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BEFORE THE CALIFORNIA HORSE RACING BOARD

OF THE STATE OF CALIFORNIA

ROBERT H. TOURTELOT, CHAIRMAN

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

TRANSCRIPT OF PROCEEDINGS

Inglewood, California

Tuesday, May 2, 2000

Reported by:

Frances Eggleston, RPR

CSR No. 11662

Job No.:

CHBB620B

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

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

TRANSCRIPT OF PROCEEDINGS, taken  
at 1050 South Prairie, Inglewood,  
California, commencing at 1:30 p.m.,  
on Tuesday, May 2, 2000, heard before  
ROBERT H. TOURTELOT, Board Chairman, reported  
by FRANCES EGGLESTON, RPR, CSR No. 11662,  
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 Vice-Chairman: Joseph B. Fenley

03

04 Member: Sheryl L. Granzella

04

05 Member: Marie G. Moretti

05

06 Executive Director: Roy C. Wood, Jr.

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07 Assistant Executive Director: Roy Minami

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08 Deputy Attorney General: Tom Blake

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01 Inglewood, California, Tuesday, May 2, 2000  
02 1:30 p.m.

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05 MR. WOOD: Good afternoon, ladies and gentlemen.  
06 I would like to cordially welcome you to the regular  
07 meeting of the California Horse Racing Board. It is being  
08 conducted on Tuesday, May the 2nd. It is being conducted  
09 at the Hollywood Park Casino in Inglewood, California. I  
10 would like to thank Hollywood Park Casino for allowing us  
11 the opportunity to meet in their facility this afternoon.  
12 Present at today's meeting are Chairman Robert Tourtelot,  
13 Vice-Chairman Joseph Fenley, Commissioner Sheryl  
14 Granzella, and Commissioner Marie Moretti.

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

21 With that, I would like to turn this meeting  
22 over to our Chairman, Mr. Robert Tourtelot.

23 MR. TOURTELOT: Good afternoon, and thank you for  
24 coming to the April meeting of the California Horse Racing  
25 Board, which is being held today for various reasons. It  
26 is nice to see so many familiar and friendly faces in the  
27 audience.

28 The first agenda item is the approval of the  
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01 minutes of the regular meeting of March 24, 2000.

02 Do we have a motion to approve?

03 MS. MORETTI: Motion to approve.

04 MR. FENLEY: Second.

05 MR. TOURTELOT: All in favor.

06 MR. FENLEY: Aye.

07 MS. GRANZELLA: Aye.

08 MR. MORETTI: Aye.

09 MR. TOURTELOT: Aye. Carried.

10 The second item is a presentation of the CHRB  
11 resolution to former Chairman George Nicholaw, who is  
12 going to be a little bit late. So we will move on to the  
13 third item, and when he and Betty arrive, we will take  
14 that out of order.

15 The third item is discussion and action by  
16 the Board on the Application for License to Conduct a  
17 Horse Racing Meeting of the San Joaquin County Fair at the  
18 Stockton Fairgrounds, commencing June 14 through June 25,  
19 2000, inclusive.

20 Jackie.

21 MS. WAGNER: Jackie Wagner, CHRB staff.

22 The application before you is for the  
23 San Joaquin County Fair at Stockton, running from  
24 June 14, 2000 through June 25, 2000. The fair proposes to  
25 race a total of ten days.

26 MR. TOURTELOT: Could you pull that microphone a  
27 little closer.

28 MS. WAGNER: The fair proposes to race ten days or  
0007  
01 the same -- which is the same as they did in 1999. They  
02 are proposing to race a total of 104 races, which is one  
03 race more than they raced in 1999. They will be racing  
04 five days per week, Wednesday through Sunday, with  
05 ten races per day the first week; the second week will  
06 have ten races per day Wednesday, Thursday, and Friday;  
07 and 12 races on Saturday and Sunday. Their first post  
08 time is 12:15 p.m. with the exception of Friday, when they  
09 will have a 3:00 o'clock post time. The wagering program  
10 will use all CHRB rules.

11 Since the package was prepared, staff has  
12 received the horsemen's agreement from the Appaloosa. The  
13 other breed horsemen's agreements have been agreed upon in  
14 concept. We've also received the vanning and stabling  
15 agreement, as well as the service contract for the  
16 electronic timing service.

17 We have a few other outstanding items, and we  
18 would recommend that you approve the application,  
19 conditioned upon us receiving those items.

20 MR. TOURTELOT: I'm assuming one of those items is  
21 the Horsemen's Agreement; correct?

22 MS. WAGNER: Correct.

23 MR. TOURTELOT: Anybody from the TOC that can  
24 comment?

25 MR. JOHNSON: We have a signed purse  
26 agreement.

27 MR. TOURTELOT: You have a signed agreement?

28 MR. JOHNSON: Yes.

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01 MR. TOURTELOT: Thank you. That's what I like to  
02 see.

03 Any comments on the application from the  
04 San Joaquin County Fair at Stockton?

05 Then the Chair will entertain a motion to  
06 approve the application and will submit it.

07 MR. FENLEY: Motion to approve.

08 MR. TOURTELOT: Second?

09 MS. GRANZELLA: Second.

10 MR. TOURTELOT: All in favor.

11 MR. FENLEY: Aye.

12 MS. GRANZELLA: Aye.

13 MR. MORETTI: Aye.

14 MR. TOURTELOT: Aye.

15 Proposed. Passed.

16 Item Number 4 is discussion and action by the  
17 Board on the Application for License to Conduct a Horse  
18 Racing Meeting of the Alameda County Fair at the  
19 Pleasanton Fairgrounds, commencing June 28 through  
20 June 9, 2000, inclusive.

21 MS. WAGNER: Jackie Wagner, CHRB staff.

22 The application before you is from the  
23 Alameda County Fair in Pleasanton. They are proposing to  
24 race 11 days, the same as they raced in 1999. The fair  
25 also proposes to race 128 races, which is the same as they  
26 did in 1999. They will be racing Wednesday through

27 Sunday, with five days of racing, the first week; and  
28 Monday through Sunday, with six days of racing, the second  
0009

01 week. Ten races will run on Wednesday, Thursday, and  
02 Friday; and 13 races on Saturday, Sunday, Monday, and  
03 Tuesday. The first post time will be 12:15 p.m. daily.  
04 They will be using the CHRB rules for their wagering  
05 program.

06 This fair also has -- we've received their  
07 horsemen's agreement for the Appaloosa. The other  
08 horsemen's agreements, I understand, have been agreed upon  
09 in concept. We have not received the signed agreements  
10 yet. We've also received the vanning and stabling  
11 agreements. The out-of-state feature races is still  
12 pending, and we've received the service contract for the  
13 electronic timing devices.

14 There's still a couple of other items that we  
15 have not received, and we would recommend --

16 MR. TOURTELOT: On the horsemen's agreement, what's  
17 the status on that?

18 UNIDENTIFIED SPEAKER: (inaudible)

19 MR. TOURTELOT: And the others -- the labor union  
20 agreement, is there some problem with the labor  
21 negotiation, or what's the status of that?

22 MR. COHAN: It doesn't affect us right now. Our  
23 contract is not up until mid-July.

24 MR. TOURTELOT: So that won't be affected?

25 MR. COHAN: No.

26 MR. TOURTELOT: I'm confused. It says, "Labor  
27 Union agreements pending." Does that just mean they  
28 haven't submitted a document?

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01 MS. WAGNER: Yes.

02 MR. TOURTELOT: The contract is effective until  
03 July?

04 MS. WAGNER: Correct.

05 MR. TOURTELOT: So we're okay on that?

06 MS. WAGNER: Yes.

07 MR. TOURTELOT: Thank you.

08 Next item is --

09 MS. WAGNER: Staff would --

10 MR. TOURTELOT: Pardon me.

11 MS. WAGNER: Staff would recommend that the Board  
12 would approve the application.

13 MR. TOURTELOT: You're right. Thank you. I'm just  
14 a new kid on the block, so catch me on that.

15 The chair would entertain a motion to approve  
16 the application for license to conduct the horse racing  
17 meeting at the Alameda County Fair as presented.

