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BEFORE THE CALIFORNIA HORSE RACING BOARD  
OF THE STATE OF CALIFORNIA  
ROBERT H. TOURTELOT, CHAIRMAN

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

TRANSCRIPT OF PROCEEDINGS  
Cypress, California  
Friday, December 1, 2000

Reported By:  
ALEXANDER T. JOKO  
CSR No. 12272  
Job No.  
CHBE175

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BEFORE THE CALIFORNIA HORSE RACING BOARD  
OF THE STATE OF CALIFORNIA  
ROBERT H. TOURTELOT, CHAIRMAN

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

TRANSCRIPT OF PROCEEDINGS, taken  
at 5275 Orange Avenue, Cypress,  
California, commencing at 10:30 a.m.,  
on Friday, December 1, 2000, heard before  
ROBERT H. TOURTELOT, CHAIRMAN, reported by  
ALEXANDER T. JOKO, CSR No. 12272,  
a Certified Shorthand Reporter in and for  
the State of California.

0003

01 APPEARANCES:

01

02 Chairman: Robert H. Tourtelot

02

03 Member: Alan W. Landsburg

03

04 Member: Sheryl L. Granzella

04

05 Member: Marie G. Moretti

05

06 Member: John C. Harris

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07 Executive Director: Roy C. Wood

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08 Deputy Attorney General: Thomas A. Blake

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I N D E X

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02 AGENDA ITEM NUMBER:

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03 1 - Approval of the minutes of the regular 7

03 meetings of September 22, 2000 and

04 November 8, 2000 and the Special Meeting

04 of November 14, 2000

05

05 2 - Discussion and Action by the Board on the 7

06 Application for License to Conduct a Horse

06 Racing Meeting of the Los Angeles Turf Club (T)

07 at Santa Anita, commencing December 26, 2000

07 through April 16, 2001, inclusive

08

08 3 - Discussion and Action by the Board on the 13

09 Application for License to Conduct a Horse

09 Racing Meeting of the Los Alamitos Quarter

10 Horse Racing Association (Q) at Los Alamitos,

10 commencing January 5, 2001 through

11 December 16, 2001, inclusive

11

12 4 - Discussion and Action by the Board on the 20

12 Application for License to Conduct a Horse

13 Racing Meeting of the Pacific Racing

13 Association (T) at Golden Gate Fields,

14 commencing on January 18, 2001 through

14 April 1, 2001, inclusive

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15 5 - Discussion and Action by the Board on the 26

16 request of the California Exposition and

16 State Fair to add two race days (December

17 20 and 21) to the harness racing dates

17 allocation to that facility

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18 6 - Discussion and Action by the Board on the 27

19 Application for License to Conduct a Horse

19 Racing Meeting of the Capitol Racing

20 Association, LLC. (H) at Cal-Expo, commencing

20 on December 20, 2000 through February 10, 2001,

21 inclusive

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22 7 - Discussion and Action by the Board on the 32

22 request of the Southern California Off-Track

23 Wagering, Inc., to adjust the off-site stabling

23 and vaning takeout percentage

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24 8 - Discussion and Action by the Board on the 37

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25 distribute charity race day proceeds in the

26 amount of \$177,000 to 20 beneficiaries

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- 9 - Public hearing on the adoption by the Board on the proposed regulatory amendment of California Horse Racing Board Rule 1433, Application For License To Conduct a Horse Racing Meeting 38
- 10 - Public hearing on the adoption by the Board on the proposed regulatory amendment of California Horse Racing Board Rule 1632, Jockey's Riding Fee 47
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0006

01 Cypress, California, Friday, December 1, 2000  
02 10:30 a.m.

03  
04

05 MR. WOOD: Would everyone please take a seat.  
06 Welcome and good morning. Welcome again to the regular  
07 scheduled meeting of the California Horse Racing Board.  
08 This is a Regular Meeting of the California Horse Racing  
09 Board being conducted on Friday, December the 1st, the  
10 year 2000, at the Cypress City Hall in Cypress,  
11 California.

12 Present at today's meeting are the Chairman  
13 of the California Horse Racing Board, Robert Tourtelot;  
14 Commissioner Sheryl Granzella, Commissioner John Harris,  
15 Commissioner Alan Landsburg, and Commissioner  
16 Marie Moretti.

17 Before we begin with the business of this  
18 morning's meeting, I would respectfully request that if  
19 you have testimony to give in front of this Board, that  
20 you please provide the court reporter with your name and  
21 your affiliation. If you have a business card to give  
22 him, it would be appreciated.

23 Also, I've been asked by the Cypress City  
24 Hall that if you have messages being delivered to this  
25 meeting, that you please check the bulletin board outside  
26 to receive those messages. They will not be delivered  
27 inside the meeting room this year.

28 With that, I would like to turn the meeting

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01 over to our Chairman, Mr. Robert Tourtelot.

02 MR. TOURTELOT: Welcome to the December meeting of  
03 the California Horse Racing Board. And I want to welcome  
04 our new commissioners, Alan Landsburg and Commissioner  
05 Harris, who was at the last meeting but by phone.

06 The first item on the agenda is, "Approval of  
07 the minutes of the regular meetings of September 22nd,  
08 2000 and November 8, 2000, and the Special Meeting of  
09 November 14, 2001."

10 I think we can have a motion to approve all  
11 of those in (inaudible) have a motion to approve the  
12 minutes?

13 None of us have our mikerophones on. Okay.  
14 Do we have a second?

15 MS. MORETTI: Second.

16 MR. TOURTELOT: All in favor?

17 (The motion was unanimously carried)

18 MR. TOURTELOT: The minutes are approved.

19 The next item is, "Discussion and Action by  
20 the Board on the Application for License to Conduct a  
21 Horse Racing Meeting of the Los Angeles Turf Club at  
22 Santa Anita, commencing December 26, 2000, running through  
23 April 16, 2001."

24 MS. WAGNER: Jackie Wagner, CHRB staff.

25 The application before you is an application  
26 for the Los Angeles Turf Club for its race meeting that  
27 will be commencing from December 26th, 2000, through

28 April 16th, 2001.

0008

01 They are proposing to race 83 days, which is  
02 four days less than 2000. The Association is proposing to  
03 race a total of 713 races or 8.6 races per day.

04 They meet the 10 percent requirement for the  
05 stakes purses paid for Cal-Bred stakes races.

06 They are proposing to race five days per  
07 week, Wednesday through Sunday, with eight races per day  
08 on weekdays, and Sunday, April 15th. They will have nine  
09 races on opening and closing days, weekends, holidays,  
10 and December 28th, 29th, and on April 8th and 15th.  
11 They're proposing to race ten races on February 3rd,  
12 February 19th, March 3rd, 11th, March 18th, and March  
13 31st.

14 Their first post time will be a 1:00 o'clock  
15 post time on weekdays, with a 12:30 p.m. post time on  
16 Saturdays, Sundays, and holidays. They're proposing an  
17 11:00 a.m. post on Sunday, January 28th; a 12:00 p.m. post  
18 on Tuesday, December 26th, Saturday, February 3rd,  
19 March 3rd, and April 8th; and a 3:00 o'clock post time on  
20 Friday, April 6th and April 13th. Their program will  
21 utilize all CHRB rules.

22 We have a couple of items that are still  
23 outstanding at this point; and they include the fire  
24 clearance, the out-of-state featured races, and the import  
25 simulcast races.

26 The Staff would propose that the Board  
27 approve the application, contingent upon us receiving this  
28 information.

0009

01 MR. TOURTELOT: Has the Horsemen's Agreement been  
02 signed?

03 MS. WAGNER: The Horsemen's Agreement has been  
04 signed, and I got that information this morning.

05 MR. TOURTELOT: Any comments from the  
06 commissioners?

07 MR. HARRIS: I was just wondering, on the statement  
08 that's on the minutes from the meeting I notice that they  
09 say the minimum number of stalls necessary to conduct a  
10 race meet is 1853. How do you arrive at that?

11 MR. TOURTELOT: Where's the spokesman for  
12 Santa Anita?

13 MR. DE MARCO: Mr. Chairman, members of the  
14 commission, I'm Frank DeMarco, Secretary and General  
15 Counsel for the Los Angeles Turf Club.

16 And the question was about the stalls?

17 MR. HARRIS: Yeah, it's page 9 of the application.

18 MR. LIEBAU: Jack Liebau from Santa Anita.

19 That's the number of stalls there are.

20 MR. HARRIS: I notice that you state the number of  
21 stalls is 1950, but the minimum I believe necessary is  
22 1853. I was trying to figure out if there was some  
23 formula or something.

24 MR. LIEBAU: I think -- perhaps Mr. Wood can help  
25 me on this, but I think many years ago there was a  
26 determination made by the Board as to a minimum number on

27 each track.  
28 MR. TOURTELOT: Can everybody hear? I don't think  
0010  
01 that's a real mikerophone.  
02 MR. LIEBAU: Well, Mr. Harris, I think the  
03 situation is this: That we evidently have that many  
04 stalls, but we don't need that many stalls.  
05 MR. HARRIS: It sort of ties into the off-site  
06 stabling, which is funded, you know, differently than the  
07 on-site stabling. So that's the only issue as to how many  
08 stalls.  
09 MR. LIEBAU: I'm sort of getting to feel today like  
10 those people that argued before the Supreme Court.  
11 MR. HARRIS: I can't remember if there's any  
12 requirement now on inspecting the backstretch housing.  
13 Has that all been done by somebody?  
14 MR. DE MARCO: Yes, it has. There's still some of  
15 the large stalls being worked on, but that's substantially  
16 completed and been approved by the City of Arcadia and the  
17 County of Los Angeles Health Department.  
18 MR. LIEBAU: Only rooms that are being used for  
19 sleeping purposes are the only ones that have been  
20 approved by the City of Arcadia.  
21 MR. HARRIS: I understood that you lost a few  
22 sleeping rooms due to --  
23 MR. LIEBAU: We did. And we are contemplating  
24 refurbishing a number of rooms that have not yet been  
25 finished. Work in process.  
26 MR. WOOD: Mr. Chairman (inaudible) has also  
27 inspected the site conditions at Santa Anita on several  
28 occasions. And in conjunction with the city and county  
0011  
01 officials as we have implemented at all racetracks this  
02 year to doing backside preopening inspections and trying  
03 to determine and make sure the living conditions qualify  
04 for the state and county requirements.  
05 MR. DE MARCO: And with respect to the fire  
06 clearance, the City of Arcadia traditionally doesn't  
07 commence its inspection until on or after December 10.  
08 And they usually get us the clearance letter within a  
09 week, and we generally file it well in advance of the  
10 first day of the meet.  
11 MR. TOURTELOT: I seem to recall that's been the  
12 case over the last year.  
13 MR. DE MARCO: That's correct.  
14 MR. TOURTELOT: Any more questions or comments from  
15 the commissioners?  
16 MR. HARRIS: You estimated the amount of purses to  
17 be distributed, does that assume -- what was the reception  
18 to make you go forward as far the handle that you figured;  
19 flat or up or down or what for the next season?  
20 MR. LIEBAU: What has happened here, John, is that  
21 people make projections. And you might have some  
22 recollection that at Bay Meadows, we do it on a day-by-day  
23 basis; and that's how we've done it. And we've assumed  
24 that on-track will be down a little bit and out of state  
25 will be up a little bit, and hopefully it comes out. In

26 the past, the projections have been pretty good.  
27 MR. HARRIS: These projections are effectively what  
28 happened last year or --

0012

01 MR. LIEBAU: Well, we haven't looked at the meet  
02 that's now going on at Hollywood; but we've looked at the  
03 meets, say, the Hollywood summer and Del Mar, those meets.  
04 We would have every hope and expectation that  
05 our estimates or projections will turn out to be reality.

06 MR. TOURTELOT: I don't expect you to necessarily  
07 have this off the top of your head, but how is the number  
08 713 races expect to be held during the week (inaudible)?

09 Anyone know? I wouldn't expect you to know  
10 off the top of your head.

11 MR. LIEBAU: It's less than last year because there  
12 are fewer dates.

13 MR. TOURTELOT: 8.6 races per day average, do you  
14 know how that relates to last year?

15 MR. LIEBAU: Close.

16 MR. TOURTELOT: I know it's close. Is it lower?

17 MR. LIEBAU: I think it's 8.5. I think the number  
18 results from multiplying 8.5 times the number of race days  
19 allocated, I suspect.

20 MR. TOURTELOT: I imagine if you divide the number  
21 of race dates into the races --

22 MR. LIEBAU: You will come out with something  
23 that's either 8.5 or 8.6, I hope.

24 MR. TOURTELOT: My math may be wrong but  
25 (inaudible).

26 Any questions from the audience? Any  
27 comments? Any members of the public?

28 The Chair will entertain a motion to approve

0013

01 the application for license to conduct a Horse Racing  
02 Meeting at the Los Angeles Turf Club commencing  
03 December 26th, 2000, through April 16th, 2001.

04 UNIDENTIFIED SPEAKER: I'll move.

05 MR. TOURTELOT: Second?

06 UNIDENTIFIED SPEAKER: Second.

07 MR. TOURTELOT: All in favor?

08 (The motion was unanimously carried)

09 MR. TOURTELOT: Next item, "Discussion and Action  
10 by the Board on the Application for License to Conduct a  
11 Horse Racing Meeting of the Los Alamitos Quarter Horse  
12 Racing Association at Los Alamitos, commencing  
13 January 5th, 2001, through December 16th, 2001."

