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BEFORE THE CALIFORNIA HORSE RACING BOARD  
OF THE STATE OF CALIFORNIA  
ALAN W. LANDSBURG, COMMITTEE CHAIRMAN

In The Matter Of: )  
Regular Board Meeting of the )  
California Horse Racing Board )  
\_\_\_\_\_ )

Transcript of Proceedings  
Arcadia, California  
Friday, October 19, 2001

Reported By:  
TIFFANY C. KRAFT,  
CSR. No. 12277  
Job No.:  
CHBI209

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Regular Board Meeting of the )  
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Transcript of Proceedings, taken  
at 240 West Huntington Drive, Arcadia,  
California, commencing at 10:06 a.m., on  
Friday, October 19, 2001, reported by  
TIFFANY C. KRAFT CSR No. 12277, a Certified  
Shorthand Reporter in and for the State of  
California.

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01 APPEARANCES:

01

02 Chairman: Alan W. Landsburg

02

03 Vice Chairman: Roger H. Licht

03

04 Executive Director: Roy C. Wood, Jr.

04

05 Commissioners: William A. Bianco  
05 Sheryl L. Granzella  
06 John C. Harris  
06 Marie G. Moretti

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04

04 2 - Presentation of Resolution to former 6  
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05

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08 acting as its own agent, to distribute  
09 charity race day proceeds

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11

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01 Arcadia, California, Friday, October 19, 2001  
02 10:06 a.m.

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05 MR. WOOD: Good morning. I'd like to welcome you to  
06 the regular scheduled meeting of the California Horse  
07 Racing Board. It's being conducted on Friday, October the  
08 19th, 2001. And we're in the Arcadia City Counsel  
09 Chambers in Arcadia, California. Present at  
10 today's meeting, our Chairman, Mr. Alan Landsburg; our  
11 Vice Chairman, Mr. Roger Licht; our Commissioner, William  
12 Bianco; Commissioner Sheryl Granzella; Commissioner John  
13 Harris; and Commissioner Marie Moretti.

14 Before we go on to the business of today's  
15 meeting, I would respectfully request that if you have  
16 testimony to give to the board that you please state your  
17 name and the association for our court reporter. If you  
18 have a business card to give her, it would be very much  
19 appreciated.

20 I'd now like to turn the meeting over to our  
21 Chairman, Mr. Alan Landsburg.

22 MR. LANDSBURG: Good morning. Forgive this frog  
23 voice, but I have a summer cold.

24 I think first order of business today is the  
25 approval of the minutes from September 21st. Do we have  
26 any comments first?

27 MR. HARRIS: I've got one correction on Page 2. My  
28 last comment there it says, "Commissioner Harris commented  
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01 he believed the board needed to look at the application to  
02 separate those sites that were strictly traditionally  
03 off-site off-track wagering sites." Here's where the  
04 change comes. "For the ones that were co-betting" I  
05 intended to say or what I said was "commingling wagering  
06 sites utilizing phone or computer wagering, to separate  
07 the different types of simulcast going out."

08 MR. LANDSBURG: Any other comments?

09 I'll entertain a motion to approve the -- I'm  
10 sorry.

11 MS. MORETTI: I would make the motion inclusion of.

12 MS. GRANZELLA: Second.

13 MR. LANDSBURG: And we have the minutes approved.  
14 We're on our way to my main trip to this meeting. So  
15 forgive the mistakes.

16 Second item of business is a presentation to  
17 the former Chairman of the Board, Robert Tourtelot. I go  
18 back a long way with Mr. Tourtelot. With great respect,  
19 fun, and arguments that we've had over the years, it's  
20 all been fun and worthwhile. I would like to turn the  
21 reading of the resolution in order to save this weakened  
22 voice to the man who has known Mr. Tourtelot even longer  
23 than I have, Roy Wood.

24 MR. WOOD: Thank you, Mr. Chairman. Mr. Tourtelot,  
25 join me, please.

26 Chairman Tourtelot, on behalf of the California  
27 Horse Racing Board, I would like to present you with the

28 resolution. This is from the entire Board. And at this  
0007  
01 time, I'd like to read the resolution for the people who  
02 are in attendance.

03 "This resolution of Robert H. Tourtelot  
04 from the California Horse Racing Board.  
05 "Where as, Robert Tourtelot was appointed to the  
06 California Horse Racing Board by Governor Pete  
07 Wilson on October 21st, 1993, and then  
08 reappointed in 1997 to a term that expired July  
09 the 26th, 2001.

10 "Whereas, Robert Tourtelot served on eight  
11 California Horse Racing Board standing  
12 committees, including those overseeing the  
13 critical issues of legislation, stewards,  
14 pari-mutuel operations, race dates, horseman's  
15 organizations and bylaws, and simulcast  
16 operations.

17 "And whereas, Robert Tourtelot, a  
18 highly-respected attorney with a diversity of  
19 clients and interest brought to the Board a  
20 keen ability to grasp the essence of issues and  
21 find solutions that were in the best interest  
22 of the public in the California horse racing  
23 industry.

24 "And whereas, having earned the respect of  
25 his colleagues, unanimously elected him to the  
26 post, Robert Tourtelot served as Chairman of  
27 the Board from March of 2000 through the  
28 conclusion of his term. And as Chairman,

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01 guided the Board and the California horse  
02 racing industry through a myriad of complex  
03 matters relating to race track acquisitions,  
04 medication and drug testing, labor, and housing  
05 and stable areas, jockey, advertising, and race  
06 dates.

07 "Whereas, Robert Tourtelot, at all times  
08 during his eight years as a racing  
09 commissioner, served the citizens of California  
10 and the horse racing industry in a  
11 professional, compassionate, intelligent and  
12 dignified manner.

13 "Now, therefore, be it resolved that the  
14 California Horse Racing Board joins with those  
15 who hold Robert Tourtelot in high esteem and  
16 expresses its recognition and deep appreciation  
17 for his great contributions to the State of  
18 California.

19 "Unanimously adopted by the California  
20 Horse Racing Board in Arcadia, California on  
21 October 19th, 2001."

22 Well, one other presentation I'd like to make  
23 to Bob Tourtelot. If any of you have ever visited  
24 Mr. Tourtelot, you know he has a wide variety of plaques  
25 and ornamentation on his wall. He very much enjoys  
26 collecting those. The staff of the California Horse

27 Racing Board would like to present to Chairman Tourtelot  
28 this gavel. It's on a plaque. And I'm going to read the  
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01 plaque to you, if you don't mind.

02 "This is to Robert H. Tourtelot in grateful  
03 recognition of your outstanding leadership and  
04 services as Chairman of the California Horse  
05 Racing Board. This award represents our high  
06 esteem for your untiring support. From the  
07 California Horse Racing Board staff 2001."

08 MR. TOURTELOT: That's beautiful. Thank you very  
09 much.

10 MR. WOOD: Thank you. I think now is probably  
11 appropriate if you want to say a few words. Is that  
12 right, Mr. Chairman?

13 MR. LANDSBURG: Certainly.

14 MR. TOURTELOT: Well, it's been a fantastic eight  
15 years. I think I can speak for my wife and my children  
16 and I. We have really enjoyed the eight years -- excuse  
17 me for leaning on this -- really enjoyed our eight years  
18 on the Board. Maybe a little less of the Race Dates  
19 Committee last year. But other than that, I think that  
20 it's probably been the most interesting and fun experience  
21 that I've had in my career. And I'm not topping off my  
22 career because I intend it to continue on. When  
23 Governor Wilson called me back in 1993, I think it was,  
24 '94, and asked if I wanted to be on the California Horse  
25 Racing Board, I asked what did the California Horse Racing  
26 Board do? I didn't have a clue. I never even heard of it.  
27 And after he told me, I said, "Well, Pete, why do you want  
28 me?"

0010

01 I don't know anything about horses, other than  
02 I did own a third of a horse back in 1965 that ran down  
03 at Caliente. But that's not really horse racing  
04 experience. That was just margaritas and mariachis and  
05 running to catch the PSA plane to get down to watch your  
06 horse run fifth.

07 And he said, "Well, what I want, I want  
08 somebody who has no agenda to go on the Board. Somebody,  
09 preferably a lawyer, who can grasp the facts and be fair  
10 and honest and who can do what is best for the State of  
11 California for the horse racing industry. And I think  
12 that you'd fill that bill." I thanked him, and I went on  
13 the Board.