18 MS. GRANZELLA: Moved.

19 MR. FENLEY: Second.

20 MR. TOURTELOT: All in favor.

21 MR. FENLEY: Aye.

22 MS. GRANZELLA: Aye.

23 MR. MORETTI: Aye.

24 MR. TOURTELOT: Aye.

25 Proposed. The motion is carried.

26                   Number 5: Discussion and action by Board on  
27 Application for License to Conduct Special Events  
28 Satellite Wagering at the Imperial County Fairgrounds,

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01 commencing May 5, 2000, through November 24, 2000.

02           MS. WAGNER: Jackie Wagner, CHRB staff.

03           As a part of background, the Board in 1998  
04 approved a pilot program for three fair locations in  
05 California to be involved in simulcast wagering at special  
06 events centers. CARF, the California Authority of Racing  
07 Fairs, is requesting approval to include the California  
08 Mid-winter Fair and Fiesta in Imperial as a special event  
09 center.

10           Since the package was prepared, we have  
11 received all outstanding documents, and staff would  
12 recommend that the Board approve the application as  
13 presented.

14           MR. TOURTELOT: Thank you, Jackie.

15           Any comment from the public with respect to  
16 Item Number 5?

17           Then the Chair would entertain a motion to  
18 approve the Application for License to Conduct Special  
19 Events Satellite Wagering in Imperial County Fairgrounds.

20           MS. GRANZELLA: I'll make a motion to approve the  
21 application.

22           MR. FENLEY: Second.

23           MR. TOURTELOT: All in favor.

24           MR. FENLEY: Aye.

25           MS. GRANZELLA: Aye.

26           MR. MORETTI: Aye.

27           MR. TOURTELOT: Aye.

28           Proposed. Carried.

0012

01           Item Number 6: Discussion and action on the  
02 approval of service and complementary drug testing  
03 contracts.

04           MR. NOBLE: Paige Noble, CHRB staff.

05           Commissioners, each year the Horse Racing  
06 Board enters into a variety of service agreements or  
07 contracts, and each contract that exceeds \$5,000 must be  
08 approved by the Board before we actually enter into that  
09 agreement. We have provided you with a list of service  
10 contracts and also the contracts for stewards and official  
11 veterinarian contracts for the fiscal year, which begins  
12 July 1, 2000. Also included in the list are the estimated  
13 annual costs.

14           The stewards and the official veterinarian  
15 contracts are based on assignments for the 2000 racing  
16 calendar. Also on the list is the proposed contract for  
17 complementary drug testing, which is to be performed by  
18 the University of California at Davis.

19           Historically the complementary contract has  
20 been put out to competitive bid, but since UC Davis is  
21 considered a state entity, competitive bids are not  
22 required for this contract. I also mention that the  
23 Truesdail extension is not on this list. It's going to be  
24 handled as a separate item following this particular item.

25                   So staff would recommend that the Board  
26 approve the list of stewards, official veterinarians, and  
27 the other service contracts for the fiscal year, which  
28 begins July 1, 2000.

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01           MR. TOURTELOT: Any comments from the -- the  
02 question was whether or not there was any difference in  
03 this year's budget and last year's, and the answer was  
04 it's the same.

05           Do we have a motion to approve Item Number 6?

06           MR. FENLEY: I'll make a motion to approve.

07           MS. MORETTI: I'll second that.

08           MR. TOURTELOT: Second. All in favor say "Aye."

09           MR. FENLEY: Aye.

10           MS. GRANZELLA: Aye.

11           MS. MORETTI: Aye.

12           MR. TOURTELOT: Aye.

13           Proposed, carried.

14           Item Number 7: Discussion and action on the  
15 approval of a one-year extension for Truesdail  
16 Laboratories, Inc., as the primary drug testing laboratory  
17 for the California Horse Racing Board.

18           MR. NOBLE: Paige Noble, CHRB staff.

19           The current, primary drug testing contract is  
20 with Truesdail Laboratory, and it is set to expire  
21 effective June 30th of 2000. State contracting guidelines  
22 permit one-year extensions at the same terms and  
23 conditions.

24           Truesdail has met all the contract  
25 requirements and staff has been satisfied with their  
26 performance during the course of the contract. It is  
27 estimated that the contract -- the one-year contract  
28 extension would cost approximately \$540,000.

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01           Staff would recommend that the Board approve  
02 the contract extension to Truesdail to continue with the  
03 primary testing responsibilities effective July 1, 2000.

04           MR. TOURTELOT: Any comments from the public?

05           Then the Chair will entertain any questions  
06 from the commissioners.

07           MS. MORETTI: Could I just have someone from  
08 UC Davis -- or maybe Dr. Jensen or Dr. Scott, you could  
09 address this: UC Davis' ability to deal -- or come on  
10 line. Could you just clarify for us where you are at? I  
11 understand you're capable of one-third of the testing but  
12 not all.

13           DR. STANLEY: Scott Stanley from UC Davis.

14           Currently, right now what we're projecting is  
15 a start date of July 1, and we have in our initial  
16 projections a target of one-third of the testing, which  
17 was legislated, I believe, in 1993; and that's what we  
18 plan to be able to do initially on that July 1 deadline.  
19 Also, we'll have a research program and development  
20 program that are also coming on line, and it's also part  
21 of the legislation that initiated the funding for the  
22 creation of the Ken Maddy Laboratory.

23           At that point, we will evaluate what our true

24 capacities are. But currently, the only thing we were  
25 trying do was to meet those particular defined guidelines  
26 of one-third of the testing, and we'll be doing the urine  
27 samples as well as the blood samples. In the past the  
28 complementary work was exclusively for the urine analysis,

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01 but will also be encompassing one-third of the blood  
02 samples as well in our testing.

03 MR. TOURTELOT: Any other commissioners have any  
04 questions?

05 The Chair will entertain a motion to extend  
06 the one-year to Truesdail.

07 MS. GRANZELLA: I will make a motion to accept  
08 contract extension.

09 MR. FENLEY: Second.

10 MR. TOURTELOT: All those in favor?

11 MR. FENLEY: Aye.

12 MS. GRANZELLA: Aye.

13 MS. MORETTI: Aye.

14 MR. TOURTELOT: Aye.

15 Proposed, carried.

16 Item Number 8: Discussion and action by the  
17 Board on the proposed distribution of charity race day  
18 proceeds of the Bay Meadows Foundation in the amount of  
19 \$126,875 to 75 beneficiaries.

20 Didn't we have this last month?

21 MR. REAGAN: Yes. Good afternoon, Commissioners.  
22 John Reagan, R-e-a-g-a-n, CHRB staff.

23 This item was before you last month. The  
24 Board rejected it because it did not meet the 20-percent  
25 legal requirement. The foundation was notified of that  
26 deficiency. They did correct it, and it's back before you  
27 this month in a correct form, with exactly 20 percent  
28 given to race-related charities. Since it does meet the

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01 legal requirement, we ask you to approve it.

02 MR. TOURTELOT: What was changed in January of this  
03 year as far as distribution of charity -- of the moneys?

04 MR. REAGAN: There was a law change in 1999  
05 effective this year whereby racing associations that meet  
06 certain qualifications in terms of board of directors and  
07 compensation can act as their own charity foundation. In  
08 this case, Bay Meadows operating company, the Bay Meadows  
09 Racetrack and Racing Association did ask the Board in  
10 their current application for 2000 to become their own  
11 charity distributor. The Board approved that, and for  
12 2000 that would be effective. These moneys we're  
13 distributing now are prior to that law change, 1999.

14 MR. FENLEY: I'm quite surprised to see the money  
15 for horse-related charities, \$2,700 to -- \$2,750 to  
16 Winners Foundation. The total was 25,000 for  
17 horse-related charities versus a budget of 126,000. I  
18 think that's terribly low.

19 MR. REAGAN: The foundation has been notified of  
20 the Board's opinion on this. Many times they hold fast to  
21 their opinion that they really are not required to give  
22 anything. Until the law changed, they didn't give much to

23 race-related --

24 MR. FENLEY: Well, I don't agree with that. If I  
25 don't vote for this today, what does that do?

26 MR. TOURTELOT: I think in 30 days it becomes  
27 effective, if we don't approve it. It's kind of a crazy  
28 law.

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01 MR. FENLEY: Well, I'm just going to make a  
02 statement that I think that's a very weak showing for  
03 horse-related charities. People that -- on the backs of  
04 these people are all their personal problems, that they  
05 don't -- they're not more sensitive to that. And when it  
06 comes time to vote, I'm not going to approve it.

