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

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

TRANSCRIPT OF PROCEEDINGS
Friday, February 23, 2001
Albany, California

Reported by:
DANA M. FREED
CSR No. 10602
Job No.
CHBF136

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In the Matter of:)
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TRANSCRIPT OF PROCEEDINGS, taken
at 1100 East Shore Highway, Albany,
California, commencing at 10:00 a.m.,
on Friday, February 23, 2001, heard before
ROBERT TOURTELOT, Chairman, reported by
DANA M. FREED, CSR No. 10602, a Certified
Shorthand Reporter in and for the State of
California.

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01 APPEARANCES:

01

02 Chairman: Robert H. Tourtelot

02

03 Member: Sheryl L. Granzella

03

04 Member: John C. Harris

04

05 Member: Alan W. Landsburg

05

06 Member: Marie G. Moretti

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07 Executive Director: Roy C. Wood, Jr.

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08 Deputy Attorney General: Tom Blake

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I N D E X

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01 Albany, California, Friday, February 23, 2001
02 10:00 a.m.

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05 MR. WOOD: Good morning, ladies and
06 gentlemen. I'd like to welcome you to the regularly
07 scheduled meeting of the California Horse Racing Board.
08 It's being conducted on Friday, February the 23rd, 2001,
09 at the Golden Gate Fields Race Track in Albany,
10 California. Present at today's meeting are Chairman
11 Robert Tourtelot, Commissioner Sheryl Granzella,
12 Commissioner John Harris, Commissioner Alan Landsburg, and
13 Commissioner Marie Moretti.

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

21 With that, I'd like to turn you over to our
22 chairman, Mr. Robert Tourtelot.

23 CHAIRMAN TOURTELOT: Good morning. Welcome to the
24 February meeting of the California Horse Racing Board.
25 Before we start with the agenda, just a couple things I'd
26 like to read.

27 As you know, the Eclipse Awards ceremony was
28 held a few weeks ago, and we would like to acknowledge the
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01 accomplishments of those award recipients either
02 from California or with strong California connections.

03 Frank Stronach, who bred and raced a
04 2-year-old champion Macho Uno, and also bred and raced
05 a female turf champion Perfect Sting, received both
06 the owner and the breeder awards.

07 Bobbie Frankel, whose horses earned more than
08 \$10 million last year, got the trainer award.

09 Tyler Baze, who rode 246 winners last year on
10 the tough Southern California circuit, received the
11 award for top apprentice jockey.

12 We certainly need to mention that Tiznow, the
13 first California-bred to be named Horse of the Year
14 since Swaps in 1956, was bred by the late Cecilia
15 Staub-Rubens; raced by Mrs. Straub-Rubens and Michael
16 Cooper; trained by Jay Robbins; raced at the farm of
17 fellow Commissioner John Harris; and sired by Cee's
18 Tizzy, who stands at Harris Farms.

19 We want to also mention the writing award earned
20 by "Daily Racing Form" Executive Columnist Jay Hovdey;
21 that local conditioners Eduardo Inda trained the champion
22 older female horse Riboletta for Aaron and Marie Jones;

23 Bruce Headley trained the champion sprinter Kona Gold, a
24 horse he owns in partnership with G. Michael Singh and
25 Irvin and Andrew Molasky; and D. Wayne Lukas trained the
26 champion 3-year-old filly Surfside for William T. Young.

27 Too often we hear about the shortcomings of
28 horse racing, and that perhaps California racing isn't
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01 what it used to be, but we think these awards prove that
02 once again California remains the Mecca of horse racing
03 in North America.

04 (Applause)

05 I also would like to announce the appointment by
06 Governor Davis of Attorney Roger Licht to the California
07 Horse Racing Board effective as of today.

08 I'm not going to read the whole --

09 The agenda for today: The first item is
10 approval of the minutes of the regular meeting of
11 January 25th, 2001.

12 Any comments with respect to the minutes?

13 MR. HARRIS: I had a couple of points that I wanted
14 to correct, just for the record purposes.

15 On page 2 it says Commissioner Harris asked if
16 the horses would be running the last day of the fair.
17 Neil O'Dwyer said they would be racing the last day.
18 I think the point I'm trying to make, there's not
19 really -- the fair is not running. The day the race is
20 going to be running, the fair, the Pomona Fair is not
21 going to be in full operation; so my point was that
22 they're -- basically, the fair ending the last day didn't
23 exactly coincide.

24 Also, on page 7 I was talking about that
25 even though there are more outlets, the sales were not
26 going up. What I meant to say was the sales per outlet
27 were not going up. So those are the two corrections to
28 be made.

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01 CHAIRMAN TOURTELOT: Anything else? We'll make those
02 changes.

03 Then the chair will approve
04 the motion to approve the minutes of the meeting of
05 January 25th.

06 MR. LANDSBURG: So moved.

07 MS. MORRETI: Second.

08 CHAIRMAN TOURTELOT: All in favor?

09 (Motion was carried)

10 CHAIRMAN TOURTELOT: Next item is discussion and
11 action by the Board on the Application for License
12 to Conduct the Horse Racing Meeting of the Bay Meadows
13 Operating Company at Bay Meadows, commencing April 4th,
14 2001 through June 17th, 2001.

15 Jackie.

16 MS. WAGNER: Good morning, Commissioners,
17 Jackie Wagner, CHRB staff.

18 The application before you was from the
19 Bay Meadows Operating Company. They are filing their
20 application for the dates April 4th through June 17th,
21 2001, for 56 days. The association is proposing to race

22 a total of 482 races or 8.6 races per day. They are
23 respectfully requesting the option to increase the
24 number of races if sufficient horses are available.
25 They will be racing five days per week,
26 Wednesday through Sunday. They will be racing three
27 days, Friday through Sunday on April 20th through the
28 22nd; and they will be racing six days, which is a

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01 Wednesday through a Monday, on April 11th through the
02 16th, May 9th through May 14th, and May 23rd through
03 May 28th. The first post time will be 12:45 p.m. daily,
04 and they will have a 7:15 p.m. post time Friday.

05 The wagering program will use all CHRB rules.
06 They have two items that are outstanding at this point and
07 that's the horsemen's agreements and the financial
08 statements for the year 2000. Staff would recommend
09 that the Board adopt the application contingent upon us
10 receiving the missing information.

11 CHAIRMAN TOURTELOT: What is the status of the
12 Horsemen's Agreement in terms of when it's going to be
13 signed? We were doing real well for a while. We were
14 having horsemen's agreements signed by the time the
15 application was presented, and then -- so when can we
16 expect it to be signed?

17 MR. LIEBAU: What has happened is that there
18 is concern about an unprecedented number of horses,
19 apparently, leaving Northern California. And as a
20 result of that, Bay Meadows and Golden Gate have been
21 entered into negotiations with representatives in the
22 T.O.C. to develop a year-around purse program, so that
23 we have purse levels that are constant throughout the
24 year, and also adding additional money at the bottom.

25 Those negotiations, as far as the purse
26 levels, were concluded yesterday, and they are now being
27 sent to the board of directors.

28 Sorry.

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01 CHAIRMAN TOURTELOT: When we do that in court, the
02 Judge takes it away.

03 (Laughter)

04 MR. LIEBAU: You see, Mr. Chairman, I didn't know
05 it was on.

06 So in any event, the standard purse agreement
07 needs to be revised in major respects, as far as this
08 year-around purse schedule is concerned, so that there
09 no longer will be underpayments or overpayments for
10 meets or retroactive payments. We will try to maintain
11 these purse levels throughout the year.

12 And for that reason, we do not have today
13 a redrafted purse agreement. We anticipate no problems
14 and would assume that it would be submitted in the next
15 two or three weeks.

16 CHAIRMAN TOURTELOT: We're talking about three
17 weeks at the outside?

18 MR. LIEBAU: Absolutely.

19 CHAIRMAN TOURTELOT: Is that correct, John?

20 MR. LANDSBURG: Where did the unprecedented number

21 of horses traveling -- what is the rationale that suddenly
22 we're getting an unprecedented number of horses traveling?

23 MR. LIEBAU: Perhaps Mr. Dougherty could speak to
24 that. As far as the trainers are concerned, I think he's
25 recently sent a letter to Mr. Woods at Alpine.

26 Charlie?

27 CHAIRMAN TOURTELOT: Is that the letter:
28 If it ain't broke don't fix it, or that's another

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01 letter?

02 MR. LIEBAU: It's a letter that specifically
03 indicates the trainers that are thinking about leaving
04 Northern California, especially during the fairs.

05 MR. DOUGHERTY: Charlie Dougherty, California
06 Thoroughbred Trainers.

07 Mr. Landsburg, basically what we're hearing
08 is an unprecedented amount of trainers who have made the
09 decision to look to other jurisdictions to race their
10 horses. We anticipate that it could be anywhere from
11 150 to 200 horses, and it's primarily the major trainers.
12 And the locations that they're looking at are
13 Delaware Park, Marmouth Park, Arlington, and Lonestar.

14 And basically, the reason is, as Jack alluded
15 to, is there's a real concern over the purse structure in
16 Northern California, that people just aren't able to
17 make ends meet right now, especially with the cost of
18 living here in the Bay Area and as well as the potential
19 labor problems we're facing. We have had a lot of
20 people who have been fined and have current audits going
21 on, and workmen's comp rates are going through the
22 roof.

23 And there's a real issue that, you know,
24 our organization has brought up and trainers now are
25 following suit with; without the ability to race their
26 horses on the turf during the summer, they're now going to
27 other states to compete with their horses where they have
28 the ability to run turf races during the summer.

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01 MR. LANDSBURG: Is there anything that anyone is
02 attempting to do to head off or at least mitigate
03 this outflow, other than the purse structure that Jack
04 has outlined?

05 MR. DOUGHERTY: At this point, there's not
06 a whole lot we can do about the cost of living here in
07 the Bay Area. Workers' comp rates, as anyone knows
08 in all industries, are just going through the roof.
09 I know trainers who are paying as high as 61 --
10 or actually it's the owners who are paying it -- \$61
11 per start right now in workers' comp rates and people
12 just cannot live with that.

13 MR. LIEBAU: I think that one other thing that will
14 be happening at the Dates Committee, Bay Meadows
15 and Golden Gate will be proposing for discussion the
16 possibility of using the turf courses, to a limited
17 extent, either Bay Meadows or Golden Gate during
18 the summer.

19 MR. VAN DE KAMP: I'm John Van De Kamp, president

20 of TOC.

21 What Jack said is accurate. We're about
22 90-percent there with respect to our contract, and
23 I think it's been good-faith negotiations to deal with
24 what we think is an emerging problem. That problem
25 I think is going to carryover into the fairs this
26 summer, because if we lose these horses, we don't see
27 these horses coming back. We think the number of horses
28 coming in from Arizona will be fewer than in previous

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01 years, and, oh, I think the racing schedule for the
02 fairs this summer may be in real jeopardy.

03 But what we are trying to do, as Jack has
04 indicated, is raise the purses for the lower levels to
05 try to make it economically attractive to remain here.
06 Those are the things we can do.

07 In our proposal on racing dates for next year we
08 have suggested that we may get a four-day-a-week schedule
09 and use the fifth day, if we could do this legally, we may
10 have to get some law changes to do this, to permit
11 simulcasting on the fifth day that they normally run.

12 We need to have larger fields, we need to get
13 that purse level up, we have to make it economically
14 viable for trainers to stay here. We're very conscious
15 of that. With respect to the State's situation, we had
16 hoped, frankly, that we'd have the compliance mode, with
17 respect to the enforcement of the State Labor Rules, and
18 at some point things would settle down. I don't think
19 they have settled down yet, from what we can gather.

20 And so there's a lot of frustration on the
21 part of a lot of trainers about that. And I hope we can
22 work our way through that. We thought things were
23 getting a lot better, particularly in the South with
24 respect to compliance. But, you know, that is certainly
25 a factor, and I know that the frustration that is being
26 felt by trainers who are going through these audits and
27 the heavy fines that are imposed we found some of them
28 imposed this summer; they're almost unconscionable,

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01 based on the inspections that have taken place. Somehow
02 State's policy is going to have to look carefully at
03 this, because they're going to, you know, kill the
04 golden goose.

