

Reported by:

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BEFORE THE CALIFORNIA HORSE RACING BOARD
OF THE STATE OF CALIFORNIA
GEORGE NICHOLAW, CHAIRMAN

In the Matter of the)
)
Regular Meeting of the)
California Horse Racing Board)
Bay Meadows Race Track)
_____)

TRANSCRIPT OF PROCEEDINGS, taken at
the Bay Meadows Race Track, San Mateo,
California, commencing at 1:31 p.m., on
Friday, February 18, 2000, heard before
GEORGE NICHOLAW, Chairman, reported by
MARK BRICKMAN, CSR No. 5527, a Certified
Shorthand Reporter in and for the State
of California.

APPEARANCES:

Chairman:	GEORGE NICHOLAW
Vice-Chairman:	ROBERT H. TOURTELOT
Commissioners:	JOSEPH B. FENLEY SHERYL GRANZELLA
Executive Director:	ROY C. WOOD, JR.
Assistant Executive Director:	ROY MINAMI
Deputy Attorney General:	TOM BLAKE

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San Mateo, California, Friday, February 18, 2000

1:31 p.m.

MR. WOOD: If everyone will please take a we'll try to bring this meeting to order.

Good afternoon, ladies and gentlemen. I'd like to welcome you to a regularly scheduled meeting of the California Horse Racing Board. This meeting is being conducted on Friday, February the 18th, 2000 at the Bay Meadows Race Track in San Mateo, California.

Present at today's meeting are Chairman George Nicholaw, Vice-Chairman Robert Tourtelot, Commissioner Joe Fenley and Commissioner Sheryl Granzella.

Before we get on with today's meeting, business activities, I would like -- respectfully request that when you give testimony in front of the board, that you please state your name and your business association for our

court reporter.

If you have a business card to give the court reporter, it would be very much appreciated.

Also, because of the confines of this room and the audio equipment that we have here today, we'd certainly ask those of you who have a cellular telephones to please lower them in case they ring during the middle of the meeting. It puts a static into our audio system.

With that, I'd like to turn the meeting over to our chairman, Mr. George Nicholaw.

MR. NICHOLAW: Thank you very much, Roy.

Well, now that John Van de Kamp and I have kissed and made up, we can go on with the agenda of the day.

First of all, approval of the minutes of the regular meeting of January 21st.

Do we have a motion?

MR. WOOD: So moved.

MR. NICHOLAW: Second?

MR. FENLEY: Second.

MR. NICHOLAW: It's been moved and seconded that the minutes of the regular meeting of January 21st, 2000 be approved.

All in favor?

(The vote was all in favor)

MR. NICHOLAW: Opposed?

The minutes have been approved.

Last month at our meeting, we were going to make a presentation along with the presentation to Lafitte Pinkai and to our former chairman, Ralph Scurfield a resolution for Ken Maddy, Senator Maddy.

We were hopeful that Senator Maddy would be with us today, but for the record, we would like to make the presentation even though he is ill and will not be able to join us today.

The California Horse Racing Board Resolution is as follows:

"Whereas Ken Maddy, once an exceptional attorney who successfully argued a case before the US Supreme Court chose to forgo a promising career in law to instead devote the next 28 years of his life disturbing -- to serving the State of California; and whereas the citizens of California recognizing in Ken Maddy the intelligence, charisma, commitment and other attributes desired in their representatives,

cross party lines to elect him first to the State Assembly in 1970, gave him respectable support in his bid for the governorship in 1978, then elected him five times to the State Senate; and whereas the same attributes that gained Ken Maddy popular support with the public also won him the confidence and respect of his colleagues in the State Legislature who named him Senate Republican leader for eight years and respected his judgment on important issues, especially those related to the budget, agriculture, transportation, health and horse racing, and given his long-time interest in the sport of horse racing and recognizing the racing industry's importance to the economy of California, Ken Maddy authored and supported many bills affecting this vital industry, including Senate Bill 14 and Senate Bill 27, the two most significant pieces of state racing related legislation in recent decades, and having helped place horse racing on solid financing

footing, thus assuring the industry's continued success well into the 21st Century, Ken Maddy leads a lasting legacy and will forever be remembered for his stewardship of horse racing and his dedication to the citizens of California.