07 MR. TOURTELOT: Commissioner Fenley, I have been  
08 making the same comments for a couple of years, and  
09 apparently, they have fallen on deaf ears as far as Bay  
10 Meadows foundation is concerned. I think --

11 MR. FENLEY: Jack Liebau, can you make a comment on  
12 that, please. You certainly would be in a better  
13 position.

14 MR. TOURTELOT: We as a Board have made --

15 MR. FENLEY: I don't know if Jack has any influence  
16 on the foundation or not, but --

17 MR. LIEBAU: Jack Liebau from Bay Meadows.

18 I can guarantee you that I have no influence  
19 whatsoever. I have been a defendant by this foundation on  
20 at least two occasions. I would also urge the Board to  
21 instruct the staff to determine how much money they have  
22 left, because I have serious questions as to whether they  
23 have, in a timely manner, distributed their money in  
24 accordance with the statutory law, and I think it should  
25 be looked into.

26 MR. TOURTELOT: The -- let me ask our attorney.

27 What are the Board's duties and obligations  
28 with respect to monitoring not only the distributions, but  
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01 also the accounting with respect to the foundation, our --  
02 Chuck Quackenbush, I guess?

03 MR. BLAKE: I think the Board could instruct the  
04 staff to look into that matter. The attorney general's  
05 office does supervise charitable foundations.

06 MR. LIEBAU: Under the rules and regulations of  
07 California Racing Board there are very specific  
08 requirements as to when money is to be distributed and as  
09 to the timely filing of certified financial statements,  
10 which I have some question at least as to whether funds  
11 have been timely distributed in accordance with the rules  
12 and regulations, and whether the certified or audited  
13 financial statements have been timely filed.

14 MR. TOURTELOT: The Chair would entertain a motion  
15 that the Board instruct the staff to do whatever is  
16 necessary, including an accounting to determine whether or  
17 not the Bay Meadows Foundation is complying with all  
18 aspects of the law relating to that foundation.

19 Does somebody want to make that motion?

20 MR. FENLEY: You just made the motion. I'll  
21 second.

22 MR. TOURTELOT: All in favor.  
23 MR. FENLEY: Aye.  
24 MS. GRANZELLA: Aye.  
25 MR. MORETTI: Aye.  
26 MR. TOURTELOT: Aye.  
27 Proposed. Passed.  
28 All right. With respect to the matter that's  
0019  
01 before the Board of the approval, I wanted to ask the  
02 question as to what is the Glenn Ellen Vocational Academy?  
03 Has anybody checked into that?  
04 MR. REAGAN: Mr. Chairman, that is an organization  
05 that trains people to work with horses. It also has  
06 another connection in that some of the horses that are  
07 there for the people to work with and to learn with are  
08 retired race horses.  
09 MR. TOURTELOT: Well, they're retired racehorses,  
10 but is that horse-racing related?  
11 MR. REAGAN: It's certainly borderline, but I think  
12 with the connection to racing, with the fact that they are  
13 training people that could work in the racing industry to  
14 take care of horses, it was a close call; but, you know,  
15 they asked for it to be in that category. We thought  
16 about it. And when they worked with us on the other  
17 designations and moved those out of the horse-racing  
18 related, it felt like it was close enough to go ahead and  
19 allow that at this point.  
20 MR. TOURTELOT: I find that incredible. They give  
21 them \$3,420, and the Winners Foundation, which is directly  
22 related, 2,750. I don't know what kind of thinking went  
23 into that. It is obvious they haven't paid any attention  
24 to what this Board has been saying for the past couple  
25 years, and former Chairman Nicholaw used to say that  
26 although the legislature required 20 percent, he wanted to  
27 see where it would be up to 50 percent would go to  
28 horse-racing related charities.  
0020  
01 MR. VAN DE KAMP: Mr. Chairman, John Van de Kamp,  
02 TOC.  
03 This is not a comment on whether their  
04 distributions are good or bad, but --  
05 MR. TOURTELOT: John, would you speak into the  
06 microphone.  
07 MR. VAN DE KAMP: This is not a comment as to  
08 whether their distributions are good or bad, but GEVA, the  
09 Glenn Ellen Vocational Academy, is at least selling itself  
10 pretty much as a SURF or Pegasus-like institution for the  
11 recovery of race horses. And there may be some other  
12 activities involved, as Mr. Reagan has mentioned, but I  
13 think he's correct. It probably passed the test.  
14 MR. TOURTELOT: Thank you, John.  
15 Where do we stand, Mr. Fenley? You indicated  
16 you were not going to approve it.  
17 MR. FENLEY: That's correct.  
18 MR. TOURTELOT: Well, I'll call for a motion to  
19 approve the application, the charity distribution for the  
20 Bay Meadows Foundation. I'll make the motion. Anyone

21 second it?  
22 MS. MORETTI: I'll second it.  
23 MR. TOURTELOT: Commissioner Moretti seconded it.  
24 All in favor of the motion.  
25 Nobody is going to vote for the motion.  
26 Actually, I don't know what the number of days are, but if  
27 we don't approve it, we're sending it back with a  
28 statement. That's all. But I believe if there's no  
0021 action on it, it is automatically approved by statute with  
01 a delay.  
02 MR. REAGAN: Yes, sir, that's correct.  
03 MR. TOURTELOT: You can send back the message that  
04 it failed to get the votes for application.  
05 MR. REAGAN: I will do so.  
06 MR. TOURTELOT: You don't need to send our other  
07 comments. We sent it so many times. It's just a waste of  
08 our time.  
09  
10 The next item, Number 9: presentation by the  
11 California Marketing Committee of a statewide Marketing  
12 and Promotion Plan for 2000 and a summary of revenues and  
13 expenses for 1999.  
14 MR. REAGAN: Commissioners, just a little  
15 background: Prior to SB-27, which became effective  
16 January 1st of 1999, the marketing and promotion funds  
17 were pretty well fragmented throughout the state;  
18 different responsibilities, different jurisdictions.  
19 SB-27 allowed for the creation of a centralized statewide  
20 program run for the thoroughbred and fair racing.  
21 That opportunity was taken up, and we have  
22 the California Marketing Committee. It pretty much  
23 completed its first year in 1999, and now, probably for  
24 the first time, has given us a plan for 2000 and beyond.  
25 I believe Mr. Liebau is here to answer any  
26 questions you may have.  
27 MR. TOURTELOT: Jack, did you want to say anything?  
28 That was an excellent report that we received from you. I  
0022 love the "a rising tide will lift all votes."  
01 MR. LIEBAU: I will be glad to answer any  
02 questions.  
03 MR. TOURTELOT: Any commissioners have any  
04 questions?  
05 MS. MORETTI: Jack, I have a couple of questions.  
06 Could you clarify for me -- in the budget there's \$800,000  
07 listed for a data base. And probably because I'm new to  
08 the Board, can you explain to me -- I thought CHRIMS was  
09 the data base. I thought that was already something that  
10 we had, so why would there be an \$800,000 expenditure to  
11 create a new data base, or is that not the data base?  
12 MR. LIEBAU: It's entirely -- the words are the  
13 same, but they're different functions. The data base that  
14 we're talking about is going to be used for direct mail  
15 and also for fan tracking, whereas CHRIMS data base goes  
16 to the statistics involving wagering, attendance, purses,  
17 and things of that nature.  
18 MS. MORETTI: It doesn't have --  
19

20 MR. LIEBAU: This \$800,000 is going to be employed  
21 as a marketing tool that -- this is a direct mail  
22 marketing tool that we're going to concentrate on, because  
23 we feel that is the best way to contact and stimulate  
24 patrons at the satellites.

25 MS. MORETTI: What does that look like? How will  
26 it work? Will you send out a direct mail piece and then  
27 people will respond, and from those responses you'll form  
28 a base, or will these be from attendance on the tracks or  
0023 at satellites?

01 MR. LIEBAU: One of the features of this is fan  
02 tracking, so that we know how frequent people come, and we  
03 will even be able to track their wagering patterns. And  
04 by doing that, we're hopeful that we can cause them to  
05 come more frequently than they have come in the past.

06 The thought is that it's easier to get an  
07 existing customer or person that knows something about  
08 horse racing to come back for a repeat visit than to get a  
09 new -- to introduce it to a new fan.

10 MS. MORETTI: One more question.

11 MR. TOURTELOT: Go ahead. Take as many as you  
12 want.

13 MS. MORETTI: I laugh as I give it to you, because  
14 being in the PR business, I get asked this question by  
15 prospective clients all the time, and I get to ask it for  
16 once. What will your measurement of success be? How will  
17 you measure your success?