05 CHAIRMAN TOURTELOT: John, had the account wagering
06 bill been passed, would it not be true that the problem
07 about the purses would be lessened?

08 MR. VAN DE KAMP: Possibly, but it would take some
09 time, Mr. Chairman, before I think that would
10 really kick in. I mean, our sense about account
11 wagering is that for the long-term it would be very
12 helpful, but being a treated value and it's not going to
13 all happen at once.

14 When we had license fee relief here, that
15 happened as of X date, and so we knew what we were going
16 to get roughly 20 percent more revenues that would go in
17 the purses, and that's what happened from that point
18 on. With respect to account wagering, we figure it's

19 going to take two or three years for it really to kick
20 in.

21 CHAIRMAN TOURTELOT: It sounds like the story that
22 was related to the lottery helping the school system, it
23 just didn't immediately pour cash into all of the --

24 MR. VAN DE KAMP: I agree with you on that point.

25 CHAIRMAN TOURTELOT: I'm saying it sounds like the
26 same thing.

27 MR. VAN DE KAMP: With the account wagering? Well,
28 account wagering --

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01 CHAIRMAN TOURTELOT: It wouldn't increase the
02 purses next week?

03 MR. VAN DE KAMP: No. But I think it would down
04 the line. And also, we hoped would have
05 prevented -- it was partly a defensive move, because of
06 the amount of money that's going out of State now
07 through account wagering, other sources which doesn't
08 find its way back into California. So it was partly
09 defensive, and we thought in the future could build up
10 purse revenues. We might have gotten some money that
11 came back in through that system.

12 CHAIRMAN TOURTELOT: We have covered a lot of hills
13 in our industry in connection.

14 MR. HARRIS: One issue I would have, which I guess
15 is somewhat in stone, if these dates have already been
16 allocated, but does TOC and CTT feel
17 it's advisable to run these six-day weeks with the horse
18 population we have?

19 MR. LIEBAU: I think it depends on where you
20 are. Generally, no. I can't speak for CTT or Charlie
21 or Ed Halpern on that, you know. Right now we are,
22 I think, fallen short this year in terms of what
23 we'd like to see in average starts per race or average
24 starters per race.

25 CHAIRMAN TOURTELOT: Is the problem the total
26 dollar for purses or the way that the purses are
27 distributed?

28 MR. LIEBAU: I think it's a little bit of

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01 both. I think up here -- and Jim Ghidella could speak
02 to that, because he and Jack have been thrashing this
03 around, to see what could happen up here. I think up
04 here it's much more of an acute problem, and that's why
05 we're trying to adjust the schedule.

06 Jim.

07 MR. DOUGHERTY: John, Charlie Dougherty, CTT.

08 We have always felt that six-day race weeks
09 deplete the horse inventory more than we can handle,
10 at least here in Northern California. I know the
11 trainers very much would like to see standard five-day
12 race weeks, even when holidays come into play.
13 Obviously, if we can get issues where Simulcast can help
14 offset on dark days, I think it would be best for all
15 that we just keep no more than five-day race weeks.

16 MR. GHIDELLA: Jim Ghidella, staff director
17 of Northern California TOC.

18 Two Saturdays ago Charlie and I called
19 a liaison committee together, we had nine owners and
20 nine trainers, to discuss what could be done should
21 purses be restructured. And I brought with me a 1981
22 Golden Gate Fields program, and it showed that first and
23 second condition allowance races were being run in 1981
24 for 13,000 and \$15,000 purses respectively. Those
25 purses are now 32,000 and 34,000. Maiden 12,500
26 claimers were running for a \$6,000 purse, today they're
27 running for an \$8,000 purse. I was paying \$20 a day to
28 my trainer back in 1981 to train, now I am paying 52.

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01 And there's all kinds of other extras tacked on.

02 So with this rising tide of purses since 1981
03 all boats have risen at the same time, but the bottom
04 has been left behind. And what happens up here is
05 that -- just all you have to do is the math of paying
06 \$50 a day to train a horse and 3-, 400 a month in
07 veterinary, \$100 for shoeing, et cetera, and you realize
08 quickly that you don't need to own this horse; so --

09 CHAIRMAN TOURTELOT: Yeah, but let's say you claim
10 a \$20,000 horse and it runs last, you do have to hold on
11 to it for 25 days and pay all those day race and those
12 costs; right? As an owner.

13 MR. GHIDELLA: Right.

14 CHAIRMAN TOURTELOT: We'll get to that.

15 MR. GHIDELLA: And I just --

16 MR. HARRIS: If it's ran last, though, I don't know
17 if it's true that you necessarily want to run it back.

18 (Laughter.)

19 MR. GHIDELLA: I just want to mention one
20 other thing when Mr. Landsburg asked what are we trying
21 do to help things. We have one experiment going, we're
22 partway through it, is that we have come up with an idea
23 for an industrywide self-insured self-directed workers'
24 compensation plan that has, we think, a real opportunity
25 to save, to save money, bring down rates for everybody
26 in the industry, including the Association's.

27 And we're right in the middle right now of
28 getting the information to construct models, so that

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01 we can take a look at it and fine tune it and possibly
02 change the law, maybe get a little purse money involved
03 to help the trainers bring down their rates. So that
04 is one other thing that we're trying to do to keep
05 people in business.

06 CHAIRMAN TOURTELOT: Thank you.

07 MR. GHIDELLA: Thank you.

08 MR. LANDSBURG: I'm sorry, go ahead, Marie.

09 MS. MORETTI: Jackie, in terms of this
10 application, the stabling and vanning fee, where are we
11 on that one in this one? Yeah, it says the estimated
12 cost for providing off-site stalls, et cetera, and it
13 says "to be submitted."

14 MS. WAGNER: Oh, that information is still missing?
15 What page are you on?

16 MS. MORETTI: 6 and --

17 MR. LIEBAU: The -- subsequent to the filing
18 of the application, the year-around stabling and vanning
19 agreement that's entered into between not representing
20 the fund that's established in pari-mutuel wagering,
21 Bay Meadows, Golden Gate Fields, and CARF has,
22 in fact, been executed and is available.

23 MS. MORETTI: How much do we --

24 MS. WAGNER: We just need to receive the copy of
25 the agreement.

26 MS. MORETTI: How much do we anticipate this time?

27 MR. LIEBAU: There's so much taken out of wagering
28 off track, and there's a budget and that amount then is
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01 spread over the year, as far as to provide off-track
02 stabling, to provide vanning. And also starter fees
03 payable to those horses that are stabled at Pleasanton.
04 It's not paid by the Associations, it's paid out of the
05 stabling and vanning fund.

06 MS. MORETTI: It's just, as I was reading through
07 these applications, the Bay Meadows one and then the
08 Churchill Downs one next, it just occurs to me that
09 there's so much. I mean, the Churchill Downs one said,
10 I think, 1.6 million.

11 We keep talking about it's time to start looking
12 at, you know, we need higher purses and stuff. I think
13 it's time to start looking at where we have all this extra
14 money being spent that we could consolidate, change, move
15 around. I mean, I keep hearing people asking us to
16 increase the number of races, let's
17 increase -- why don't we increase the number of horses
18 in the race instead of approving more races.

19 I think we're really getting to the point now
20 we're constantly looking outside for them to fix what
21 could potentially be helped inside a little bit, at
22 least. And I think that I'm just kind of raising
23 a point here that's been bothering me. It seems to me
24 that we -- Jim got up and said different parts of the
25 industry were going to get together on the workers' comp
26 issue. It seems to me it would be really nice if some
27 different parts of the industry could get together and
28 start looking where there's extra moneys hanging out

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01 that we might be able to put into these purses to
02 increase the field sizes, to keep horses in California,
03 even if it means lessening the number of races that
04 we have.

05 So I just, I would like to make that point,
06 because I -- we're talking there's fewer and fewer horses,
07 and yet we're still stabling and vanning them, moving them
08 all over the place. Why? Why are we spending the money
09 on all of that if we have more of them here?

10 MR. LIEBAU: One of the reasons is that if
11 you -- if the vanning, stabling and vanning fund doesn't
12 pay for the off-track stabling, somebody has to pay for
13 that, and that would be an added cost to the owners.
14 For instance, those owners that are stabling horses at
15 San Luis Rey Downs are paying \$8 a day, whereas the

16 horses that are now being stabled at Hollywood are
17 free.

18 So you have to provide -- if we start charging
19 for stabling, it's going to be a bigger deterrent for
20 people to bring horses to California.

21 MS. MORETTI: And I'm not saying that that's the
22 way we should go. I'm just saying it raises to me
23 questions. Aren't there pots of money that we can look
24 around at where we can put them into purses, because
25 everyone says we need higher purses, that will keep our
26 horses here.

27 MR. HARRIS: I agree with Marie's point.
28 I think one thing it's a contrast. It's sort of two

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01 different situations, but the amount of money spent on
02 off-track stabling in the North is a fraction of what's
03 spent on off-track stabling in the South. And I think
04 there's definitely more of that in the South, and there's
05 a lot of reasons for that, but I think it should be
06 investigated if that money could go back for other
07 purposes.

08 MR. LIEBAU: As Mr. Harris well knows, during our
09 CTA days that issue was raised in the South, and I was
10 almost lynched.

11 In any event, we have -- the agreement here,
12 it's been executed by all the applicable people and
13 I'll give it to Jackie. Thank you.

14 MR. LANDSBURG: I don't know whether you have seen
15 it, but there's an article apparently in Today's Racing
16 Form, which quotes Hollendorfer, Jerry Hollendorfer saying
17 that the difference in purses per day is 250,000 in
18 Chicago and 140,000 here. To what extent has that in any
19 way been addressed yet? Just looking to see whether the
20 new purse arrangement brings it any closer.

21 MR. LIEBAU: Commissioner Landsburg, the new purse
22 structure does not bring the 140, if that's the
23 right number, to 250.

24 We only have so much purse money. It's a finite
25 amount. We are trying to allocate it in a way that makes
26 it -- maybe fair isn't the right word, but more
27 advantageous to the fraction of horses here in Northern
28 California. And that's why the raises have gone to the

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01 lower levels and we have maintained our purse structure at
02 the top.

03 MR. LANDSBURG: Is this departure of large stables
04 more likely to affect Bay Meadows than it is the fairs, or
05 would apparently the fairs be going to suffer horribly
06 around this?

07 MR. LIEBAU: As I understand it in talking to some
08 of the trainers, including Mr. Hollendorfer, I have been
09 advised that they are in fact going to come back to the
10 Bay Meadows meet, that Mr. Hollendorfer made a point of
11 calling me to assure me that. But he simply does not
12 think that there's places for his horses or his stable
13 to be raced during the summer on the fair circuit.

14 MR. GHIDELLA: I mean, the fair circuit has,

15 in all defense of the fair circuit, there are some
16 problems. I mean, they don't have turf racing,
17 2-year-old racing is very difficult: if you have
18 a 2-year-old, moving it around from venue to venue is
19 something that's less than desirable, both from the
20 owner and the trainer's point of view.

21 CHAIRMAN TOURTELOT: Does Arlington have
22 slots?

23 MR. LIEBAU: No.

24 CHAIRMAN TOURTELOT: How about river boat?

25 MR. LIEBAU: There's a river boat close by,
26 and they were supposed to get part of the take from
27 certain slot machines at a casino in a town called
28 Rosemont, but that has -- is in court and being

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01 litigated at the moment.

02 CHAIRMAN TOURTELOT: So he's not getting anything
03 from the adjoining casino, the river boat?

04 MR. LIEBAU: Not at this moment, but there is
05 legislation -- if they ever decide where this casino is
06 going to be -- that will allocate part of its take to
07 the horse racing in Arlington, in part.

08 I mean, where I think we get hurt is places like
09 Prairie Meadows in Iowa that has slot machines or
10 Mountaineer Park where \$5,000 claim horses are running
11 for 10,000 plus.