"Now, therefore be it resolved that the California Horse Racing Board joins with those who hold Ken Maddy in high esteem and expresses its recognition and deep appreciation for his great contributions to the public and to the horse racing industry."

On that note, I think we all ought to give Ken the hand he really deserves.

(Applause)

MR. NICHOLAW: At this time, I'd like to introduce a -- the Western Regional representative of the Jockey's Guild replacing Gary Baze. It's Darrell Hare.

Darrell, stand up. Welcome.

(Applause)

MR. NICHOLAW: The next item on the agenda is a discussion and action by the Board on the application for

license to conduct a horse racing meeting of the Pacific Racing Association at Golden Gate Fields commencing March 29th, 2000 through June 18th, 2000 inclusive.

Jackie.

MS. WAGNER: Jackie Wagner, CHRB staff.

The application before you is the application for -- from Golden Gate Fields for their racing that will commence March 29th through June 18th, 2000.

They're proposing to race 58 days, which is two days less than 1999. PRA is proposing to run a total of 500 races for 8.6 per day.

They have met the ten percent requirements for the state -- of state certification, Cal Stakes racing. They're proposing a first post of 12:45 daily. The wagering program will utilize the CHRB rules.

The analysis in the package indicates that we have not received a Horseman's Agreement. That has been received as of this afternoon.

Staff will recommend that the Board adopt the application as presented.

MR. NICHOLAW: Do you have any --

MR. TOURTELOT: Congratulations on having the Horseman's Agreement.

I was going to say after six and a half years on the board, I finally discovered a secret code to these applications where it says: "Attached copy of the Horseman's Agreement. Horseman's Agreement to be submitted under separate cover."

Now I think I realize that means it hasn't been signed, but I'm glad to hear that it is signed and you have it in hand.

MR. NICHOLAW: Peter do you have any comments to the Board at all?

MR. TUNNEY: I was going to save these comments for later. This comment is that we will probably be amending our application to the Board as it relates to first post.

I understand that the Hollywood Park application follows us and they will be moving their traditional one o'clock post time on certain days to 1:10, and for that reason, we would move our post time a little bit later to comply with the State rule as relates to coordinating our signals about every fifteen days.

MR. NICHOLAW: Would any of the other Commissioners have any comments?

I'll entertain a motion to approve the racing dates for Golden Gate Fields from March 29th, 2000

through June 18th, 2000.

MR. TOURTELOT: I would make that motion.

Before I do, I was going to ask is there a way that we could approve this so that Golden Gate didn't have to come back for subsequent application? You're going to change it by ten minutes?

MR. TUNNEY: Yes.

MR. TOURTELOT: Change the starting time on Thursdays by ten minutes if Hollywood Park --

MR. NICHOLAW: You can amend the motion to include that, or you can make a motion to include it if you want.

MR. TOURTELOT: I'll make --

MR. BLAKE: Yes.

MR. TOURTELOT: That will save you the trouble to coming back.

I'll make a motion to approve the application as submitted subject to Golden Gate having the right to change their starting time on Thursdays to 1:10?

MR. TUNNEY: The Hollywood Park application will be first post 1:10.

MR. TOURTELOT: Well --

MR. TUNNEY: We will -- we will -- in the event they do,

we --

MR. TOURTELOT: In the event that Hollywood --

MR. TUNNEY: We will change ours.

MR. TOURTELOT: In the event that Hollywood Park changes their starting time, that you would have a corresponding right to change yours without making a further application.

MR. TUNNEY: Thank you.

MR. NICKOLAW: Do we have a second?

MS. GRANZELLA: Second the motion.

MR. NICHOLAW: It's been moved and seconded that we approve the racing schedule for Golden Gate Fields.

All in favor?