18 MR. LIEBAU: The ultimate measure of success is  
19 whether we can increase attendance and increase handle.  
20 That's the ultimate goal.

21 MR. FENLEY: Instead of waiting a year to see how  
22 your budget works, can we get a quarterly report on the  
23 results?

24 MR. LIEBAU: We can submit a quarterly financial  
25 statement.

26 MR. FENLEY: And when will that first quarter be,  
27 in terms of comparing handles, attendance, things like  
0024 that?

01 MR. LIEBAU: I would hope that you would give us  
02 through June 30. The fantracking is a long, drawn-out  
03 process. It's not something that we are going to be able  
04 to institute instantaneously.

05 MR. FENLEY: But it's announced every day.

06 MR. LIEBAU: I understand the attendance is, but as  
07 far as the -- building the data base, as far as the names  
08 and the demographics of those people, that is going to  
09 take a considerable period of time.

10 MR. FENLEY: So you think by the July meeting, we  
11 can have a sense of the results of your efforts?

12 MR. LIEBAU: I don't want to mislead you at all. I  
13 think this is going to be a long process, and that you  
14 will not see any results that are in the immediate future.  
15 I mean, if you look at the NTRA numbers, they are now in  
16 the third year of their national advertising campaign, and  
17 I don't think we yet have this sport branded. So I'm not  
18

19 sitting here in any way representing that you're going to  
20 have results in the first quarter or the first year.

21 John Van de Kamp has come up, who's the  
22 vice-chairman, and I'm sure he would like to comment on  
23 that also.

24 MR. VAN DE KAMP: What Jack said is true. We're  
25 not going to have anything particular to tell you for a  
26 while. However, the one thing I think that was missed  
27 here is that this is a little bit like an infinity card  
28 program. The idea is that once we get the sense we can  
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01 track our major attendees, they get cards, they get  
02 rewards for attendance, much like the thoroughbred club at  
03 Santa Anita has developed over the years.

04 And this will have a statewide impact. In  
05 other words, we will be able to follow people, and we hope  
06 that by tracking them, people developing points based on  
07 let's say the bets that they have made, they will be able  
08 to turn those in over a period of time.

09 We're right now engaged, I think, in the  
10 development of a pilot program which will give us a pretty  
11 good idea how this will work. And a lot of details are  
12 still being tossed around, but I think it offers  
13 tremendous potential for all of California, for the  
14 Simulcast facilities as well as for the major tracks.

15 I think the one thing that just wasn't  
16 mentioned was the fact that this will have the rewards  
17 aspect to it for those people who get into the system.  
18 It's been used elsewhere in the country, and we're told  
19 rather successfully. So we thought this was a very good  
20 utilization of the marketing money, and I think it offers  
21 great hope.

22 MR. TOURTELOT: Let me ask a question, if I might,  
23 to Jack and to you. The purpose of Senate Bill 27 was  
24 obviously to cause a statewide marketing organization to  
25 promote racing product in California. Has any thought  
26 been given to the problem that while you bring the new  
27 fans in, whether by advertising on television, radio, or  
28 direct mail, to get a free T-shirt or a hat, but once they  
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01 get in there, they don't have a clue unless there is  
02 somebody guiding them as to what's going on, other than  
03 the horses are running around the track and one finishes  
04 ahead of the others? You try to read the racing form;  
05 that's like trigonometry to them.

06 I talked to the head of the Daily Racing  
07 Form, Bill Valand (phonetic), one time about this. But  
08 the new fan, once you get them there, what are you doing,  
09 if anything, to help them understand what it's all about  
10 and how to participate?

11 MR. LIEBAU: Well, I can probably speak to what we  
12 do at Bay Meadows, which I am sure is somewhat typical of  
13 what most other tracks do. Most of our new fans, frankly,  
14 are attracted through our group business. That is an  
15 ideal way to --

16 MR. TOURTELOT: Can you all hear him?

17 MR. LIEBAU: The group business is an ideal way to

18 get new people to come to the track. And we have people  
19 there to answer questions for them, to help them as far as  
20 reading the form, or just getting interested in the game,  
21 giving them tours of the paddock and things of that  
22 nature. So I would agree that coming to the track is a  
23 very intimidating experience, and we are aware of that,  
24 and we try to counter that by personal service to them.

25 MR. TOURTELOT: Thank you.

26 Anyone else want to speak on the subject of  
27 the California Marketing Committee?

28 If not, we'll go to the next item.

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01 Thank you very much, Jack, John.

02 Our former Commissioner Nicholaw still hasn't  
03 arrived, so we'll move on to the committee reports. There  
04 was a security and licensing committee meeting this  
05 morning, and Vice-Chairman Joseph Fenley chaired the  
06 meeting and will report on that meeting.

07 MR. FENLEY: We had a presentation by Alan Buck.  
08 He's the inventor of the Spirit Bridle, also known as the  
09 bitless bridle. We invited him to come back today to talk  
10 to us about his findings and research and the status.

11 We heard from the Jockeys' Guild who  
12 expressed that the jockeys themselves would not use the  
13 Spirit Bridle.

14 I looked over the process of how to bring new  
15 equipment -- bring it from a prohibitive side to an  
16 approved side, and that was through the stewards' office.  
17 And we referred Mr. Buck back to the stewards' office  
18 before any use of this be made on the tracks for training  
19 and/or racing, and that's where we left it.

20 And Items 2 and 3, we approved both of these,  
21 and put these to notice for 45 days, at which time we will  
22 take public comment and either adopt or not adopt the  
23 rulings. And during the discourse -- or the course of the  
24 conversation, there were a few amendments that Jackie  
25 Wagner will talk about, that we're going to add to the  
26 existing rules as they are written.

27 Jackie, would you like to comment on that,  
28 please.

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01 MS. WAGNER: Jackie Wagner, CHRB staff.

02 The two rules that the Security and Licensing  
03 Committee approved for notice are Rule 1843.3, penalties  
04 for unauthorized drug substances in an official test  
05 sample, and Rule 1888.1.

06 The text that was presented to the committee  
07 in Rule 1888.1, we are taking the amendment to delete  
08 subsection 3 out of the text, and we're taking the  
09 amendment to add the word "reasonable" to section 1(a).

10 MR. FENLEY: Jackie, can you read subsection 3,  
11 that you're going to remove, please.

12 MS. WAGNER: Subsection 3, that will be deleted  
13 from the text, says, "Changes in testing procedures or  
14 methodologies for the detection of levels specified for  
15 the authorized drug substances in 1884(e) of this  
16 division." That section will be deleted.

17 Subsection 1(a), we are adding the word  
18 "reasonable." The sentence will read, "could have been  
19 prevented had reasonable precautions been taken."

20 In Rule 1843.3, we are going to notice the  
21 rule as was presented to the committee. If there are  
22 comments that we receive during the 45-day comment period  
23 on 1843.3, staff will undertake those comments; and if  
24 amendments need to be made to the text, we will do so,  
25 which would mean that the notice period would be extended.

26 MR. FENLEY: I just have one question. Does the  
27 Board have to approve those removals and additions?

28 MS. WAGNER: No.

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01 MR. FENLEY: It's just the committee?

02 MS. WAGNER: Correct.

03 MR. FENLEY: Okay. Thank you.

04 That's the full report, Mr. Chairman.

05 MR. TOURTELOT: Any comments from any of the  
06 commissioners? Any comments from the general audience?

07 MR. BUCK: Yes. Alan Buck.

08 MR. TOURTELOT: Mr. Buck, make sure you speak into  
09 the microphone.

10 MR. BUCK: My name is Alan Buck. I'm the inventor  
11 of the Spirit Bridle. I was told at this previous  
12 meeting, the committee meeting, by Mr. Minami that I had  
13 not appealed anything through the proper appellate  
14 process. I followed Mr. Minami's word to do -- he said I  
15 had to send a letter to the investigators, and I did that.  
16 We followed the process all the way through accordingly.

17 I am in a catch-22, because the stewards say,  
18 "Can't run them on our track, but you have to get it  
19 approved to run on the track." It's a nice little vicious  
20 circle going on here. The bridle has been around here for  
21 about ten years, so we know how well it works. We have a  
22 vicious circle going here and no one wants to help stop  
23 the vicious circle.