14 MS. WAGNER: Jackie Wagner, CHRB staff.

15 The Los Alamitos Quarter Horse Racing  
16 Association is proposing to race from January 5th through  
17 December 16th, 2001, or 181 days, which is 41 days more  
18 than they raced in the year 2000. The Association is  
19 proposing to race a total of 1991 races or 11 races per  
20 day.

21 They meet the 10 percent requirement of  
22 stakes purses paid per Cal-Bred stakes races.

23 They are proposing to race three nights  
24 per week, Friday through Sunday, January 5th through

25 April 29th; and four nights per week, Thursday through  
26 Sunday, May 3rd through December 16th.  
27 They will have 8 to 15 live races per night  
28 with 6 to 12 simulcast races. Their Thursday and Friday

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01 programs will begin with simulcast races. And Saturday  
02 and Sunday, the program -- Saturday and Sunday's program,  
03 the simulcast races will be blended into the live races.  
04 Their first post time will be a 7:15 post on  
05 Thursday and Friday, with a 6:30 post on Saturday and a  
06 5:30 post on Sunday. The wagering program will use all  
07 CHRB rules.

08 Noted in the analysis at the time this was  
09 prepared, Los Alamitos Quarter Horse Racing Association  
10 and CHHA had an agreement concerning the signal and the  
11 escrowing of funds. Since that time, the Staff  
12 understands that Los Alamitos is proposing not to take the  
13 simulcast signal.

14 The Staff would recommend that the Board  
15 approve the application.

16 MR. TOURTELOT: All right. There's a letter with  
17 the commissioners (inaudible). Is Mr. Shell here?

18 MR. WOOD: Mr. Shell is not here, Mr. Chairman.

19 MR. TOURTELOT: Mr. Shell's letter asked that the  
20 Board make the approval conditioned upon the outcome of a  
21 proceeding that is currently pending before the CHRB  
22 Administrative Law Judge regarding the issue of a user  
23 fee -- impact fee.

24 In any event, did any of the other  
25 commissioners receive the letter?

26 MR. HARRIS: No, I didn't.

27 MR. TOURTELOT: I personally read it all, and I am  
28 of the mind to condition the approval or disapproval on

0015

01 the outcome of this proceeding.

02 Is there anybody from Los Alamitos that can  
03 speak on this issue?

04 MR. BLONIEN: Good morning, Mr. Chairman and  
05 members. Mr. Rodney Blonien representing Los Alamitos  
06 Quarter Horse Racing Association.

07 Our horsemen, the Pacific Coast Quarter Horse  
08 Racing Association, has withheld their consent, as is  
09 their right, pursuant to Business and Professions Code  
10 Section 19605.3. It clearly states that the horsemen have  
11 the ability to withhold their consent with respect to the  
12 importation of another signal when live racing is being  
13 conducted. And they are exercising their right pursuant  
14 to that section.

15 And as part of the horsemen's agreement, they  
16 have indicated that Los Al does not have their consent to  
17 bring in the signal from Sacramento. When we are not  
18 racing live at Los Al and Harness is racing in Sacramento,  
19 we will take their signal.

20 And it's not to go through all of the history  
21 on this; but as I think you know, there was litigation  
22 that was quite contentious that went on for a number of  
23 years. This was settled in 1996. There was an agreement

24 pursuant to that settlement that both tracks would take  
25 the signals, and they would pay impact fees to one  
26 another. It's an impact fee that's paid to Los Al, and  
27 Los Al pays an impact fee to Capitol Harness in  
28 Sacramento. That was in place. It was honored for a  
0016  
01 number of years. When Mr. Shell became president of CHHA,  
02 he ended that; and in our view, breached the agreement.  
03 And each year when our license is up, our  
04 horsemen have the ability to either consent or withhold  
05 their consent. They have chosen to withhold their  
06 consent. And we're anxious to have our license  
07 application approved without there being a condition.  
08 MR. TOURTELOT: That was the Zumbrun case, and the  
09 settlement didn't actually address that. It was a side  
10 letter; right?  
11 MR. BLONIEN: That's correct. It was incorporated  
12 into the agreement.  
13 MR. TOURTELOT: It was incorporated?  
14 MR. BLONIEN: Yes, by reference. It was  
15 incorporated by reference.  
16 MR. TOURTELOT: By reference. Okay. So it's part  
17 of the agreement then?  
18 MR. BLONIEN: Yes.  
19 MR. TOURTELOT: And what were the terms of how  
20 long that -- because that did end a very bitter period of  
21 litigation between the parties. And I believe that that  
22 settlement agreement was very important to keep in place  
23 the situation that could be explosive and was and can  
24 now.  
25 What were the terms of the settlement with  
26 respect to that user impact fee, how long does that have  
27 to go on; was it a year to year?  
28 MR. BLONIEN: I believe it was for five years.  
0017  
01 MR. TOURTELOT: So it ended in 1996, so that would  
02 have been in 2000 as opposed to 2001? Does anybody know?  
03 MR. BLONIEN: I'm not sure whether it's 2000 or --  
04 I think it's 2001, Mr. Chairman.  
05 MR. TOURTELOT: If it's 2001, then on what grounds  
06 does Mr. Shell, who we're sorry is not here -- on what  
07 grounds is Mr. Shell abrogating the settlement agreement  
08 vis-a-vis the user impact fee?  
09 MR. BLONIEN: Well, it's dangerous for me to  
10 argue Mr. Shell's points, Mr. Chairman; but it's my  
11 understanding that he says, first of all, that he feels  
12 that the agreement is contrary to statutory law. He  
13 believes that the statutory law requires that the signal  
14 be taken.  
15 And I think, number two, he also contends  
16 that the Zumbrun settlement was never ratified officially  
17 by the Horse Racing Board.  
18 MR. TOURTELOT: Well, we talked about that -- and I  
19 think it was down at Del Mar -- and he said it hadn't been  
20 ratified. But haven't the parties been playing by the  
21 terms and conditions of the settlement agreement for four  
22 years? There's a waiver. There's an estoppel. You can't

23 come in after four years and say, "Oh, by the way, it  
24 wasn't ratified." That just doesn't fly.

25 Okay. Thank you.

26 MR. BLONIEN: Thank you.

27 MS. MORETTI: Is there anyone here from the Harness  
28 Racing Association speaking?

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01 MR. TOURTELOT: Alan is -- are you the executive  
02 vice president, Alan?

03 MR. HOROWITZ: No, executive secretary.

04 Alan Horowitz, Capitol Racing Association.  
05 I'm actually here today to represent Capitol Racing as  
06 opposed to CHAA.

07 I know at the time when David faxed that --  
08 his letter, he was concerned that the Board appreciate the  
09 fact that there is -- there was a statement of issues that  
10 was issued by the Attorney General's office, and that a  
11 hearing before an ALJ is pending on the 8th, and  
12 apparently there was going to be some expeditious handling  
13 of the matter.

14 I'm certainly not here to argue for David,  
15 for the Association; but I just think that the approval --  
16 whatever is approved today, whether it's this license  
17 application or any license application, if there's a  
18 judgment rendered by the ALJ that affects those aspects of  
19 license applications, that those -- that those  
20 determinations will come and affect these license  
21 applications, even the license applications may be  
22 approved. And the Board's attorney general representative  
23 might --

24 MR. TOURTELOT: Well, I'm not in favor of doing it  
25 that way, but the law is the law. Whatever happens with  
26 respect to the Administrative Law Judge proceeding and the  
27 Superior Court, then we'll -- whatever results from that  
28 will result. But I don't know that we ought to work

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01 backwards and make our approval conditioned upon  
02 something -- you know, we don't know how it's going to go.  
03 But whatever the law is, will be at such time.

04 And I'm sure Mr. Shell will do whatever he is  
05 able to do with respect to the decision. But I don't see  
06 why we should make our approval of the license application  
07 conditioned upon something that doesn't happen.

08 MR. HOROWITZ: Well, I know some of the aspects of  
09 the license application is dealing with simulcasting  
10 have -- are based on language in the statutes that are a  
11 bit ambiguous. And without going into them, they -- that  
12 ambiguity is the substance of the ALJ's hearing.

13 MR. TOURTELOT: Then they should take it to the  
14 Supreme Court.

15 But, Alan, you're not here really to argue on  
16 behalf of the Association?

17 MR. HOROWITZ: Not at all.

18 MR. TOURTELOT: And whether the law is ambiguous or  
19 not, I personally think that if they are required to take  
20 the signal, then they are required to pay an impact fee,  
21 and that was the settlement. But it's before the

22 Administrative Law Judge, it's not before us.  
23 And so any comments from the commissioners?  
24 MR. BLAKE: I generally concur that the matter --  
25 the Board approve the license as it stands. I believe --  
26 in response to an earlier comment that this section --  
27 that the -- the Los Alamitos Owners Association rely on  
28 191960181 (sic), not 19605.3, which is what they cite in  
0020 their letter.  
01  
02 Nonetheless, there is an ambiguity. This  
03 Board has the opportunity to determine that the consent is  
04 not required, but that would require a separate hearing.  
05 MR. TOURTELOT: Any comments from any other  
06 commissioners? Any comments from anyone in the audience?  
07 That being the case, the Chair will entertain  
08 a motion to approve the application to conduct a Horse  
09 Racing Meeting at Los Alamitos Quarter Horse Racing  
10 Association, commencing January 5th, 2001, to December 16,  
11 2001.  
12 MS. MORETTI: I'll move to approve that  
13 application.  
14 MR. TOURTELOT: Second?  
15 MR. LANDSBURG: I'll second.  
16 MR. TOURTELOT: Mr. Landsburg seconds.  
17 All in favor?  
18 (The motion was unanimously carried)  
19 MR. TOURTELOT: Item 4 on the agenda is,  
20 "Discussion and Action by the Board on the Application for  
21 License to Conduct a Horse Racing Meeting of the Pacific  
22 Racing Association at Golden Gate Fields, commencing  
23 January 18th, 2001, through April 1, 2001."  
24 MS. WAGNER: Jackie Wagner, CHRB staff.  
25 The application before you is from  
26 Golden Gate Fields Pacific Racing Association. They are  
27 proposing to race from January 18th through April 1, 2001,  
28 or 55 days. The Association is proposing to race a total  
0021 of 473 races or 8.6 races per day.  
02 They meet the 10 percent requirement of the  
03 stakes purses paid for the Cal-Bred stakes races.  
04 They are proposing to race five days per  
05 week, Wednesday through Sunday, with eight races per day  
06 weekdays and nine races on Saturdays, Sundays and  
07 holidays.  
08 They are requesting the option to increase  
09 the number of races to 92 respectfully if horses are  
10 available. They are racing on Monday, February the 19th.  
11 They are proposing a first post time of  
12 12:45 p.m. daily. The wagering program will use all CHRB  
13 rules.  
14 They still have two items that are  
15 outstanding -- excuse me, they have one item that's  
16 outstanding; that's the stakes schedule. We received  
17 information that the Horsemen's Agreement has been  
18 signed.  
19 The staff would recommend that the Board  
20 approve the application.

21 MR. TOURTELOT: The Horsemen's Agreement is signed?  
22 MS. WAGNER: Yes.  
23 MR. TOURTELOT: Wow, I don't know what to say. Two  
24 applications in a row that the Horsemen's Agreement is  
25 signed.  
26 MR. WOOD: Mr. Chairman, could I ask (inaudible)  
27 when the request to change post time is submitted, that  
28 they do that administratively through the executive  
0022 offices so we can coordinate those changes with the  
01 horsemen and all the stewards (inaudible).  
02 By law, they are required to have the post  
03 time changed by the Horse Racing Board. In the past  
04 you've given me the power to do that on a one-on-one  
05 basis. So I ask that they do that through the  
06 administrative process and advise us when the post time is  
07 so (inaudible) changed.  
08 MR. TOURTELOT: Unless the commissioners have any  
09 objection, that will be so ruled. Ordered.  
10 Any questions from any of the commissioners,  
11 comments --  
12 MR. LANDSBURG: Just one question. There seems to  
13 be a huge number of fire problems that are still unsolved,  
14 at least I don't see them solved.  
15 MR. TOURTELOT: At Golden Gate?  
16 MR. LANDSBURG: Yes.  
17 MR. TOURTELOT: Well, two of the commissioners  
18 reported it at the last meeting or the nonmeeting before  
19 that. They had toured Golden Gate because we required  
20 Magna to spend five million dollars on the backstretch.  
21 And we were going to take that into consideration when  
22 their application came before us.  
23 And Commissioner Moretti and  
24 Commissioner Granzella toured the backstretch, and they  
25 were very impressed with the work that had been performed.  
26 And then Golden Gate passed out a book that they put  
27 together with pictures of before and after; it was really  
0023 impressive what they've done. They spent the money and  
01 done a lot of work.  
02 Peter, you want to address that?  
03 MR. TUNNEY: Mr. Chairman and members of the  
04 commission, if I might, Commissioner Landsburg might be  
05 referring to the fire clearance. And the Board's staff is  
06 in possession of the clearance that we're -- as Rob Lyons  
07 (phonetic) would say, we were bifurcated there at  
08 Golden Gate Fields. Half of our facility is in Albany,  
09 the other half is in Berkeley. So we are required two  
10 fire clearances, and the Board is in possession with both  
11 of those clearances for the cities of Albany and Berkeley.  
12 MR. HARRIS: So is this letter from November 6th  
13 from Albany pointing out those deficiencies, have they now  
14 reinspected it and cleared you of all these things?  
15 MR. TUNNEY: That's my understanding. That's what  
16 the clearance is. That's not uncommon at the beginning of  
17 the meet when you come through and, you know --  
18 MR. HARRIS: On that stable area housing, does CHRB  
19

20 have an inspection protocol that they do on housing?