(All said aye)

MR. NICHOLAW: Opposed? Four votes for.

Thank you very much.

Next item on the agenda, discussion and action by the Board on the application for license to conduct a horse racing meeting of the Churchill Downs California Company at Hollywood Park commencing April 28th, 2000 through July 24th, 2000, inclusive.

MS. WAGNER: Jackie Wagner, CHRB staff.

The application before you is from the Churchill

Downs California Company for their application
for Hollywood Park from April 28th through June 24rd, 2000.

They're proposing to race 65 days, which is one
less date than they raced in 1999. They're requesting
to run 586 races over 65 days, which averages to
approximately 8.7 races per day.

They meet the ten percent requirement of the
State for Cal Stakes racing. They're proposing a first
post time of 1:10 PM Wednesdays and Thursdays and one o'clock PM
for Saturdays and Sundays, and a seven o'clock post on Friday.

Their wagering program will utilize CHRB rules. The
items listed are indicated in the analysis. I
have received the Horseman's Agreement as of this afternoon.

Staff recommends the Board adopt the
application contingent upon these items.

MR. NICHOLAW: How many Friday night --

MR. WYATT: There are twelve Friday nights, sir, we will
race.

MR. NICHOLAW: You're going every Friday night?

MR. WYATT: The Friday before the Derby, we will run
daytime.

MR. TOURTELOT: Do you need to come back? Is there --
I'm confused. Your application's asking for a 1:10 starting

time on Thursday?

MR. WYATT: That's correct. Wednesdays and Thursdays.

MR. TOURTELOT: There's no further adjustment that you're going to be looking for on that?

MR. WYATT: No, sir.

MR. TOURTELOT: I'll make the motion that we approve the application and submit it.

MR. NICHOLAW: Is there a second?

MR. FENLEY: I'll second.

MR. NICHOLAW: Are there any other questions of Worldwide?

All those in favor of passing the application for Churchill Downs to commence April 28, 2000 through July 24th? All in favor.

(All said aye)

Opposed?

Four votes for.

Next item on the agenda -- thank you, Euell -- discussion and action by the Board on the application for license to conduct a horse racing meeting of the Capitol Racing at Cal Expo commencing April 7th, 2000 through July 29th, 2000.

MS. WAGNER: Jackie Wagner, CHRB staff.

The application before you is from the Capitol Racing Association to race at Cal Expo from April 7th, 2000 through July 29th, 2000.

This represents the first half of a split racing meeting that will run from April 7th through July 29th.

Capitol is proposing to race 56 nights with the option to increase to 59 nights if sufficient horses are available. This is five nights less than the spring 1999 race meet.

They're proposing to race 688 races or 11.7 races per day. Their first live post will be 5:35 PM Wednesdays and Thursdays with a 6:45 PM Fridays and Saturdays. Their wagering program will utilize both CHRB and the AICI rules.

We do have a number of items that are missing at this time. They have the fire clearance, a Horseman's Agreement, State/Federal Workers' Compensation Insurance. I'm sure that we'll receive these shortly.

Staff will propose that the Board adopt the application conditioned on us receiving these items.

MR. TOURTELOT: What's the status of the Workmens' Comp?

MR. HOROWITZ: When we started in 1995 before

the spring meet, so it's an annual renewal policy, and it will come up before the meet. It will come up next month.

MR. TOURTELOT: Do we have a copy of that on file from last year which shows the date?

MS. WAGNER: Yes.

MR. TOURTELOT: I'll move to approve the application subject to receipt by the Horseracing Board office of the Workmens' Compensation policy for the meet.

MR. NICHOLAW: It has been moved.

Second?

MS. GRANZELLA: I'll second it.

MR. NICHOLAW: And seconded that we approve the application for license to conduct a horse racing meeting at Cal Expo commencing -- for Capitol Racing commencing April 7th, 2000 through July 29th, 2000.

Any comments? Questions?

All in favor?

(All said aye)

MR. NICHOLAW: All opposed?

Four votes for.