24 I'm not asking for the Board to say,  
25 "Stewards, you're wrong," or anybody's wrong. I am asking  
26 the Board to say, "This gentleman has a right to prove  
27 that this bridle is what it says it does."

28 Florida has approved it for training with the

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01 intention to put it in racing. They are allowing horses  
02 to train in it. That's a one-person group down there, and  
03 jockeys are using it. I have several jockeys across the  
04 country that are promoting the bridle. They know how to  
05 use it. It's very simple.

06 You have licensed trainers who apparently  
07 have hung up the bridle because their riders don't know  
08 how to use it properly. It's too simple. I don't mean to  
09 be facetious, but it is simple to use. The bridle has  
10 done what we say it will do.

11 Now, I've talked to Corey Nakatani, and I  
12 have a witness here who was there at the time, at Bobby  
13 Franco's Barn, the day we were supposed to -- it was at  
14 Hollywood Park, I believe -- and Mr. Nakatani said that  
15 there was a place for the bridle, it would work in racing.

16 He could see that the bitless bridle would work, not all  
17 horses would need it; and he was willing to try it on any  
18 horse.

19 MR. TOURTELOT: Mr. Nakatani, the --

20 MR. BUCK: The rider, Corey Nakatani.

21 Now, Joy Scott, a licensed jockey, she's  
22 willing to ride my racehorse with it -- train with it and  
23 ride it; Julie Croun (phonetic) out of Churchill Downs,  
24 and there's other jockeys. I agree there's a scare factor  
25 here. When I invented this bridle, ladies and gentlemen,  
26 I was scared; but I also realized how easy it was to use.

27 Now, I have been put in a catch-22 position.  
28 I have a piece of equipment here that will alleviate over

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01 50 percent of the breakdowns of horses. We have a  
02 University of Michigan, Dr. Hillary Clayton -- if we had  
03 \$60,000 to fund the research, she would categorically  
04 prove how it lightens the impact to the front foot and it  
05 will save the race horse from breakdowns.

06 It also was documented by Dr. Robert Cook at  
07 Tufts University that the placement of the bit in the  
08 mouth shuts the air of the horse off automatically. Any  
09 slight movement of the tongue, you are forcing the horses  
10 to use Lasix. Lasix was found to be a performance  
11 enhancer. Horses lose weight off of it. It masks certain  
12 drugs or dilutes them.

13 I don't wish to use a drug on my race horse.  
14 I wish to enhance horse racing. I only ask the ability to  
15 allow the horses be trained.

16 At San Luis Rey's Downs I am in a quandary,  
17 because we had no problems. And that was stated by the  
18 manager, as well as the outrider from there. He wasn't  
19 there, but the manager said that he said there was no  
20 control issues.

21 MR. TOURTELOT: Mr. Buck, how do you get by the  
22 fact that the Jockeys' Guild has come here before this  
23 Board, or at least the committee of the Board, and said  
24 that their members won't use the bridle? And I thought he  
25 said they won't participate in a race where some other  
26 jockey was using it. How do you get by -- if one jockey,  
27 Corey Nakatani, is the only one riding out there, it's  
28 going to be pretty easy to win.

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01 MR. BUCK: That's why I say, if we're allowed to  
02 use the bridle, training it, letting the riders learn how  
03 to use it -- it's very simple. I mean, I've taught  
04 12-year old people -- kids to use it in 10, 15 minutes.

05 What I am saying is, you allow the process of  
06 training to occur so that they understand how simple it is  
07 and that there is not a control issue. There is no  
08 drifting issue. There is no brake issue.

09 I watched Neil Drysdale's horse rear up.  
10 Okay. Under the Spirit Bridle, they don't rear. They  
11 can't get up, because you're controlling the pull of the  
12 horse. You are promoting the welfare of the horse for  
13 this industry. That is all I'm asking for, the  
14 opportunity to train the horses.

15 Now, my horse has been delayed for over four  
16 months because of this process. I was aiming my race  
17 horse for some big races in California. He's a Florida  
18 bred, but I was getting him into some good races, because  
19 I wanted to show that I do have some knowledge. I've been  
20 a horseman for 45 years. I worked at San Luis Rey Downs  
21 for two years as a groom.

22 MR. FENLEY: Let me ask you this question. Have  
23 you talked to UC Davis about this at all?

24 MR. BUCK: I left several messages at UC Davis and  
25 never got a return. And when I was working at the  
26 Downs -- what's her name, the lady that -- I can't  
27 remember the lady from there -- she's still there -- I  
28 showed her a videotape of the bridle, and her words were,  
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01 "It should be on every racehorse."

02 It takes money to do clinical research. The  
03 research that has been done has been all overseas. The  
04 Germans are now taking it. The English racing industry  
05 has taken ahold of it by storm.

06 MS. MORETTI: Do you have any research from Florida  
07 on this, since you say Florida is using it?

08 MR. BUCK: No. Universities require funding for  
09 their research. That's the problem. So we don't have it,  
10 but the racing commission in Florida has allowed it to be  
11 used in training. I think the Tampa Bay -- I think it was  
12 going to be used -- there were several trainers, not one,  
13 but several that are actually using it for training; and  
14 their riders have no complaints.

15 MR. TOURTELOT: Are you asking that we allow you to  
16 do your research on our tracks and put the horses and  
17 jockeys at risk?

18 MR. BUCK: We're not asking you to put anybody at  
19 risk. What I am saying, Mr. Tourtelot, is this: We have  
20 already shown that there is no risk. A horse ran in it in  
21 1995.

22 MR. TOURTELOT: Why are you having the opposition  
23 that you're having throughout the country and California  
24 from the Jockeys' Guild?

25 MR. BUCK: I don't have opposition throughout the  
26 country.

27 MR. TOURTELOT: Then why hasn't it been approved in  
28 other states?

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01 MR. BUCK: Well, because no trainers have gone  
02 forward like they are now. The trainers are now coming  
03 forward and are doing it. The trainers in Florida, the  
04 trainers in Kentucky, and the trainers in Oklahoma are  
05 doing it. In Oklahoma --

06 MR. FENLEY: Wait a minute. We haven't seen any  
07 trainers come forward here and ask to use it.

08 MR. BUCK: No, but it's been on your track here.

09 MR. FENLEY: It's what?

10 MR. BUCK: It was used at Hollywood Park.

11 MR. FENLEY: Do you have a list of trainers that --

12 MR. BUCK: Drysdale's barn used it on a gelding,  
13 and I have a quote here by --

14 MR. TOURTELOT: I would suggest that the proper  
15 procedure would be to have those trainers come before the  
16 Security and Licensing Committee and testify. In other  
17 words, you haven't brought any evidence -- I'm just trying  
18 to help you along. You haven't brought any evidence at  
19 all. It's been all hearsay. And the Jockey Guild gets up  
20 and says, "Our jockeys will not use this harness," and  
21 other people say they thought it was dangerous, you  
22 couldn't control the horse; yet you say you can.

23 This business is regulated by us, and there  
24 are laws, and you can't -- when you walked out of here  
25 after the Security and Licensing, you were yelling, not  
26 mumbling, yelling that "I'll see you in court."

27 MR. BUCK: Well --

28 MR. TOURTELOT: I don't know what to say.

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01 MR. BUCK: What to say is -- you have a book of  
02 rules and regulations that I have before me. I went  
03 through the appellate process according to 1761; I was  
04 told I didn't do that. I was told by a steward, who  
05 approved the bridle, that I couldn't use the bridle, after  
06 he had already approved it, after it already raced in  
07 Hollywood Park. We are having a pullback of everything.

08 MR. FENLEY: But that was raced illegally at  
09 Hollywood Park.

10 MR. BUCK: You had a --

11 MR. FENLEY: It was illegal. It wasn't approved.

12 MR. BUCK: It still was there and it ran.

13 MR. TOURTELOT: The steward didn't have the  
14 authority to tell you you could use it, and you didn't  
15 have the authority to use it, and therefore it was  
16 illegal, so it's a non sequitur in terms of any influence.

17 MR. BUCK: He just said it went back to the  
18 stewards, the stewards are the ones who have the say-so,  
19 and now you are saying the stewards can't.

20 MR. BLAKE: Mr. Chairman, just as a point of order,  
21 the matter that's before the Board at this point is a  
22 report from the Licensing and -- Security and Licensing  
23 Committee. There is no action and no decision of the  
24 stewards has been appealed. If the matter should come  
25 before the Board, it must either come as a proposed rule  
26 change or as an appeal of the stewards' decision.