21 MR. WOOD: Yes, we do. And as I said earlier, we  
22 have devised a format to administratively check off those  
23 forms. And those forms were developed as a requirement  
24 for the cities and counties. Roy Minami, the assistant  
25 executive director who is in charge of that program, has  
26 personally inspected with the supervising investigative  
27 staff and the social stewards of all of those racetracks.  
28 So there is a format in place to ensure those inspections.

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01 MR. TOURTELOT: John, that's a good question  
02 because we instructed the staff months ago when this whole  
03 issue of the backstretch came about to include in the  
04 application a portion that would address the backstretch  
05 and any infractions that OSHA or the housing -- whatever  
06 other authorities.

07 And I'd like to ask the staff, is that now in  
08 there, Jackie?

09 MS. WAGNER: Yes, it is. In fact, Item Number 9 --  
10 when we get to Item Number 9, the Board will have the  
11 opportunity to formally adopt that proposed amendment to our  
12 application, which includes certification of the backstretch,  
13 has it been indeed inspected.

14 MR. TOURTELOT: That's Item 9 on the agenda?

15 MS. WAGNER: Correct.

16 MR. TOURTELOT: We have noticed that, so now we're  
17 going to vote on that. Assuming that it passes, from this  
18 point on, all applications will be required to address  
19 those issues.

20 MR. HARRIS: Is there some sort of package to  
21 explain it and --

22 MR. TOURTELOT: Right. So we're not caught by  
23 surprise and we approve an application and we find out  
24 there's a number of violations on the backstretch, this  
25 should be addressed by the applicant in their  
26 application.

27 Any other comments from the commissioners?

28 MR. HARRIS: I think that Golden Gate, actually

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01 they feel that it takes 2000 (inaudible) where their  
02 sister company Santa Anita doesn't need that many.

03 MR. WOOD: I think Mr. Liebau to some degree  
04 alluded to earlier something about it was some years ago  
05 and some people who were here prior to (inaudible) to  
06 speak to this issue. But there was a formula devised to  
07 try to determine how many stalls would be necessary to  
08 conduct a race meet -- individual race meets. And that  
09 formula stayed in place. Those numbers I believe have  
10 stayed in place even through the changes, but I think that  
11 number was done some time back.

12 John, do you recall?

13 MR. HARRIS: I know Golden Gate has done a lot of  
14 (inaudible). I'm not sure how many stalls they have.  
15 Because at one point it says 1300 and another one says  
16 1405. How many stalls are available?

17 MR. TUNNEY: Mr. Chairman and members of the  
18 commission, the answer to the question as to how many

19 stalls Golden Gate has is closer to 1400, which includes  
20 pony stalls. So there are in excess of 1300 or they are  
21 rounded off to 13 horses to be housed for thoroughbreds.

22 MR. TOURTELOT: Any other questions?

23 The Chair will entertain a motion to approve  
24 the application for license to conduct a horse racing  
25 meeting of the Pacific Racing Association at Golden Gate  
26 Fields, commencing January 18th, 2001, running through  
27 April 1st, 2001.

28 UNIDENTIFIED SPEAKER: So moved.

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01 MR. TOURTELOT: Second?

02 MS. MORETTI: Second.

03 MR. TOURTELOT: All in favor.

04 (The motion was unanimously carried)

05 MR. TOURTELOT: That item is approved.

06 Next item, "Discussion and Action by the  
07 Board on the Request of the California Exposition and  
08 State Fair to add two race days, December 20 and 21, to  
09 the harness racing dates allocated to the California  
10 Exposition and State Fair."

11 MR. REAGAN: John Reagan, CHRB staff.

12 This item is to address a little glitch in  
13 the date schedule as indicated in the staff analysis.  
14 These dates were transferred from Los Alamitos to Cal Expo  
15 in that schedule as that stood at that time. There was a  
16 break in the schedule between the end of the current meet  
17 at Cal Expo and the -- what was expected to be the next  
18 meet of Los Alamitos, a little travel time. When those  
19 dates were transferred back to -- when those dates were  
20 transferred to Cal Expo, that issue was not addressed at  
21 the time.

22 Cal Expo, on behalf of their leasee, is now  
23 asking that those two dates be added to fill in the  
24 schedule, and that seems be a reasonable request.

25 The staff is not aware of any opposition to  
26 this, and we recommend approval.

27 MR. TOURTELOT: Any questions or comments from any  
28 of the commissioners?

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01 Any comments from the any of the members of  
02 the audience?

03 In that case, the Board will entertain -- the  
04 Chair will entertain a motion to approve of the  
05 application to add those two days, December 20 and 21,  
06 2000, to California Exposition and State Fair.

07 UNIDENTIFIED SPEAKER: So move.

08 MR. TOURTELOT: We have a motion to move. Do we  
09 have a second?

10 UNIDENTIFIED SPEAKER: Second.

11 MR. TOURTELOT: All in favor?

12 (The motion was unanimously carried)

13 MR. TOURTELOT: Approved.

14 Next item, "Discussion and Action by the  
15 Board on the Application for License to Conduct a Horse  
16 Racing Meeting of the Capitol Racing Association,  
17 commencing on December 20th, 2000, running through

18 February 10th, 2001."

19 MS. WAGNER: Jackie Wagner, CHRB staff.

20 The application before you is from Capitol  
21 Racing, LLC; and they are proposing to race from  
22 December 20th, 2000, through July 28, 2001.

23 The Board allotted 140 nights of racing for  
24 the period December 22nd, and we just made the approval to  
25 add those two extra days.

26 Capitol is proposing to race a total of 1473  
27 races or 12.8 races per night. They will be racing four  
28 nights per week, Wednesday through Saturday through

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01 June 2nd. And will be racing three nights per week,  
02 Wednesday, Friday, and Saturday through July 28th. They  
03 will be racing on December 26th and Monday, July 2nd.  
04 They are proposing to race up to 15 races per night.

05 They will be simulcasting 12 races on  
06 Wednesdays and 12 on Thursday through Sunday without a  
07 quarter horse overlap. They will be simulcasting six  
08 races on Thursday through Saturday with a quarter horse  
09 overlap.

10 The first live post will be 5:35 p.m.,  
11 Wednesday through Saturday through April 21st. Starting  
12 April 22nd -- excuse me, April 27th, they will be having a  
13 6:45 post time on Fridays and Saturdays.

14 Their wagering program will utilize a  
15 combination of both the CHRB rules and the ARCI rules.

16 We still have one item outstanding from them,  
17 and that's the stakes schedule.

18 The staff would recommend that the Board  
19 approve the application contingent upon us receiving the  
20 additional information.

21 MR. TOURTELOT: I notice on the Fire Marshal  
22 Preinspection Report -- I don't know what the date is.  
23 April 3rd -- that some items haven't been taken care of.  
24 They're still outstanding.

25 Have those been corrected, Alan?

26 MR. HOROWITZ: Alan Horowitz, Capitol Racing.

27 Yes. We are also getting a fire inspection  
28 scheduled on the 12th of this month for the coming year.

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01 And any deficiencies obviously that are noted on that will  
02 be corrected before the date of the commencement of this  
03 meet.

04 MR. TOURTELOT: Any questions from any of the  
05 commissioners, comments?

06 MR. HARRIS: I notice on the charity racing days,  
07 the beneficiary is YMCA that -- which is fine. Are the  
08 horse dates -- the horse meetings under the new  
09 legislation that a certain percent has to go to  
10 horse-related charities?

11 MR. HOROWITZ: Actually, the nature of the meet has  
12 been such that there really weren't any large number of  
13 funds that were generated. We've made -- we've worked  
14 with the horsemen -- in any case, this is just sort of a  
15 community-oriented aspect of it. And it's mostly  
16 voluntarily. It's not something that comes out of the

17 generation of funds. But we would be, yes.  
18 MR. WOOD: Alan, how much money did you generate  
19 for charity (inaudible)?  
20 MR. HOROWITZ: The last couple of meets, really  
21 there hasn't been much. We've probably put up about  
22 12,000.  
23 MR. HARRIS: I thought that the system was changed  
24 from -- it used to be designated charity days to some  
25 predetermined percentage or something for charity.  
26 MR. WOOD: The days are still intact, but the  
27 percentage of the distribution has been changed.  
28 MR. TOURTELOT: Who selects the days?

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01 MR. HOROWITZ: The Association.  
02 MR. TOURTELOT: So it could be light days as  
03 opposed to days when you have a lot more people? I'm sure  
04 Friday nights is a lot larger than it is on Monday --  
05 MR. HOROWITZ: I think that's typically the case.  
06 And if we had a crystal ball and we knew what the  
07 weather was going to be -- no, I'm kidding. But there is  
08 a tendency to do that.  
09 MR. TOURTELOT: Tendancy to do what?  
10 MR. HOROWITZ: To select days that are weaker than  
11 other days.  
12 MR. TOURTELOT: You select your better days for the  
13 charity days?  
14 MR. HOROWITZ: We haven't -- those days may or, you  
15 know, would probably be weaker days in our program because  
16 they're toward the end of the meet.  
17 MR. TOURTELOT: Is there a way to correct that?  
18 MR. HOROWITZ: Doing it by random.  
19 MR. TOURTELOT: You do it by random?  
20 MR. HOROWITZ: I don't know. I'm asking you if --  
21 MR. TOURTELOT: The Association selects the race  
22 dates -- charity racing dates; right?  
23 MR. HOROWITZ: Correct.  
24 MR. TOURTELOT: They can select any dates they  
25 want?  
26 MR. HOROWITZ: Correct.  
27 MR. TOURTELOT: And you said that contributions to  
28 charity have been rather low. Could they be higher if you

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01 selected other days?  
02 MR. HOROWITZ: When you're able to amortize out  
03 some of the fixed costs of running the operation, with the  
04 handles that we've generated, it's kind of hard to -- you  
05 know, to have net profits. I don't think the Association  
06 is doing it any differently. At least it was my  
07 understanding that they didn't or that we were doing it  
08 any differently than anyone else. If we are, we'd  
09 certainly remedy the situation.  
10 MS. GRANZELLA: How many charity race days do you  
11 have?  
12 MR. HOROWITZ: Three.  
13 MS. GRANZELLA: Out of how many?  
14 MR. HOROWITZ: I think there are a possible 115 in  
15 this racing program, but the statutes require three.

16 MR. TOURTELOT: Any other questions from the  
17 commissioners?  
18 Questions or comments from the audience?  
19 All right. The Chair will entertain a motion  
20 with respect to the application of Capitol Racing  
21 Association to conduct a racing meeting, commencing  
22 December 20, 2000, running through February 10th, 2001.  
23 MR. HARRIS: I'll move.  
24 MR. TOURTELOT: Second?  
25 UNIDENTIFIED SPEAKER: Second.  
26 MR. TOURTELOT: All in favor?  
27 (The motion was unanimously carried)  
28 MR. TOURTELOT: So approved.

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01 Item 7, "Discussion and Action by the Board  
02 on the request of the Southern California Off-Track  
03 Wagering, Inc., to adjust the off-site stabling and  
04 vanning takeout percentage."

05 MR. REAGAN: John Reagan, CHRB staff.  
06 This is an annual review of the stabling and  
07 vanning fund which is mandated by law, in this case for  
08 the Southern California Thoroughbred Racing. The  
09 percentage is on the off-track handle and generates a  
10 certain amount of funds. There are a certain amount of  
11 expenses, and we try to keep those pretty much in  
12 balance.

13 This is an adjustment to allow for any  
14 possible expansion. The .04 percent comes out of the  
15 purses and commissions. It does not affect the State  
16 revenues but rather a redistribution of purses and  
17 commissions. The analysis by SCOTWINC appears to keep  
18 this fund in a better equilibrium. And like I say, this  
19 can be adjusted next year if necessary.

20 So at this point, the Staff would recommend  
21 this modest increase.

22 MR. LANDSBURG: I would like to know who  
23 administers and makes decisions regarding the payment and  
24 State payment for stabling and payment for vanning? How  
25 is that administered, please?

26 MR. REAGAN: Yes, within SCOTWINC, we have the  
27 Off-Track Stabling and Vanning Committee. That is a group  
28 of horsemen -- thoroughbred horsemen. I believe that the

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01 TOC has 50 percent representation and the Associations  
02 have the other 50 percent. That group makes these  
03 decisions. And those decisions are then administered on a  
04 daily basis by SCOTWINC and its staff.

05 MR. LANDSBURG: So that the estimates are based --  
06 the estimates of expenditures for this coming year are  
07 based on what experience in terms of the diminishing  
08 numbers of horses that we have in California?