12 MR. DOUGHERTY: Charlie Dougherty CTT.

13 Commissioner Landsburg, how -- the differences
14 with the Bay Meadows will be impacted because those people
15 are currently here. The fairs, I believe, will
16 be impacted in a different manner in the fact that the
17 fair circuit relies on getting a lot of out-of-state
18 horses, and it's our understanding in talking with the
19 horsemen in other parts, that, because of all the issues
20 that are currently going on in California, they're not
21 going to be coming in to California; and there's a new
22 racetrack being built in Prescott, Arizona. And they
23 have now extended the race meet in Arizona one month
24 additionally in an attempt to keep those horses there,
25 and a lot of people are waiting to see how that race
26 meet goes.

27 CHAIRMAN TOURTELOT: One question. The listing of the
28 trainers who you provided me that were leaving

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01 California from Northern California to other locations,
02 can you kind of go over that a little bit, because many
03 of the people are leaving with just part of their horses
04 and not their entire stables, some of the people that
05 were listed were taking 10, 15, and 30 horses, maybe not
06 that many, but we had some of them who were leaving with
07 just half of their stock and not the other ones; is that
08 correct?

09 MR. DOUGHERTY: Yes. And the reason is it's
10 because -- and there's actually a very good article in
11 tomorrow's Racing Form that kind of narrates the
12 issues.

13 Primarily, the large majority of these horses

14 that are leaving are of the nature that the 2-year-olds
15 that people just don't like shipping around during the
16 summer, that have paid a lot of money for those horses.
17 In addition, a lot of these people have horses that run
18 primarily on the turf. And, you know, this is an issue
19 we have brought up year after year and have really never
20 gone anywhere with it, and now the trainer's are saying
21 All right, I am going to leave. I am looking for other
22 opportunities to run my turf horses.

23 CHAIRMAN TOURTELOT: All right. The agreement you
24 promised within two to three weeks we're talking about
25 five weeks for Bay Meadows to commence racing. Definitely
26 have to have it signed by then.

27 MR. HARRIS: I might ask the same question.
28 Do the tracks have an energy strategy or what are you
0025 going to do if you have rolling blackouts and things
01 like that and you have backup generators, what's your
02 strategy on all that?

03 MR. LIEBAU: Jack Liebau.
04 Bay Meadows and Golden Gate Field have
05 sufficient backup generators to continue racing, if we
06 have a rolling blackout. Santa Anita has -- does not
07 have sufficient generators at this point in time.

08 As part of the long-range solution to the
09 problem Magna is seriously looking at the construction
10 of biomass plants at its various facilities, and that
11 planning is going on at the moment. That also solves
12 the problem, as far as disposal of the straw in the
13 morning.

14 MR. HARRIS: Can you run those backup generators as
15 far as the air quality issues, is that a problem?

16 MR. LIEBAU: I don't think that problem has been
17 tested yet, Mr. Harris, but I assume that we will continue
18 to keep the show going as long as we can. I mean, one of
19 the problems that you have, for instance in the city of
20 Arcadia has brought to the attention of Santa Anita is in
21 case there are rolling blackouts,
22 they want us to do everything we possibly can to keep
23 the show going, keep the people there, because once the
24 people get out on the streets and there's no stoplights
25 and everything else, there's more danger than probably
26 whatever happens environmentally.

27 MR. HARRIS: The generators, enough to run on
0026 Friday nights, the lights?

01 MR. LIEBAU: That would be probably very difficult.
02 But we do have backup lights, you know, in case we have --
03 something happening during a race or something like that,
04 but to keep the lights going for the entire Friday night,
05 I would suspect we would have a problem.

06 MR. HARRIS: But you don't have a problem
07 as far as like the Los Alamitos problem or --

08 MR. LIEBAU: Well, the Los Alamitos problem
09 was an economic problem.

10 MR. HARRIS: You're not under that kind of
11 a contract?
12

13 MR. LIEBAU: We are under the same
14 contract that Los Alamitos had, except that we
15 hopefully were lucky enough to have an insurance
16 policy that covers it. But we ran -- one day our
17 penalty was 78,000, the next day it was 100-and-some-odd
18 thousand, so there are problems. Those fines, though,
19 have now been -- I don't know if the word is waived or
20 deleted prospectively from the date they ruled on
21 that.

22 CHAIRMAN TOURTELOT: Any other questions or
23 comments from the Commissioners?

24 The chair will entertain a motion to approve the
25 application of Bay Meadows for the meet commencing
26 on April 4th, 2001 to June 17th, 2001.

27 MS. GRANZELLA: So moved.

28 MR. TOURTELOT: All in favor?
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01 MS. MORETTI: Aye.

02 MR. LANDSBURG: Aye.

03 MR. TOURTELOT: That is subject to the agreement,
04 Horsemen's Agreement being signed and submitted certainly
05 before April 4.

06 MR. HARRIS: Just a point of information,
07 if as time goes on that the horse population just isn't
08 working out and Bay Meadows wanted to go to lessened
09 weeks and change some of those six-day weeks to
10 five-day weeks, and there was consent by both of the
11 track and the horsemen and everything, could that
12 happen? Could those dates -- is there a mechanism to
13 cut back?

14 CHAIRMAN TOURTELOT: They could come back before us
15 and ask for the modification. Certainly.

16 MR. LIEBAU: Could that be done administratively?

17 CHAIRMAN TOURTELOT: Pardon me?

18 MR. WOOD: No, the whole Board.

19 CHAIRMAN TOURTELOT: The whole Board. You can't do
20 it by staff. The Board has to approve the meet.

21 MR. HARRIS: I'll tell you what I fear would
22 be one day you're taking about six a day and it's just
23 a disaster, that you could have some latitude to not run
24 that day, but --

25 CHAIRMAN TOURTELOT: You can't have
26 Associations running in here every month changing
27 the application, but if you come up with race dates,
28 I suppose, for next year, if there was an emergency
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01 situation come before the Board with that, but --

02 MR. HARRIS: I think the best interest to racing,
03 though, if there was a consensus that it was not really
04 prudent to run that you could somehow not run, just
05 because it was approved six months ago to run.

06 CHAIRMAN TOURTELOT: Well, the Board can do
07 whatever the Board wants; so if they came before the Board
08 and asked for it, the collective Board can do what it
09 decides to do.

10 MR. HARRIS: As part of this procedure, can we make
11 kind of a resolution that if there, with the agreement of

12 Horsemen's Association and the track, weeks that are
13 six-day weeks could be five-day weeks?

14 CHAIRMAN TOURTELOT: Labor have any comments
15 on that?

16 MR. LICCARDO: Yeah, we do.

17 MR. LIEBAU: Mr. Chairman, Jack Liebau.

18 One of the problems that you have in this is
19 that you really can't plan with any certainty as to when
20 you're going to have these entries. I mean, I hope my
21 entry box here at Golden Gate has picked up since about
22 an hour ago, but an hour ago I hadn't filled three
23 races.

24 So, I mean, I don't think that the
25 Associations can come to you a month in advance and say,
26 you know, we don't think that on Monday, a month from
27 now, we're going to be able to fill. I think that it's
28 going to have -- it should be -- there should be some
0029 emergency procedure that could be put in place.

02 One of the problems, though, that I think that
03 we have on a statewide basis is that both the North and
04 the South are dependent upon each other. We have found
05 certainly in the North that if the South doesn't run if
06 we run naked, so to speak, that it's a disaster. And
07 it's a lesser disaster in the South. There's about
08 a million dollars a day in the South bet on Northern
09 California. We're sort of depending upon each other;
10 and so it's not just a problem in the South or in the
11 North, it's a statewide problem.

12 CHAIRMAN TOURTELOT: Jack, in the eight years
13 I have been on the Board this has never been raised.
14 Is that now --

15 MR. LIEBAU: We have never had this situation, I
16 think.

17 CHAIRMAN TOURTELOT: This is a reflection on what?

18 MR. LIEBAU: Reflection of a problem with the
19 horse population. Either that, or sometimes I think
20 that the track operators think that it's, sometimes it's
21 being made worse, because everybody's looking for the
22 perfect race, and that is a factor, too. There are
23 a lot of problems, other than just the horse population,
24 but the horse population is a problem.

25 CHAIRMAN TOURTELOT: You know, I was going to say
26 this later, I'll say it now, with respect to the
27 jail time. I had a letter from somebody I'm not going
28 to mention who it was, well, according to the racing all

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01 of their life said if it ain't broke don't fix it.
02 Well, let me tell you it may not be broke, but the
03 patient is very sick, and, you know, that's why
04 I mentioned in eight years I have never heard of this
05 concern. Now we're hearing this concern and other
06 concerns about the horse population. Secretaries can't
07 fill cards in short field, you know, this is a real
08 serious problem, and it's not, it's a multifaceted
09 problem, in my opinion, in workman's comp or purses or
10 whatever it happens to be, you know. And I think that

11 there's a lot of different agendas going on and that's
12 one of the problems.

13 I mean, when I first came on the Board I went to
14 Tucson to the Horse Racing Symposium, and I heard somebody
15 talk about everybody pulling on the same rope in the same
16 direction, the guy next to me elbowed me and he said, I
17 heard that 20 years ago; but whether it's cogeneration,
18 whether, you know, the workmens' comp program for all of
19 the Associations working for the trainers and everything,
20 whether, you know, you set up your own cogeneration plant
21 to share with each other. There are just so many problems,
22 that seems to me that
23 I don't see the people working together the way you
24 ought to be.

25 MR. LIEBAU: Well, with all due respect, I do
26 disagree with that. I mean, I don't think that there
27 are different agendas. And I think that the industry's
28 working together on all of these problems, and I really

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01 don't see -- I see more cooperation these days than
02 I have ever seen before.

03 CHAIRMAN TOURTELOT: Well, I hope so because you
04 have to have it. But I have to say on race days,
05 for example, there aren't a few agendas on race days
06 shortening the days and having a break. I mean, what
07 we went through last year over the break: Association
08 wants one thing; trainers want something else; labor
09 wants something. It's not always necessarily the same.

10 MR. LIEBAU: Well, those are probably resulted from
11 the difference in economic interest of the parties.

12 CHAIRMAN TOURTELOT: Whatever drives the
13 different agendas, it doesn't matter.

14 MR. LIEBAU: Well, that's just the way it is
15 in a free enterprise economy.

16 CHAIRMAN TOURTELOT: All I am saying is that
17 I do encourage everybody to work together.

18 MR. LICCARDO: Ron Liccardo, Pari-Mutuel Employees.
19 Thank you Commissioners, Chairman.

20 We talked about this once before, I mentioned
21 it, that not only should we look at the amount of race
22 days it's the races per day, so if they have a problem
23 filling races and it is an economic problem for the
24 labor, just like it is with the owners and the
25 trainers. Maybe the nine- and ten-race programs could
26 be reduced back to eight-race programs and that would
27 help the problem out of having horses for the six days.
28 Rather than having nine and ten on the weekends.

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01 Same way if they wanted to limit the days, the
02 fair circuit would be hurt the most, labor would be hurt
03 the most in the fair circuit if they go to five days
04 a week because people are traveling, living away from
05 home for more days and those extra two days they have
06 no way to make any money.

07 Thank you.

08 MR. HARRIS: I think what I'd like to see is
09 some of us coming back to the Board in March with a plan

10 that takes into consideration how many horses you have
11 and to buy into the different parties, and everybody
12 take a hard look: are you doing the right thing with
13 the schedule you have got; because I hate to see where
14 we all of a sudden two days out you come to the Board
15 and say, We couldn't fill very well so we want out. If
16 you could kind of rethink the schedule you have and see
17 if, if there's some prudence in revamping those dates.

18 CHAIRMAN TOURTELOT: Okay. Moving on to
19 Item No. 3, Discussion and Action by the Board on the
20 Application for License to Conduct a Horse Racing
21 Meeting of the Churchill Downs California Company at
22 Hollywood Park, commencing April 20th, 2001, running
23 through July 16th, 2001.