27 MR. TOURTELOT: Well, my old attitude is if I'm  
28 going to err, I'm going to err on the liberal side and let

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01 people talk. And we've given you an opportunity. It is  
02 out of order.

03 MR. BUCK: I appreciate the opportunity.

04 MR. TOURTELOT: I would rather have you walk out  
05 smiling rather than yelling, "I'm going to sue you."

06 MR. BUCK: I don't want to take legal action, but  
07 my bridle has been used. All right. We are going to  
08 use --

09 MR. TOURTELOT: I understand that.

10 MR. BUCK: We have jockeys who wish to use it. Why  
11 are you preventing me, as a thoroughbred owner here in  
12 California, from doing it?

13 I have a licensed trainer, Tony Lock, with my  
14 horse. He rode the bridle. He understands and knows how  
15 it works. He rode it as a jockey. You can't tell me that  
16 I don't have the evidence.

17 MR. TOURTELOT: But this was all explained to you  
18 at the Security and Licensing Committee, what the  
19 procedures were.

20 MR. BUCK: And I went through the procedures  
21 according to Mr. Minami.

22 MR. FENLEY: If you have a formal statement of  
23 ruling by the stewards that you can't use it, then appeal  
24 it, and bring it forward.

25 MR. BUCK: They wouldn't even send us one.

26 Did you see the letter that was sent to the  
27 Board?

28 MR. TOURTELOT: Yes.

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01 MR. BUCK: It said an informal meeting, and at an  
02 informal meeting they made a decisive determination. They  
03 made a decision. They never sent anything in writing to  
04 anybody and it was never printed. That was not my error.

05 I called Mr. Minami. Mr. Minami said, "Fine.  
06 You can appeal that decision." I appealed the decision  
07 according to the process Mr. Minami said. Apparently --  
08 I'm not going to go in circles again. That's what I'm  
09 saying, we're going in circles here. I did what your  
10 assistant -- or executive director, I guess, told me to  
11 do.

12 MR. TOURTELOT: I don't want you to have to go  
13 through the runaround, Mr. Buck. We want you to avail  
14 yourself to the process. After the meeting, if you would  
15 like to discuss it with one member of the staff --

16 MR. BUCK: I would like to, yes.

17 MR. TOURTELOT: No, not the merits of your bridle.  
18 We've heard that. -- the procedures that you are entitled  
19 to follow under the law, to go from point A to point B or  
20 wherever you want to go -- and we will have someone  
21 explain those to you, and you can follow those or not  
22 follow those. We can't treat you any differently than  
23 everybody else.

24 MR. BUCK: I understand. I did exactly what  
25 Mr. Minami said to do.

26 MR. TOURTELOT: You may have misinterpreted what  
27 Mr. Minami said to you. He is sitting to your right, and  
28 I am sure he is going to say something.

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01 MR. MINAMI: Mr. Chairman, I would like to respond  
02 to that. Roy Minami, Horse Racing Board staff.

03 MR. TOURTELOT: Speak into the microphone, Roy.

04 MR. MINAMI: No one has ever accused me of being  
05 soft-spoken.

06 I did speak with Mr. Buck on the phone in the  
07 past. I don't recall discussing the matter of appeal with  
08 him. So unless he got the two Roys mixed up, that's a  
09 possibility.

10 MR. BUCK: No. You're the one I talked to on the  
11 phone and told me how to --

12 MR. WOOD: Mr. Buck, real simple. If you want to  
13 go in front of the stewards tomorrow morning and have a  
14 hearing on the merits of your bridle, we'll schedule one  
15 for you at 10:00 o'clock tomorrow morning at Hollywood Park,  
16 right here. If the stewards tell you that you can't use your  
17 bridle and you want to appeal that, we'll show you how to  
18 appeal that.

19 If the people in San Luis Rey Downs who you  
20 rent stalls from won't allow you to use a bridle on their  
21 racetrack, I suggest that you talk to them. That's the  
22 way that works.

23 MR. BUCK: They said they were under your  
24 regulations.

25 MR. WOOD: Whatever reason San Luis Rey Downs  
26 refused to allow you to use the bridle on their racetrack  
27 is between you and them. That is a private training  
28 facility, and that was their decision.

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01 The stewards here at Hollywood Park and Santa  
02 Anita have previously met with you on several occasions,  
03 had the jocks and Mr. Desormeaux in with you, and they  
04 told you they would not approve your bridle. If you want  
05 a formal hearing and get a formal approval for that -- or  
06 get turned down on that and then have an appellate  
07 process, that's what we're trying to explain to you needs  
08 to be done. That's what you need to go through now.

09 MR. TOURTELOT: That's enough. We don't need any  
10 more discussion.

11 Thank you, Mr. Buck.

12 Next item is general business:  
13 communications, request for future action of the Board  
14 reports. Is there any general business?

15 Commissioner Moretti.

16 MS. MORETTI: Yes, Mr. Chairman. I, as I am sure  
17 many others in this room, was very disturbed to read the  
18 LA Times article this past week. I think some very, very  
19 serious allegations have been raised, and I believe it  
20 behooves the CHRB to look into their validity.

21 I am asking the Chair to, if you can, set up  
22 a committee or subcommittee, or however that would work,  
23 to, on its own, do some on-site inspections and see which  
24 of the tracks might be in need of upgrades for the health  
25 and safety of the people who work in the industry.

26 Moreover, the legislature has already  
27 indicated -- a number of legislators, that is, have  
28 indicated that they will be holding hearings to look into

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01 the points made. And I believe the CHRB should do  
02 everything that we can to see that the process is  
03 expedited and that we participate to the fullest extent  
04 possible within the charges that we have as to protecting  
05 the public.

06 I think that certainly as the licensing body,  
07 there's a possibility that we should set up some standards  
08 by reviewing what works at which of the tracks, where it  
09 works, what doesn't work at what tracks, and use that as a  
10 standard by which we consider licensing and weighing

11 licensing requests in the future.

12 MR. TOURTELOT: Thank you, Commissioner Moretti.

13 I read the same article, and I felt it was  
14 filled with a number of inaccuracies. There was nothing  
15 in the article that was given to the author by the Horse  
16 Racing Board officials as to positive steps that were  
17 being taken such as at Golden Gate.

18 When Magma asked for approval of purchasing  
19 Golden Gate, we made a condition that \$5 million be spent,  
20 mostly on the back stretch. And not only did they accept  
21 that condition, but have moved forward with it. And I  
22 told that to the author of the article. It wasn't in the  
23 article. And he later told us that he wasn't writing a  
24 positive article; he's writing a negative article, so  
25 therefore, why would he put anything positive in it? And  
26 that's a quote.

27 As for the overseeing of the alleged  
28 conditions, I think everything I've read, the various

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01 governmental agencies and the legislature is moving  
02 forward, and it would be my recommendation that we allow  
03 those agencies to move forward.

04 Of course the California Horse Racing Board  
05 is always concerned if there's some laws being violated;  
06 but on the other hand, I think that the associations are  
07 responsible and they are responsible to the various  
08 governmental agencies for those alleged conditions. My  
09 understanding is that they are working with those  
10 agencies, and I think we should let that run its course.

11 MS. MORETTI: Indeed, I agree that we need to go  
12 through the process, which is why I am suggesting that we  
13 participate in the process instead of being viewers of it.

14 Legislators have already come up to me and  
15 talked to me about it. So I think it is not just one  
16 person, in this case myself, representing the Board. I  
17 think it would make sense if we had a group put together  
18 so that we are being more proactive in seeing that this --  
19 whatever health and safety violations there may be -- and  
20 there may not be, but if there are, I think certainly we  
21 would all care about that.

22 MR. TOURTELOT: I understand that. I appreciate  
23 that, Marie. I don't know if that's our jurisdiction, but  
24 I think that the Board can instruct staff to keep an eye  
25 on the progress that's going on. I don't think we need to  
26 form a committee. And I don't know that it's the Board's  
27 jurisdiction. If there's a Health and Safety Code  
28 violation in terms of unsafe, unsanitary conditions, that

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01 wouldn't come under the Board's jurisdiction unless a  
02 formal complaint was made to the Board.

03 Bottom line is I see various agencies working  
04 with the associations and trainers. At some point there's  
05 going to be a resolution one way or another. We just need  
06 to keep an eye on it.