09 MR. REAGAN: I think like many estimates in the  
10 industry, we take a current year and make a small  
11 percentage up or down in terms of what we guesstimate will  
12 be changes and expenses. Some may be going up, others may  
13 be going down. I realize they don't often go down.

14 But the point is, we take the current numbers

15 and maybe add five percent or whatever we think is going  
16 to happen, and then run it through the calculation.

17 MR. LANDSBURG: My concern is still over the  
18 amounts of money that we're adding. If I look at the  
19 figures properly, we're adding about \$300,000 of general  
20 funds coming in to the appropriations for the coming  
21 year. That is the indication from what the figures are  
22 here.

23 MR. REAGAN: Right.

24 MR. LANDSBURG: And it would -- I'm just curious  
25 about the manner in which we've arrived at that figure,  
26 and will it carry over. In fact, if they don't spend all  
27 of that money, where does the money come back to?

28 MR. REAGAN: The money does carry over into the  
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01 next year's stabling and vanning fund. Just as it's  
02 indicated here on line 20, there is carryover from the  
03 current year 2000 -- actually as of September 30th. But  
04 that is carried forward and will be included into next  
05 year's calculation. That money does carry forward, and we  
06 keep adjusting, trying to find that equilibrium point  
07 between expenses and revenues.

08 MR. HARRIS: Are the expenses paid so much a day to  
09 a given track, or let's say now Santa Anita would be paid  
10 X amount per day?

11 MR. REAGAN: Yeah, there are contracts between each  
12 of the off-site stabling locations. And those contracts  
13 are with SCOTWINC and for certain amounts of money to be  
14 paid.

15 And once again, those contracts are run  
16 through the Off-Track Stabling and Vanning Committee of  
17 horsemen and their association so that the decision is a  
18 joint decision.

19 MR. HARRIS: How much are they down?

20 MR. REAGAN: I don't know the daily amounts, but I  
21 think Mr. Karwacki is here.

22 MR. KARWACKI: Right now -- Al Karwacki, Southern  
23 California Off-Track Wagering.

24 Right now the amount with Santa Anita is  
25 \$12,000 per day; Hollywood Park, \$11,000 per day; and  
26 Pomona is \$6800 per day.

27 MR. VAN DE KAMP: John Van De Kamp, president  
28 of TOC.

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01 I happen to be the chairman of this  
02 particular committee. The process that we go through is  
03 to literally audit each of the tracks' claims for  
04 reimbursement for incremental expenses. And as you might  
05 expect in this time of some inflation, those charges tend  
06 to go up slightly.

07 Right now, I think looking forward to this  
08 coming year, the reason for this slight increase is, as  
09 you know, fuel costs have gone up and so the costs of  
10 vanning we expect will go up somewhat. We've had some  
11 water charges that apply to Fairplex that would not apply  
12 if they were not running over there. They are considered  
13 to be incremental costs. So all of that is factored in.

14 And we try to keep this figure as low as possible.

15 In the north, if my memory serves me  
16 correctly, they take about .75 out to deal with the  
17 vanning and stabling. Down here it is .60, which of  
18 course we're dealing with larger numbers.

19 But the fact of the matter is, even though  
20 the horse population may be declining, it does not affect  
21 the necessity for the track to remain open for training  
22 purposes. And their costs do not change much at all. And  
23 so, you know, if they lose a hundred horses, it's not  
24 going to reduce the costs of the security and the people  
25 that are necessary to keep that track open.

26 MR. TOURTELOT: Thank you.

27 MS. MORETTI: (inaudible)

28 UNIDENTIFIED SPEAKER: Your mike.

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01 MS. MORETTI: I'm sorry. On line 7, there's an  
02 interest of \$50,000 and the number remains the same. Is  
03 that interest on the handle? What is that interest on and  
04 why would it be the same if it is interest?

05 MR. KARWACKI: Line 7? The funds that we receive,  
06 if we don't use them, we invest them. And so this \$50,000  
07 number is just a -- this is an assumptional --

08 MS. MORETTI: So that -- so that wasn't calculated  
09 on the handle, the numbers before them, because clearly  
10 with the --

11 MR. KARWACKI: No, ma'am. That's just an estimate  
12 because we don't know how much money we're going to have  
13 available to invest. So we know it runs in the vicinity  
14 of \$50,000 per year. And with income being roughly the  
15 same, we just make an assumption it's going to stay at  
16 50,000. It could go to 60-. It could drop to 40-.

17 MR. HARRIS: On the vanning (inaudible) that's the  
18 vanning from (inaudible) Santa Anita to Hollywood Park?

19 MR. KARWACKI: To Hollywood Park.

20 MR. HARRIS: Is that paid to the vanning company or  
21 the owner or who actually gets that?

22 MR. KARWACKI: It's paid to the vanning company.

23 MR. TOURTELOT: Thank you.

24 Any other questions, comments from the  
25 commissioners, the audience?

26 The Chair will entertain a motion to approve  
27 Item 7 to request of the Southern California Off-Track  
28 Wagering to adjust the off-site stabling and vanning

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01 takeout percentage.

02 MR. LANDSBURG: So moved.

03 MR. TOURTELOT: We have a motion. A second?

04 MS. GRANZELLA: Second.

05 MR. TOURTELOT: All in favor.

06 (The motion was unanimously carried)

07 MR. TOURTELOT: Approved.

08 Item Number 8, "Discussion and Action by the  
09 Board on the request of the Del Mar Thoroughbred Club to  
10 distribute charity race-day proceeds in the amount of  
11 \$177,000 to 20 beneficiaries."

12 MR. REAGAN: John Reagan, CHRB staff.

13                   This item from the Del Mar Thoroughbred Club  
14 requesting your approval for the distribution of charity  
15 funds meets the requirement of the law. And they are well  
16 in excess of the 20 percent required to be associated with  
17 the racing industry.

18                   And we recommend your approval of this  
19 request.

20                   MR. TOURTELOT: This is 66 percent of the total  
21 going to required related charities. I think that sets a  
22 great example of (inaudible) the Associations to increase  
23 the amount above the 25 percent, the minimum set by the  
24 legislature. We ought to applaud Del Mar for that  
25 percentage.

26                   Any comments from the commissioners? Any  
27 comments from the audience?

28                   The Board will entertain a motion to approve

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01 the request of the Del Mar Thoroughbred Club to distribute  
02 the charity race day proceeds.

03                   MR. HARRIS: So move.

04                   MR. TOURTELOT: Second?

05                   UNIDENTIFIED SPEAKER: Second.

06                   MR. TOURTELOT: All in favor?

07                   (The motion was unanimously carried)

08                   MR. TOURTELOT: Approved.

09                   Item 9, "Public hearing on the adoption by  
10 the Board on the proposed Regulatory Amendment of  
11 California Horse Racing Board Rule 1433, Application For  
12 License To Conduct a Horse Racing Meeting."

13                   MS. WAGNER: Jackie Wagner, CHRB staff.

14                   As you know, CHRB Rule 1433, Application For  
15 License to Conduct a Horse Racing Meeting, specifies that  
16 every association or fair that intends to conduct a horse  
17 racing meeting files a completed application with the  
18 Board at least 90 days prior to its proposed meeting.

19                   The amendment to Rule 1433 is -- basically it  
20 cleans up our application. The changes that we are  
21 proposing are in response to industry concerns such as the  
22 backstretch situation and several statutory requirements  
23 that have taken place. We are reordering sections and  
24 basically deleting redundant words, redundant areas of  
25 information that have been asked in the past. The  
26 application is basically being cleaned up.

27                   At this point, the amendment has been noticed  
28 for 45 days; and we have received no comments. The staff

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01 would recommend that the Board approve the amendment as  
02 proposed.

03                   MR. HARRIS: One issue I had was the certificates  
04 of (inaudible). I noticed that some of those were not as  
05 high (inaudible) possible. What are the requirements  
06 (inaudible) we could be a party to a suit (inaudible) what  
07 are the requirements (inaudible)?

08                   MR. WOOD: We have waivers to move that requirement  
09 as far as responsibility. Most of those insurance  
10 certificates come in and at times have to be approved  
11 (inaudible) applications. But the general liability of

12 requirements are set by the insurance company and  
13 associations. But we are removed because (inaudible)  
14 part of that insurance certification.

15 MR. HARRIS: Well, they could do that; but that's  
16 dependent on their ability to (inaudible).

17 THE REPORTER: I'm not hearing any of this because  
18 of the noise outside.

19 UNIDENTIFIED SPEAKER: I think you need to put  
20 those mikerophones a little closer to your mouths.

21 MR. TOURTELOT: Jackie, with respect to this  
22 application that's attached -- sample application -- I  
23 understand it's all crossed out. But the issue is the  
24 addition of the provision with respect to the backstretch  
25 problems; isn't that correct?

26 MR. WOOD: That is one issue. Of course there are  
27 other adjustments made in the license application at the  
28 time that we made those changes and added the backstretch  
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01 requirement. But by the regulations, we're required to  
02 list certain items on that application. And those items  
03 are listed in the regulations. This was a cleanup effect  
04 of a license application in toto, plus to add to the  
05 requirement that we add to the backstretch. That's why  
06 you have all these crisscrosses.

07 MR. TOURTELOT: Well, that's what I'm confused  
08 about. Because when this whole thing came to the  
09 forefront, it was to add a provision that would assure the  
10 Board that there were no violations with respect to  
11 housing and OSHA or whatever outstanding as of the time  
12 the application was presented. And here -- that's why I'm  
13 confused. I mean, this thing is -- every paragraph in it  
14 has something changed -- or almost every one.

15 From the Board's standpoint, I feel like I've  
16 kind of been hit with this anew. I know I had the packet  
17 ahead of time. I apologize I didn't go through it.  
18 Because all I was looking for with respect to this item  
19 was the addition of the lands to protect us from the  
20 backstretch problems for resolve.

21 And we've got hundreds of changes in here.  
22 From a standpoint of the Commissioner, I don't know where  
23 all these -- I trust the staff; but on the other hand, I  
24 have no knowledge of what we're doing.

25 MR. WOOD: This was noticed for a 45-day commentary  
26 period. It was sent to everyone involved, including the  
27 commissioners, to look at the changes that were going to  
28 be made.

0041  
01 MR. TOURTELOT: Was this application so deficient  
02 that we had to make so many changes?

03 MS. WAGNER: Jackie Wagner, CHRB staff.

04 Mr. Chairman, the reason why the application  
05 looks as if we had made a lot of changes is because we are  
06 required to present it in this format to the Office of  
07 Administrative Law.

08 Primarily what we have done is just reordered  
09 the sections. We've moved one section from one area and  
10 moved it to another area to make the application flow. In

11 other words, under the Association information, we're  
12 going to move the dates of the meetings to the top of the  
13 application so everything is kind of in -- that pertains  
14 to one particular area is together.

15 We're just moving sections, we are not making  
16 new requirements. We are not asking for any additional  
17 information other than the declaration of the employee  
18 housing, which is Item Number 15. Again, we are just  
19 moving things.

20 And the format that we have to present -- we  
21 have to strike out the old language where it was and  
22 underline the new language to put it in its new place.

23 If I may, I do have a copy of the new  
24 application as proposed to show you how it will look when  
25 it's finished.

26 MR. TOURTELOT: I trust what you're explaining to  
27 me. But I saw that everything is crossed out, even with  
28 respect to the five percent ownership --

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01 MS. WAGNER: It's just been moved from one section  
02 of the application to another.

03 MR. HARRIS: On the case in point, I guess, as far  
04 as the housing, do we have a copy of that inspection form?

05 MR. WOOD: I don't think that was attached to it.  
06 We've been using that inspection form for almost a year  
07 now to do the site inspections.

08 MR. MINAMI: Commissioner Harris, Roy Minami, Horse  
09 Racing Board staff.

10 We are in the process of -- in fact, I  
11 already have a draft of an inspection report as well as  
12 criteria that will be sent to all tracks and fairs so that  
13 they can see what we look at. The criteria will be based  
14 upon the L.A. County Health Department's Building Codes,  
15 which is based upon the Uniform Building Codes. And it'll  
16 be in the draft as a draft inspection that the staff will  
17 fill out when we inspect a facility.

18 In addition to that, we will probably also  
19 require a local county housing department to certify the  
20 facilities. That isn't quite in place yet, but we are --  
21 but the Board is in the process of putting together -- we  
22 do have a first draft of the inspection report that we  
23 will use at the tracks.

24 MR. WOOD: That's not to say that we haven't got an  
25 inspection form already --

26 MR. TOURTELOT: Yeah, but would it be more proper  
27 to have that form in place so that you're asking the Board  
28 to approve that, that's number one. The second thing is,

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01 I thought we were going to have a provision in there where  
02 applicant or whoever signs on behalf of the applicant,  
03 would affirmatively state that there were no known  
04 violations of any city, county, or state regulation. I  
05 thought that's what we were going to put in there. What's  
06 so difficult about that?

07 MR. MINAMI: The certification has to be attached  
08 to the application.

09 MR. TOURTELOT: Why can't we have in here

10 representation that the applicant is not aware of any  
11 violations of any city, county or state law, regulation,  
12 ordinance, whatever? That is what I thought it was going  
13 to say.