24 MS. WAGNER: Jackie Wagner, CHRB staff.
25 The application from Hollywood Park is from
26 April 20th through July 16, 2001 or 66 days, which is
27 one more day than they ran in the year 2000. The
28 Association is proposing to race a total of 568 races or

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01 8.6 races per day. They will be racing five days
02 per week, Wednesday through Sunday, they will be racing
03 three days Friday through Sunday on April 20th through
04 the 22nd, and six days Wednesday through Monday, May 9th
05 through the 14th, May 23rd through the 28th, and
06 July 11th through the 16th. First post time will be
07 1:00 p.m. on Saturdays and Sunday's with an 1:10 p.m.
08 post Wednesdays and Thursdays, and a 7:15 p.m. post on
09 Friday nights.

10 They have a couple of items that we are still
11 waiting to receive: One of them is the TOC agreement,
12 we're still waiting to get a fire clearance, a copy of
13 the workers' compensation insurance, and a financial
14 statement of the year 2000. Staff will recommend that
15 the Board approve the application contingent upon us
16 receiving the missing information.

17 CHAIRMAN TOURTELOT: Any comments or questions from
18 the Commission?

19 MR. HARRIS: Can't we call on the backstretch
20 housing issue? Is that part of our current
21 application?

22 MS. WAGNER: That is not part of this current
23 application. However, we are looking at the
24 backstretch housing.

25 MR. WOOD: Put down 45 days additional notice at
26 the end of this meeting.

27 MS. MORETTI: I have a question for Rick.

28 Rick, it's actually not directly about the

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01 application, but since this is your turf here, so to
02 speak, could you just update us on your comments from the
03 last meeting when you were talking about, again, the same
04 discussion I brought up before, the terms of the short
05 fields and the notion of allocating stalls and the idea of
06 developing a formula to -- I'm just reading
07 here -- to determine the participation level of
08 trainers. The whole issue. Have you all gotten

09 together at all since that last time to talk more about
10 the issues that was raised by you and the racing
11 secretaries in terms of the ability to not scratch,
12 the ability -- all of that silly stuff, all that kind of
13 stuff.

14 Could you give us an update a little bit, if
15 there is one?

16 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

17 Yes, Commissioner. Since that last meeting Jack
18 Liebau and myself met with the TOC Board to go over just
19 about the same list of items that we discussed at the CHRB
20 meeting a month ago.

21 And I would reiterate what Jack said a moment
22 ago to the Chairman. I think that the industry is working
23 together, the TOC, the CTT, all the tracks,
24 I believe are working together, and maybe in
25 unprecedented fashion, and it's probably because of all
26 of these economic factors that we now face, including
27 such things as the critical energy crisis.

28 I think everybody recognizes that in order to
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01 make a difference on the racetrack we probably are looking
02 at some fundamental changes in the way we do business. No
03 one to this point has some kind of magic formula, but I
04 think everyone is committed to finding that formula.

05 And we will -- we're going to continue to
06 work, I mean, immediately. We will, we will come up
07 with -- the industry, I'm confident, will come up with
08 some measures to suggest to solve the problem short-term
09 and long-term.

10 I would like to say regarding the license,
11 that we are still permitted by the County of
12 Los Angeles, by the Public Health Agency, that permit
13 expires on June 30th. We have since been inspected
14 within the last 60 days. A few repairs have been made
15 and we expect that this, this certificate will be
16 reissued after the current one expires at the end of
17 June. We have also been inspected by the County Fire
18 Marshal, we're still awaiting that letter.

19 MR. HARRIS: Rick, on the energy issue:
20 Do you have backup generators, how are you attacking
21 that?

22 MR. BAEDEKER: Well, the, attack so far has
23 been futile. We do not have backup generators to fire
24 up the entire racetrack building, including the lights
25 on Friday night requires generators the size of
26 basically two locomotive engines.

27 And your question earlier, Commissioner, about
28 the compliance with emissions and so forth, these

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01 generators do fully comply. However, they are
02 prohibitively expensive, largely because of supply and
03 demand right now. Everybody wants them, the most recent
04 bid that we received for rent for one year is in the
05 multi-millions of dollars. So we're still searching.
06 It's a very difficult problem.

07 MR. HARRIS: One thing I would hope that both Bay

08 Meadows and Hollywood Park would take a look at is
09 if in those Friday nights you could possibly consider
10 a twilight program versus an evening program, if that
11 tied into the energy issue.

12 MR. BAEDEKER: One thing we will do is
13 research the energy demand on Friday nights versus,
14 versus other days, and act accordingly. It does create
15 a problem in that one of the reasons that we requested
16 a 7:15 p.m. post time is that we have a very
17 late-arriving crowd on a Friday night, largely because
18 of the traffic problems in Southern California. But
19 certainly we'll try to be smart about it.

20 MR. HARRIS: Another issue I notice there's
21 so many Simulcast sites that we have been able to send
22 a signal to, which is good, but some of those -- one of
23 the big issues in racing is this whole rebate policy.
24 Do you have any thoughts on what a rebate policy should
25 be?

26 MR. BAEDEKER: Well, this problem is not going to
27 go away. There's rebates being given within the United
28 States and outside the United States from distributors of

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01 our product that do not share the proceeds with horsemen's
02 groups. And so their net take on a wagering dollar is
03 twice what it would be, say, in a pari-mutuel state where
04 there is a horsemen's group with which to share it. So as
05 a result they're in a very good position to kick back a
06 rebate to players.

07 I don't think we can, because of the economics
08 within the state, we can't get into that business. I
09 don't think that we can police it effectively within the
10 United States, certainly outside. And so the result I
11 think that we have to try to achieve is to be able
12 to compete and we need to get into the account wagering
13 business and be able to appeal to the broader market,
14 and maybe we will never eliminate the distribution of
15 rebates, but we can minimize the effect.

16 We have -- we withdrew the signal to the
17 Coeurdalene site at the end of our season spring,
18 restored the signal for the fall. We have since been
19 given information that they are still soliciting VIP
20 players from the Southern California area. And so
21 it's a tough question. We know by regulation that we
22 are required to prohibit, or we are required to withhold
23 the signal from any site that we know that is giving
24 a rebate to players.

25 MR. HARRIS: On some of these, signals are not sold
26 with comingling, they're sold just as a signal for
27 a fee, I presume. It would seem to me those would be
28 harder to do, because there's so many signals up in the

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01 air anyway with the Racing Network and TVG, are people
02 still willing to actually pay for that signal?

03 MR. BAEDEKER: Very few, very few. That -- the
04 percentage of noncommingled handle is minimal.

05 MR. HARRIS: You have got a pretty lengthy
06 list of the people on there. Not all those necessarily

07 are doing it?

08 MR. BAEDEKER: I am not sure off the top of my
09 head. I would say that's probably correct, but they're
10 all rather small sites. The problem we have is with,
11 with a, with one of our customers sub-disseminating our
12 picture without our, without our permission, or taking
13 handle on our races without our permission.

14 CHAIRMAN TOURTELOT: Rick, I mentioned this before
15 with respect to the offshore Internet gambling sites.
16 Yahoo magazine, which I happen to get, has six full-page
17 ads, very colorful on the back of the magazine, for
18 Internet casinos. I think Howard Stern the other day
19 started pitching for some new casino.

20 Have any studies been conducted as to how much
21 of a drain that might be taking out of California?

22 MR. BAEDEKER: Yes, Mr. Chairman. There was
23 a study within the last 12 months, and, again, I believe
24 the number was in the neighborhood of -- this is sports
25 betting now within the State of California -- in the
26 neighborhood of \$500 million, but I don't recall the
27 percentage that applies to horse racing.

28 And those statistics, even though the studies
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01 was a year old, those statistics are probably two years
02 old. And this business has been escalating rapidly, as
03 you know, so I would guess that the -- we're talking
04 about many millions of dollars being siphoned from the
05 California Racing industry. And it's very ironic.
06 I think based on the discussion here today, you would
07 certainly sense that California industry needs account
08 wagering not to expand gambling, but simply to stay in
09 business.

10 CHAIRMAN TOURTELOT: Stay alive?

11 MR. BAEDEKER: That's correct.

12 CHAIRMAN TOURTELOT: Gambling dollar is only
13 so large. It was eroded by lottery, now by the Indian
14 casinos, and now the Internet which is expanding, not
15 the Internet itself but the Internet gambling, at an
16 incredible pace, the number. All you need is an apartment
17 in the Caribbean and some antechlor or someplace, and it
18 has to cut into, dramatically into the California horse
19 racing dollars.

20 MR. BAEDEKER: Yes, sir. That is certainly true.
21 And I think a year from now we'll be talking about the
22 greater cuts caused by the new Indian casinos throughout
23 the State.

24 CHAIRMAN TOURTELOT: So we're getting attacked from
25 all sides, but it ain't broke.

26 Okay.

27 MR. BAEDEKER: Thank you.

28 MR. VAN DE KAMP: Mr. Chairman.

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01 John Van De Kamp, TOC.

02 We do have a Horsemen's Agreement that was
03 signed in preparation. So our situation at Bay Meadows
04 is, I think, an exception if you look back over the last
05 couple of years, I'd say probably close to 90 percent of

06 the cases have been on time.

07 Rebates: The question of rebate came up a few
08 minutes ago, and Norm Towne jogged my mind. We are in the
09 State Legislature this year with a bill that will permit
10 the tracks and the horsemen if they wish acting together
11 to reduce the amount that they take out.

12 This is based on some studies that Richard
13 Tholheimer (phonetic) from Kentucky has made that would
14 indicate that if you reduce the takeout that you're
15 going to get more betting, and it opens the
16 opportunity -- if we get into this in and the bill
17 passes -- that we might have special days, you know,
18 where you might have lower takeouts and actually more
19 money goes back to the betters. Or you might do
20 something overall, but it opens up some possibilities
21 that we don't have today.

22 CHAIRMAN TOURTELOT: If the Governor purposed
23 a day of no sales tax or something for the communities
24 and the communities were turning that down, would the
25 Associations be turning down some of these?

26 MR. VAN DE KAMP: It would have to be agreed
27 jointly between both sides. It would have to be -- both
28 would have to believe it's in their economic value to do

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01 this. But it gets to the point of rebates because,
02 basically, we're trying to give money, more money back
03 to betters to stimulate.

04 CHAIRMAN TOURTELOT: Let me say on the Horsemen's
05 Agreement you have been buried the last two years. I
06 think it's been 99 percent rather than 98, and this
07 particular agreement for Bay Meadows, the reason you have
08 given us, I think, is a very positive one that you're
09 working with respect to the purse structure, distribution;
10 so we encourage you to work through that and I think that
11 will help out.

12 MR. VAN DE KAMP: Thank you.

13 CHAIRMAN TOURTELOT: Any further questions?
14 Comments?

15 MR. HARRIS: On your Hollywood Park's admission
16 cost, are you going up slightly this year?

17 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

18 Yes, that's right. We raised the general
19 admission price and the clubhouse price each by one
20 dollar, and those, those prices that you see, please
21 remember, include parking and a program, and they're the
22 first price increases in ten years at Hollywood Park.

23 CHAIRMAN TOURTELOT: Well, is there really
24 a price increase, though, because didn't you throw the
25 program in?

26 MR. BAEDEKER: No, the program has been included
27 during those years.

28 CHAIRMAN TOURTELOT: We still have dollar

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01 beer, dollar parking on Friday night?

02 MR. BAEDEKER: We have free parking.

03 CHAIRMAN TOURTELOT: Dollar beer, dollar
04 hot dog?

05 MR. BAEDEKER: It's included with the
06 admission price. On Friday nights -- well, I'm glad
07 that you asked the question. We do have special pricing
08 on Friday nights with dollar hot dogs, dollar cokes, and
09 dollar beers, but we lowered all of our concession
10 prices at the spring/summer meet last year; and,
11 you know, that's a direct hit to the bottom line, but
12 we felt it was really more of a marketing tool than
13 anything else, and we will continue to offer those
14 discounted prices.

15 So on a regular day at Hollywood Park the
16 hot dog cost a buck-fifty, maybe it's two, I'm not sure.

17 CHAIRMAN TOURTELOT: When you say you lowered the
18 prices, did you get more volume? It's the whole
19 pogo-stick thing.

