. I'm not a Jerry Jamgogian disciple by any means. Okay. But, you know, he's told you a number of times that, you know, he's going to finally get his way. And we know who MID is. We saw it from having a board have to decide about Oak Tree to an individual, and in a matter of 12 seconds turn that decision around, hopefully for the benefit of all of us.

Now we're sitting a month later in the same predicament. We really don't know where oak tree is. Mr. Liebau, I -- I would suggest you get in touch with the Oak Tree directors pretty quick. And I'm not being sarcastic. I'm being frustrated. It's not a funny matter. I -- I can only speak as an individual. I hope I speak for many. I wish more owners would speak up. I wish they would be heard. And I ask you as a Board, please, the longer this goes on, this nonsense, okay, the longer you allow them to play you the more difficult it's going to be to get what you really need.

CHAIRPERSON BRACKPOOL: Thank you for your comments.

COMMISSIONER CHOPER: I just want to repeat one thing.

CHAIRPERSON BRACKPOOL: Okay.

COMMISSIONER CHOPER: Let's get a calendar down. Let's get a schedule with dates. And -- well, it's an excuse for them.

COMMISSIONER DEREK: This -- yeah. Yeah. This is the third meeting we've been waiting --

COMMISSIONER CHOPER: Yeah.

COMMISSIONER DEREK: -- for the same information. I don't have confidence that it's ever going to happen. And I'm sorry that Oak Tree agreed to go back to Santa Anita.

CHAIRPERSON BRACKPOOL: Guy --

COMMISSIONER DEREK: That's -- that's my personal opinion.

CHAIRPERSON BRACKPOOL: Guy, is this really compelling?

MR. LAMOTHE: One sentence.

CHAIRPERSON BRACKPOOL: That's compelling.

MR. LAMOTHE: I appreciate Mr. Wellman's comments. TOC is the official representative of all owners. And we did express our displeasure with what we're seeing here today. Thank you.

CHAIRPERSON BRACKPOOL: This notice has been paid for by -- okay.

Here's -- here's what I would like to suggest, that we continue to hold feet to fire, and yet not hurt the horsemen and the industry. Items 19, 20 and 21 are individual license applications for Pacific Racing, for LATC to operate their simulcast facilities, and item 21 is the XpressBet license.

VICE CHAIRPERSON ISRAEL: Twenty-two.

CHAIRPERSON BRACKPOOL: My -- no 21. Twenty-two is a separate --

VICE CHAIRPERSON ISRAEL: Wait. What is this?

CHAIRPERSON BRACKPOOL: -- a separate issue, which I'll come to I a minute.

VICE CHAIRPERSON ISRAEL: Oh. Okay. Twenty-two is --

CHAIRPERSON BRACKPOOL: Staff analysis that I've been provided with tells me that the individual license applications under Pacific Racing and LATC are -- are acceptable. All documents as required have been submitted. License 21, there is an audited financial document requirement still outstanding. So I would -- I'm going to read a motion in the moment. And the -- the -- the condition under item 21 will be that the audited financial statements are -- are submitted as -- as required.

What I would do -- and if I read this motion -- and this is really the motion for 18, but this will take care of 18, 19, 20 and 21, counsel; correct?

MR. MILLER: Yes.

CHAIRPERSON BRACKPOOL: And I would do this, and then I'll give you an editorial when I've finished it. But let me read the motion so that you understand it and do that.

The California Horse Racing Board hereby moves to extend the existing licenses of the Los Angeles Turf Club Inc.,

the Pacific Racing Association, and XpressBet Advance Deposit Wagering entity until December the 26th, 2010. And the existing waiver of the Business and Professions Code Sections 19483 and 19484, prohibiting common ownership, only until September the 16th, 2010 in order for their parent company, MI Developments Inc., to prepare and submit to this board a comprehensive plan setting forth it's intended business practices and procedures for operation of Santa Anita Park and Golden Gate Fields thoroughbred horse racing venues with the utilization of XpressBet as an advance deposit Wagering platform all under common ownership.