14 MR. MINAMI: That is part of our intent,  
15 Mr. Chairman, that we will have the local county  
16 inspection conducted on the facility with the Horse Racing  
17 Board staff, and with it an attached certification by the  
18 local health department as well the Board's staff  
19 inspection attached to the application.

20 MR. TOURTELOT: Okay. Is there any problem of  
21 putting in here a representation that there are no known  
22 violations of any local or county and state rules,  
23 ordinances, laws, whatever?

24 MR. MINAMI: There isn't. It would be appear that  
25 it would be redundant if they get a certification from the  
26 local agency certifying that their facilities are not in  
27 violation.

28 MR. TOURTELOT: Well, so they are going to have a  
0044  
01 certification from every agency that comes into play with  
02 respect to the backstretch housing from OSHA to the  
03 housing? Every one of those agencies, local, state,  
04 federal, whatever, they're going to have that  
05 certification before they complete the filing of the  
06 application; is that correct?

07 MR. MINAMI: Mr. Chairman, no, they won't. What  
08 the changes really apply to are the backstretch housing,  
09 and that was what the original law had required. And that  
10 is the extent of the Board's staff inspection of their  
11 facilities as well as obtaining the local health  
12 building -- health or building department certification on  
13 their facilities. And that just basically applies to the  
14 tack room situation and the dormitories.

15 MR. TOURTELOT: All right. I still don't  
16 understand why we can't have that provision, but --

17 MR. HARRIS: Yeah, it looks like if we're going to  
18 really approve it, we'll need to know a little more about  
19 this whole system.

20 MR. TOURTELOT: I don't like the idea that we're  
21 asked to approve something that's going to have attached  
22 to it something that we haven't seen.

23 MR. HARRIS: I'm not clear either on the  
24 application. Is there a requirement that a track in fact  
25 does have a given number of employee housing or  
26 backstretch housing facilities or could it say a track --  
27 could they just say we just don't have it?

28 MR. WOOD: I don't understand your question.

0045  
01 MR. HARRIS: Well, I'm not sure. Does the Racing  
02 Board have a requirement that to get racing dates, a given  
03 track does in fact provide a certain amount of backstretch  
04 housing?

05 MR. WOOD: No. No regulatory authority can do  
06 that.

07 MR. TOURTELOT: But if they do provide it, they  
08 have an obligation to see that it's in compliance with the

09 law.

10 MR. LANDSBURG: Why can't it be part of the license  
11 agreement?

12 MR. WOOD: What the intent has to do here was to  
13 add as a part of the license application, certification of  
14 a verification that an inspection was done. That's what  
15 we're trying to do. Ordinarily we'd have to change the  
16 regulation because it has to list what the license  
17 application has to maintain.

18 MR. TOURTELOT: But the inspection is by an  
19 employee of the CHRB, not to take away from Roy. The fact  
20 of the matter is, what I wanted to see is that they would  
21 affirmatively state that to their knowledge there were no  
22 known violations of any local, county, state or federal  
23 regulations, the law, the ordinances.

24 MR. WOOD: We could add that as an additional  
25 statement to this license application.

26 MR. TOURTELOT: That's what I'm saying. Why don't  
27 we do that and bring it before the next meeting with  
28 respect to that issue and also the attachment.

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01 MR. WOOD: That's not a problem.

02 MR. HARRIS: Part of this too is, at a given point  
03 in time where something is inspected, it might meet the  
04 requirements. But really housing is such an ongoing deal,  
05 there needs to be some oversight by us or the track or the  
06 trainers or somebody that there's an ongoing level of care  
07 that's given to this facility.

08 MR. TOURTELOT: Roy Minami is on top of that.  
09 That's not the problem. I'm just saying, I want -- I  
10 don't want to say it for the eighth time --

11 MR. WOOD: I know exactly what you want. I know  
12 how to remedy that, by adding to the application.

13 MR. BLAKE: I think what's called for,  
14 Mr. Chairman, is an affirmative statement by the applicant  
15 that they have not been made -- put on notice by any other  
16 regulatory board that they have no known violations.

17 MR. TOURTELOT: We'll just renote this, and the  
18 staff will deal with it accordingly.

19 MS. MORETTI: I understand that this is the legal  
20 requirement, but could we also have a clean copy of the  
21 final application form that will show the additions?

22 MS. WAGNER: Certainly.

23 MR. WOOD: I would just like to clarify for  
24 Mr. Harris' sake, that there is an ongoing inspection that  
25 has been in place for about almost a year at the  
26 racetracks by the Horse Racing Board of the conditions of  
27 the back side living and room quarters and the tack rooms.  
28 We're doing that on every racetrack in conjunction with

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01 the cities and counties. So that's something that we have  
02 been doing and continuing.

03 MR. TOURTELOT: All right. The next item,  
04 Number 10, "Public Hearing on the Adoption by the Board on  
05 the Proposed Regulatory Amendment of California Horse  
06 Racing Board Rule 1632, Jockey's Riding Fee."

07 MS. WAGNER: Jackie Wagner, CHRB staff.

08 Board Rule 1632, Jockey's Riding Fee,  
09 establishes when a jockey's fee is considered earned and  
10 when a jockey's riding fee shall be in the absence of a  
11 contract agreement.

12 This amendment is a result of a Jockey's  
13 Guild request that Rule 1632 be amended to revise the  
14 riding fee scale to reflect a minimum \$5 increase for  
15 losing mount fee and be specified that a jockey's riding  
16 fee is considered earned when a jockey weighs out with the  
17 clerk of the scales.

18 At the last meeting of the Security and  
19 Licensing Committee, Commissioner Finley at that time made  
20 a motion to increase the riding fee scale from losing  
21 mounts by a minimum of \$10 rather than the \$5 that was  
22 originally proposed. This amendment was subsequently  
23 approved, and notice went out for 45 days reflecting the  
24 \$10 minimum increase.

25 During the comment period, the staff received  
26 comments from the Guild and the Thoroughbred Owners of  
27 California, TOC, regarding the proposed \$10 increase for  
28 the losing mount fees. And they expressed support for the  
0048 provision that would change when a jockey's fee was  
01 considered earned; but they expressed opposition to the  
02 \$10 increase, and instead expressed support for the  
03 adoption of the \$5 increase that was originally asked  
04 for.  
05

06 This \$5 increase came from -- is a result of  
07 negotiations between the ARCI and NAPRA. The scale used  
08 across the country has been increased by a minimum of \$5.  
09 And the request from the Guild was originally to bring the  
10 scale into compliance so everybody is on an even playing  
11 field so to speak.

12 The staff would recommend that the Board --  
13 the staff would recommend that the Board send this  
14 amendment back for notice with the \$5 increase instead of  
15 of the \$10 increase that was originally proposed.

16 MR. TOURTELOT: Right. When this first came out,  
17 the Guild requested \$5, and for some reason the Board, in  
18 their exuberance, increased it to \$10. The Guild came  
19 back and said, "We don't want \$10. We want 5." And the  
20 TOC said, "We only support 5."

21 And I think the Horse Racing Board  
22 understands it should be \$5 even though the motion at that  
23 time was approved for \$10. I don't know why.

24 So if the members of the Board don't have any  
25 objections, the Chair will move that we modify the tack to  
26 reflect the \$5 increase. And as a result we probably have  
27 to renotify Rule 1632 for an additional 15 days to comment  
28 on the modified tack.

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01 Does anybody have any objections?

02 So that'll be the order. Then it will be  
03 renoticed for an additional 15 days to reflect the \$5  
04 versus the \$10 increase.

05 The next item is "Public Hearing on the  
06 Adoption by the Board on the Proposed Regulatory Amendment

07 of California Horse Racing Board Rule 1689.1, Safety Vest  
08 Required.

09 MS. WAGNER: Jackie Wagner, CHRB staff.

10 Board Rule 1689.1, Safety Vest, requires  
11 mandates that jockeys and apprentice jockeys wear safety  
12 vests when riding in a race.

13 The amendment to Rule 1663 would require  
14 jockeys, apprentice jockeys, and exercise riders to wear  
15 safety vests when they ride or train any horse on the  
16 grounds of a racing association or a fair.

17 The Jockey's Guild, as well as the TOC and  
18 the CTT, have expressed support for the proposed  
19 amendment.

20 The staff would recommend that the Board  
21 approve the amendment as proposed.

22 MR. TOURTELOT: And that -- it is noted in the  
23 staff report that the Jockey Guild, the TOC, and the  
24 California Thoroughbred Trainers have all expressed  
25 support for the proposed amendment. (Inaudible) the  
26 Workmen's Comp turned it down.

27 MR. HARRIS: I think it's a good proposal. I'm just  
28 not clear -- if a trainer is exercising his horse, is he  
0050

01 deemed to be an exercise rider, or is he excluded from  
02 this because he is a trainer?

03 MR. TOURTELOT: Well, the exercise riders are  
04 licensed; right?

05 MS. MORETTI: Yes.

06 MR. TOURTELOT: So the trainer is licensed with the  
07 trainer, but I don't think he can go back to being an  
08 exercise rider.

09 MS. MORETTI: (Inaudible) I read it to be excluding  
10 the trainers.

11 MR. TOURTELOT: I would think by definition because  
12 they're not licensed as an exercise rider.

13 Any comments?

14 The Board will entertain a motion to approve  
15 Item 11 to adopt a proposed regulatory amendment of  
16 California Horse Racing Board Rule 1689.1.

17 MR. HARRIS: So moved.

18 MR. TOURTELOT: Second?

19 MS. MORETTI: Second.

20 MR. TOURTELOT: All in favor?

21 (The motion was unanimously carried)

22 MR. TOURTELOT: Approved.

23 Item 12, "Public Hearing on the Adoption by  
24 the Board on the Proposed Regulatory Amendment of  
25 California Horse Racing Board Rule 1691, Colors and  
26 Number."

27 MS. WAGNER: Jackie Wagner, CHRB staff.

28 The proposed amendment to Board Rule 1691,  
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01 Colors and Numbers, would delete the provision that  
02 prohibits advertising on jockey's attire during the  
03 running of a race. The amendment instead would allow that  
04 advertising, including logos and labels for product  
05 endorsement for national or regional products, be

06 permitted on the jockey's attire, owner's silk, or the  
07 track's saddle cloths.

08 The proposal has been noticed for 45 days,  
09 and the staff has received no comments on the proposal.  
10 The staff would recommend that the Board approve the  
11 amendment as proposed.

12 MR. TOURTELOT: Well, we have three horse owners on  
13 the Board now. Any comments from those commissioners?

14 MR. HARRIS: I'm not really clear on how it works  
15 still. How is the money going to get split up if I wanted  
16 to put something on my silks? Is there some split of  
17 money between jockey and owner and track? Does this just  
18 start the process going for some future negotiation or  
19 what?

20 MR. TOURTELOT: It was all worked out, wasn't it,  
21 down at Del Mar, the percentages?

22 MR. VAN DE KAMP: Yes, indeed. We had, in a sense,  
23 an agreement from Jockey's Guild, TOC Race Tracks, toward  
24 all developing an agreement, which is not part of this  
25 rule.

26 And basically the goal here is to develop  
27 through the NTRA possibly a national advertising campaign  
28 with national sponsors. And we would provide for finders,  
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01 which could be anyone, a percentage. The NTRA would  
02 basically administer the distribution of the funds. And  
03 some money goes to California Thoroughbred Horsemen's  
04 Foundation. Some goes to the Jockey's Guild Health Trust.  
05 And the remaining 65 percent is split up between the  
06 owners, the jockeys, and the tracks, depending on what  
07 site is being utilized.

08 We have a three-page agreement which we, I  
09 think, gave to the Board before, which I'm happy to make  
10 available. I only have one copy here today. And what the  
11 Board is doing today with the implementation of this rule  
12 is really giving us a chance to go forward and try to  
13 implement this program. And if it fails, the Board, of  
14 course, has the right to withdraw this rule at a later  
15 date.

16 Our goal is to have about a one-year  
17 experiment pilot program, if you will, to try to bring  
18 everybody on board and see how this works. It is a  
19 beginning. And it's something the jockeys, I know, have  
20 been pushing for a long time. And we believe that there  
21 may be -- it's very hard to tell how much, but there may  
22 be additional revenues out there for the three constituent  
23 parties.

24 MR. HARRIS: Would any one owner be able to opt  
25 out if he didn't want anything on the jockey or the silks  
26 or the saddle?

27 MR. VAN DE KAMP: Yes, there is an opt-out  
28 provision.

0053  
01 MR. LANDSBURG: Is that an overall opt out, or just  
02 as an owner can I opt out for the jockey and the track as  
03 well?

04 MR. VAN DE KAMP: I think you can -- today, of

05 course, on saddle cloths, the track has control of those.  
06 With respect to the jockeys, I think that, frankly, you  
07 have control over the jockey since technically you're  
08 employing the jockey.

09 MR. TOURTELOT: I was under the impression this was  
10 really a 12-month trial, and that it required the jockeys  
11 and the owners and the tracks to all come together. And  
12 that was the purpose of your meeting at Del Mar and that  
13 you came out of that meeting with a tentative or somewhat  
14 of an agreement between the three entities -- or the  
15 jockeys, the owners, and association.