20 MR. BAEDEKER: We really didn't see a dramatic
21 increase, we saw a slight increase in volume. But
22 I believe you have to give these things time to work,
23 and I think we will see that increase this year and
24 next.

25 CHAIRMAN TOURTELOT: But the big increase
26 you're looking for, of course, are people through the
27 gate. Did that show any increase there?

28 MR. BAEDEKER: I would say to you,

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01 Mr. Chairman, that what we're really looking for now
02 is to keep the people that are currently coming through
03 the gate. And so we feel as though the strategy of
04 lowering the prices, regardless of their luck at the
05 windows, they have had a good value during the day.

06 MR. HARRIS: That's my concern is that it's
07 a good place to go if you like to avoid crowds.
08 (Laughter.)

09 Especially during the week. I can see where
10 you're running a business and need to get as much as
11 you can, but it's just the problem is with so many
12 things, with Native American gaming and all these
13 different things that you don't have to pay anything to
14 get into, it's just a problem racing in general has, but
15 I don't know how we turn it around.

16 MR. BAEDEKER: Well, you know, I just refuse
17 to accept the fact that we can't do better sitting on
18 a market of ten million people in Southern California.
19 I am just not sure that we're selling the product
20 in the best possible way. I think we need to start
21 over. We need to change the way we do that.

22 Same thing it's the old NTRA line that you
23 can't expect to do the same things over and over again
24 and have a different result. So I think we need to
25 shake things up with our approach, our strategy; and
26 the industry, I think, probably agrees.

27 But we ought to be doing better business,
28 regardless of all these other factors. I agree that the

0044

01 product on the racetrack many days is not appealing to
02 regular players. But just the sheer size of the market
03 indicates that we ought to be doing better than we are.

04 CHAIRMAN TOURTELOT: There's always hope. Look how
05 wrestling has come back.

06 MR. BAEDEKER: That's right. I hate to use that
07 analogy, but at this point I think it's appropriate.

08 MR. HARRIS: It's really disconcerting that
09 the percentage of people you're getting, you probably
10 have within an hour, two-hour drive, what, 20 million
11 people?

12 MR. BAEDEKER: Exactly.

13 MR. HARRIS: And you get maybe 5,000 on
14 a weekday. That's pretty infinitesimal, compared to
15 50 years ago you were probably getting 10,000 on
16 a weekday with a population of 5 million or so.

17 MR. BAEDEKER: That's right. Within 15 miles of
18 Hollywood Park, there are about 4 million people, and
19 that's -- that's bigger than most cities across the
20 country.

21 CHAIRMAN TOURTELOT: No further comments or
22 questions?

23 We will entertain a motion to conduct the
24 Application for License through July 16, 2001.

25 MR. HARRIS: So moved.

26 MS. MORETTI: Second.

27 THE COURT: All in favor.

28 (Motion was carried.)

0045

01 CHAIRMAN TOURTELOT: Next item for discussion and
02 action by the Board on the proposed regulatory amendment
03 to CHRB Rule 1663, Entry of Claimed Horse, to permit a
04 horse that is claimed to run back at any time for any
05 amount. This amendment also provides that a horse claimed
06 is ineligible to race in any state other than California
07 for 60 days after the meeting in which it is claimed
08 except in a stakes race.

09 Jackie, before you start, let me make one
10 comment.

11 This item with respect to the first part is
12 bifurcated, the jail time was put on the agenda solely
13 at my suggestion. Nobody else on the Board or on
14 staff. And I -- there's four or five states I know of:
15 Louisiana, Maryland, Texas, and Ohio that have no jail
16 time. And I don't have any agenda, other than what's
17 best for racing in California; and the secretary's
18 having trouble filling between cards, the field getting
19 smaller: we have talked about that this morning.

20 So I thought it was something we ought to
21 discuss and try. There's been a lot of opposition to us
22 in written form from trainers and the TOC, which we'll
23 hear from, I'm sure, and, you know, I just think that
24 it's something that we ought to try. It's not a panacea
25 at that for all these problems we talked about, but
26 certainly in one way I think it would be very helpful
27 in terms of field size. But it's your industry, you
28 want to shoot it down, have at it. It's a suggestion

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01 that I made, I think if we don't move forward and try
02 ideas, you know, we're going to be doing what somebody

03 said and that's protecting our fan base that we have now
04 and be handing out walkers to these people when they
05 come in instead of baseball hats and umbrellas and bags;
06 because you have to start trying new ways to increase
07 your fan base, one of them is obviously you need to
08 protect the field and the size of the cards, so that's
09 why I suggested it. No other reason.

10 Go ahead, Jackie.

11 MS. WAGNER: Jackie Wagner, CHRB staff.

12 A little bit of background. The Board Rule
13 1663 currently provides that a horse that is claimed out
14 of a claiming race is eligible to race in any racing
15 association in California, immediately after being
16 claimed. The Rule, however, does provide that a horse
17 claimed out of a claiming race is not eligible to start
18 in another claiming race for 25 days for less than 25
19 percent more than the amount for which it was claimed.

20 The Rule also specifies currently that
21 no horse is eligible to race in any state, other than
22 California, until the close of the meeting where it was
23 claimed, except in a stakes race.

24 The proposed amendment to this Rule will do
25 two things: As our chairman indicated, the rule change
26 will eliminate the 25-day, 25-percent provision. This
27 would effectively allow a claimed horse to be entered
28 into another claiming race in California for any price

0047 immediately after being claimed. In addition, the
01 proposal to amend this rule will also provide that
02 a horse claimed in a claiming race is not eligible
03 to race in any state, other than California, until 60
04 days after the close of the meeting, except in a stakes
05 race.
06

07 Staff would recommend to the Board and
08 instruct us to initiate the 45-day comment period.

09 CHAIRMAN TOURTELOT: Any questions or comments
10 from the Commissioners?

11 MS. MORETTI: I'll just make an opening
12 comment on that.

13 I am very concerned about the horses in
14 California leaving the state and I'm very concerned,
15 obviously, that our fields aren't full. And I might be
16 open to the suggestion that they can't leave California,
17 because I want to become a little bit of a protectionist
18 in this; although, I am not so sure that that -- and
19 I would defer to our legal counsel on that. I'm not so
20 sure if that's legal or not.

21 But I do have a problem with the idea that you
22 can claim a horse and then just run it back right away for
23 a much lesser price, and then run it back and run it back.
24 I think that we need to have a bigger, broader perspective
25 on this. I think we have to care about the horse, that's
26 our key product, and the people who are involved. Without
27 our major concern being the health of the people and the
28 animals, we don't have a product, and I think that we have

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01 to get -- the Board should be more involved with policy,

02 as opposed to dealing with these little things like that.

03 And I am against changing that rule at this
04 point in time for those reasons.

05 MR. LANDSBURG: In looking at it, I wondered
06 whether it's an all or nothing. Is there a moderate
07 stance in between? I don't like the idea, basically, of
08 horses being able to be claimed at any price after
09 a claim; but can we measure some of it by going halfway
10 there, say, 15 days and 10 percent?

11 I'm just looking for a moderation of the Rule,
12 not throwing out the baby with the bathwater. Maybe we
13 can moderate the rule, maybe it will increase field size
14 if we bring it down to 15 days. Just looking at the
15 jail period as the key here, as the number of days,
16 rather than trying to wipe it all out at once.

17 MR. HARRIS: I think the 25 days is fair.
18 I mean, most horses would only run back about 25 days
19 anyway. Most horses start six or seven times a year.
20 So they're running back every 50 days or so, but --
21 so that point, I just don't feel that there's a need to
22 change it. It's working and we need to hear from the
23 Horsemen's Organization and see how they feel. The
24 other point on that including those two things probably
25 should be separated.

26 I have fears on the shipping out of state that
27 that we're really dealing in interstate commerce, which is
28 not really one of our expertise areas in the Racing Board.

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01 And that we can get ourselves into trouble and run up a
02 lot of legal bills and lose, and just don't think the
03 out-of-state thing should be changed.

04 But probably the one that's more controversial
05 is the jail-time issue, and I just feel that it's
06 something that is always good to bring things like that
07 up and get some good discussion about it. I just don't
08 think we need to change it.

09 MR. DOUGHERTY: Charlie Dougherty, California
10 Thoroughbred Trainers.

11 First of all, Commissioner Tourtelot, we thank
12 you for your concerns in terms of seeking ideas to help
13 the field size issue. However, we do have several
14 concerns, and I'd like to outline them in terms of what
15 negative impact that this possibly could have.

16 First of all, briefly, I'd like to give you
17 a historical perspective of when the claiming jail time
18 rule came into play. And when I first noticed this on
19 the agenda, I went back into the archives and I spoke to
20 Noble Threewitt and my father and, combined, there's
21 well over 100 years of racing in there, so --

22 And, basically, just for all the
23 Commissioners' sake, if you don't -- the reason the
24 jail-time rule was put into play is back in the late
25 '60s and early '70s there was an acute problem of
26 several larger owners and trainers that were claiming
27 horses, and it was primarily from all the smaller
28 people, and putting a lot of them out of business; and

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01 then what they were then doing was taking those horses
02 and immediately dropping them back in for less than half
03 of their value with the sole purpose of trying to cash
04 bets. And they didn't care if they lost the horse,
05 because they were able to cash a bet.

06 So by putting the jail time in there, that
07 precluded from that. And according to Noble, it
08 helped keep several people in the business and it
09 stopped that problem. So just as a historical
10 perspective here.

11 CHAIRMAN TOURTELOT: Wouldn't that be true
12 also after the 25 days, though, the same thing? I mean,
13 where is the 25 days -- that a problem?

14 MR. DOUGHERTY: Well, they have more expenses.
15 Basically, what was happening was they were turning around
16 probably within the week and dropping them right back in,
17 and they were incurring no expenses there, and they were
18 able to run the horse for, as I say, ordinarily for less
19 than half of their value, and cashing bets and hoping
20 somebody else took it and moving on.

21 Here as the commissioner is saying is that
22 they have 25 days of expenses into those horses so
23 they're less likely to drop it back in for half the
24 value, because they hopefully would want to recoup some
25 of their expenses they have incurred in those 25 days.

26 CHAIRMAN TOURTELOT: From the other side of
27 the coin, from the owner's standpoint they make a bad
28 claim, they claim a \$25,000 horse and it runs last, not
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01 because it's lame, it's just a bad claim. Now, he's got
02 to hold on to that horse for 25 days, pay the day rate,
03 pay the vet, and shoeing, all of those things. He's
04 being punished there.

05 MR. DOUGHERTY: Punished to a degree --

06 CHAIRMAN TOURTELOT: As opposed to putting in an
07 \$8,000 race and at least recouping some of your money?

08 MR. DOUGHERTY: I understand that argument.

09 And I would say that I feel that most people that are
10 in the industry are able to support that because,
11 basically, they understand that's a rule when they're
12 claiming a horse, that they have to hold on to the horse
13 for at least 25 days before they can drop it in value.

14 CHAIRMAN TOURTELOT: But your logic, Charlie, is
15 the rule is the rule. I mean, you're punishing that owner
16 that made a bad claim by raising the fact that he has to
17 pay those expenses for 25 days before he can drop it down
18 and get at least \$8,000 back. The logic that you're
19 giving me is that that's the rule.

20 MR. DOUGHERTY: Well, I mean, as you say --

21 MR. HARRIS: I think we have to keep in mind some
22 owners have got to pay for the horse for the rest of his
23 life. It's not just the 25 days, somebody has got to take
24 care of this horse.

25 MR. DOUGHERTY: Yeah, so -- You know, and
26 I understand what you're saying there. And I do --
27 we have several trainers here today that if you would like
28 to get a perspective from them, Jerry Hollendorfer, Allen

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01 Severinson, and Art Sherman are here.

02 CHAIRMAN TOURTELOT: Answering Commissioner Harris,
03 some owner has to pay for that horse, but he's buying the
04 horse now at \$8,000 and it's probably an \$8,000 horse that
05 somebody put in a \$20,000 claim, it was a bad claim, he's
06 saying but somebody has to pay for this horse, yes, but he
07 bought it at 8,000, he didn't buy it at 20, the second
08 person.