In order to ensure MI Developments Inc. discloses its future intended business practices and procedures for the operations of Los Angeles Turf Club, the Pacific Racing Association and XpressBet in a forthright manner and stating its business plan for Santa Anita Park and Golden Gate Fields as thoroughbred horse racing venues. The document will be submitted -- the document to be submitted will be deemed exempt from the disclosure under the Public Records Act in California Evidence Code. This document is to be presented to the staff of the Board on or before September the 1st, 2010.

That is my motion. So while everyone still has the motion in mind --

VICE CHAIRPERSON ISRAEL: Second.

CHAIRPERSON BRACKPOOL: -- I have -- Commissioner

Moss?

VICE CHAIRPERSON ISRAEL: I'll second it.

COMMISSIONER MOSS: The only thing is it's not really clear what happens to Oak Tree in this whole thing. And I think -- not that it's our business or our job to worry about --

CHAIRPERSON BRACKPOOL: Right.

COMMISSIONER MOSS: -- these kind of commitments.

CHAIRPERSON BRACKPOOL: What happens --

COMMISSIONER MOSS: I just wonder where that goes.

CHAIRPERSON BRACKPOOL: What happens to Oak Tree under this theory is that they execute the lease with Oak Tree tomorrow because the license has been approved through -- through December 26th --

COMMISSIONER MOSS: Right.

CHAIRPERSON BRACKPOOL: -- 2010.

COMMISSIONER MOSS: What if -- what if they find something else wrong with the commitment in some form? You know, I -- we have no -- we -- we can't insist --

CHAIRPERSON BRACKPOOL: Well, we can. I can make it -- I can certainly make this waiver subject to the approval of the Oak Tree license by such and such a date.

COMMISSIONER MOSS: Well, even -- or any license. You know --

CHAIRPERSON BRACKPOOL: Any license. Yeah.

COMMISSIONER MOSS: -- there's going to be a meet --

CHAIRPERSON BRACKPOOL: I'm -- I'm --

COMMISSIONER MOSS: -- in effect.

CHAIRPERSON BRACKPOOL: Counsel, I'm quite happy to add something at the end. Because we can not as a Board leave here today, come back in August and be told by this team that there are reasons why they have not executed the lease. And I don't think this should be read as us necessarily promoting Oak Tree or forcing Oak Tree on. But the agreement was offered. Our job is to make sure the racing calendar is full and people know where they're racing.

So I would like to add a sentence at the end of this motion that I will do my best to -- to -- if you will, that says --

VICE CHAIRPERSON ISRAEL: Subject to?

CHAIRPERSON BRACKPOOL: -- the -- the -- the entire motion is subject to the execution of the lease between Oak Tree Racing Association and LATC by -- I'll allow you to pick a date next week, but it's next week.

COMMISSIONER ROSENBERG: Well, if you get to make a pick, pick Friday. That's --

CHAIRPERSON BRACKPOOL: Okay. We're almost there. There wasn't a person on this Board that wouldn't have thought you'd pick Friday.

VICE CHAIRPERSON ISRAEL: No. I would have picked

Saturday.

CHAIRPERSON BRACKPOOL: Yeah. I'll tell you what, we're going to make it Thursday. So a week from today, because then we've got Friday to fire off all sorts of communication.

MR. CHILLINGWORTH: The lease has to be signed by both parties. And the position was that you'd grant them, grant Santa Anita a license during our operation.

CHAIRPERSON BRACKPOOL: Right.

MR. CHILLINGWORTH: That's been accomplished.

CHAIRPERSON BRACKPOOL: Right.

MR. CHILLINGWORTH: So they should be in operation right now.

CHAIRPERSON BRACKPOOL: Is that your understanding, Mr. Daruty? You said you have no authorized execution of it.

MR. DARUTY: You haven't put it on the motion yet. That's the --

CHAIRPERSON BRACKPOOL: Yeah. Well, before I vote on the motion let's just find out, has that happened?

VICE CHAIRPERSON ISRAEL: What are we talking about?

MR. DARUTY: You're asking, has it been signed?

CHAIRPERSON BRACKPOOL: Yes.

MR. DARUTY: No.

CHAIRPERSON BRACKPOOL: Well, why is Chilli -- why is Chilli believing it has been signed? Who signed it on behalf of MID, Chilli?