16 What happens if that falls apart? What  
17 happens if this stays on as an amendment -- Rule 1691,  
18 this becomes permanent? Is there any impact in the future  
19 that we should think about if it isn't -- if there's not  
20 an agreement or if the agreement is terminated at the end  
21 of 12 months? We have this part of the law, but we don't  
22 have the agreement to implement it. Are you worried about  
23 that?

24 MR. VAN DE KAMP: No, and I'll tell you why. First  
25 of all, the CHRB has removed itself from being a party to  
26 this agreement. They're basically letting us in the  
27 marketplace to develop an agreement. And if it does not  
28 work and if this Board finds after a period of time that  
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01 this is unsuccessful and does not promote the best  
02 interest of horse racing, it doesn't go on forever. You  
03 have a right to change the rule. You can withdraw the  
04 rule and put it back to where it is today.

05 MR. TOURTELOT: Well, my comment to you is, if you,  
06 being the owners, and the tracks and the jockeys could  
07 come to an agreement that I, the Chairman, wouldn't be an  
08 impediment to implementing that agreement. If you could  
09 all agree, then you have our blessing. That's how this  
10 came about.

11 So I hope that you will be able to go forward  
12 with that with all three parties in agreement. It sounds  
13 like there are maybe some owners who don't want to  
14 participate, but that wouldn't torpedo in the overall  
15 agreement, would it?

16 MR. VAN DE KAMP: It doesn't because that's part of  
17 the agreement. And we realize that there may be some --

18 MR. TOURTELOT: What if, for example, Magna says  
19 they don't want to be a part of this? They have three  
20 tracks in California. Does that mean that even though a  
21 jockey and an owner agree that the jockey could have  
22 McDonald's on the colors that he couldn't do it at those  
23 three tracks?

24 MR. VAN DE KAMP: No.

25 MR. TOURTELOT: Well --

26 MR. VAN DE KAMP: It might well mean that the  
27 tracks themselves may not want to use their saddle cloths,  
28 but they cannot control what is on the owner's silks or

0055  
01 what is on the jockey's costume. The fact of the matter  
02 is, though, is that's academic right now because the  
03 tracks have been part of this understanding. And as I

04 understand, all of them have agreed to give it a shot  
05 here. And we appreciate that support.

06 MR. TOURTELOT: But the agreement is not finalized;  
07 It's not in concrete between the three groups.

08 MR. VAN DE KAMP: It is. This has been --

09 MR. TOURTELOT: Let me ask you -- I know I've seen  
10 it, but I don't recall. Does the Association share -- if  
11 the owner and the jockey agree that the jockey would have  
12 a McDonald's logo on the silks, would the track  
13 participate in any of the revenues from that?

14 MR. VAN DE KAMP: Yes.

15 MR. TOURTELOT: What if the track says, "We don't  
16 want logos on the jockey's silks"?

17 MR. WOOD: First of all, let me try to clarify.  
18 The silks belong to the owners. The jockey pants belong  
19 to the jockey. So you've got two different items.

20 MR. TOURTELOT: Right. I understand that. But the  
21 dirt that they ride on belongs to the Association.

22 MR. WOOD: The three items that we're looking to  
23 put advertising on are the silks, the pants of the jockey,  
24 and the saddle cloths.

25 MR. TOURTELOT: Why does the Association get  
26 revenues from advertising on the silks if they have no  
27 interest in it?

28 MR. WOOD: They don't. They don't get any revenue  
0056 from advertising on the silks.

01 MR. TOURTELOT: He just told me they do.

02 MR. WOOD: Under this agreement that they may come  
03 up with. But this current regulation only enables  
04 individuals to do this advertising. That agreement is a  
05 separate part of this regulation.

06 MR. TOURTELOT: Well, I asked if the agreement was  
07 in concrete, and he said, "Yes."

08 MR. VAN DE KAMP: Well, it's been agreed to by the  
09 parties. And in a broad sense what happens is that all  
10 three are sharing. If it's on the track's saddle cloths,  
11 they would get the blind share, the 65 percent. But the  
12 jockeys would get, I think, 20 percent.

13 MR. TOURTELOT: I understand. But why does the  
14 Association participate in revenue drawn from logos on the  
15 silks?

16 MR. VAN DE KAMP: Well, for the -- we're trying --  
17 this is part of the understanding agreement. We're trying  
18 to bring everybody together so that everybody is sharing  
19 in some way. And so we've made everyone sharing in the  
20 interest of the other.

21 MR. TOURTELOT: I understand that. But let's  
22 assume that Magna says, "We don't agree with the  
23 percentage you tend to give us for logos on the silks;  
24 and, therefore, we're not going to go along with that,"  
25 do they -- can they prevent an owner and a jockey from  
26 running on their track with the logo?

27 MR. VAN DE KAMP: Not to my knowledge, no.  
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01 MR. HARRIS: Could an owner prevent a jockey from  
02 having a logo on his riding pants? For a jockey it seems

03 like he'd want to have a say in riding trousers throughout  
04 the day. So sometimes would the jockey have different  
05 logos for different races, or would the jockey just have  
06 the same trousers on all day?

07 MR. VAN DE KAMP: I think technically because the  
08 trainers are bringing the jockey on, that there could be a  
09 stipulation on that; but that's the way that would occur.  
10 If not, the jockey would probably continue to wear it if  
11 there was no stipulation on it.

12 MR. WOOD: Basically I think the agreement that  
13 Mr. Van De Kamp is talking about is the one we've alluded  
14 to. An agreement would come about if in fact the NTRA or  
15 some entity were to be the finder of an advertising person  
16 or company or a program that's going to affect all these  
17 people. If you show up in the back with your silks on and  
18 the jockey has an advertising that's not to your liking,  
19 then the jockey is going to have to come in before the  
20 meet and before the horses are entered to clarify and ask  
21 for approval for their advertising. If you don't want  
22 that jock to ride your horse with the advertising on his  
23 pants, you have the right to not have him ride your horse.  
24 And that gives everyone an opportunity to participate as  
25 individuals.

26 But the agreement that you're talking about  
27 only comes in place if there's a national entity who goes  
28 out and finds a national agreement to -- as a finder's

0058 fee. That's when the most -- it's an enabling regulation  
01 that allows you as an owner to make your own individual  
02 deal.

03 MR. VAN DE KAMP: Let me read this because I've  
04 been fishing around to get this out, but I think this is  
05 what the understanding says. It says, "Any owner, jockey,  
06 or track may decline to display the national  
07 endorsement, that is, if the NTRA comes up with one -- if  
08 they're not willing to be associated with that sponsorship  
09 or the track says they already have a competing sponsor,  
10 such declination must be given at the time of entry for  
11 either a stakes race or a live race."

12 MR. TOURTELOT: The whole point is, is that we  
13 need to go forward with this amendment so that you all can  
14 do what you need to do to get an agreement. I don't think  
15 the Board wants to stand in your way. I still see a lot  
16 of problems you have to work out.

17 MS. MORETTI: John, are we still talking about  
18 starting a pilot in December, the Santa Anita opening?

19 MR. VAN DE KAMP: We're hoping as soon as this rule  
20 becomes final.

21 And what's your estimate, Mr. Wood, if this  
22 passes today and gets approved, how long will it take  
23 place to --

24 MR. WOOD: If it passes today and we sent it to the  
25 administrative law, it will probably take us 60 days on  
26 the fast track to have it approved. We're a little bit  
27 behind our initial schedules because of the delay in the  
28 Board meeting hearings. But once we have it approved

0059  
01 Board meeting hearings. But once we have it approved

02 today, we'll ask for a fast approval on it. But we're  
03 looking at a minimum of 60 days before we can actually say  
04 it becomes effective.

05 MR. TOURTELOT: So any other comments from the  
06 commissioners?

07 MR. HARRIS: I'm not clear if this basically just  
08 impacts the national-type advertising or is this -- as I  
09 read it, if we pass this, a given jockey would be able to  
10 put Nike on his trousers and not necessarily pay any money  
11 out to anyone else.

12 MR. TOURTELOT: Well, they have to.

13 MR. HARRIS: I don't think they have to because  
14 there's really no agreement. So basically if you pass  
15 this, it sounds like a given jockey could have the logo  
16 and not really be obligated to pay anybody else.

17 MR. TOURTELOT: You're saying that there is no  
18 agreement, but the agreement that they're talking about --

19 MR. HARRIS: -- is a different agreement though.

20 I think that agreement sort of visualizes a national  
21 program. But just some jockey individually maybe could  
22 get his own program going absent of other agreements.

23 MR. TOURTELOT: Well, that's what I was getting at.  
24 When the jockey -- or the Association walked up and the  
25 Association objected, and they say they have an agreement  
26 and that everybody has signed on, I don't know if that's  
27 true. Has each association signed that agreement?

28 MR. VAN DE KAMP: There is no signed agreement.

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01 That was my understanding. Mr. DeMarco says at this  
02 point, no. And I was surprised at that because that was  
03 not the representation that was made to me earlier this  
04 year.

05 MR. TOURTELOT: Well, you know what, I was the one  
06 that brought this up originally; and again I said, we  
07 would not be the -- if the jockeys and the Associations  
08 and the owners could work out an agreement -- all in  
09 agreement, we would not -- the Board would not stand in  
10 the way of prohibiting that by not acting with respect to  
11 amending Rule 1691.

12 You know, now it would seem to me -- I'm  
13 getting the idea that we have this backwards. You all  
14 don't have an agreement. I mean, with all these problems,  
15 nobody is giving us satisfactory answers. We're putting  
16 the cart before the horse.

17 What we said was, you come to us with an  
18 agreement, and we will give you the amendment of the rule  
19 that would allow you to do what you need to do. Now  
20 you've got it backwards. You've got us making the  
21 amendment before you even have an agreement. And I'm  
22 saying, why are we doing that? Why are we amending the  
23 rule when we don't have an agreement? I think you've got  
24 it backwards.

25 I thought you had an agreement at Del Mar and  
26 everybody had signed on, and it sounds like you don't.

27 MR. WOOD: I think the agreement that we all had  
28 and everyone had coming to this room today is that there's

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01 no one who disagrees to the -- this regulation. We had 45  
02 days of public commentary period, and not one person has  
03 said that this regulation isn't -- that they disagree with  
04 it.

05 MR. TOURTELOT: That misses my point. The point  
06 is, if they come to us with an agreement, we would not  
07 stand in the way of their being able to implement that.

08 MR. LANDSBURG: I think you're putting the cart  
09 before the horse knowing the difficulty of doing this and  
10 hoping that as helpful people in racing we could find  
11 other sources of income that can help offset the expense  
12 not having in effect a rule that allows them to go get  
13 that agreement. And if they don't get an agreement,  
14 obviously they're not going to be able to do that because  
15 parties will start the argument. Why not have some  
16 enabling point that if you would like the condition, it  
17 would go into effect at the moment they have a contract.

18 MR. HARRIS: See, that's my concern that there'd be  
19 some buy-in by all the parties that whatever is fair is  
20 fair rather than --

21 MS. MORETTI: Well, my understanding is that we're  
22 allowing -- if we would agree to this, that what we're  
23 doing is allowing them -- giving them the open ability to  
24 go ahead and make an agreement. We're agreeing to let  
25 them agree.

26 MR. TOURTELOT: We're changing the law. What I  
27 said was, we would not be an impediment to their  
28 implementing an agreement if they all were able to come to  
0062 an agreement.

01 MR. HARRIS: I don't know if we've talked about  
02 that in here though. As I read this, I as an owner could  
03 find a sponsor that I can put an ad for, and the jockey  
04 and track and all those people -- I can keep all the money  
05 if I wanted to, basically. There's no --

06 MR. WOOD: That is correct. Because when we went  
07 through the negotiation process of this meeting to get  
08 these regulations put together, everyone agreed that the  
09 individual entities, jockeys, tracks, owners, have the  
10 right to make two choices: Join up with a national  
11 agreement and/or do an individual advertising campaign of  
12 your own. And that's what the regulation allows to take  
13 place.  
14

15 You as an owner can make a separate  
16 agreement. You as an owner can join with a national  
17 agreement. The only thing this regulation does, again as  
18 Mr. Landsburg said, is allows all processes to begin  
19 within 60 days. If it's not approved, then we have to go  
20 back and start again for another long period of time of  
21 discussions about how this enables this program to begin.

22 MR. TOURTELOT: But the point is --  
23 Commissioner Harris is correct. If we pass this, the  
24 jockey could go out and put Nike on the pants and not pay  
25 anybody else. That was not what I thought was the idea  
26 behind all of this. I have said, and it's quoted in the  
27 press, that we will not be an impediment to your going  
28 forth with a plan that you all bought in on. And I

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01 thought that that's what happened at Del Mar. Now it  
02 doesn't look like it did.

03 And Commissioner Harris is right. I wasn't  
04 for a jockey here and a jockey there and be able to slap a  
05 McDonald's on their white pants. That was not what the  
06 idea was. The idea was that everybody in the industry was  
07 involved and would be signed on.

08 Now, you all on the staff can say what you  
09 want. I was the one that came up with the idea that let's  
10 move this forward. Let's let them know that the Board  
11 won't stand in their way if they come to an agreement.  
12 Now we have something that you're asking us to vote on  
13 which is -- as Commissioner Harris said, you know, they  
14 could slap a Nike or McDonald's thing on their pants, and  
15 the owner gets nothing, the track gets nothing, and the  
16 jockey takes it.