07 I don't think it's appropriate for us to form  
08 a committee to get involved in it. We don't need the  
09 publicity that some of the legislators seem to

10 want, okay, unless anybody disagrees with me, but that's  
11 my feeling.

12 MS. MORETTI: Then if there's no committee to be  
13 formed, then I will take it upon myself to respond to  
14 legislators that have asked me to participate.

15 MR. TOURTELOT: Sure. Thank you.

16 Any other -- was that under general business?

17 MS. MORETTI: That's all under the general  
18 business, but I would also ask that we -- and I know Roy  
19 will -- that they keep us abreast of the process and  
20 what's going on in terms of the investigations.

21 MR. TOURTELOT: And I don't take that to mean that  
22 the staff should take a proactive role, because I don't  
23 believe that they should. But the Board should keep their  
24 eyes and ears open; is that correct?

25 MS. MORETTI: Well, frankly, I think I disagree  
26 with you that we shouldn't take a proactive role, because  
27 we need to find out what's under our purview and what's  
28 not under our purview.

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01 And the way I read protecting the interest of  
02 the public, if there is a wrong being done to people back  
03 there -- and I go on the back side, and I've been at every  
04 back side except for the fairs, and you can see that they  
05 are not necessarily conditions that I would particularly  
06 want to live under; but I've been in those rest rooms, and  
07 some are good and some aren't so good.

08 It's just a question of -- what seems to me,  
09 if we're going to license organizations and people are  
10 living there, and those people are living in substandard  
11 conditions, that should be of concern to the CHRB. That's  
12 my point.

13 MR. TOURTELOT: Well, I agree it's a concern, but I  
14 don't know that we have any jurisdiction. I think that --  
15 again, I want to repeat there are a lot of positive things  
16 that were --

17 MS. MORETTI: Although I'm not a lawyer, when I was  
18 going through the rules and regulations and the law book  
19 on horse racing, it seems to me that there are certainly  
20 some sections that would say that we do have jurisdiction;  
21 but I would certainly defer to our counsel on where our  
22 jurisdiction lies.

23 MR. TOURTELOT: For what?

24 MR. BLAKE: Well, the Board does have rather broad  
25 discretion. It is the licensing of basically every person  
26 who works in the industry, so the Board does have a wide  
27 jurisdiction with regard to back side matters.

28 MR. TOURTELOT: Okay.

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01 MR. FENLEY: Let me say one thing. When the Board  
02 does approve an application, at that time certain comments  
03 and statements can be made concerning that application,  
04 that if you're not in favor with, and you want to make a  
05 comment or hold up until it's corrected, that's where I  
06 would react to it.

07 MR. TOURTELOT: Along those lines, Marie, you will  
08 recall when Magna came here and asked us to approve their

09 application to purchase another track -- which they can  
10 only get approval if we find it in the best interest of  
11 California and racing -- I said I would like a commitment  
12 from you with respect to the back stretch conditions,  
13 that the TOC had written letters about asking us not to  
14 approve racing dates for Golden Gate.

15 I was criticized by some members of the Board  
16 for speaking out and putting conditions, which I want  
17 another opportunity to explain. I have to give my vote  
18 whether or not they can purchase -- could purchase Golden  
19 Gate, and I have to decide in my mind that it's in the  
20 best interest of California and racing.

21 So I asked them certain questions, which some  
22 members of this Board criticized me for, but I have the  
23 right to find out what they are going to do. "Are you  
24 going to spend the \$5 million to cure the defects in the  
25 back stretch that Mr. Van de Kamp wrote an extensive  
26 letter to, asking not to approve the race dates until it  
27 was done?" So the fact is I think I have spoken out on  
28 that.

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01 And I think I agree with Mr. Fenley that when  
02 the application comes forward, that is the time to address  
03 those issues. I certainly did with respect to Golden  
04 Gate.

05 MR. WOOD: One of the things we're going to need to  
06 do is follow the supposed hearings and discussions that  
07 are going on with the legislators and with other agencies  
08 who are looking into this, and encourage the groups to get  
09 together. We are going to have to report back to the  
10 Board after these meetings as to what we found out, what  
11 the realities of those hearings were, what may come out of  
12 that. So right now we have been invited to attend those  
13 and to be a part of those as the staff, and we'll do that.

14 MR. TOURTELOT: I did not mean to suggest that we  
15 hide our heads in the sand on the issue. I'm very  
16 concerned like you. I just meant to suggest that there  
17 are other agencies that are dealing with it, and that we  
18 can monitor that and make sure that everything is being  
19 addressed.

20 Any old business? I noticed some gentlemen  
21 here who were here at the last meeting.

22 Did you want to address the Board? Why don't  
23 you have a chair. Take that microphone off the hook so  
24 you can put it up close.

25 MR. HALL: I was at the last Board meeting on the  
26 24th. The Assistant Starters --

27 MR. TOURTELOT: Could you state your name and your  
28 position for the lady reporter. Thank you.

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01 MR. HALL: My name is Lee G. Hall. I'm the chief  
02 shop steward and executive board member for 1877 SEIU.

03 The last time I was at the Board meeting you  
04 asked me to come back to you and let you know if the  
05 Assistant Starters made any kind of agreement with us to  
06 pay their dues. At this present time, they haven't.

07 One of the problems we are having is that

08 it's been brought to my attention that Mr. Slender is  
09 refusing to recognize the people that we brought forth in  
10 order to take the place of the Assistant Starters who were  
11 negligent in their dues. We are now asking you if we  
12 could put a lien on the Assistant Starters' license, and  
13 also if you could have an investigator to investigate why  
14 Mr. Slender is not recognizing the people that we are  
15 sending forth.

16 MR. TOURTELOT: Okay. I understand the problem  
17 from last time is that these Assistant Starters haven't  
18 paid their union dues, although they remained members of  
19 the union and took advantage of the union's benefits for  
20 some 18 months; is that correct?

21 MR. HALL: Yes.

22 MR. TOURTELOT: And that they have petitioned to be  
23 removed from the union, but that has nothing to do with  
24 whether or not they owe dues from previous months where  
25 they were represented by the union. We made that all  
26 clear last time.

27 MR. HALL: Yes.

28 MR. TOURTELOT: And when you left, I thought we

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01 were assured that there would be dialogue and this would  
02 be resolved, not by you because you're waiting to get your  
03 people -- these people to pay their contributions. It was  
04 going to be resolved. I understand that now they're  
05 starting to deduct the dues, but that didn't take care of  
06 the previous problem.

07 MR. HALL: No, sir.

08 MR. TOURTELOT: Does anybody want to speak on that?

09 MR. HUGHES: Dick Hughes, Federation of California  
10 Racing Association.

11 After our last meeting in March, we received  
12 a letter from the union's attorney requesting that the  
13 issue of continued employment of Assistant Starters be  
14 submitted to arbitration. He submitted a list of  
15 arbitrators which are contained in the contract. Our  
16 attorney wrote back to him, selecting an arbitrator,  
17 selecting dates, as to when we can hear that question.  
18 That's what's called for under our collective bargaining  
19 agreement. Any dispute regarding the interpretation or  
20 application of the language shall be submitted to final  
21 and binding arbitration, and that's where we're at right  
22 now.

23 I also understand that the Assistant  
24 Starters -- and I don't know this for a fact -- may have  
25 retained separate counsel to handle the question regarding  
26 their continued status with the union. At this present  
27 time, they have not paid their back dues. They are  
28 currently paying their dues at 1.75 a day for every day

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01 worked, but that is basically where it stands right now.  
02 We are waiting for arbitration.

03 MR. TOURTELOT: We, the Board, cannot interfere  
04 with a collective bargaining matter. I question whether  
05 it is a collective bargaining matter. It seems like  
06 they're getting the runaround. Why does there have to be

07 arbitration? Everybody has admitted that they were  
08 members of the union, they took advantage of the union,  
09 and they owe dues, and they didn't pay their dues. I  
10 don't understand how arbitration would resolve that.

11           It seems to me that these people are getting  
12 the runaround. That's what I see. We were here last  
13 time. You said, "We're going to resolve it. We're going  
14 to meet with him." And they said, "Nobody has done  
15 anything."

16           MR. HUGHES: Well, we did not agree to meet with  
17 him. I am not here on behalf of the Assistant Starters,  
18 Mr. Chairman. I am here on behalf of the employers  
19 of the Racing Association. We're taking our position to  
20 the arbitration process.