14 I never missed a meeting in eight years. And I  
15 have to say that my goal -- my rule that I operated by  
16 was to first get all the facts, listen to everybody -- I  
17 think I did that -- to come up with a decision that was  
18 fair, that was in the best interest of the State of  
19 California and the horse racing industry, that wasn't  
20 partial to one element or interest, but overall, it was a  
21 fair decision. And I've done that. I made some enemies.  
22 I think I've made some friends. But that was what the  
23 governor asked me to do, and I think that's what I did  
24 for eight years. Never had an agenda.

25 It was sometimes tough to rule against friends

26 who had an interest that approached me regarding their  
27 interest. But I had to rule the way I thought in my mind  
28 and my heart was right. And that's what I tried to do.

0011

01 And I wish all of you continued success. I  
02 think horse racing is the finest industry in this  
03 country. It's definitely a sport. And I hope to be  
04 around for a long time. I hope to see live horse racing  
05 prevail in California. There are a lot of people here  
06 and throughout the country who are so dedicated and put  
07 everything they have into this business. And it has to  
08 succeed. And I know it will. I wish you all the luck.  
09 Thank you.

10 MR. LANDSBURG: Moving on in our agenda, we have  
11 discussion and action by the Board on the Application for  
12 License to Conduct a Horse Racing Meeting of the  
13 Los Angeles Turf Club at Santa Anita, commencing  
14 December 26, 2001, through April 21, 2002.

15 Jackie.

16 MS. WAGNER: Jackie Wagner, speaking on behalf of  
17 CHRB staff. The application is from the Los Angeles Turf  
18 Club. They have filed an application to race from  
19 December the 26th through April the 21st, 2002, which is  
20 85 days. This is two days more than they raced in the  
21 year 2001.

22 The Association is proposing to race a total of  
23 731 races for 8.6 races per day. They meet the 10 percent  
24 requirement of stakes versus paid for Cal breed. They will  
25 be racing five days per week, Wednesday through Sunday;  
26 with eight races per day on weekdays, nine races on  
27 opening day, weekends, Monday, holidays; and ten races on  
28 February the 2nd, 18th, and March the 2nd. They are

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01 proposing a first post time of 1:00 p.m. for weekdays and  
02 12:30 Saturdays, Sundays, and holidays.

03 We are still missing two items from the  
04 application. Excuse me. Three items from the  
05 application. The first one is the horsemen's  
06 agreement. We have yet to receive a fire clearance and a  
07 finalized stake schedule. Staff would recommend the  
08 Board approve the application contingent upon us  
09 receiving this information.

10 MR. LANDSBURG: The floor is open for discussion of  
11 the request for license.

12 MR. LICHT: I'd like to ask Mr. Lebow a question.

13 Jack, the biggest complaint or one of the  
14 biggest complaints I hear from people is lack of field  
15 size, which I'm sure you've heard more than I have. What  
16 is Santa Anita doing, if anything, with respect to the  
17 allocation of stalls for the big meet? Do you have any  
18 new policies or any plans with respect to that?

19 MR. LIEBAU: Well, first of all, our field size the  
20 last couple weeks has been adversely impacted by horses  
21 being sick on the back side. I think that there is some  
22 light at the end of the tunnel. If you've looked at the  
23 field size in the last two weeks or so at Bay Meadows, it  
24 has improved substantially. And even tonight, Friday

25 night, at Bay Meadows I think there is 68 horses, where  
26 at times we're tough to have 50 horses running on Friday  
27 nights. I think this is a statewide thing.

28 As far as your -- responding directly to your  
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01 question, we're going to increase our efforts as far as  
02 allocating stalls to those trainers that have horses ready  
03 to run. We're also, frankly, trying to recruit some  
04 horses from out of state. And I guess I'm on the record  
05 so it will be out. But we are, in fact, making some  
06 inroads as to horses that might otherwise go to Gulfstream  
07 during the winter. And I'm not too sure that's  
08 appreciated by my fellow managers at Gulfstream, but we  
09 are taking advantage of a possible shortage of stalls in  
10 Florida.

11 MR. LICHT: What I meant specifically is like  
12 Hollywood Park, I know they mentioned they were polling  
13 and printing lists of trainers, how many starts they had  
14 per stall and so forth. Is Santa Anita looking into  
15 implementing any of those procedures?

16 MR. LIEBAU: I thought that Mr. Baedeker and Mr. Wyatt  
17 (phonetic) in doing so were extremely brave, and I applaud  
18 them for doing that. I was surprised that -- I guess I  
19 wasn't surprised by the reaction to it. But I think that  
20 we have in the north sent letters to trainers that did not  
21 make sufficient starts that justified their stall  
22 allocation. And I think that we will continue to do that  
23 here and make people maybe informally aware of the fact  
24 that they haven't reached the standard that we had hoped.  
25 But I think we need to allocate our stalls to those horses  
26 that are ready to run.

27 MR. LICHT: Right.

28 MR. LANDSBURG: We all agree.

0014

01 Further discussion?

02 MR. HARRIS: Jack, a little premature, but do you  
03 have any kind of plan that's being formulated how you're  
04 going to do account wagering from Santa Anita since you'll  
05 be the first one potentially to be able to do it?

06 MR. LIEBAU: We're working on that. We proposed a  
07 meeting the early part of November with Thoroughbred  
08 Owners Of California to apprise them of what we're going  
09 to do. And we are certainly having ongoing discussions  
10 with the CHRB staff as far as the mechanisms and how we're  
11 going to do it. So I think that in -- by at least  
12 November 15th, we will be out in public as to what our  
13 plans are.

14 MR. HARRIS: One of my concerns would be that  
15 traditionally we sold signals to out-of-state locations.  
16 We weren't too much concerned about account wagering in  
17 California. But now account wagering is legal in  
18 California. It will be. Will be a lot of issues to  
19 address as far as if Philadelphia Park or somebody is  
20 having accounts here, are we getting as much back to  
21 California from out of state?

22 MR. LIEBAU: I think under the law is that if the  
23 Philadelphia Park accepts a wager from a California

24 resident, they will be obligated to pay back the market  
25 access fee just as would any hub operating in California.  
26 MR. HARRIS: But are you going to re-advise all  
27 the -- like we've got a list of hundreds or so of people  
28 that potentially could be a hub. Are all those contracts

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01 going to have to be re-advised?

02 MR. LIEBAU: Yes, they will. But those hubs that  
03 are accepting wagers from California residents will  
04 either have to be licensed or approved by the Board. I,  
05 for one, would be surprised if we have more than five or  
06 six. But maybe I'm wrong on that.

07 MR. HARRIS: I'm just worried about some -- I was  
08 listening to an ad on the radio yesterday. Something  
09 about sports betting, that you would settle a sport  
10 betting account by calling some 800 number. I think a lot  
11 of people are not too cognizant.

12 MR. LANDSBURG: I believe those are off-shore.

13 MR. HARRIS: It still -- even if it's off-shore,  
14 technically we're supposed to be within California.

15 MR. LANDSBURG: I agree. I'm just warning you.

16 MR. LIEBAU: Right.

17 MR. LANDSBURG: Any further discussion of the  
18 request? If not, I'll ask for a motion to accept. I'm  
19 sorry. I have one question. Forgive me. Are you in  
20 agreement and ready with your agreement with thoroughbred  
21 owners to present to the Board your plan in that respect?  
22 I know it's still an open point as far as Jackie is  
23 concerned.

24 MR. LIEBAU: You mean as far as the purse agreement?

25 MR. LANDSBURG: Yes.

26 MR. LIEBAU: Yes. What the status of the purse  
27 agreement is that the written agreement itself has been  
28 executed and given to TOC. We are still in the process

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01 of discussing with them the stakes schedule and the purse  
02 thing -- the purse levels. And frankly, it's -- Santa  
03 Anita is responsible for the delay on that. We're trying  
04 to run some more numbers as far as projections are  
05 concerned.

06 But I would suspect that within the next week  
07 there will be discussions of -- between Santa Anita and  
08 TOC, and they have to get their purse committee involved  
09 in the proposed stakes schedule that we gave them.

10 MR. LANDSBURG: In the next couple of weeks, next  
11 two weeks you would expect to have a completed agreement?

12 MR. LIEBAU: We would expect that the purse schedule  
13 and the stakes schedule will be set probably the coming  
14 week. And everything else has been signed so those are  
15 the only two outstanding items.