17 MR. WOOD: And conversely, the owner could put  
18 Budweiser beer on the back of his silks, and the jockey  
19 gets nothing. That is exactly what this regulation --

20 MR. HARRIS: You know, I don't want to pick on the  
21 jockeys necessarily; but it seems like the whole thing  
22 should be -- whether it's the jockey or the owner or  
23 whatever, it should be more of a sharing-type thing.

24 MR. TOURTELOT: Roy, you know cause we talked  
25 about it, that that was not my idea that it was one  
26 entity, whether it be the owner or a jockey, to go off on  
27 their own. That is not what this State was going forward  
28 on. It was my idea.

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01 So where are we?

02 MR. WOOD: We're at a point where this regulation  
03 won't fit this concept issue.

04 MR. BROAD: May I speak? Mr. Chairman and members  
05 of the Board, Barry Broad on behalf of the Jockey's Guild.

06 This discussion has been going on for five  
07 years. I recall bringing it first to the attention of  
08 this Commission about five years ago. And we've had a  
09 number of discussions. It's an extraordinarily complex  
10 and difficult problem. And unfortunately, Mr. Chairman,  
11 you go right to the heart of the difficulty for the  
12 Commission and for all of us. And that is, the Commission  
13 is sort of a stark choice -- or the Board has sort of a  
14 stark choice. You either get out of the way, that is to  
15 say, do what this regulation does and let this evolve in  
16 the market -- in the sort of free marketplace of -- that  
17 is out there that none of us are sure of how it will go  
18 and how it will develop, or you're consigned in effect.  
19 And by your very discussion, you can see this. You're  
20 consigned to mikeromanaging the relationships, which is  
21 something that the government is not well suited to do.  
22 And, you know, in other words, starting to say, well, what  
23 is the split and how does it work in every single  
24 circumstance and does everybody sign off. For example --

25 MR. TOURTELOT: Excuse me, but that's not what we  
26 said. We said, "You all agree. We will not be in the  
27 business of mikeromanaging your relationships." Nobody

28 ever brought that up. And number two, five years ago you  
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01 had zero support from the Board with respect to this  
02 issue.

03 MR. BROAD: I understand. And things have evolved  
04 clearly. However, even the question is, you all agree,  
05 who are we all? Is it the Jockey's Guild that's allowed  
06 to make a decision for every single jockey, even for those  
07 that aren't members? Can an organization representing the  
08 tracks represent every single track? Can the TOC  
09 represent every single owner? It becomes a very complex  
10 problem.

11 I believe, however, that if you pass this  
12 regulation, that there are a lot of intelligent people out  
13 there that want to make this work. And I think that they  
14 will get together to make this work.

15 MR. TOURTELOT: Why don't you make it work first  
16 and then come back because that was the whole thought.  
17 You were at Del Mar in July, weren't you?

18 MR. BROAD: I wasn't, but other representatives of  
19 the Guild were.

20 MR. TOURTELOT: The representation was, at least  
21 the way I received it, was that it was all worked out.

22 MR. BROAD: Well, we believed that as well; but  
23 apparently -- I mean, I don't know.

24 I think the problem is that this -- it puts  
25 anyone with a single objection in the position of stopping  
26 the whole thing, and that's the problem here. I think we  
27 have to find a way for you to let us have a chance to make  
28 this work, and I think we will make it work.

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01 MR. TOURTELOT: Well, then, you know, I'll go back  
02 to what I said before, get it worked out; and we won't be  
03 an impediment. Right now Rule 1691 would not permit you  
04 to do anything. And what we've said is, we will pass --  
05 we will amend the rule to accommodate your, quote,  
06 agreement, not backwards. You've got it backwards now,  
07 which, as far as I'm concerned, would do something that I  
08 wouldn't have approved of in the beginning. And that is  
09 let whomever wants to put something on their silks or on  
10 their pants or whatever and go off on their own. That was  
11 not the deal. I never said it. I don't know about  
12 anybody else, but I was never interested in that. I was  
13 interested in everybody getting together and working out  
14 an agreement. You can go back and read what was in the  
15 press release.

16 MR. HAIRE: Mr. Chairman, Darrell Haire, Western  
17 Regional Manager of the Jockey's Guild.

18 This summer at Del Mar when we all -- we had  
19 the meetings and discussed this, there was going to be two  
20 parts: The NTRA -- there was going to be national  
21 sponsorship, and then there was going to be where the  
22 jocks or whoever went out and got their own sponsorships.  
23 And we talked about this, and it was going to be done with  
24 integrity and good taste, or we weren't even going to try  
25 to get this done. And that's what our intentions are.

26 As far as Mr. Harris has spoken about, going

27 out and individually -- we don't want that. And we talked  
28 about what percentages. If you go out and get the

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01 sponsor, then you get the bigger cut. And we've got these  
02 percentages down. So we'd appreciate it if you would let  
03 us go forward and try to make this work. I don't think --  
04 you know, if this is ever going to work, we need to take  
05 the ball and go and work together. And there's a lot of  
06 people that want to see this work.

07 MR. TOURTELOT: I thought you all had done that.  
08 That's the point.

09 MR. BAEDEKER: Mr. Commissioner, Rick Baedeker,  
10 Hollywood Park.

11 We really have done that. And you're right  
12 in that we don't have a signed agreement. But  
13 Hollywood Park, for instance, enthusiastically supports  
14 the program. And I think John used the words, "Best  
15 interests of racing" a little while ago; and we believe  
16 that's absolutely the case.

17 If Kent Desormeaux gets a Nike on his pants,  
18 that's a good thing for all of us, we believe. We do have  
19 some reservations about the division of revenues.  
20 Personally, as far as Hollywood Park is concerned, we  
21 would not participate in the distribution of revenue from  
22 the shirt or the pants. We would participate as far as  
23 the saddle cloth is concerned. We believe we own that.  
24 But we do believe that those things should be part of an  
25 agreement that is worked out in the marketplace. And we  
26 urge you -- I respect your reservations here this morning.  
27 I hear what you're saying. But we would urge you to  
28 facilitate this order. And the industry in California is

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01 working together on this -- is working well together on  
02 this. And I do think that the program will work. We're  
03 only talking about a 12-month pilot type of program. And  
04 we can certainly revisit it at a later date. But I can  
05 tell you that the jocks, the owners, and trainers, and the  
06 Associations have agreed on a pretty revolutionary  
07 program.

08 MR. DE MARCO: This is Frank DeMarco again for the  
09 Magna Tracks.

10 This is the first time I've ever seen this  
11 piece of paper which purports to be the agreement. I  
12 agree with the Chairman's theory that we should bring you  
13 a definitive agreement, and then at that point you can  
14 adopt the enabling legislation. I've never heard of a  
15 situation where you adopt an enabling legislation, and  
16 then we all go out and try to get an agreement. What if  
17 we don't get an agreement? I think the Chairman's  
18 position is correct, and that's the one we support. Let's  
19 go out and get an agreement and make sure everybody is  
20 happy. We'll come back to you. And as you've said, you  
21 won't block the approval.

22 MR. TOURTELOT: Let me say to all of you, I came  
23 here this morning with the understanding that you had an  
24 agreement. Something was circulated that came out at  
25 Del Mar, whether it was signed or not, that was

26 represented to me as being an agreement. And the thing  
27 about, we're going to work this out, we're going to do  
28 that -- yeah, this has been noticed for 60 days, and I

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01 understand the notice. I don't have any problem with  
02 anything in this amendment. That's not the question. The  
03 issue is whether or not we're putting the cart before the  
04 horse.

05 MS. MORETTI: Mr. Chairman, respectfully, I don't  
06 think that we are. My understanding and the way I read  
07 this is that we are simply changing the rule here to  
08 instead of saying no form of advertising, we are saying we  
09 will allow advertising with these specific conditions. I  
10 don't think that we as the State -- that we should be  
11 getting into the details of whatever agreement they come  
12 up with. We have provisions under which whether sizing or  
13 limitations on kinds of advertising that I think should  
14 come within our purview. But I think they should be  
15 allowed to go ahead and work out an agreement. But they  
16 can't -- I mean, they can talk all they want; but they  
17 don't get us to delete that no form of advertising out of  
18 that regulation. Their talk is just talk.

19 MR. TOURTELOT: Well, but they've had the assurance  
20 since before July of this year that if they worked an  
21 agreement out, that this Board would do what it needed to  
22 do to allow them to implement it. They still don't have  
23 an agreement. Why are we doing it this way?

24 I was under the impression that you had an  
25 agreement. If you've never had an agreement, you're never  
26 able to get together, then I would say that is something  
27 we would not have done had we had a crystal ball and known  
28 that you would never get an agreement.

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01 MR. VAN DE KAMP: I'm not sure there's anything  
02 more that can be said this morning, except the fact that  
03 this draft agreement that many of the people in this room  
04 were involved in developing was passed out, was discussed  
05 in conjunction with the meeting where this first was  
06 raised. I think Mr. DeMarco may have been at that  
07 meeting. I'm a little surprised that he doesn't have a  
08 copy of this and has never seen it before. I will make a  
09 copy available to him.

10 If Magna wants to stay out, they can stay  
11 out. If they want to stay out, we will be glad to work  
12 with the jockeys on this. That's fine. And that may well  
13 be, that these are individual agreements that Magna wants  
14 to stay out, that we work with the jockeys and TOC and  
15 owners elsewhere --

16 MR. TOURTELOT: Hey, John, number one, you have my  
17 absolute commitment that I am for this and will vote for  
18 it at the appropriate time if that's the way it goes.

19 And I do not want to mikeromanage your  
20 agreement. I don't care what's in your agreement as long  
21 as you have an agreement between whatever associations are  
22 going to participate, the Jockey's Guild, and the TOC.  
23 I'm not going to involve myself in what's in that  
24 agreement. I just want to know that you have it, that

25 it's signed, and the pilot program goes forward. That's  
26 not where we are. I thought that you had that already.  
27 MR. VAN DE KAMP: I think we do, a basic substance.  
28 MR. WOOD: Is it fair to say that there's an

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01 agreement in place, and the agreement allows for the  
02 individuals to do individual situations under the  
03 agreement; is that a fair statement?

04 MR. BROAD: I believe so. Let me just conclude by  
05 asking you to take action on this today. I think enough  
06 time has passed. I think if you step back a second and  
07 think about advertising itself, which is a form of free  
08 speech, it's very rare that the government stands as a  
09 precondition to the exercise of free speech; that this is  
10 generally worked out in the marketplace. And we're just  
11 asking you to step aside and let that happen. Thank you.

12 MR. HARRIS: I think we're all in favor of free  
13 speech. But here we have a partnership between the jockey  
14 and the owner and the track, and I'm just concerned that  
15 we're looking at something that will put any of those  
16 parties in a position to not be able to really exercise  
17 some legal power if they don't like something. If I was a  
18 jockey and somebody wanted to put, you know, something on  
19 your silks that I didn't believe in, that I didn't have to  
20 do it.

21 UNIDENTIFIED SPEAKER: It's a free market. You  
22 can hire a jockey and say you can't wear those pants. If  
23 you wear those pants, you can't ride my horse. There's  
24 absolutely no reason why we can't control it as owners or  
25 as jockeys or as individuals. Why not let the free market  
26 happen.

27 MS. MORETTI: I think that the -- forget the  
28 advertising issue at the moment. In California our

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01 Constitution says we can have horse racing. It says we  
02 can have different forms of gaming. We can have this; we  
03 can have that. But it's up to the horse racing people to  
04 come up with a track and a jockey and a trainer to do it,  
05 and that's kind of how I feel. 'Cause I think we need to  
06 allow them to go ahead and give them the ability to  
07 advertise and let them come up with it. If they don't  
08 agree with it, they are not going to do it. If you don't  
09 agree as an owner, you're not going to let your silks have  
10 anything on it. You wouldn't hire the jockey who is  
11 wearing something you don't like. I just don't think that  
12 we should get to that level of it.

13 If we set up the parameters, which I think  
14 this rule has done well -- you know, I'm concerned about  
15 the pornography and tobacco, et cetera; but I really would  
16 suggest to the Board that we go ahead and approve this  
17 amendment to this section today and let them get on with  
18 the business of putting together an agreement. And if  
19 those people from Magna don't want to enter into the  
20 agreement, then so be it.

21 MR. BLAKE: That's correct. (Inaudible) to support  
22 today's hearing is strictly a deregulation measure.  
23 (Inaudible) deregulate in the rules of restriction and

24 regulation or not. I am kind of at a loss as to how I  
25 would recognize to the Board the frame of regulation that  
26 requires an agreement of all parties in the industry  
27 before advertising was permitted.

28 MR. TOURTELOT: Well, by "all parties," you mean  
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01 the Association. You're not going to get the Guild and  
02 the TOC. You're not going to get every jockey and every  
03 track.

04 MR. LIEBAU: Jack Liebau representing the Magna  
05 Tracks in California.

06 I think it's a mischaracterization for  
07 anybody to say that the Magna Tracks are against this.

08 We'll represent to you that I have never seen  
09 a copy of this agreement, and that goes as far as my  
10 capacity then as being president of Bay Meadows. But I  
11 don't think Golden Gate has received a copy of the  
12 agreement. I do not know at this time whether  
13 Santa Anita was or was not given a copy of the agreement.  
14 And for that reason --

15 MR. TOURTELOT: Are you saying that you haven't  
16 seen a copy of the agreement that came out at the Del Mar  
17 meeting?