Thank you, Alan. Thank you, Jackie.

Okay. Now, the next item on the agenda is a discussion and action by the Board on the allocation of race

dates for the year 2001.

What I'm going to ask John Reagan to do is to fill out the -- the dates that we've established by parameters with our motion at the last Board meeting.

As members of the Board, you will recall that we have set dates which provide a racing recess and at our committee meeting this -- earlier this afternoon, I was the only one there, so I -- I took it upon myself to ask that you listen to the proposal to modify that seems to be an acceptable racing schedule for the year 2001.

John, will you present it to us?

MR. REAGAN: Certainly. John Reagan, CHRB staff.

The first line item is the Southern thoroughbred and fair meets. I'll begin with the Santa Anita commencing on December 26th, year 2000 through April 16th, year 2001 for 83 days.

Hollywood Park, commencing April 20th through July 16th or 66 days. Del Mar, July 18th through September 5th for 43 days.

The LA County Fair at Pomona, September 6th through the 23rd for 18 days. Santa Anita Oak Tree, September 26th through November 5th for 32 days.

Hollywood Park, November 7th through December 17th for 31 days.

The next line item is the Northern thoroughbreds, December 26th, 2000. Golden Gate Fields commences December 26th through January 17th, 17 days.

Bay Meadows, January 18th through March 25th for 49 days. Golden Gate Fields, March 28th through June 17th for 61 days.

Bay Meadows, August 31st through November 12th for 57 days, and Golden Gate Fields, November 14th through December 17th, 26 days.

MR. NICHOLAW: Thank you.

At the meeting, we had a lot of comments with regards to whether we should put this into play today. I really feel very, very strongly that we have created the parameters.

We are grateful to the Southern California Racing Associations for getting together and not only agreeing upon proposal number 2 modified, but providing a four-day break in the spring along with the eight-day racing recess that we voted on at our last meeting, and I would appreciate a motion that we accept proposed dates for the year 2001.

MR. FENLEY: I'll make that motion, that the

Board approve the dates for 2001 proposal number 2, that we approve those race dates.

MR. NICHOLAW: Do we have a second?

MR. TOURTELOT: I'll second.

MR. NICHOLAW: Do we have any comments from the audience on this motion?

MR. VAN DE KAMP: Mr. Chairman, John Van de Kamp, TOC.

The last meeting, I urged that this matter be resolved if we could at this meeting saying that what is about to be hung in focus is the mind wonderfully well.

I did not realize that I was the person who was being hung here. But I just -- I do not want to repeat what I said before at the last meeting, except to say that we have not supported this proposal because we believe there should be some other breaks earlier in the year, some other break days between meetings, particularly perhaps another day between Santa Anita and Hollywood and a couple of days between the closure of Hollywood and Del Mar.

All that being said, the statement has been made repeatedly -- and I didn't hear it here at this meeting -- that we would be able to take it with new circumstances and revisit this issue sometime in late summer at one of the Board meetings

at that time, and particularly in light of the fact that there may be legislation that affects simulcasting, increased simulcasting in California, and that's reverted to I think in Mr. Chillinghurst's letter to you.

I still hope that that's available to all of us.

Thank you.

MR. NICHOLAW: Thank you.

Are there any other comments?

It is available to you. This Board I'm sure in the days ahead is interested in any suggestions, comments that you have that you feel will benefit the racing industry in the State of California. Don't ever be shy about bringing forward any -- any thoughts you might have.

On this motion, is there any other -- are there any other comments?

If not, all in favor?

(All said aye)

MR. NICHOLAW: Opposed?

Four-oh. Racing dates 2000 will be up --

MR. TOURTELOT: 2001.

MR. NICHOLAW: Oh, 2001. Excuse me.

MR. REAGAN: Mr. Chairman, I'll continue with the night industry.

The quarter horse race meeting at Los Alamitos, April 13th through December 16th, 143 days. Statewide harness beginning December 22nd, 2000 through April 1st, 2001 at Los Alamitos for 72 days.