MR. CHILLINGWORTH: My understanding is that Jerry James and Frank DeMarco signed the agreement. I signed that agreement and sent it up to MID for approval.

VICE CHAIRPERSON ISRAEL: Have you seen --

MR. CHILLINGWORTH: And I -- and I have received communication yesterday from Mr. Cameron saying that the lease was in order. They agreed to the terms of it. And it was subject to the license being extended.

VICE CHAIRPERSON ISRAEL: You've seen the signature page with both signatures executed?

MR. CHILLINGWORTH: Yeah.

VICE CHAIRPERSON ISRAEL: You have?

CHAIRPERSON BRACKPOOL: Well, they say they haven't signed it. So --

VICE CHAIRPERSON ISRAEL: Are their signatures on it?

MR. DARUTY: Can I -- can I just -- can I just interject for one minute? I really think we're making a much bigger deal out this than it needs to be. And I realize, you know --

CHAIRPERSON BRACKPOOL: You know, I'd -- you know, I'd really think about what you are about to say.

MR. DARUTY: Well, I --

CHAIRPERSON BRACKPOOL: I'd really think about what you're about to say.

VICE CHAIRPERSON ISRAEL: After everything that's

happened that’s not possible; right?

MR. DARUTY: Listen --

CHAIRPERSON BRACKPOOL: Maybe rephrase your opening --

MR. DARUTY: Well, I --

CHAIRPERSON BRACKPOOL: Anyway, before you even --

MR. DARUTY: My -- my comments --

CHAIRPERSON BRACKPOOL: Before you even say it --

MR. DARUTY: -- I thought I should --

CHAIRPERSON BRACKPOOL: Well, actually, before you even say it, you have not signed this lease, Mr. DeMarco?

MR. DEMARCO: No. Not the final version. It hasn’t been signed by anybody.

CHAIRPERSON BRACKPOOL: Right. So the motion that I read --

COMMISSIONER DEREK: Uh-huh.

VICE CHAIRPERSON ISRAEL: Yeah.

CHAIRPERSON BRACKPOOL: -- is the accurate motion.

MR. BREED: That’s correct.

CHAIRPERSON BRACKPOOL: And what we’re going to do is take a vote on that motion. But it has to be signed by next Thursday. Otherwise, the waiver no longer applies and you won’t -- you won’t be able to -- to operate the three -- the three businesses.

MR. CHILLINGWORTH: I -- I --

CHAIRPERSON BRACKPOOL: Next --

MR. CHILLINGWORTH: Sorry.

CHAIRPERSON BRACKPOOL: -- Mr. Chillingworth.

MR. CHILLINGWORTH: I don’t understand why we have to wait until next Thursday. That’s a week.

VICE CHAIRPERSON ISRAEL: No, you don’t. It’s up to next Thursday.

MR. CHILLINGWORTH: Well, anyway, I think it should be done immediately. I mean, we have people calling us saying are you really going to be operating at Santa Anita. We’ve got contracts to sign. Why should be wait another week.

MR. DARUTY: We’ll sign.

MR. CHILLINGWORTH: We’ve waited five weeks already.

MR. DARUTY: We’ll sign -- we’ll sign the lease now. That’s what I said, we’re -- we are making a bigger deal out of this. The issue --

VICE CHAIRPERSON ISRAEL: Do you have the authority to say that? You -- which -- Scott, Frank?

MR. DARUTY: Yes.

MR. CHILLINGWORTH: He has authority to say whatever he wants. He can say anything he wants.

MR. DARUTY: Listen --

COMMISSIONER CHOPER: It’s -- it’s not a lease, it’s a license; correct?

MR. DARUTY: It’s a license. The -- the -- the

direction we received was -- was clear, in my -- in my opinion, that if -- if we were not going to be a licensed race track facility, which we hoped to avoid at all costs but which we recognize this board has the authority to license us or not, if it got to the point where we were not going to be a licensed racing facility then we would have no choice but to close down and terminate and let go employees --

CHAIRPERSON BRACKPOOL: Right.

MR. DARUTY: -- and all that. It -- it didn't get to that point. None of us wanted it to get to that point. And we haven't --

CHAIRPERSON BRACKPOOL: And we haven't taken it to that point.