16 MR. LANDSBURG: Thank you. Is there a motion to  
17 accept?

18 Oh, I'm sorry. Don.

19 MR. JOHNSON: Mr. Chairman, Commissioners, Don  
20 Johnson appearing on behalf of the Thoroughbred Owners of  
21 California.

22 Mr. Liebau is substantially correct in what he

23 said. I received a copy of the purse agreement this  
24 morning at 9:15, but it's executed at this time only by  
25 Santa Anita. And as indicated, I received the stakes  
26 schedule, purse schedule today. And I'm also requesting  
27 a schedule of purse projections which can be  
28 acknowledged. I'll probably have that this afternoon.

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01 And as Mr. Harris said, our organization, TOC,  
02 is very interested in advance wagering deposit program of  
03 Santa Anita and particularly source fees and market  
04 access fees. And we do want to have some understanding  
05 and agreement with Santa Anita on that issue, and we are  
06 looking forward to a meeting with them.

07 I'm not sure that we will have an excluded  
08 agreement within one week, probably two. When I get the  
09 three documents overnight purses, stakes schedule, and  
10 projection of purses, those are sent out to the purse  
11 committee. And they take their responsibility very  
12 seriously dealing with about 37 million dollars of purses  
13 with this upcoming probably ten million five for the  
14 stakes schedule. They take their work very serious.  
15 That's Ron Charles, John Amerman, Mace Siegle, Bob Lewis,  
16 John Van De Kamp, and myself. And they work well with  
17 Santa Anita, but they may have some suggested changes here  
18 and there. It might take a couple weeks by the time they  
19 get this.

20 MR. LANDSBURG: I was hoping you would finish it as  
21 soon as possible. Obviously, you have your procedures to  
22 go through.

23 MR. JOHNSON: We want to also.

24 MR. LANDSBURG: Any further discussion? I will now  
25 entertain a motion to accept the resolution of  
26 application.

27 MR. HARRIS: I think I make a motion to accept it,  
28 but contingent on the agreement and anything else that

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01 was outstanding that has to occur before it should be  
02 approved.

03 MR. LICHT: Second.

04 MR. LANDSBURG: We have a -- is this about the  
05 motion?

06 MR. HALPREN: Yes, it is.

07 Ed Halpren, California Thoroughbred Trainers.  
08 Mr. Chairman, the law also requires an agreement be  
09 signed with the California Thoroughbred Trainers. I  
10 don't anticipate that there will be any problem with  
11 that, but so long as this motion is to make it contingent  
12 on the final agreement with the owners, we would ask that  
13 the contingency of our agreement also be included.

14 MR. HARRIS: I'd add that to my motion.

15 MR. LANDSBURG: Thank you. Second?

16 MR. BIANCO: Second.

17 MR. LICHT: Second.

18 MR. LANDSBURG: The license Application for the  
19 Los Angeles Turf Club is approved by the Board.

20 MR. WOOD: You have a motion, and you have a second  
21 but --

22 MR. LANDSBURG: Any further discussion? And now a  
23 vote be approved. Sorry. Affirmative?  
24 MR. HARRIS: Aye.  
25 MS. GRANZELLA: Aye.  
26 MR. LICHT: Aye.  
27 MS. MORETTI: Aye.  
28 MR. BIANCO: Aye.

0019  
01 MR. LANDSBURG: Motion is now, as I indicated  
02 before, passed.  
03 MR. LANDSBURG: Moving on. The discussion and  
04 action by the Board on the request of the Pacific Racing  
05 Association, acting as its own agent, to distribute  
06 charity race day proceeds in the amount of \$69,400 to 21  
07 beneficiaries.  
08 John.  
09 MR. REGAN: Good morning, Commissioners. John  
10 Regan, R-e-a-g-a-n, CHRB staff.  
11 Commissioner, these are 21 qualified charitable  
12 organizations, and we recommend your approval.  
13 MR. LANDSBURG: Any discussion? There is none.  
14 I'll entertain a motion on this.  
15 MR. BIANCO: I make a motion.  
16 MR. HARRIS: Second.  
17 MR. LANDSBURG: All in favor?  
18 MR. HARRIS: Aye.  
19 MS. GRANZELLA: Aye.  
20 MR. LICHT: Aye.  
21 MS. MORETTI: Aye.  
22 MR. BIANCO: Aye.  
23 MR. LANDSBURG: Again, the motion is carried. The  
24 request of the Pacific Racing Association, acting as its  
25 own agent, to distribute charity race day proceeds is  
26 approved.  
27 Next item on the agenda is a discussion and  
28 action on the report by the Ad Hoc Committee on a study

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01 conducted by the Center for Public Interest Law.  
02 I'm going to take a few moments to make a  
03 comment here. Commissioner Moretti joins me in thanking  
04 the members of the Ad Hoc Committee on CHRB enforcement  
05 for their time and thoughtfulness in evaluating and  
06 commenting upon three vital areas of the Board's efforts.  
07 We owe a large debt of gratitude as well to the Center for  
08 Public Interest Law, whose Executive Director, Robert  
09 Fellmeth, and Staff Counsel, Rusty Nichols, prepared a  
10 long thought-provoking study of certain activities of the  
11 Board entitled "High Stakes Challenge."  
12 Based on the Fellmeth report, we ask the Ad Hoc  
13 Committee, as general representatives of the industry, to  
14 develop recommendations that would include acceptance or  
15 rejection programs, methods, and ideas stimulated by the  
16 Fellmeth report. This was the mission statement for that  
17 committee.  
18 Three general areas were covered in the original  
19 Fellmeth study and subsequent committee deliberations.  
20 They are the Board approaches in general to security,

21 medication, and adjudication. As Chairman, I'm going to  
22 assign reports of the Ad Hoc Committee to our Board  
23 committees. In this case, the Security Report is assigned  
24 to the Security and Licensing Committee headed by  
25 Commissioner Moretti, with Commissioner Licht also  
26 serving. I'm removing myself from the committee so I'm  
27 may fill other committee roles and that of the Chairman.  
28 But I'm aware it ain't a walk in the park.

0021

01 I'm going to ask the Medication Committee,  
02 chaired by Commissioner Harris and served by Commissioner  
03 Bianco, to undertake study of the Ad Hoc Medication  
04 Subcommittee report. Some of the recommendations made by  
05 the original Fellmeth report have found their way into  
06 both law and regulations governing racing. Certainly  
07 other ideas have surfaced that may also prove helpful.

08 The Board's Legislative Committee will now be  
09 reconstituted with myself as Chairman, joined by  
10 Commissioners Moretti and Licht, both of whom are  
11 practicing attorneys, to review the Ad Hoc Committee's  
12 subcommittee report on adjudication.

13 One last note, I hope that Medication and  
14 Legislative Committees review the Assembly Bill 1093  
15 signed by Governor Davis this weekend which deals with  
16 medication and attendant regulations.

17 I would ask that the committees be prepared to  
18 present their reports and recommendations to the Board at  
19 the February meeting.

20 Are there any comments based on what I've just  
21 said?

22 MS. MORETTI: Mr. Chairman, I just -- I would love to  
23 be an attorney right now, but I'm not. However, I think  
24 I'm well-qualified in the public affairs experience to  
25 join in.

26 MR. LANDSBURG: Forgive me.

27 Are there any other comments? With no comments,  
28 I would entertain a motion to confirm the committee

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01 assignments calendar public hearing recommendations  
02 tentatively for the February Board meeting. Is it so  
03 moved by any of the Board?

04 MS. MORETTI: So moved.

05 MS. GRANZELLA: So moved.

06 MR. BIANCO: Second.

07 MR. LANDSBURG: Then the Ad Hoc Committee study will  
08 come back to us in February. The Center for Public  
09 Interest Law has now been approved.

10 Moving on. Discussion and action by the Board  
11 on the report of SCOTWINC Off-Site Stabling and Vanning  
12 Fund Committee concerning the status of San Luis Rey  
13 Downs.

14 Do we have a -- thank you. Don.

15 MR. JOHNSON: Mr. Chairman, Commissioners, I'm  
16 appearing today on behalf of TOC, the Vanning and Stabling  
17 Committee of SCOTWINC. Al Karwacki was sorry he couldn't  
18 be here today. His wife had a serious operation. In  
19 fact, he's bringing her home from the hospital as we

20 speak.