09 MR. HARRIS: It's not a guarantee that the
10 person -- if it's that bad, it's probably not going to
11 lose for 8 either. But usually if you make a bad claim,
12 you have got a problem. You have got more problems
13 holding onto that horse for 25 days.

14 MR. DOUGHERTY: And it's a gamble when you're
15 claiming a horse anyway. So, I mean, it's -- as John's
16 saying, you may be stuck with it, but --

17 CHAIRMAN TOURTELOT: Basically, three possibilities
18 when a horse is claimed. If the horse runs great, if it
19 runs first to fourth place the owner's probably goes to
20 raise him up anyway; right?

21 MR. DOUGHERTY: Yes.

22 CHAIRMAN TOURTELOT: If the horse runs in the
23 middle of the pack, why shouldn't he be allowed to run
24 at the same level?

25 And if the horse runs horribly, why shouldn't he
26 be able to drop him down and get something back on
27 his investment? That's free enterprise.

28 MR. DOUGHERTY: I understand your argument,

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01 but I --

02 CHAIRMAN TOURTELOT: I am not arguing this
03 like a case that I am emotionally involved in. I'm just
04 saying my argument is; I mean, I'm sure that people have
05 answers to all of them, and I'm only trying to promote
06 this because I think it would help fill the cards, and
07 help in a little way in one of the problems we have.

08 But if you want --

09 MR. DOUGHERTY: I'd like to outline a couple
10 of things we believe are potential problems. First and
11 foremost, what we believe that the 25-day time frame
12 does allow, in the event that somebody has claimed
13 a problem horse, i.e., medical problems, that that does
14 give some time for the horse to not then be turned
15 around and dropped in for a lower price and potentially
16 break down the next time they run. We feel that the
17 25 days does allow some recuperation time.

18 The other thing that we feel is also
19 important -- and our Board felt very strongly about this
20 in discussing this -- is that when a horse is claimed
21 and it is entered back in a race generally for a higher
22 price or if they let the 25 days go, that it's somewhere
23 around the amount that they were claimed for. And that
24 if all of a sudden horses were being dropped back down
25 for below half their price, we feel that the betting
26 public would be at a distinct disadvantage and there
27 would be a lot of questions as to what's going on and

28 why is this horse being dropped down?

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01 And, as we all know, racing is a very
02 complicated game to the racing public as it is, and we
03 feel that would just be one additional addition to the
04 problem that people were being trying to handicap.

05 Finally, the other thing that talking about
06 the 60-day rule, one of the biggest things we all know
07 we have horses leaving the State right now, and not
08 before this issue, but coming up in the spring.
09 However, we have had a lot of horses going to other
10 jurisdictions: West Virginia, and basically all the
11 other areas that have slots. But what we feel is by
12 imposing a 60 days limitation as to when you could take
13 a horse out, we feel it would work in the opposite
14 spectrum: that people would be less reluctant to come
15 to California, you know, mainly during the fair circuit,
16 if they thought that they could not claim a horse and
17 then leave. Because we don't have that many -- the
18 numbers will show you there's not that many being
19 claimed and leaving.

20 The numbers that are leaving are the ones
21 through private sales. And there is a tremendous amount
22 of that going on. However, we feel that an additional
23 imposition on somebody that they can't take a horse out
24 by claiming would be one other reason why somebody may
25 not come to California.

26 CHAIRMAN TOURTELOT: Well, the 60-day was not my
27 proposal, so that -- somehow that got tied in, what
28 do they call it Christmas-tree ornament or whatever gets

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01 put on your bills; but that's not mine, so I can't argue
02 for that. But the claiming game is a function of free
03 enterprise system, goods find their economic levels, and
04 jail time, to me, is like a tariff that is set up to
05 discourage the free system of the value of the horses.
06 But there's others that disagree and that's what it's
07 all about.

08 I'm just giving you my views and an
09 opportunity to air this; and if you all want to pass it
10 by, then so be it.

11 MR. GHIDELLA: Thank you. Jim Ghidella, TOC.

12 The Thoroughbred Owners of California are also
13 against both of these changes.

14 Directing my comments to the no jail time.
15 I called the other guy, a guy named Howard Noble, and
16 Howard is presently the racing secretary of Kingland,
17 more recently he was the racing secretary at
18 Saratoga -- he's kind of winding up his career now, but
19 he's been race secretary all over the United States,
20 Chicago, everywhere, Florida -- and asked him about his
21 opinion of the no jail time. And Howard said that
22 everywhere that he had gone in his whole career someone
23 had come up with that idea, and they had changed it and
24 then gone back to it. For the same reasons that Charlie
25 just brought up, Howard believes that it creates
26 instability in your program, you have these claiming

27 trainers just dropping claims like popcorn. Protection
28 of the public, the ability to run a horse right back, it
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01 might not be right; protection of the horse. He says
02 the horse will thank you a lot.

03 I don't see owners being punished by not
04 having -- being able to drop horses in 25 days. If you
05 look at trainers that run a lot of horses, Jerry
06 Hollendorfer who is here, Jerry runs a lot of horses,
07 you'll rarely see any of his horses for any price run
08 less than 25 days apart. So I don't see, I don't see an
09 owner being punished by not being able to drop a horse
10 in 25 days. Maybe he shouldn't even be running the
11 horse less than 25 days, I don't know.

12 With regard to the 60-day restrictive covenants,
13 the TOC also opposes this strongly. We believe it's a
14 violation of the Interstate Commerce Clause. I think any
15 time you put a restrictive covenant on property, any kind
16 of property, your child, you
17 lessen the value of that. It's just more interference.

18 And I think a special reason to be against this,
19 it pertains to Northern California where we have
20 a very delicate inventory of horses and we very much
21 depend on horses coming from Washington in the fall, and
22 we very much depend on horses coming from Arizona in the
23 summertime. And, you know, if guys come down here with
24 horses and know they can't, they're going to lose their
25 horses. There are a lot of Washington horses claimed
26 here in the fall, they're fresher horses than those that
27 have been running on the fairs all summer. And if those
28 trainers know that, and those owners know that they

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01 can't replace those horses by claiming, even claiming
02 their own horses back and that they're restricted, there
03 just isn't a reason to come here. There's other places
04 to go.

05 CHAIRMAN TOURTELOT: Have you read tomorrow's Daily
06 Racing Form?

07 MR. GHIDELLA: I skim-read it.

08 CHAIRMAN TOURTELOT: I think you have a bigger
09 problem about the horses leaving, according to the
10 article.

11 Let me ask you. Did you call any racing
12 secretaries in Ohio or Texas or Maryland or Louisiana
13 where --

14 MR. GHIDELLA: No, I just called Howard, because --

15 CHAIRMAN TOURTELOT: Do you feel Kingland is
16 comparable to the situation to what we have here in
17 California with Bay Meadows?

18 MR. GHIDELLA: No, I don't think Kingland is
19 comparable at all. I was just depending on this man's
20 wisdom in that he spent his whole career as a racing
21 secretary in many venues in the United States.

22 CHAIRMAN TOURTELOT: I was just wondering what
23 these other racing secretaries in the jurisdictions
24 where they don't have jail time what they may say?

25 MR. GHIDELLA: Well, Howard mentioned they had

26 changed it in Florida, then it just recently had gone
27 back.

28 Any questions?

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01 MS. MORETTI: Jim, we're always talking about
02 horses leaving the State. Do we have any sense of how
03 many horses come into the State?

04 MR. GHIDELLA: Well, it's quite a few.
05 I mean, it's, I would say, I don't know, over 100 from
06 Washington in the fall. And maybe, maybe more than that
07 from Arizona, because we opened Stockton May 1st for the
08 influx of these horses from Arizona. And typically,
09 we'll have 2- and 300 horses at Stockton by the time the
10 spring meet is over here.

11 CHAIRMAN TOURTELOT: This article it states,
12 Mr. Omenson (phonetic): In the past between 150 and 200
13 horses that arrive here from Arizona beginning in March,
14 that there are expected to be fewer this year. Some
15 people are coming from Arizona but not many, Brent
16 said. Some left last year and said they weren't coming
17 back because of the labor problems.

18 And it goes on about the --

19 MR. GHIDELLA: It's a very symbiotic relationship.
20 I mean, these people come here. They lose their horses to
21 claiming and they need to replenish also. It's really
22 never been a problem. I just don't want to put up another
23 barrier to these horses coming to California, because that
24 is going to be felt in Northern California immediately if
25 that happens.

26 CHAIRMAN TOURTELOT: The 60 days?

27 MR. GHIDELLA: Yeah.

28 CHAIRMAN TOURTELOT: I'm not speaking to that.

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01 MR. GHIDELLA: Thank you.

02 MR. ROBBINS: Tom Robbins, Director of Racing,
03 Delmar Thoroughbred Club, Golden Gate Fields, and
04 Bay Meadows.

05 I'm only going to make a few comments on the
06 jail rule, the other one is more out of my area. It seems
07 like it's more of a legal concern more than anything.

08 The subject of eliminating jail time is not
09 a new one. It seems like it pops up about every six or
10 seven years. I remember speaking about it six or seven
11 years ago.

12 CHAIRMAN TOURTELOT: You're right. I think it was
13 about six or seven years ago.

14 MR. ROBBINS: I think a couple things need to be
15 noted, and I praise anybody that's trying to do anything to
16 improve the product of racing in California today. It's
17 sorely needed, and I think it's a very important
18 thing. I don't want to toss out anything. I think we
19 just need to be careful that anything we do and modify
20 in anything that we're not making, in my opinion --
21 which is a good situation with the claiming jail
22 rule -- making it worse.

23 A couple of things need to be noted. There have
24 been other states that have eliminated it and they have

25 reverted to the old rule. It's a formula that has worked:
26 it's designed to protect the owner, it's designed to
27 protect the horse, it's designed to protect the betting
28 public.

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01 Mr. Commissioner, you mentioned earlier that
02 three things can happen with a horse when he is
03 claimed. Horse runs pretty well, probably going to run
04 the same level or a higher price, going to have to wait
05 25 days to run the same level, but probably would run at
06 a higher price.

07 Incidentally, we have modified this rule several
08 years ago. It was 30 days in jail, now it's 25 days, so
09 we have come down a bit. My fear would be especially at
10 the level that the purses -- the claiming race purses in
11 Southern California as an example, would be that a horse
12 could be claimed at, say, \$20,000, could win the race,
13 could run second, could run third. There would be people
14 that would drop the horse in one level lower or even two
15 levels lower within the week, and the economics are such
16 the 12,500 claiming purse in Southern California is
17 \$19,000. So if you do the arithmetic, assuming that horse
18 wins, in most cases they are going to win, when they're
19 dropping, running over 20,000 dropping down to 12,500,
20 they're going to be, you know, a prohibitive choice in the
21 race. That's the other thing I think we need to be
22 concerned with.

23 We are attempting to do everything we can to
24 improve field size. I can tell you that it will be
25 knowledge that a horse that was just claimed for 20 will
26 be running back a week later for 12,500, and that horse
27 will be 3 to 5, 4 to 5, pick a number, and there will be
28 instead of a ten horse deal that may be competitive

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01 horses, I am afraid there would be a six-horse deal with
02 a 2-to-5 shot, which is something that nobody wants.

03 So those are the only comments I want to make.

04 I praise you for coming up with anything that we
05 can do improve this business, I'm just concerned that's
06 something we don't want to tamper with at the present
07 time.

08 CHAIRMAN TOURTELOT: Tom, you're certainly
09 a respected voice among racing secretaries. We're glad
10 you're in California, and your comments mean a lot to us.