21           As far as the Assistant Starters are  
22 concerned, they have their own legal counsel, and he can  
23 speak for them as to what they are going to do. I don't  
24 know.

25           MR. TOURTELOT: I understand. It seems to me also  
26 that this is no different than a trainer who hasn't paid a  
27 vet bill. That is something that comes within our  
28 jurisdiction and the stewards can deal with.

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01           The Assistant Starters are licensed by the  
02 California Horse Racing Board, and they are not paying a  
03 bill. Unless one of our commissioners disagrees with me  
04 or our counsel, I don't see this as any different than a  
05 trainer not paying the vet. So the vet comes into the  
06 stewards and complains, and they have a hearing to decide  
07 whether the money is owed. And then they give the trainer  
08 so many days to pay, and if he doesn't pay or she doesn't  
09 pay, then penalties flow from that. How is that any  
10 different from this situation?

11           MR. HUGHES: No disrespect, but I do disagree with  
12 you, because the dues are called for under the collective  
13 bargaining agreement, and failure to pay is covered by the  
14 collective bargaining agreement. The whole thing here is  
15 covered by the collective bargaining agreement, Article 2,  
16 Section 2 of the contract, the labor agreement.

17           MR. TOURTELOT: You're not the first one to  
18 disagree with me, but I think it is an easy fallback to  
19 say this is collective bargaining. You can't do anything  
20 about it. It sounds to me like the debt is owed to these  
21 people, to this union. People didn't pay. If they didn't  
22 want to enjoy the benefits of the union, they should have  
23 gotten out.

24           MR. HUGHES: They will find that out during the  
25 arbitration process. If they win the arbitration --

26           MR. TOURTELOT: We may have a stewards' hearing  
27 before we have an arbitration.

28           MR. HUGHES: Then they'll have to have their

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01 counsel represent them.

02           MR. TOURTELOT: I think that -- I want to ask our  
03 counsel, are we within our right to refer this matter to  
04 the stewards for a hearing?

05           MR. BLAKE: Well, it's not on the agenda for any

06 Board action. This is in the nature of old business.

07 MR. TOURTELOT: You don't have to have -- if  
08 there's a violation, you don't have to have it on the  
09 agenda.

10 MR. BLAKE: Yes, I --

11 MR. TOURTELOT: I'd ask the stewards to look into  
12 it. We don't have to have it as an item. Staff can look  
13 into it and then the stewards.

14 MR. BLAKE: If there was a complaint to the  
15 stewards, the stewards could consider it under the  
16 financial responsibility rule. And one of the matters I  
17 assume the stewards would consider would be any claim that  
18 might be offered by the Assistant Starters' counsel, who  
19 is not here today, that it's preempted by contractual  
20 provisions, collective bargaining or otherwise.

21 MR. TOURTELOT: Do you all have attorneys?

22 MR. HALL: Yes, we do.

23 MR. TOURTELOT: Okay. The Assistant Starters who  
24 didn't pay, if a complaint is made by you, which I will  
25 assume you will to the stewards, as a hearing, they will  
26 claim this is collective bargaining and then your attorney  
27 will have to answer that, but that should not deter you  
28 from going forward.

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01 MR. HALL: Okay.

02 MR. TOURTELOT: I think that we have to do  
03 something. The gentleman on your left disagrees with me,  
04 but that's not unusual. People disagree with me all the  
05 time.

06 MR. FENLEY: What happened last year when there was  
07 a pension deficit here at Hollywood Park by the janitors'  
08 union and that was made good, did that go to the stewards  
09 or did that just go to the management?

10 MR. TOURTELOT: We left that with management,  
11 because that was whether or not they should recognize  
12 one -- there was one organization that was nonunion; is  
13 that correct?

14 MR. HUGHES: No, that's not correct.

15 MR. TOURTELOT: It was a different issue.

16 MR. HUGHES: It was a different company. The  
17 employer had not paid the pension contributions, and  
18 Hollywood Park worked it out with the employer.

19 MR. FENLEY: Did he go to the stewards to have that  
20 rectified?

21 MR. HUGHES: No.

22 MR. FENLEY: Could he have?

23 MR. WOOD: I think that was a licensing issue.

24 MR. TOURTELOT: All right. That will be -- any  
25 other questions?

26 MR. HALL: Yes. When you were talking about the  
27 pension, yes, this Board right here helped us collect that  
28 money, and that's why we were very successful in doing so;

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01 but this issue right here is getting out of hand, because  
02 the companies are being held responsible for the people  
03 that they are now replacing, and they're going to end up  
04 paying double money. If they think they're going to get

05 away with it, they are greatly mistaken.

06 MR. TOURTELOT: We've given you the direction. We  
07 think that, under the financial responsibilities of a  
08 licensee, that you are entitled to make a complaint before  
09 the stewards and have a formal hearing. And at that time,  
10 they'll present their argument, and you will present  
11 yours, and we'll see who's right; but at least you have an  
12 opportunity to move forward and not wait for this  
13 arbitration that may never come. Anyway, who knows?

14 Thank you.

15 MR. HALL: Thank you.

16 MR. TOURTELOT: Former Chairman George Nicholaw has  
17 arrived, so we will come back to Item Number 2. I guess  
18 we'll come down here.

19 MR. NICHOLAW: Are you still going to give me this?  
20 I understand there were 12 motions not to do it.

21 MR. TOURTELOT: Well, I never thought I'd be doing  
22 this, but this is actually -- is Betty here? She should  
23 be getting the resolution for all the meetings that she's  
24 attended, and she's been the best first lady ever other  
25 than Barbara, Barbara Scurfield.

26 This is a California Horse Racing Board  
27 Resolution for George Nicholaw:

28 "Whereas George Nicholaw admirably served

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01 eight years as a respected member of the California  
02 Horse Racing Board, beginning March 26, 1992, and  
03 in his final year distinguished himself as  
04 vice-chairman and then chairman of the Board; and  
05 whereas George Nicholaw also accepted the great  
06 responsibility of important committee assignments,  
07 including chairmanship of the crucial parimutuel  
08 operations and security and licensing committees;  
09 and whereas George Nicholaw, at all times,  
10 demonstrated sincere concern for the health and  
11 stability of the California horse racing industry,  
12 and for the interest of the citizens of California;  
13 and whereas George Nicholaw always remained  
14 accessible to the public, and wherever possible,  
15 expressed the point of view of racing fans as  
16 demonstrated by his total support for new  
17 regulations, procedures, and policies designed to  
18 make the wagering experience more enjoyable; and  
19 whereas George Nicholaw by virtue of his  
20 unquestioned personal integrity and sincerity  
21 helped elevate the status and the image of all  
22 racing commissioners in California.

23 "Now, therefore, be it resolved that the  
24 California Horse Racing Board joins with those who  
25 hold George Nicholaw in high esteem and expresses  
26 its recognition and deep appreciation for his great  
27 contribution to the public and to the horse racing  
28 industry.

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01 "Adopted unanimously by the California Horse  
02 Racing Board in Inglewood, California on  
03 May 2nd, 2000."

04                   And here, George, is your gold card which  
05 gives you access to everywhere. I am sure you want to say  
06 a few words.

07           MR. NICHOLAW: Yes, I would.

08                   I would like again to say to all of you,  
09 especially to my colleagues on the Board and to the staff,  
10 the eight years sort of flew on by. It was a privilege  
11 for me, and Betty wants me to also say to all of you how  
12 much she has enjoyed the last eight years. We've made a  
13 lot of friends in the horse racing industry.

14                   And I've got to tell you, as tough as it  
15 seems sometimes during the course of those eight years, I  
16 think down deep I feel very confident I did make a  
17 contribution, and you all have made a big contribution to  
18 the two of us, because you've made it such an enjoyable  
19 ride. Bar anything else, it's been fun.

20                   I wish my colleagues on the Board here much  
21 success in the days ahead. The battles aren't over, but I  
22 think in the long run, racing as an industry will prevail  
23 in the state of California. Thank you very much.

24           MR. TOURTELOT: Is that your final answer?

25                   The Board had its executive session between  
26 the Security and Licensing Committee Meeting and the  
27 General Meeting, so we will not adjourn to convene an  
28 executive session, and we will terminate the meeting now.

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01                   Thank you all for coming.  
02                   (Proceedings adjourned at 2:45 p.m.)  
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