21 We did have a very successful Vanning and  
22 Stabling Committee meeting by SCOTWINC September 25th.  
23 We were particularly gratified to have Sheryl Granzella  
24 and Al Landsburg present. And everybody spoke,  
25 representatives, several from San Luis Rey Downs,  
26 Fairplex, and all of the racing associations. And  
27 everybody said their peace. And following the meeting,  
28 we were unable to -- or we did not make any motion to

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01 pass any resolutions. But as you know, after MAGNA  
02 raised their stall fee schedule from \$8 to \$12, TOC  
03 voluntarily agreed to continue or to pay the \$4 -- the  
04 extra \$4 and continue the performance fees that they are  
05 currently receiving. That was until December 31st,  
06 however -- and there are a lot of reasons. There are  
07 several reasons why we cannot, you know, pay the full \$12  
08 that they were requesting. And some of those are  
09 because, first of all, it costs a lot of money. It's  
10 about two million dollars in addition that Mr. Karwacki,  
11 on behalf of SCOTWINC, would have had to come and ask you  
12 for approval to increase the rate that we are paying for  
13 all of these Stable and Vanning. And that would cost us  
14 one million in purses and one million in commissions to  
15 racing association. That's on top of the excess more  
16 than six million that we're currently paying. That's  
17 three million plus -- out of purses and three million out  
18 of commissions.

19 In addition, as I spoke with Mr. Pancy  
20 (phonetic) yesterday from Hollywood Park, there are at  
21 least 700 stalls available in Hollywood Park as we speak.  
22 They have around 1,200. And talking to Mr. Halburn, he  
23 said it didn't look like that many. He says he had his  
24 horse stabled over there. And Fairplex, I know they're  
25 not filled up. So we're running about maybe 1,000 empty  
26 stalls, around 1,100 and the general between Santa Anita  
27 and Hollywood we're running at about 3,100 to 3,300  
28 stalls. There are always empty stalls. We have the

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01 costs. We have the availability of stalls.

02 The Fairplex contract terminates on April 30th.  
03 And we don't know the Fairplex will even be available.  
04 But if it is available, we think it's rather costly. And  
05 there may have to be some adjustment there or possible  
06 elimination. We don't know. But it is costly with the  
07 available stalls we have elsewhere.

08 And we do have meetings planned to continue this  
09 discussion. And the first one will be SCOTWINC Vanning  
10 and Stabling meeting on November 8th. Then we have the  
11 next TOC Board meeting, which I believe is November 14th.  
12 This would be a major issue at both of those meetings.  
13 The 2002 would include San Luis Rey Downs' request, would  
14 result in 365 days of stabling at San Luis Rey Downs,  
15 about 320 at Fairplex, about 161 at Hollywood Park, and 94  
16 at Santa Anita. The Hollywood Park and Santa Anita  
17 numbers will vary depending upon who is open for Del Mar.

18

19 But we believe that maybe we can improve our  
20 position as it is, but that's where we are now. That's  
21 all we can do until December 31st, unless something comes  
22 up at one of these other meetings. I know the TOC Board  
23 would not support the kind of request that San Luis Rey  
24 Downs has made at this time. It's too costly and not  
25 necessary.

26 MR. LANDSBURG: Would you clarify? Somewhere in  
27 your discussion you mentioned a figure on continuation  
28 for the year. Was that of the San Luis Rey Downs?

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01 MR. JOHNSON: Was that two million dollars?

02 MR. LANDSBURG: Yes.

03 MR. JOHNSON: Yeah. In other words, yes. That's  
04 primarily the result of asking for the increase of two  
05 million dollars.

06 MR. LANDSBURG: Right. But just trying to focus it.

07 MR. HARRIS: Is that two or three months, or is that  
08 annualized, or how is two million?

09 MR. JOHNSON: That's annualized.

10 MR. LANDSBURG: Further discussion?

11 MR. BURGE: Mr. Chairman, Commissioners, Doug Burge  
12 of the California Thoroughbred Breeders Association. I  
13 just have a few comments on this matter.

14 We don't oppose a subsidy to provide ample  
15 stabling opportunity for horses that are in active  
16 training, but I would like to stress horses that are in  
17 active training. We have some concerns that some horses  
18 are, indeed, laid up at some of the subsidized facilities  
19 and in some instances even broke at these facilities.  
20 And you can see obviously this is detrimental to the  
21 thoroughbred farms in California who are operating at a  
22 disadvantage when, in fact, they're not subsidized.

23 I think maybe the solution would be some  
24 mechanism so that we could either screen or approve that  
25 horses are, indeed, in active training at these  
26 locations.

27 MR. LANDSBURG: Any further? Thank you. Any  
28 further discussion?

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01 MS. ROSIER: Can you hear me? Can you see me?

02 MR. LANDSBURG: Barely. But you certainly have our  
03 respect.

04 MS. ROSIER: I wanted to comment on Mr. Burge's  
05 comment first before I start with mine. I think it's a  
06 good idea. I really do. I think all of the San Luis Rey  
07 Downs Horsemen's Organization would be for screening  
08 horses. The only reason we're here is to request  
09 equality. And I wanted to make sure with Mr. Johnson that  
10 we have our numbers correct. From the SCOTWINC meeting we  
11 were under the impression that it was going to be \$700,000  
12 more that we would need to take from purse money. That  
13 was our impression. So I want to make sure that we all --  
14 maybe we could get those numbers in writing so that we're  
15 all on the same page.

16 And I didn't introduce myself. I'm sorry. My  
17 name is Laura Rosier. I'm representing the San Luis Rey

18 Downs Horsemen's Organization. I'm the Vice President.  
19 This is Wayne Baker, the President. The San Luis Rey  
20 Downs Horsemen's Organization would like to thank the  
21 CHRB and other racing organizations that have considered  
22 our cause, which is equal stable funding.

23 We know that our issue has caused considerable  
24 thought and discussion. We think that is a good thing,  
25 and in the end, it will produce growth in our industry.  
26 I'd like to show you our charts. We bring our charts  
27 because we heard they were popular. This was our last  
28 full meet for Del Mar. And I guess they're pretty

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01 self-explanatory. If you're looking for ready-to-run  
02 horses, I think we're showing that we have ready-to-run  
03 horses. And from our understanding, that was what the  
04 SCOTWINC program was intended for, ready-to-run horses.

05 There was some question about whether San Luis  
06 Rey would continue with the high numbers after Del Mar.  
07 Let me say, Del Mar is our favorite meet. It's our home  
08 town, and we do run a lot of horses at Del Mar, slow down  
09 a tad during Hollywood, but our numbers are still pretty  
10 impressive. They're as high as Santa Anita's were during  
11 the Del Mar meet. We're at 18 percent right now. So --  
12 let me see.

13 We understand that the TOC is hesitant to move  
14 forward on the issue of equality in the SCOTWINC fund. The  
15 excuse being possible future modifications in the program.  
16 The San Luis Rey Down Horsemen's Organization respectfully  
17 requests that the Board take action to include us equally  
18 in this fund now while the TOC continues to look into the  
19 future ideas for change.

20 We're not -- we're not against change. But in  
21 the meantime, we think that equality shouldn't wait.  
22 It's waited -- we've been waiting for a long time. Also  
23 some things that I think it's important to consider is  
24 that you all know at this time -- I didn't see the  
25 article, but I understand there is 300 to 400 sick horses  
26 at Santa Anita. This is something that I think should be  
27 considered. The epidemic that happen with people can  
28 happen with horses. The more facilities that we have in

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01 separate areas, the more chances we have to keep these  
02 things isolated.

03 Also, Mr. Chillingworth made an important point  
04 at the SCOTWINC meeting that a major complaint is the  
05 condition of the tracks; too much working over the  
06 tracks, too many horses on the tracks, too much  
07 congestion on the tracks. So would it be wise to cut off  
08 another facility when we need it?

09 Oh, the other day over our PA system we were  
10 repeatedly paged to enter horses if there was a shortage  
11 on the field. And our trainers were called to fill the  
12 races. I think that's an important point to make. All of  
13 your horse owners know how it is to have a horse sitting  
14 on a race ready to go, and you got a four-horse field, and  
15 they say if you can get another horse in, your horse gets  
16 to run. A lot of times our facilities are the ones that

17 make those races go. Sometimes we even win them.