11 MR. ROBBINS: Thank you.

12 CHAIRMAN TOURTELOT: Any other comments from the
13 Commissioners, the audience?

14 Well, then, the chair will entertain a motion to
15 shoot this, shoot down this item.

16 MR. HARRIS: I'll move we not pursue the regulatory
17 amendment to CHRB Rule 1663.

18 CHAIRMAN TOURTELOT: Second?

19 MS. MORETTI: I'll second it.

20 CHAIRMAN TOURTELOT: All in favor.

21 I don't know what the number was. I have
22 a feeling it was against it.

23 MR. WOOD: Want to count a vote then?

24 CHAIRMAN TOURTELOT: No, that's all right. Making
25 it worse than it is. Anyway, we're trying,
26 that's all.
27 Next item is the discussion and action by the
28 Board on the request of the Los Alamitos Quarter Horse
0062 Charity Foundation to distribute charity race day
01 proceeds in the amount of \$46,800 to 14 beneficiaries.
02 MR. REAGAN: Good morning, Commissioner.
03 John Reagan, CHRB staff.
04 This is a request for your approval for the
05 distribution. 34 percent of the dollars are going to
06 racing-related charities.
07 We recommend approval.
08 CHAIRMAN TOURTELOT: Is it 34 percent?
09 MR. REAGAN: 34 percent.
10 CHAIRMAN TOURTELOT: 25 is the minimum.
11 You ask them in the future put the percentage on
12 there? Most of them do.
13 MR. REAGAN: Certainly.
14 CHAIRMAN TOURTELOT: Oh, you have got it on
15 the staff --
16 MR. REAGAN: In the staff analysis it's there, yes.
17 CHAIRMAN TOURTELOT: I'm sorry. I missed that
18 page.
19 MR. REAGAN: Okay.
20 MR. LANDSBURG: I just couldn't figure out, John,
21 what Los Alamitos television had to do with charity?
22 MR. REAGAN: Charitable organizations that
23 they contribute to, the Quarter Horse Benevolent Charity
24 Foundation, of course, is their big one for the
25 racing-related. The rest of them, I think, are
26 traditional local area organizations that they support,
27 yes.
28
0063 MR. LANDSBURG: I still don't understand
01 Los Alamitos Television, so somebody will have to
02 explain it to me at some point.
03 MR. REAGAN: We certainly can.
04 MR. LANDSBURG: Thank you.
05 CHAIRMAN TOURTELOT: Motion to approve the
06 Alamitos -- Los Alamitos Quarter Horse Charity Foundation
07 distribution?
08 MS. GRANZELLA: So moved.
09 MR. LANDSBURG: Second.
10 CHAIRMAN TOURTELOT: All in favor?
11 (Motion carried.)
12 CHAIRMAN TOURTELOT: Last item on agenda
13 before staff reports is discussion and action by the
14 Board on the request of the Los Angeles Turf Club to
15 distribute charity race-day proceeds in the sum of
16 300,000 to 23 beneficiaries.
17 MR. REAGAN: Yes, Commissioners. Here we have the
18 larger amount 300,000 and a little more than 89 percent
19 going to racing-related. We're certainly very pleased.
20 I'm sure you are.
21 We recommend approval.
22

23 CHAIRMAN TOURTELOT: That's fabulous.
24 MR. LANDSBURG: Motion to approve.
26 MR. HARRIS: Second.
27 CHAIRMAN TOURTELOT: All in favor?
28 MR. LANDSBURG: Aye.
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01 MS. MORETTI: Aye.
02 (Motion was carried.)
03 CHAIRMAN TOURTELOT: Now we have staff records on
04 the Pacific Race meet concluded December 24, 2000.
05 MR. REAGAN: Commissioners, for both these reports I
06 do want to make a separate comment here.
07 Generally, I come to you and I say this is our
08 standard end-of-meet reports that we present each month.
09 These are a little different.
10 As you know, for several years we have been
11 rearranging the Northern dates here and there, and even
12 last November we kind of rearranged the current spring
13 situations. So several years back staff has been trying
14 to compare the northern thoroughbred meets on an annual
15 basis, the racing year we look at the entire 100-plus
16 days, so that we don't end up comparing a few days in
17 the spring against a few days in the fall, or whatever.
18 So this is actually two reports we present at the same
19 time, both in the Northern thoroughbreds and it's
20 actually for the entire racing year, so we try to get
21 some feel for what changes might be happening, rather
22 than comparing different pieces year to year.
23 CHAIRMAN TOURTELOT: I think that's very helpful.
24 Staff can be congratulated for that improvement.
25 MR. REAGAN: Thank you.
26 CHAIRMAN TOURTELOT: Comments, questions from the
27 Commission?
28 MR. HARRIS: In the future, are we going to --
0065
01 we're going to try to do -- I guess it will work out,
02 because the Bay Meadows meeting would be a spring
03 meeting and a fall meeting?
04 MR. REAGAN: Yes.
05 CHAIRMAN TOURTELOT: The next is the
06 Bay Meadows operating company.
07 MR. REAGAN: Yes. Also, the same situation
08 comparing the full year to the prior years at Bay Meadows.
09 CHAIRMAN TOURTELOT: Thank you very much.
10 General Business: Communications, reports,
11 requests for future action of the Board.
12 There being no General Business, we'll move to
13 Old Business: Issues that may be raised for discussion
14 purposes only, which have already been brought before
15 the Board.
16 MR. GHIDELLA: Jim Ghidella, TOC.
17 I hate to bring this issue up, because
18 I'm sorry that it's an issue. As you know, we were
19 promised a hospital here, a horse hospital, equine
20 facility. By Ladbrooke beginning in '92, and that
21 promise was never kept, you know, the reply was it has
22 to be a part of a larger scheme, and it never happened.

23 So when the purchase was made by Magna, Magna
24 said, Jim, you're going to get your hospital, it's going
25 to happen. When we had these issues about the Golden
26 Gate backside, the condition of the Golden Gate
27 backside, Magna came forth with a plan of repair, and
28 the hospital was included in that plan. I reviewed

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01 plans for the hospital with their facilities person,
02 Tom Austin, in a meeting attended by Roy Wood.

03 And they put up a sign that said we're going
04 to have the hospital and the sign is still down there,
05 but I can't seem to get a status report on what's
06 happening with the hospital.

07 CHAIRMAN TOURTELOT: Somebody said something about
08 the city of Berkeley?

09 MR. GHIDELLA: Right. And I know that there are
10 problems --

11 CHAIRMAN TOURTELOT: I am not trying to --

12 MR. GHIDELLA: -- problems in that regard.
13 But I never got a reply, an official reply to my letter
14 some months ago regarding a status report on the
15 hospital. And I did hear in an informal conversation,
16 I was told it has to be a part of a bigger plan.

17 Well, here we are, almost ten years later,
18 we have been promised this hospital, they put up a sign
19 so that we could help raise funds, you know, I thought
20 a sign would look, would look good and help us raise
21 funds for improvements to it, for fixtures, but nothing
22 is happening.

23 And I have even spoke with the city of Berkeley,
24 with the person in charge, and I realize that there are
25 problems in the city of Berkeley; but there's also land,
26 you know, half of the land here is in the city of Albany
27 and there aren't problems in that regard.

28 And we desperately need a hospital, we need an
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01 X-ray unit, we can't have that X-ray unit, we are using
02 a facility, which I don't even want to describe, for
03 some minor surgery now. I did see some veterinarians
04 here earlier. I believe Dr. Hunter is here. I'm sure
05 Dr. Hunter can answer any questions that you have.

06 But, essentially, I don't feel that we,
07 the onus is on us to come up and support why we need
08 a hospital. We need a hospital, we have needed it since
09 1991 and we don't have one; and I don't hear anything
10 coming from Magna.

11 CHAIRMAN TOURTELOT: Let me raise a collateral
12 question. Back when we had the discussion regarding
13 Magna purchasing Golden Gate, I was able to get Magna to
14 promise they would spend \$5 million, that was the number,
15 I think we had by the end of a year with respect to the
16 backside problems that the TOC had asked us not to give
17 them race dates because of. And they committed to spend
18 \$5 million.

19 MR. GHIDELLA: That's correct.

20 CHAIRMAN TOURTELOT: And some of the Board members
21 have reported from time to time, the pictures have been

22 handed out at meetings, a book showing before and after,
23 and some of the Commissioners have toured it, it's
24 magnificent improvements.

25 But what bothers me is every time I read the
26 paper about Magna doing something, there's a reference
27 to three-and-a-half million dollars spent at Golden
28 Gate. Where is the other million and a half?

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01 MR. GHIDELLA: I don't have an accounting of the
02 money, and I don't dispute --

03 CHAIRMAN TOURTELOT: I am not talking about you,
04 I'm talking in the paper they continue to report that
05 Magna has spent 3-and-a-half million dollars improving
06 Golden Gate Fields. It's a \$5 million number. They don't
07 have to spend 5 million if it's brought up to standards
08 and everybody is happy with it, but now you're talking
09 about the hospital not being -- and I think that was
10 discussed also in connection with that \$5 million.

11 MR. GHIDELLA: Absolutely. It was part of the
12 plan.

13 CHAIRMAN TOURTELOT: There's a million and
14 a half that's missing somewhere, that they have not
15 fulfilled their promise to spend \$5 million. Now,
16 as I say, they don't have to spend 5 million if the
17 5 million is not required. But you come forward now
18 with a very legitimate issue about the hospital. I'd
19 like to hear from someone from Magna or from Golden --

20 MR. GHIDELLA: The Board members that aren't
21 privy --

22 CHAIRMAN TOURTELOT: -- or from Golden Gate about
23 the hospital, the million-and-a-half to 5 million,
24 something isn't right.

25 MR. GHIDELLA: For the Board members that aren't
26 privy to the exact issues --

27 MS. MORETTI: Yes.

28
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01 built hospital, what we need is the shell, the slab,
02 and we have equipment from the old Bay Meadows hospital,
03 and we can raise money to provide, you know, certain
04 features that we need.

05 CHAIRMAN TOURTELOT: I'm trying to say I think the
06 5 million, the hospital was part of the \$5 million
07 equation in the discussion that we had at Hollywood Park.

08 MR. GHIDELLA: It's in writing, it's in their plan.

09 COMMISSIONER WOOD: We have many of them.

10 CHAIRMAN TOURTELOT: But there was one the
11 "L.A. Times" forgot about when they wrote the story.

12 MR. GHIDELLA: Thank you.

13 CHAIRMAN TOURTELOT: Anyone going to speak?

14 MR. HARRIS: I am not really clear about the plan.
15 To really make it work you need an effort of the
16 veterinarians and the track and the horseman, the
17 hospital, just a building maybe; but to really make it
18 work, where are the profits that are going to be as far
19 as procedures performed at that hospital? Would that
20 basically be charged by somebody or how would you do

21 that?

22 MR. GHIDELLA: Roger, do you want to speak to that?

23 I don't know how -- there was a charge-back
24 system at Bay Meadows, I'm not exactly sure.

25 This is Roger Hunter, Doctor of Veterinary
26 Medicine here for a long time, practicing veterinarian.

27 DR. HUNTER: Roger Hunter, practicing
28 veterinarian here. And I didn't fully hear your
0070 question.

01 MR. HARRIS: My concern was just a hospital, you
02 know, it would be very nice to have one and I could see a
03 need for one. But a lot of the devil's in the detail on
04 these things of who is going to run it and, I mean, if you
05 have a horse, who's going to buy the equipment to really
06 -- a lot of the expense is all the equipment that you need
07 to really run it and who would do that. Sounds like it
08 needs to be more of a formalized agreement between the
09 track veterinarians and people to really figure out all
10 the inputs?
11

12 DR. HUNTER: Okay. A bit of history: We had
13 a hospital at Bay Meadows, excuse me, at the old, at the
14 old track and when they sold that property, the hospital
15 was destroyed. That hospital was run pretty much on
16 the honor system by cooperation amongst all the
17 veterinarians that were involved. We kept our expenses
18 down, we had a lot of volunteer work, including
19 management. We didn't have the benefits of a funded
20 program that they do in Southern California. It would
21 be nice to have that here. But a lot of the income that
22 is generated is generated through fees that are charged
23 through veterinarians that use the hospital, as it is in
24 Southern California.

25 As far as administration and that sort of thing,
26 that in the past has been voluntary, and we have managed
27 to get through that acceptably.

28 Some of the things that would be beneficial
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01 having a hospital here is, as Mr. Ghidella mentioned,
02 one is a surgery facility. We do have Davis close by,
03 but a lot of horses will do better if they're operated
04 here and go back to their stalls, they go through less
05 stress; it's an advantage to the owner, and trainer and
06 the horse, better survival rates, fewer sick horses,
07 so the outcome is generally better.