18 MR. LIEBAU: I am saying that I never saw a copy of  
19 the agreement that came out of the Del Mar meeting. Yes,  
20 that's what I'm saying. And if I'm wrong, that somebody  
21 had sent it me and it has gotten lost on my desk, which is  
22 a possibility -- but I can tell you that I haven't seen a  
23 copy of the agreement. And I understand from Peter Tunney  
24 from Golden Gate, that he hasn't seen a copy of the  
25 agreement. Frank DeMarco who handles the regulatory  
26 affairs at Santa Anita also tells me that he hasn't seen a  
27 copy of the agreement.

28 MR. TOURTELOT: Who is in charge of disseminating  
0074  
01 the draft of the agreement?

02 MR. LIEBAU: So I just don't want this to go out  
03 and say that Magna is opposed to this because I don't  
04 think that we even have a position on it.

05 MS. MORETTI: Mr. Liebau, let me ask a question.  
06 On the face of what we are supposed to be voting on here  
07 today, which is to amend or not amend to allow advertising  
08 here in California, do you have any objections to that?

09 MR. LIEBAU: As an owner, I guess there could be  
10 some advertisements that a jockey might wear that, yes, I  
11 would object to.

12 MS. MORETTI: But I'm asking you in terms of our  
13 charge here today is just to change the regulation to  
14 allow -- just to allow it, not to say it has to be.

15 MR. LIEBAU: I would think that -- you can consult  
16 your legal counsel, but I suspect that if you pass this  
17 regulation today, that notwithstanding an agreement, that  
18 the advertisement can then be worn by a jockey, owner or  
19 anything else. I do not understand what the agreement has  
20 to do with this once this regulation is passed because  
21 then it seems to me that you can advertise whatever you  
22 want to advertise. Of course, the owner could say he

23 doesn't want to use the jock or something like that. But,  
24 again, I don't want this to be viewed as Magna is against  
25 it or anything like that.

26 MR. WOOD: The way that that would work is that as  
27 the owner of that horse, if the jockey that you employed  
28 to ride your horse had advertising on his pants that you  
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01 didn't like, didn't agree with, whatever, you have the  
02 right to take that rider off that horse and not let him  
03 ride your particular horse in that race.

04 MR. LIEBAU: Does it say that in the regulation?

05 MR. WOOD: That is the way it would be regulated.  
06 The stewards would make those determinations. You as an  
07 owner have a right not to ride that rider.

08 MR. LIEBAU: I understand that, but myself --

09 MR. WOOD: It says, "The steward should adjudicate  
10 all disagreements."

11 MR. LIEBAU: Myself as an owner have a hard time  
12 getting a jockey to even ride my horse.

13 MR. HARRIS: Are we working under a time problem  
14 here? Can we put this off until the next meeting and give  
15 everybody a chance to review the agreement?

16 MR. TOURTELOT: If I was a jockey and had a Nike  
17 logo on my pants and Mr. Landsburg said, "Well, I don't  
18 like Nike, and I'm not going let you ride if you have it  
19 on there," you might get hit with a lawsuit for infringing  
20 on my Constitutional Rights to free speech. I don't know.  
21 But the fact is, the stewards don't have the right to do  
22 it. It doesn't say it in the rule.

23 MR. LANDSBURG: What the stewards would pass on is  
24 whether the advertisement exceeds the size that's allowed  
25 or concerns that tobacco, weapons, pornography, or other  
26 products, whether that might be detrimental to racing.

27 MR. TOURTELOT: I don't think -- what you're  
28 saying -- what I'm saying is that this doesn't give a  
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01 steward the right to remove the jockey from the mount  
02 because he doesn't like the logo.

03 MR. BLAKE: No, that's correct. It would be -- if  
04 the reason that the individual didn't like the logo was  
05 because he was advertising weapons, for instance, he would  
06 act.

07 MR. WOOD: Just to clarify so the people who  
08 weren't involved in those discussions we had for these  
09 last five years would understand, procedurally if  
10 Corey Nakatani makes his own independent decision outside  
11 of the agreement and Corey Nakatani before beginning the  
12 race meet at Santa Anita would go into the stewards and  
13 say to the stewards, I have made an arrangement with Nike  
14 or whomever to advertise on my riding pants, that would be  
15 up front and before the meet started. So you, as an  
16 owner, would know that Mr. Nakatani is going to be riding  
17 a horse with Nike on; and you could make a selective  
18 process not to engage in it if you were against the use  
19 of Nike as an advertising campaign. That was the  
20 procedural discussions we had during the weekly meetings  
21 that took place at Del Mar this summer. So I can only

22 tell you that that's what we talked about and how the  
23 procedure would work.

24 MR. TOURTELOT: Okay. But for the record, this  
25 matter hasn't been debated for five years. Five years ago  
26 it came up, and there was nobody on the Board who was  
27 behind it at all. And then it came back up again around  
28 July. It hadn't been debated for five years.

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01 MR. HARRIS: I think it's got a lot of potential.  
02 I'm just concerned that we pass something that really --  
03 we'd be putting the cart before the horse. I think we  
04 should give a month for everyone to read the agreement and  
05 see if this is something that would work.

06 UNIDENTIFIED SPEAKER: Mr. Chairman, just to  
07 respond to Mr. Harris' comment, the delay -- we've been  
08 very slow in getting this. It was raised in the '97  
09 meetings, and then the year later, and then this last  
10 summer we came up with this draft agreement that I thought  
11 was agreed upon, at least in principle. A delay would  
12 mean, I think based on what Mr. Wood has said, that we  
13 cannot get into this until probably 90 days after the  
14 first of the year. And the goal here was that as the NTRA  
15 is seeking sponsors, let's say from Californiatelevision,  
16 this year, that they would be able to sell national  
17 advertisers for this forthcoming year. And so I think the  
18 delay in this just simply retards our ability to sell  
19 whatever national advertising we might be able to get. So  
20 we're already, I think, slowed down a little bit just  
21 because of the Board's schedule.

22 MR. TOURTELOT: I don't understand how it is that  
23 the tracks, Golden Gate and Bay Meadows, have not seen a  
24 copy of this.

25 UNIDENTIFIED SPEAKER: I frankly don't either  
26 because -- I'm going to go back to my files today and  
27 check on the attendance of the meeting. I thought this  
28 was widely disseminated. I know I think I sent it to

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01 Mr. Wood and the Board when this first came up. This of  
02 course has been agendized. It was discussed. The  
03 meeting -- when it first was put on the calendar, it was  
04 put over for comment. So I'm a little surprised by all of  
05 that.

06 MR. TOURTELOT: I'm going to vote to delay it on  
07 that ground alone because I don't care what staff thinks  
08 or what anybody else thinks. My idea was that you would  
09 all be together, you come up with an agreement, and we  
10 will give you a legislation or a change to go forward.  
11 And it doesn't matter what the staff thinks or anyone  
12 else. I cannot believe that Bay Meadows and Golden Gate  
13 and Santa Anita have never even seen this agreement.  
14 Well, that's my feeling.

15 Any other comments?

16 MR. HARRIS: I think the delay does have a lot of  
17 merit, but it's important we go forward with everybody on  
18 board if we've got several tracks that haven't had a  
19 chance to review it.

20 MR. TOURTELOT: Well, I would entertain a motion to

21 put this off until the next meeting. Maybe there will be  
22 some progress.

23 How many days to the next meeting?

24 MR. WOOD: January 26th.

25 MR. TOURTELOT: So you have two months to get  
26 together. And maybe some of you can get a Xerox machine  
27 together and get a copy to Magna. You ought to be able to  
28 do that in two months.

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01 So I would entertain a motion to continue  
02 this to the next meeting.

03 MR. HARRIS: So moved.

04 MR. TOURTELOT: Second?

05 MS. MORETTI: (Inaudible) I don't agree.

06 MR. TOURTELOT: Then you don't need to make the  
07 second.

08 MS. GRANZELLA: (Inaudible).

09 MR. TOURTELOT: We can't hear you.

10 MS. GRANZELLA: (Inaudible).

11 MR. TOURTELOT: All in favor of continuing Item  
12 Number 12 to the next meeting of the Horse Racing Board?

13 Well, if you're interested in getting it  
14 passed, it would be better in the interest of all of the  
15 parties that we continue it rather than vote against it.  
16 I'm not going to vote against it, but I will vote to  
17 continue it.

18 MR. BLAKE: It takes the vote of four commissioners  
19 to take any affirmative action.

20 MR. TOURTELOT: But what I don't want to have come  
21 out of the meeting is a message that some of the members  
22 of the Board are against it. I'm not against it. I don't  
23 think Commissioner Harris is against it. It's just that  
24 we feel for the reason stated, it should be continued to  
25 the next meeting.

26 I can sense there are four votes, and I will  
27 exercise my power to put this on the agenda for the next  
28 meeting.

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01 And let me again confirm that I am 100  
02 percent in favor of it. It's just which comes first.

03 MS. MORETTI: Could we make a formal request that  
04 the parties involved get together and share?

05 MR. TOURTELOT: Well, the first step would be  
06 sending them a copy of the agreement.

07 MR. WOOD: And find out who from Bay Meadows and  
08 Golden Gate attended that meeting. That would be kind of  
09 interesting. There was a representative at that meeting.  
10 I know there was.

11 UNIDENTIFIED SPEAKER: I think that if you did a  
12 poll, which I'm not suggesting here, of who has actually  
13 seen a copy of this agreement, then we wouldn't always be  
14 poking at Magna tracks.

15 MR. TOURTELOT: Okay. Item Number 13, "Report by  
16 the California Thoroughbred Breeders Association on the  
17 Year 2001 California-Bred Stakes schedule."

18 MR. REAGAN: Commissioners, John Reagan, CHRB  
19 staff.

20 Just a little background here. A few years  
21 ago the law was changed. It was amended so that the  
22 racing associations, the thoroughbred owners, thoroughbred  
23 trainers, and the Thoroughbred Breeders Association, are  
24 required to establish a coordinated Cal-Bred restricted  
25 schedule of stakes races. The practical implication is  
26 that the CTBA kind of leads the way. And Mr. Burge is  
27 here today to present you with the schedule for 2001.

28 MR. BURGE: As John mentioned the law requires the  
0081

01 CTBA and the Thoroughbred Owners of California and the  
02 various racing associations meet and establish a  
03 coordinated California-Bred stakes schedule for the  
04 upcoming year. I'm here to report that such a meeting  
05 took place in late October, and the result of the meeting  
06 is the schedule that I just had distributed.

07 As you can see, we'll have 60 Cal-Bred stakes  
08 races next year with total purses of over six million  
09 dollars. That's one part with what was in place this  
10 year. The two marquee days for Cal-Bred will be Cal Cup,  
11 which will take place in October. I think it's October  
12 the 20th at Oak Tree. And Golden Rush Day in the spring  
13 at Hollywood Park, April the 28th.

14 We've had numerous Cal-Bred race stakes  
15 winners this year that used this schedule of this  
16 restricted stakes as a steppingstone towards grading the  
17 company.

18 Are there any questions from the  
19 commissioners?

20 MR. TOURTELOT: Thank you very much.

21 Any comments?

22 Nice job on the handout.

23 The next item is, "Staff Reports on the  
24 Following Concluded Race Meets: Del Mar, San Mateo,  
25 County Fair, Humboldt County Fair, California Exposition  
26 State Fair, and the Los Angeles County Fair."

27 And I think the staff did an excellent job on  
28 setting forth the reports and preparing the reports. And  
0082

01 rather than have the staff just read what's in the  
02 reports, I just finished a term with a member of the board  
03 of directors of a country club, and the meeting seemed to  
04 go for three hours. And we finally figured out that two  
05 of the hours was a financial officer going through a  
06 report on every line and reading it to the board members.  
07 I thought why don't we just ask questions, and we can read  
08 it to ourselves. And so I think that's what we'll do with  
09 respect to these reports because the commissioners have  
10 all seen them -- and rather than have the staff go through  
11 and read what's in the reports, if the commissioners have  
12 any questions with respect to any of the reports of the  
13 concluded race meets.

14 MR. HARRIS: On these reports, I think it will be  
15 helpful that with all the simulcasting -- there's so many  
16 different procedures on money coming back to California,  
17 if we could have some line items of how much, like, first  
18 generations there were and license fee generation and

19 track commission generation, it would give us a little bit  
20 of a feel for really what the economics of the meeting  
21 were back to California because a lot of times the gross  
22 handle looks really big but --

23 MR. TOURTELOT: The staff will break that down for  
24 you, John, if you want that in the future reports.

25 Any other comments, questions from the  
26 commission? Comments from the audience?

27 With that, we've concluded all the items on  
28 the agenda.

0083

01 The next is general business, communication,  
02 reports, requests for future action of the Board. Does  
03 anyone in the audience or on the Board have any general  
04 business matters?

05 The next is old business, issues that may be  
06 raised for discussion purposes only which have already  
07 been brought before the Board.

08 No items.

09 We're now going into the executive session,  
10 and then we will come back. Thank you so much for  
11 attending today.

12 The meeting is adjourned.

13 (Meeting adjourned at 2:15 p.m.)

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