18 The reason why we want to get this taken care  
19 of as soon as possible is that, as you know, SCOTWINC  
20 would have to prepare the numbers and request from you,  
21 the small extra funding that it would take to equally  
22 subsidize us.

23 MR. LICHT: I have a question. I'm personally  
24 against starter fees. I think that would be a terrible  
25 thing for the game. And I see your statistics here. You  
26 were talking about sometimes you even win. Do you have  
27 statistics on the success rate? How many wins at Del Mar  
28 came from San Luis Rey?

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01 MS. ROSIER: He wins a lot of them. That's a good  
02 question. I feel that we would probably be comparable to  
03 anyone else in the business.

04 MR. LICHT: I think it would be an interesting thing  
05 to see.

06 MS. ROSIER: Yeah, it would be. But does that  
07 matter? Are we counting at any other facility? I know  
08 we win our fair share of races. It seems like when  
09 you're on a role, you're on a role. You win a whole  
10 bunch of them. I feel we did well at Del Mar as we will  
11 do at Hollywood Park. We did our fair share. We aren't  
12 a bunch of --

13 MR. LICHT: That might be interesting to compare the  
14 wins that come from Fairplex or Hollywood during the --  
15 San Luis Rey compared --

16 MS. ROSIER: I don't know why that would be  
17 relevant --

18 MR. LICHT: To see how competitive the horses are.  
19 In other words, are we just trying to get horses in  
20 races? Are we trying to get competitive horses in races?

21 MS. ROSIER: Our horses are high caliber. We run in  
22 allowance races. I believe Wayne has one in the stakes  
23 race today. Yeah. He has one in the stakes race today.  
24 See how he runs. Maybe we can use that for --

25 MR. LICHT: I'd like to see those statistics if you  
26 have those available.

27 MS. ROSIER: I think that's kind of -- if you think  
28 about it, for 400 or \$450 to come all the way down here

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01 just to fill a race for you guys, I don't think it would  
02 pencil out. I mean, we don't run to run last. It's a  
03 long day to travel all the way down here to go through all  
04 the rigamarole of running. I don't think that -- you  
05 know, at the SCOTWINC meeting they said for the other  
06 facility, they are paying somewhere around \$3,000 per  
07 start when they figure out all the costs. If we were  
08 getting \$3,000, I mean, that might be an incentive for  
09 somebody to run no matter where they run. But at that  
10 cost, it doesn't even cover -- especially if you bring  
11 your horse up the day before and stay in a hotel and have  
12 to eat out. And it gets pretty expensive traveling up  
13 this way. I know some people have talked about let's be  
14 equal, but let's all go to starter fee. That's a  
15 thought. Or let's be equal and let's not have any

16 funding. Used to be that way.

17 I think we've taken incentive away from  
18 trainers to be running and winning races too because it  
19 used to be if you didn't have winners, you didn't get  
20 stalls. And nowadays, it's just all, you know, free for  
21 whoever wants to live here. People make choices and a  
22 lot of reasons -- I make my choice because of my family.  
23 Other people make it because it's cheaper here. Does  
24 that -- it doesn't sound like the right reason to me.

25 MR. LANDSBURG: If you have nothing more to add, I'd  
26 like to entertain further discussion. Is there a further  
27 discussion of this?

28 MR. WOOD: Mr. Chairman.

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01 Mr. Johnson, could you tell me when the next  
02 SCOTWINC meeting, what the date of that committee is?

03 MR. JOHNSON: November 8th.

04 MR. WOOD: At that time will the SCOTWINC Committee  
05 determine what their plans for 2002 as far as for the  
06 whole state, the whole southern part of California?

07 MR. JOHNSON: Well, I can't say for sure. I think  
08 there would be some chance they could. At least -- or on  
09 the other hand, we have a TOC Board meeting on the 14th.  
10 We would like have some input probably but --

11 MR. LANDSBURG: What meeting did you have on the  
12 14th?

13 MR. JOHNSON: TOC. Sorry.

14 On the other issue of the million dollars,  
15 Mr. Karwacki did leave me a message on the telephone that  
16 there would be -- if the San Luis program is \$12 a day,  
17 it was to be fully paid by the Stabling and Vanning Fund,  
18 it would be request two million dollars additional from  
19 that fund; one million for purses, one million for the  
20 tracks.

21 I think April 30th is a critical day in a way  
22 for Fairplex. There is some thought whether or not  
23 they're necessary. And I believe their cost may be too  
24 high at the present time based on their number of starts  
25 as compared to San Luis Rey Downs. I don't think I would  
26 certainly take any action beyond that date because I'm  
27 not certain what's going to transpire with respect to  
28 that or any other facility.

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01 MR. WOOD: But what will be transpired between now  
02 and November 30th? The next California Horse Racing  
03 Board meeting is a meeting from TOC Board and SCOTWINC  
04 Vanning Committee for a plan to get you through the first  
05 four months of 2002, at least through April.

06 MR. JOHNSON: I would like -- yes. I do believe  
07 that. Let's put it that way. Through April 30th.

08 MR. HARRIS: As I understand it too, the Board is  
09 kind of a court of appeals. But basically, the decision  
10 of what's going to happen is made by SCOTWINC. And I  
11 guess that can be appealed to the Board but you really  
12 rely -- you have to have something to appeal.

13 MR. WOOD: That's the point I was trying to get. On  
14 November the 30th, you have some plans as to what the

15 program is going to be. Whether there was an appeal to  
16 that plan, it would be heard at that date; is that  
17 correct?

18 MR. JOHNSON: That is true. If we have a plan, I  
19 don't know beyond April 30th at this time, but we should  
20 have a plan.

21 MR. LANDSBURG: Are you recommending, then, that  
22 they continue the payments to San Luis until April 30 so  
23 they can stay in business?

24 MR. JOHNSON: I'm not recommending that at this  
25 meeting because the Board hasn't authorized me to say  
26 that. But I don't believe that's too unreasonable.  
27 Let's put it that way.

28 MR. WOOD: In your comments, can the Board say you  
0033 authorize you to pay them --

01 MR. JOHNSON: December 30.

02 MR. HARRIS: The Board doesn't pay anything?

03 MR. WOOD: But the SCOTWINC Board has authorized --  
04 agreed to pay until the end of December --

05 MR. JOHNSON: That is correct.

06 MR. WOOD: -- for the current program; correct?

07 MR. JOHNSON: That is correct.

08 MR. WOOD: But then you're going to meet in November  
09 to talk about what you're going to do next year?

10 MR. JOHNSON: That's correct.

11 MR. WOOD: If that was not acceptable to anyone or  
12 someone wants to appeal, they would November the 30th.  
13 You may be asking this Board for additional funds like  
14 you have sometimes in the past, if you decide that's what  
15 you need to do because you have to get those approved by  
16 this board.

17 MR. JOHNSON: Absolutely.

18 MR. BAKER: Wayne Baker, president, San Luis Rey  
19 Horsemen's Association.

20 The actual figure is closer to \$700,000 and not  
21 a million. And it actually works out to only \$300 per  
22 race, which is really not that much money.

23 MR. LANDSBURG: Any comment here?

24 MR. HARRIS: Which actual figure are you talking  
25 about? To make the \$12 amount or \$4?

26 MR. BAKER: To pay in incremental costs, it's  
27 \$700,000. That would only lower the purses \$300 per  
28

0034 race, and \$300 per race is not that much money. I don't  
01 think any owner in California would quibble about \$300.  
02 I know I wouldn't.

03 MR. LANDSBURG: From my recollection, Ad Hoc -- the  
04 Stabling and Vanning Committee, there is a larger question  
05 than the \$300 per race, and we're going to see hopefully  
06 at the end of November a proposal that solidifies at least  
07 for the time being until all facts are in. I would hope  
08 to see that recommendation on the 30th so that we can't --  
09 I don't think it's fair and proper to San Luis Rey not to  
10 make sure that -- or assure them that they can go on if  
11 that -- I take it what would happen if the incremental  
12 cost was not met? Is there a San Luis Rey comment on  
13

14 that?

15 MR. BAKER: I guess we'd have to close the doors, and  
16 then you'd lose another 450 horses to fill the race. If  
17 you look on the card today, there is a race of seven  
18 horses in it. Three of those horses are from San Luis.  
19 Without those horses, you wouldn't have had another race.