At Cal Expo, April 5th through July 29th for 68 days. And again at Cal Expo in the fall, October 11th through December 16th for 40 days.

The Northern racing fairs commencing June 13th at Stockton through June 24th for ten days. June 27th through July 8th, 11 days at Pleasanton. July 11th through July 23rd, 12 days in Vallejo.

Next is Santa Rosa, July 25th through August 6th, 12 days. San Mateo, August 8th through August 20th, 12 days. Ferndale, August 9th through August 19th for ten days.

Sacramento State Fair/Cal Expo, August 22nd through September 3rd for 12 days, and finally, the Fresno District Fair at Fresno, October 3rd through October 14th for 11 days, and that completes the 2001 race dates.

MR. NICHOLAW: Do we have any comments at all with regards to the fair dates? Los Alamitos, Cal Expo.

If not, I'll entertain a motion to accept those fair dates year 2001 for our evening racing.

MR. TOURTELOT: So moved.

MR. NICHOLAW: It's been moved.

Do I have a second?

MS. GRANZELLA: Second.

MR. NICHOLAW: It's been moved and seconded that we approve those race dates that John Reagan has just presented to you for the year 2001.

All in favor?

(All said aye)

MR. NICHOLAW: All opposed?

MR. NICHOLAW: Four to one pass.

MR. TOURTELOT: Four to zero.

MR. NICHOLAW: Four to zero.

Okay. Now discussion and action, on the matter permitting YOUBET.

Before we get into the YOUBET situation here, I do want to say thank you again to all of you who have participated in providing us with an opportunity to effect a racing recess for the year 2001.

I can't begin to tell you how difficult it is for -- for all of us to get everybody on the same page, and some of you made some sacrifices.

Believe you me, I'm sure the people on this Board appreciate that because it's been a long time coming here, and

the fact that we've gotten here is really a tribute to the members of the Board here who understand what is being asked for in the first place, and I'm sure that all of us have great hopes that this is going to be a step in the right direction and will benefit the racing industry in the State of California.

Then we are now on permitting YOUBET to receive horse racing signal from an association conducting a live meet.

You got a report on that?

MR. REAGAN: Yes.

Commissioners, as indicated in the staff analysis, YOUBET has been a subscriber service for people who wish to use the Internet to receive racing information. As part of that service and some locations, their subscribers are also able to forward racing -- wagering information to the hub associated with YOUBET at the Ladbrooke location in Pennsylvania.

We all know that last fall, there was an investigation of YOUBET by the LA District County -- District Attorney and that matter was resolved in mid-January.

Once that matter was resolved, YOUBET has made a request through LA Turf Club that they be able to receive a signal and provide it to their -- to their subscribers.

They have made a couple of different attestations to the Board through letters and the settlement that -- in California that service will not allow subscribers to forward any wagering information, only to receive the racing information in terms of a picture of the race and other information.

As such, LA Turf Club has asked to be able to supply their signal to YOUBET and that's what we have before us today.

MR. NICHOLAW: Who's going to monitor this?

MR. TOURTELOT: What's that?

MR. NICHOLAW: Who's going to monitor?

MR. REAGAN: If this is approved and YOUBET is allowed to take the signal and disperse to their subscribers, staff can monitor the signal and -- through various ways and determine that -- in California that wagering information cannot be forwarded.

MR. FENLEY: Are there any projections of revenue by allowing this signal?

MR. REAGAN: Yes. Right now -- yeah. Right now we're talking probably 65, \$75, 000. 00 a day on California wagers outside of the State of California on California races.

At the current rate that is paid by YOUBET, we're

probably talking 4 -- 3 or \$4, 000. 00 a day that is going to be split between the purses and commissions.

MR. FENLEY: What's that to the state?

MR. REAGAN: On out of state wagering, the state receives approximately eight percent of whatever's received by the racetrack, so if they were to receive a thousand dollars, we would get eight percent of that, very minor amount, but it does provide money to the purses and commissions.

MR. NICHOLAW: Go ahead.