08 Added X-ray equipment, which is much more
09 diagnostic than the portable machines that we use here,
10 that helps us diagnose the problems earlier in the
11 course of the thing so that some horses could be -- some
12 things might be found at an earlier stage and then the
13 horse would be able to be rested and not have
14 a catastrophic injury down the road.

15 There are some other things since we are close
16 to Davis, we would like to be able to work in
17 conjunction with Davis and the staff up there. And have
18 this hospital be a nice facility whereby the university
19 could work with us, there could actually be a field

20 study area for them, because we have the perfect clients
21 here or perfect patients here to do some of this
22 treadmill work that they do, to do some upper airway or
23 lower airway research, science problems, and so forth.

24 So those are our goals that a nice hospital
25 could be used and be very beneficial to the horses and the
26 owners.

27 CHAIRMAN TOURTELOT: Thank you.

28 MR. HARRIS: I'm not, Roger, the --
0072

01 apparently, the model they have in Southern California,
02 does that work, would something like that model work up
03 here?

04 DR. HUNTER: That would work great. What they have
05 there is a foundation that has a few million dollars in it
06 that funds the operation of the hospital. It has an
07 administrator, an administrator, they have mental health
08 technicians that work there, they have a laboratory that
09 can do on-the-grounds diagnostic work, but all that is
10 funded through a foundation that allows them to be able to
11 do that.

12 We don't have that, that opportunity up here,
13 because of the funding.

14 MR. HARRIS: How do they get the funding?
15 Did somebody start it or --

16 DR. HUNTER: Well, Dr. Ferrara was a very
17 instrumental person in that. I believe it was through the
18 Dolly Green Foundation.

19 As I said, it would be nice to have that here,
20 but we haven't had that luxury yet.

21 Any other questions?

22 MR. CHILLINGWORTH: Sherwood Chillingworth
23 with Oak Tree Racing. Oak Tree donated the hospital,
24 too, that's on the backside of Santa Anita and this
25 other foundation runs it.

26 I'd like to have some idea what the budget is
27 for a facility to be appropriate to be used here? We're
28 talking about let's get a hospital and X-ray machines
0073

01 and laboratories. I think we need to have a budget as
02 to what is required or what is expected to have
03 something that will complement whatever Davis will do.

04 CHAIRMAN TOURTELOT: I assume if they have
05 been talking about it for ten years they have some idea,
06 Cedars Siani is going to be something appropriate.

07 MR. TUNNEY: I'm Peter Tunney representing Golden
08 Gate Field.

09 I guess there are three issues here: One --
10 that's the last first -- Dr. Ferraro has met with the
11 veterinarians here, he was responsible for that equine
12 hospital in Southern California. There are a lot of us in
13 this room that served on that board of
14 directors of Equine Foundation. He's been willing to
15 offer his assistance. But to answer your question
16 specifically about how much it would cost to operate it,
17 I don't think a budget was ever prepared, because we
18 didn't really ever know the size of this facility.

19 So that answers the question about the funding
20 of the foundation, is that we need a budget, as
21 Mr. Chillingworth has said, and we need something to
22 be able to go forward, a game plan to do that.

23 As it represents the \$5 million, you're -- you
24 are absolutely right, that was the number; but I do
25 think that the Board, the Board members that saw the
26 work that was done back there were satisfied with the
27 3-and-a-half million dollars that was expended. What
28 was left unfinished was the equine hospital, and the
0074

01 extension of the shoe. Both of those projects were
02 submitted to the city of Berkeley, and were rejected,
03 because they fall out of the scope of which -- for which
04 the area in Berkeley, the stable area is currently
05 zoned.

06 So the alternative to that and I share --
07 I appreciate Mr. Ghidella's frustration. But the answer
08 is, is that, at least at this point, it's not going to
09 go in the city of Berkeley without a vote of the people;
10 and the second part is that we need then to look for an
11 alternative location in the city of Albany, whether it
12 be closer to the corporation yard or an area that
13 actually the veterinarians, I think Roger Hunter and
14 Dr. Pullman have identified, that is just outside the
15 Berkeley city limits and just inside the Albany city
16 limits.

17 The fact is, is that Magna has been working on a
18 project for the grander scheme, I think Mr. Stronach has
19 been quoted on a number of occasions about various things
20 he'd like to do at all the race tracks. So there is a
21 grand scheme for all the race tracks, and specifically,
22 Golden Gate Fields. And I would expect that that would be
23 a consideration. When I say "consideration," it's just
24 where does it fit in this puzzle of the grand scheme?
25 That's as close to an honest answer as I can give you, or
26 it is an honest answer that I can give you.

27 (Laughter.)

28 CHAIRMAN TOURTELOT: Always be aware of witnesses
0075

01 that say Let me tell you the truth. How do the --

02 MR. TUNNEY: Thank God it's not a deposition.

03 CHAIRMAN TOURTELOT: How does the present effort to
04 build a track, a facility in Dixon, California impact, if
05 at all, this issue of the delay, what is the delay of a
06 hospital?

07 MR. TUNNEY: To my knowledge, that has no
08 bearing on that, this project, whatsoever.

09 CHAIRMAN TOURTELOT: No? So you feel the hospital
10 here would get approval.

11 MR. TUNNEY: That would be the desirable conclusion
12 to this lengthy debate, yes.

13 MR. LANDSBURG: With all due respect, the
14 grand scheme seems to take precedence over the health of
15 our horses, and that doesn't make us feel good. As an
16 owner, I don't want my horses up here where they can't
17 get hospitalization and quick reports.

18 Is there any way to break down the grand
19 scheme so that the hospital can begin? Because there
20 are a lot of people willing to put in foundation time to
21 equip it, and to -- and to staff it.

22 Here's some volunteer staff of veterinarians.
23 With all due respect, Doctor, my veterinarian has never
24 volunteered anything, so I'm delighted to hear that.

25 MR. HARRIS: They're going to charge for the
26 services.

27 MR. TUNNEY: Commissioner Landsburg, I can
28 take that message back. It's public record now and
0076

01 I would like to get moving.

02 When I say "grand scheme," it's not -- it's more
03 this fits in the puzzle, not so much in terms of that is
04 not a priority.

05 MR. LANDSBURG: Well, I think it is, after nine
06 years, can be raised at least three levels to a priority.

07 CHAIRMAN TOURTELOT: You're nodding your head. Why
08 do I feel that next time --

09 MR. TUNNEY: I'm nodding my head --

10 CHAIRMAN TOURTELOT: -- we're going to be taking up
11 the same issue?

12 MR. TUNNEY: I am nodding my head that I hear
13 Commissioner Landsburg and appreciate his comments.

14 CHAIRMAN TOURTELOT: It just doesn't seem that we
15 have crystallized this issue. Do we have anything
16 definitive at all coming out of the concern? I feel
17 frustrated.

18 MR. TUNNEY: I unfortunately can't stand here today
19 and give you a commitment from Magna, whom I don't have
20 the authority to do, but that should be the message
21 that --

22 CHAIRMAN TOURTELOT: We don't want to shoot
23 the messenger, Peter, but there is somebody here that
24 could speak to this issue probably, sitting over there
25 very comfortable.

26 MR. HARRIS: It seems like it's going to be
27 probably a thing where it's a charity effort where Magna
28 puts in some money and some money comes from here and
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01 there, but there needs to be some thought as far as where
02 are you going to put it and what it's going to do.

03 MR. TUNNEY: Commissioner Harris, that was the
04 original concept was just that; that whoever it was that
05 dates back to Ladbroke was going to put up a shell and
06 all the amenities that were then subsequently going to
07 be put into the facility would be shared by
08 veterinarians or private funding or that sort of thing.
09 We have had umpteen meetings on this.

10 MR. HARRIS: I mean, if somebody had a nuclear scan
11 up here that would probably be a very lucrative thing to
12 have, you can make money, but somehow you have to have a
13 place to put it.

14 CHAIRMAN TOURTELOT: Mr. Van De Kamp?

15 MR. TUNNEY: The messenger will take the message or
16 send the message.

17 CHAIRMAN TOURTELOT: Maybe we could have a more
18 definitive report next meet.

19 MR. VAN DE KAMP: John Van De Kamp, TOC.

20 That's exactly what I was going to recommend,
21 Chairman. You beat me to it.

22 I think this is an important issue, and
23 I think we need to press on all sides to try to get it
24 done and I think the Board has played a major role in
25 pushing this forward. What I'd like to suggest is that
26 you look at your property in Albany and see what you can
27 do. I think what we can do --.

28 And by the way, TOC set aside \$10,000 last
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01 year to help with equipment. My guess is that this
02 year, that money is still there, that we will be in
03 a position to set aside some additional money to make
04 this thing go. But I think that Jim working with the
05 vet here probably at least give him some kind of
06 pro forma budget in terms of the operation of this,
07 I think we could get that together at the next meeting.

08 But I'd like to ask, Mr. Chairman, if you
09 would put it over for further discussion and let us
10 report back to you.

11 CHAIRMAN TOURTELOT: Well, we will. It's old
12 business. It's been old business for a long time.

13 I don't think the budget is the real issue.
14 I think something else is the issue here: Putting the
15 cart before the horse. I think you can get a budget
16 very quickly, with all parties having discussed
17 collectively what they want in this hospital that's
18 reasonable; but there is something that's impeding that
19 step and I don't know what it is.

20 MR. LANDSBURG: If I may, I think that what
21 you need is a coalescing body, and the coalescing body
22 should be a nonprofit foundation, and that is going to
23 be supporting and underwriting this, if it's put into
24 effect and it's not that hard in this state to get that;
25 then you have a nucleus that's working on a plan.
26 And right now it's too scattered. Peter has one
27 thought, Jim has another, the doctor has another; it
28 needs a coalescing force and it should be a foundation,
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01 a nonprofit foundation, because that's where everything
02 will flow to and from.

03 MR. GHIDELLA: And I agree with you, Allen, but we
04 did real well over at Bay Meadows without a foundation.
05 And a foundation would help and I agree with what
06 Mr. Tourtelot said that that's the cart before the horse.
07 That if you build a hospital we can get up and running and
08 we can create these things, the foundation, and make it
09 even better.

10 CHAIRMAN TOURTELOT: Well, why don't we leave at it
11 this. That Magna will report to this Board at the next --
12 excuse me, Doctor.

13 DR. HUNTER: Excuse me, we do have a nonprofit
14 foundation that's running the hospital.

15 CHAIRMAN TOURTELOT: That's not the issue.

16 DR. HUNTER: I understand that.
17 COMMISSIONER LANDSBURG: I was looking for
18 a coalescing body because we're talking about charity
19 funds coming out of here, and I don't see anything going
20 to the foundation that's going to run the hospital.
21 CHAIRMAN TOURTELOT: I'll put this over to the next
22 meeting, and Magna is going to come back and report to us
23 with some definitive information as to where the project
24 is going. Hopefully we will get something more we can put
25 our hands on than we have right now.
26 And I repeat, I don't think it's the budget.
27 Any further old business? Then that will
28 terminate the --

0080

01 We have no Executive Session, nobody is suing
02 us.
03 So thank you very much; and we'll see you in
04 March.
05 (Proceedings adjourned at 11:55 a.m.)
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02 STATE OF CALIFORNIA)
02) ss.
03 COUNTY OF ALAMEDA)
03
04

05 I, DANA M. FREED, a Certified Shorthand Reporter
06 for the State of California do hereby certify:
07 That said meeting was taken before me at said
08 time and place, and was taken down in shorthand by me,
09 a Certified Shorthand Reporter of the State of
10 California, and was thereafter transcribed into
11 typewriting, and that the foregoing transcript
12 constitutes a complete, true, and correct report of said

13 deposition and of the proceedings which took place;
14 That I am a disinterested person to the said
15 action.

16 IN WITNESS WHEREOF, I have hereunder
17 subscribed my hand on the 12th day of March, 2001.

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DANA M. FREED, CSR NO. 10602
State of California