20 MR. LANDSBURG: I was just posing the question so it  
21 would be open in public. I wasn't suggesting that we'd do  
22 that.

23 Other comments, please?

24 MR. SIMCON: Sam Simcon, licensed thoroughbred  
25 trainer in the State of California, stabled at San Luis  
26 Rey Downs.

27 I think the main point that we ask for down  
28 there is equality. As far as you all are concerned, we

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01 are treated equal. We have to be licensed. We have to  
02 have licensed employees. The facility itself has to meet  
03 the Board's standards. As far as the Stabling and  
04 Vanning is concerned, we are treated equally for Vanning.  
05 But yet, we're not treated equally for Stabling. I don't  
06 understand. And that is our main issue of -- we don't  
07 care what it turns out to be, as long as we are treated  
08 like everybody else.

09 MR. LANDSBURG: We respect that opinion. However,  
10 the broad decision at the moment rests with the  
11 committee, the Stabling and Vanning Committee, which has  
12 got to come back with a report to us as to what they want  
13 to be done and then we can pass on.

14 Yes, Jack.

15 MR. BROWN: Jack Lee Brown from Magna. We keep  
16 talking about the Stabling and Vanning Committee. We talk  
17 sometimes about SCOTWINC. But in actuality, we're talking  
18 about the Thoroughbred Owners of California because  
19 without an affirmative vote from Thoroughbred Owners of  
20 California, nothing can happen. I have to say that being  
21 a new person in Southern California, I don't quite  
22 understand how SCOTWINC votes different on the Stabling  
23 and Vanning Fund, but that's something that's historic  
24 before my time. In Northern California, the Stabling and  
25 Vanning Fund is disbursed in the same manner that the  
26 NOTWINC is as far as votes and director of NOTWINC is  
27 concerned. But in Southern California, this is a decision  
28 entirely within the hands of this Thoroughbred Owners of

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01 California for whatever reason.

02 MR. HARRIS: How are the votes? Is it a 50/50 vote,  
03 or what are the votes on SCOTWINC Board?

04 MR. BROWN: As far as I know, perhaps, I'm not the  
05 one to respond because I really don't know. But I think  
06 that the only vote in SCOTWINC that's 50/50 is with the  
07 Stabling and Vanning Fund.

08 MR. HARRIS: Other votes are other different  
09 proportion because I thought --

10 MR. BROWN: Yes.

11 MR. JOHNSON: Don Johnson on the Stabling and  
12 Vanning Committee. TOC does have 50 percent of the votes

13 and the other racing associations and parties involved  
14 have the remaining 50 percent. There are very many other  
15 committees involved in -- let's say TOC had 20 percent of  
16 the votes 15 or 20, and racing associations are in  
17 control of those particular committees as far as that  
18 goes.

19 It was felt at the time of formation of  
20 SCOTWINC when all this was done that these racing  
21 associations would have more votes than those committees.  
22 But when it came to the Stabling and Vanning Committee,  
23 it related more to owners, and racing associations all  
24 agreed that it was appropriate that 50 percent of the  
25 votes be with TOC. HBPA at that time.

26 MS. ROSIER: At the SCOTWINC meeting, my impression  
27 at the end of the meeting when we went around the table to  
28 the voters on the SCOTWINC Board -- and I may be wrong --  
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01 but my impression was that even though there are several  
02 of them that did not care for how this SCOTWINC money is  
03 being distributed, they all agreed that equality is the  
04 vote. That's the most important, that we do deserve  
05 equality. That's the impression I got from the other  
06 voters on the SCOTWINC Board.

07 But TOC still took a stand that they don't agree  
08 with us being equally funded. So it's a little hard -- I  
09 mean, it's impossible. We're at a stalemate in my  
10 opinion.

11 And another important point I want to make  
12 because I think it's very important. Since SCOTWINC was  
13 initiated, we have now produced the fund and equal  
14 proportion to every other horseman that runs horses in  
15 Southern California. But we have not received equal  
16 proportion of that fund. And I think that's wrong. I  
17 don't know how we can continue to act like that's okay.  
18 If we aren't doing our job, if we're doing something  
19 wrong, if there was a reason, I could go home and say  
20 there is a reason. But I can't get anybody to tell me  
21 what the reason for treating us unequally would be.

22 MR. LANDSBURG: I believe it comes to money.

23 MS. ROSIER: But still, it's not fair to treat one  
24 group of people different than the other.

25 MR. LANDSBURG: As my mother used to say, sometimes  
26 life isn't fair.

27 MS. ROSIER: But -- that's true, but I'm going to  
28 keep fighting for equality.  
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01 MR. HARRIS: I agree with equality. Although, I  
02 think any horseman is stabled at the track that is  
03 operating is not really a recipient of the SCOTWINC funds.  
04 He's a recipient if he's at a track that's -- like if he  
05 was at Hollywood Park, he'd get SCOTWINC funds. But Santa  
06 Anita, there is no SCOTWINC funds going to Santa Anita.  
07 So it's not really saying that any horse -- some horsemen  
08 are getting those funds, and some aren't.

09 MR. CAPESTRO: Good morning.

10 MR. LANDSBURG: Please identify yourself for the  
11 reporter.

12 MR. CAPESTRO: I'm going to. My name is Andrew  
13 Capestro. I'm the retained attorney for the San Luis  
14 Rey Down Horsemen's Association. I'm also a horse owner.  
15 My wife is a trainer at San Luis Rey Downs, and we are  
16 running a horse today. So I have interest in this every  
17 way, because not only does it cost us as trainers, it  
18 costs me as an owner, and it's a question of expanding  
19 facilities. And I'm speaking today because it's very  
20 hard for an attorney just to sit down and say I'm here  
21 and can't say anything. So I thought, well, I will say  
22 something.

23 I was looking at the Code section that provided  
24 the funds, and the funds are for Board-approved auxiliary  
25 training facility, which SLRD is. That's Business and  
26 Professions Code Section 19607. And it talks about a fund  
27 to provide reimbursement for Off-Site Stabling and for  
28 vanning. It doesn't say partial vanning. We get full

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01 vanning. It doesn't say partial reimbursement. And I  
02 believe they have a very good argument for full  
03 reimbursement, not only because it's fair, but we're  
04 trying to make sure that live racing succeeds in  
05 California. Funding San Luis Rey Downs will help that.

06 We were talking earlier about field size and how we  
07 have to recruit horses from out of state. Obviously, the  
08 field size is affected by the horses that are coming from  
09 San Luis Rey Downs. When you have illness at places like  
10 Hollywood Park, it's affected. We have well horses. If  
11 we have a sickness, it does not spread to the other horses  
12 there.

13 You have the quality of the track itself. The  
14 more horses that are on the track, the harder the footing  
15 than -- any of us that's been an owner before knows how  
16 difficult it is to have a horse that breaks down because  
17 of bad footing. For those reasons, we should make sure  
18 that the horsemen and horsewomen -- that what we're  
19 talking about. We're not talking about the owners of the  
20 track. We're talking about the horsemen and horsewomen  
21 because that's who it's supposed to be paying. For them  
22 to be able to compete at the tracks here in Southern  
23 California.

24 And that's why I'm joining the people that I  
25 represent and on my own behalf that we request that we  
26 have full funding. I understand we probably will have  
27 another meeting with the fund. On behalf of the  
28 organization, we would like to request that we get

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01 notification of that meeting and that we be able to  
02 attend. Thank you.

03 MR. LANDSBURG: Any further comment?

04 MS. ROSIER: I just have to do one more. I might  
05 have heard you wrong, Mr. Harris, but I understood that  
06 you don't feel that horsemen are being reimbursed.

07 MR. HARRIS: My point was -- I wasn't being  
08 argumentative to your point. But just if you're a  
09 horseman, like give a person at a horse stable at  
10 Santa Anita today, his horse is not using up any SCOTWINC

11 funds.

12 MS. ROSIER: But the ones at Hollywood are, and the  
13 ones at Pomona are.

14 MR. HARRIS: Some horsemen -- it's just strictly  
15 stabling at the track that's running, doesn't really use  
16 SCOTWINC funds. I did not say that's good or bad, but  
17 it's not like everybody get the SCOTWINC funds every day.