MR. DARUTY: No, you have not, and we appreciate that. And what you said is we're licensed --

CHAIRPERSON BRACKPOOL: Right.

MR. DARUTY: -- through December 26th.

CHAIRPERSON BRACKPOOL: December 26th.

MR. DARUTY: So we have -- so -- so we have the authority to sign the lease and we'll sign the lease, and let's all --

CHAIRPERSON BRACKPOOL: So --

MR. DARUTY: -- move on.

CHAIRPERSON BRACKPOOL: So then we'll do it by the end of the day tomorrow?

MR. DARUTY: Yes. But --

COMMISSIONER ROSENBERG: Who -- who's in possession of this document?

COMMISSIONER CHOPER: Mr. DeMarco -- Mr. DeMarco, is that right?

VICE CHAIRPERSON ISRAEL: Frank, you have the -- the --

MR. DEMARCO: I have it.

COMMISSIONER CHOPER: Do you agree with that?

MR. DEMARCO: Yeah. I agree with it.

VICE CHAIRPERSON ISRAEL: Do you have authority to sign?

MR. DEMARCO: Yes.

COMMISSIONER CHOPER: And Mr. Haines, do you agree with it?

MR. HAINES: Yes, I do.

MR. DARUTY: Yes.

COMMISSIONER CHOPER: Then I call the question on your motion.

CHAIRPERSON BRACKPOOL: And the -- the -- my motion is modified only to say that the date it has to be signed by is tomorrow, tomorrow afternoon at three o'clock.

MR. DARUTY: Fine.

MR. CHILLINGWORTH: All right.

MR. DARUTY: That's fine.

CHAIRPERSON BRACKPOOL: By -- in time for the first post. Okay. I made a motion.

COMMISSIONER MOSS: Second.

CHAIRPERSON BRACKPOOL: Commissioner Moss seconds. All in favor?

ALL COMMISSIONERS: Aye.

CHAIRPERSON BRACKPOOL: Thank you. The only item remaining is item 20 -- the only item remaining is item 22, and this is the discussion and action by the Board regarding the reallocation of the August 25th through October 3rd, 2010 race dates from PRA to LATC, and the application to conduct a live meeting in that same period.

Kirk, I think that given all of the -- quite please. I -- I think that given all of the conversations, can you just explain to the audience why this motion is necessary?

MR. BREED: Mr. Chair and Members, Kirk Breed with the California Horse Racing Board. The motion is necessary because in the original awarding of dates by the -- by the Board we awarded those dates to Golden Gate Field/Pacific Racing which -- which is over and above the number of dates required by statute for them to run. And, therefore, the remainder of those dates, we’re -- we’re requesting that the board award those dates to the L.A. Turf Club to run the dates at Golden Gate Fields as association is restricted on the number of days they can run in one area -- one zone versus the

other zone.

And staff requests the approval of this application.

CHAIRPERSON BRACKPOOL: I have no speaker comments on this.

Commissioner Harris?

COMMISSIONER HARRIS: Yeah. I'll move. It sounds like -- like we will have to do it. As long as we're -- I guess we are convinced that the financial stability of the -- of the --

CHAIRPERSON BRACKPOOL: Through December 26th.

COMMISSIONER HARRIS: Yeah.

VICE CHAIRPERSON ISRAEL: Second.

CHAIRPERSON BRACKPOOL: Commissioner Harris moves the motion. Commissioner Israel. All in favor?

ALL COMMISSIONERS: Aye.

CHAIRPERSON BRACKPOOL: We are now going to finish the regular session. We're going to go into closed session, but we'll come back an adjourn later. Thank you very much everybody.

(The members recessed to a closed session.)

MR. SMITH: We are adjourned.

(Thereupon the California Horse Racing Board Regular Meeting was adjourned.)

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TRANSCRIBER'S CERTIFICATE

I, Martha L. Nelson, attest that the foregoing proceedings were transcribed to the best of my ability.

I further certify that I am not a relative or employee of any attorney of the parties, nor financially interested in the action.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated this 30th day of July, 2010.

_____/s/ Martha L. Nelson_____