18 MS. ROSIER: No. That's true. At the running track  
19 there's no money being spent out of the fund. But it's  
20 hard to get stalls at the running track too for anybody  
21 that's trying to get them, unless they have a lot of big  
22 stables. But the way that the horsemen on the other  
23 Off-track facilities are being reimbursed, and they are,  
24 is that SCOTWINC wasn't paying this fund. Somebody would  
25 be paying it, and it would come down to the trainers  
26 paying it and eventually it coming out the owner's pocket.

27  
28 MR. LANDSBURG: In view of the fact that we have a  
0041  
01 request to hear more from the committee -- from the  
02 Stabling and Vanning Committee, our action here is really  
03 to say that we expect to have that report and  
04 recommendations -- firm recommendations in our hands by  
05 November 30th so that this Board can recommend action or  
06 not. I guess that is where we are at the moment.

07 Therefore, I suggest that we postpone further action  
08 on this until November 30th. But be assured that at  
09 November 30th we're going to expect a hard complete  
10 agreement so that we can take action and do what the  
11 Board is required to do. And I'd entertain a motion or  
12 discussion. No discussion.

13 MR. LICHT: A what?

14 MR. LANDSBURG: A motion essentially to hold this  
15 action until November 30.

16 MS. MORETTI: Until after their meeting.

17 MR. LANDSBURG: And when they can get the material  
18 to us. Is that your -- is it seconded?

19 MS. GRANZELLA: Second.

20 MR. BIANCO: Second.

21 MR. LANDSBURG: Therefore, we have moved and acted  
22 on the report from the SCOTWINC off-site Stabling and  
23 Vanning Fund Committee holding it over until  
24 November 30th, the agenda date.

25 We should vote on the motion. All in favor?

26 MR. HARRIS: Aye.

27 MS. GRANZELLA: Aye.

28 MR. LICHT: Aye.

0042  
01 MS. MORETTI: Aye.

02 MR. BIANCO: Aye.

03 MR. LANDSBURG: Opposed? Thank you. I keep  
04 skipping the vote. I'm allowed a mistake.

05 Staff report for our next agenda item is the  
06 concluded race meet at Los Angeles County Fair at Pomona  
07 for September 7th through September 24th, 2001.

08 John.

09 MR. REGAN: Commissioners, John Regan, CHRB staff.

10 This is our end-of-meet report for the L.A. County Fair.  
11 Wish to point out one item. Somewhat painfully you might  
12 say they were expecting an 18 day meet. We only ran 17.  
13 The averages you see -- the summary you see is based on  
14 average daily handle, average daily attendance, whatnot,  
15 based on the 17 days this year versus the 18 days in the  
16 past, especially last year. They were up in all the  
17 categories, as you see by the summary. And we will  
18 simply conclude it with that.

19 If you have any questions, we'll try to answer  
20 them.

21 MR. LANDSBURG: Questions? Discussions? I'll  
22 entertain a motion to approve the report --

23 MR. REGAN: Thank you.

24 MR. LANDSBURG: -- of the concluded race meet at  
25 Los Angeles County Fair.

26 MR. LICHT: So moved.

27 MS. MORETTI: Second.

28 MR. LANDSBURG: All in favor?

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01 MR. HARRIS: Aye.

02 MS. GRANZELLA: Aye.

03 MR. LICHT: Aye.

04 MS. MORETTI: Aye.

05 MR. BIANCO: Aye.

06 MR. LANDSBURG: Opposed? Carried.

07 Under the general business, do we have general  
08 business coming from the assemblage? If not, we'd like to  
09 take a moment.

10 We are -- I'm new as Chairman. Most of us are  
11 newer on the Board, and we haven't personalized or been  
12 able yet -- we expect as time goes on, we'll brief our  
13 personal staffs what we have accomplished. I thought it  
14 would be important at this juncture to ask each of the  
15 Commissioner for their view of racing future so you can  
16 get a feeling for where we all are.

17 John, would you start?

18 MR. HARRIS: Well, I guess my overall view would be  
19 that we've got a lot of challenges. We are showing a  
20 decline in track attendance and handle. But sort of the  
21 last staff (unintelligible). We've got some good things  
22 coming. We've got some very good race tracks in  
23 California. We have advent of the account wagers and  
24 television exposure there could help and we've got a lot  
25 of things that can help us as we go forward.

26 One thing that I'd like to say that I think part  
27 of coming up with recommendation, something that the Board  
28 can look at or kind of embark on to really protect or

0044

01 enhance the sport and business. One thing I think we need  
02 to do is take a hard look at the adequacy of our back  
03 stretch security and the need to use more technology to  
04 enhance that. And I think we've been able to get by for a  
05 long time and like personal liberties, not really have a  
06 lot of hassles as far as getting in and out of the track,  
07 or various licenses or that.

08 I think we're at a point just in the whole

09 nation and in racing that we need to really have a system  
10 that we feel is much better than what we probably have  
11 now. I'm not sure how we would do this, if we get a panel  
12 or commission or some outside person that -- group to come  
13 in to take a look at it or what. But I think we really  
14 need to spend more money and put more emphasis on back  
15 stretch security. One way to fund it maybe would be with  
16 some of the SCOTWINC money. If they are spending six  
17 million a year, how much TV cameras can you buy for six  
18 million? You can have one on every person in the back  
19 stretch. I think also a lot of technology that doesn't  
20 mean still the old-fashioned people are also going to be  
21 part of the solution to any security. But I'd like to see  
22 the Board kind of reinvent our whole back stretch  
23 security.

24 MR. LANDSBURG: You'll have the security meeting on  
25 the Fellmeth report, which touches on and may be able to  
26 amplify.

27 Sheryl.

28 MS. GRANZELLA: I was kind of glad when Bob Tourtelot  
0045

01 said when he was approached by Governor Wilson he wasn't  
02 that familiar with horse racing. My family has had  
03 horses. We haven't had any in recent years. So I'm --  
04 I'm still learning. After -- even after two years, I'm  
05 still learning a lot.

06 I'm very impressed with this industry. Like I  
07 said, I wasn't that familiar with it still, and I'm still  
08 learning. So I have talked to a lot of people in the last  
09 two years about racing, and I'm proud to say that  
10 California has got a fine reputation. I just wish we  
11 could get more people to the tracks and get more horses on  
12 the tracks. And that's about it. I'm committed to trying  
13 to help the industry any way I can. And I'm sure by the  
14 time I'm done with it all, I'll know a little bit more  
15 than I do today.

16 MR. LANDSBURG: Commissioner Licht.

17 MR. LICHT: First of all, I think Alan Landsburg's  
18 idea sort of humanizing this meeting is really important.  
19 The thing that struck me the most in my few months as a  
20 commissioner, there is so much starch to them, that people  
21 can't always express themselves about the things they  
22 want. I think this is going to help a lot. I  
23 personally, as many of you in the audience know, love this  
24 sport. I think it has a very bright future. And I know  
25 that gaming and gambling really drives a sport, but I  
26 think it's the sport that makes us unique. And I would  
27 really like to see a return to the sport and try to  
28 emphasize that in our promotions and in our role as

0046  
01 regulators. I think that that will do a lot to improve  
02 the game.

03 As far as my own personal role, I feel like  
04 what I can do is open the Board up to being a conduit for  
05 suggestions, questions, problems from the racing  
06 community in general. I think that -- I've been talking  
07 to the horsemen, fans, labor, breeders, track management,

08 all of those segments, and I think that it's important we  
09 keep our ears open to every segment of the industry. And  
10 like I say, I definitely see a bright future for the  
11 business of horse racing, and most of all, the sport of  
12 horse racing.

13 MR. LANDSBURG: Commissioner.

14 MS. MORETTI: To follow up on what Roger just said,  
15 it is those different components together that make up  
16 the horse racing industry; the labor unions, the  
17 managements, our trainers, our owners, our jockeys,  
18 et cetera, et cetera. It doesn't work if any one part  
19 isn't functioning well. So I think that it's our job as  
20 we're charged to promote horse racing in stake and to  
21 protect the public, that we have to be very mindful of all  
22 of those components, and everyone must be given their due  
23 respect.

24 There are a few issues that I think I've shared  
25 with a number of you that I'm concerned about and would  
26 like to see us move more forward on over the next couple  
27 of years. One is my shared commitment, as John Harris  
28 just said, to improving the security of the back stretch.

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01 I think that that's tied in with the notion of protecting  
02 the integrity of this business, that for as much as I  
03 think, it's a fabulous business.

04 When I talk to people who know nothing about  
05 horse racing, they have a horrible perception of it. And  
06 it pains me to hear what they think of it sometimes. And  
07 I think that part of our job in promoting the industry as  
08 a Board is to work with all of you to make sure that that  
09 image is squashed. I think there are a number of things  
10 we can do in that regard. In particular, as Chair of  
11 this Ad Hoc Committee, the Security Committee, I would  
12 very much like to study and look into the use of  
13 surveillance cameras.

14 In terms of the medication regulations, I think  
15 that we need to come -- to get into technology and to  
16 respect what we have in terms of the use of responsible  
17 and sound science. I think we also need to push for  
18 national medication standards. I think that's something  
19 we can do. But on the other side of that, as we look to  
20 new thresholds or reporting levels or whatever makes sense  
21 because of sound science we also have to have much  
22 stricter enforcement of any violations. It's our job too  
23 to protect the animal and the abuse of the animal, whether  
24 it's an overmedication, overuse of the whip, or this  
25 horridness that happens with the sponges. I think human  
26 beings involved in that should be punished severely. I  
27 think -- those are things I think we should be involved  
28 with.

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01 I would -- over the last couple of months with  
02 all of the date issues, obviously I suggest, and I would  
03 continue to suggest, ask our Chair to focus -- or when  
04 renewing the committees, to talk in terms of the dates so  
05 that we actually don't end up doing the exact same thing  
06 we did this year. And I do think that this whole thing

07 needs to be analyzed. I think everyone needs to be  
08 treated fair. It cannot be done at the detriment of the  
09 business and this industry because they are the bread and  
10 butter.

11 I think that, you know, just in general, horse  
12 racing has continued in the same way for more than 60  
13 years in the state, and we need to reinvent ourselves. It  
14 is a sport, and I think that's very, very important that  
15 we recognize and pay due respect to the sport. But as I  
16 look around at sports, in the United States any way, I  
17 don't think there is any sport over time that hasn't  
18 reinvented itself, whether we're talking about baseball,  
19 basketball, anything else. I think it's time that horse  
20 racing does the same. So basically on that note,  
21 that's -- I'll stop there. But those are my thoughts.  
22 Thank you.

23 MR. LANDSBURG: Bill.

24 MR. BIANCO: Thank you.

25 I agree with just about everything that's been  
26 said. I always tell people that, you know, in life I'm  
27 serving an apprenticeship. I learn every day. I've  
28 learned for the last five months that I've been actively  
0049

01 sitting on this Board. I think the integrity of the  
02 members of the Board -- I'm very big on being fair to  
03 labor. I didn't like to see any race dates cut. It's a  
04 personal opinion. I don't know where the wagering bill,  
05 that particular revenue source -- I hope it picks up the  
06 sport.

07 To me, horse racing has always been a sport.  
08 When I hear about, you know, people, "Well, it's  
09 gambling." You know, pro football on a Sunday, right,  
10 probably has, you know, more money bet on that one day  
11 than horse racing has probably in, you know, maybe six or  
12 nine months.

13 To me, working on Medication Committee, I think  
14 that the country itself if we could ever get a standard  
15 where everybody didn't have their own little private  
16 agenda, each different state, to come up with some  
17 standards that I feel are realistic.

18 I'm a horse owner, but I've only been for three  
19 and a half years. I enjoy the sport. I enjoy meeting  
20 the people. I'd like to be more proactive. I think we  
21 have committees that people put in the time and energy,  
22 and I'd like to get the industry out there. Even if you  
23 have something that's on a personal agenda to get it out  
24 before we have to come to a meeting and get last-minute  
25 information or postpone something to the following  
26 meeting because we don't have the data that we need, you  
27 know, at the right time.

28 So I'm enjoying it. Hopefully if any of you  
0050  
01 would like to, you know, speak, you know, my telephone  
02 number is published.

03 I'm very happy that we're going to have our  
04 first stewards meeting. I think the stewards do a  
05 tremendous job for us. There is an awful lot of people

06 that would like to become stewards. I've received some  
07 applications, and I'll be very honest with you. They  
08 seem like they're very qualified people. So even in that  
09 area, maybe that needs to be opened up a little bit.

10 But if I should receive any call, you're going  
11 to get my attention. So thank you, and it's a pleasure  
12 to sit on this Board.

13 MR. LANDSBURG: As for me, I have a 60-year love  
14 affair with racing. My dad took me to the first races  
15 when I was seven, and I've been hooked ever since. And I  
16 want to see it grow. I don't want to see it languish.

17 We have an unusual Board of people. We are  
18 proactive in almost every respect. And when I made a  
19 list of the things that I felt are lacking -- I mean I'm  
20 looking forward -- I want -- I would like to see us in  
21 some way -- I don't know how -- but co-join with the  
22 lottery. We were once the dedicated enemies of the  
23 lottery. Why aren't we utilizing them or at least making  
24 approaches to them to try to utilize the lottery?

25 I think we need a brand-new marketing approach.  
26 We've got to start thinking out of the box about our  
27 marketing. It's just -- it's still coming down to beer  
28 mugs and T-shirts. And that's marketing that worked  
0051

01 before. I'd love to see some out-of-the-box thinking  
02 about how we market this sport.

03 I think one of the things we miss most of all  
04 is we have nobody to hang this sport on. Meaning, we  
05 have no heroes. We don't have hero horses. We don't go  
06 out to make hero horses. We have racing on the track  
07 hero jockeys. But I want to see racing on -- hero  
08 jockeys known to the public in bigger letters than  
09 before. And I take that -- I would challenge us and you  
10 to try and get that to happen.

11 I wonder why Arizona has a racing school and a  
12 racing program and we don't have one in California, when  
13 we have a three- to four-billion dollar industry. I just  
14 wonder about that. I'd love to see it here. We could  
15 start interesting people in it at a college level. I  
16 think we need another piece of out-of-the-box thinking,  
17 which is somehow to buy our way into broadcast television,  
18 not for the one minute of empty RA spots, which I respect,  
19 but I don't know whether they bring in an audience. We  
20 have to have another way to be permanent, regular, on  
21 television just the way hockey was, just the way NBA  
22 basketball was. They all grew because of it. Where is  
23 that effort happening? I'd just like to see it.

24 Where are the people who aren't at races? We  
25 know who's coming to races. We have demographics. But  
26 we don't know who isn't coming to races. What's happened  
27 to the night workers? I remember when I was growing up  
28 that one of the staples of the racing industry in

0052  
01 New York where I was raised was that probably 10 to  
02 15 percent of the audience were milkmen because they  
03 finished their routes at 12:00, and they would come to  
04 the race track. Where are we aiming at our night

05 workers? Where are we trying to recruit them as  
06 audience? Mothers with children on their hands, yes, I  
07 know the insurance is expensive. But mothers can bring  
08 their children, and you're getting two things. You're  
09 getting a future audience and a current audience. I  
10 would like to see that become part of racing.

11 And finally, we're making small inroads in the  
12 college population. But once again, we have only that  
13 limited base. We need new thinking about how to bring  
14 them in. Perhaps you want -- I once suggest a computer  
15 contest for every college in this area to try and pick  
16 winners and submit them to the track out of a racing  
17 system that they have, and thus, beginning to interest  
18 colleges.

19 I think one final note. I would hope to see  
20 programs starting in all of these new areas with  
21 dedication to last more than one week. We get ideas. We  
22 try it once, and we say goodbye. That's not universal,  
23 but it happens far too often in this industry.

24 And finally, my last wish list is that we have  
25 a dedicated drive to bringing horses from other venues.  
26 And that means spending money. That means sending people  
27 out, not once, for three weeks or two meetings with  
28 trainers, but putting them on site in Arizona, in

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01 Washington, and wherever, in Texas, wherever we can draw  
02 horses from. Putting one, two, three people on site who  
03 literally live in the trainers' pockets and at least can  
04 make the case on a one-to-one basis, instead of dropping  
05 in for a meeting. And most of all, I want to see us  
06 succeed.

07 And that's kind of my wish list. I think we  
08 can move on, unless anybody wants a further comment.

09 Then let's go to old business. Is there any  
10 old business to be discussed?

11 We're going to continue this meeting, but we  
12 will adjourn for the regular meeting and move into  
13 executive session. I thank all of you for your presence,  
14 attention. And we will return, but we will conduct no  
15 further business.

16 (Meeting adjourned at 11:23 a.m.)

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