MR. TOURTELOT: Everybody's jumping in.

The staff recommendation is that the Board approve the request from LATC to provide their signal to YOUBET with the condition that YOUBET will not accept wagering instructions from California residents.

I don't think that we can do that that way because what if next year the legislature passes account wagering. We can't restrict YOUBET by this approval from being able to accept wagers from California residents if the law changes.

MR. REAGAN: Right.

MR. TOURTELOT: I think we ought to say so long as that that's the law in California.

At such time the law changes, then YUBET should have the right, as with any other account wagering organization.

MR. REAGAN: Certainly, Commissioner. The approval we're looking for today would only be for the LATC meet. It would expire at the end of the current meet, at the end of April.

MR. TOURTELOT: It's a fantasy of mine that the governor's going to sign this and it's going to happen in a couple weeks.

MR. NICHOLAW: Fantasy.

MR. REAGAN: Anyway --

MR. WOOD: Mr. Van de Kamp.

MR. VAN DE KAMP: I was called a couple weeks ago by Andy Curry at Santa Anita who's here today to ask TOC of its position, and we are supportive of this motion, and I think maybe the way to couch it is to be -- so long as it's consistent with California law.

They're under a permanent injunction as I understand it right now with respect to taking bets from California residents.

They paid the price. They're under this permanent injunction, which means that, you know, the court has

continuing supervision over their activities.

We do have income that we expect to earn on behalf of the tracks as well as the horsemen here in California. That may grow if YOUBET develops and it's worth several thousand dollars a day, if you do your arithmetic, whether it's three percent or six percent.

I think it's a little over three percent for bets placed in Pennsylvania. I think it's 6.54, if I'm not mistaken, for bets coming into Pennsylvania due to Ladbroke in other parts of the country.

So we do not want to give up a revenue opportunity, and so long as they're under the continuing supervision of the courts and have basically taken the pledge, we think this should be approved.

MR. FENLEY: How is that court supervision going to work, John?

MR. VAN DE KAMP: I think if there's any evidence presented to the court that they are violating the injunction, that could come from the DA's office of LA County, they have their own investigative resources; it could come from the California Horse Racing Board or anyone else.

If they're found to be in violation of that

injunction, you go back into court and they can be held in contempt and be fined all over again.

MR. FENLEY: And how long does that injunction last?

MR. VAN DE KAMP: The press release say it's a permanent injunction. There's some kind of time limit on this. I do not know the length, but I -- that's a fairly significant.

MR. TOURTELOT: I think it's clear it's going to last until the law changes.

MR. VAN DE KAMP: That's right. If as Commissioner Tourtelot says, if the law does change, my guess is that that injunction or the specifics of the injunction may change because I would expect them to go back to court and get a change.

MR. TOURTELOT: Oh, it will.

MR. VAN DE KAMP: Have I stated Santa Anita's position here?

UNIDENTIFIED SPEAKER: Yes.

MR. NICHOLAW: Let me ask the question of how do you monitor -- does the money that they pick up become part of the handle at each individual track?

MR. REAGAN: Yeah. It can be reported, and if it goes through the Ladbroke hub in Pennsylvania, it is combined back into the California pool.

MR. NICHOLAW: So -- so there is a built in monitoring system of every bit bet that's made on a California race, then?

MR. REAGAN: Yes, and those numbers are reported through the tote system.

MR. NICHOLAW: Is the amount, the percentage that Santa Anita's going to get, is that going to be the percentage that other racing associations or is this negotiated by each racing association?

MR. REAGAN: Each association would do its own negotiation, but generally speaking once the fee is set, it's known statewide as to what is being received.

MR. NICHOLAW: So eight percent is really going to be the drill for California? Is that basically --

MR. REAGAN: About six and a half.

MR. NICHOLAW: Oh, six and a half. Somebody said eight.

MR. TOURTELOT: I think the problem is TVG has an exclusive with some of the other tracks, but what -- what -- I'm all for it. I'm going make the motion, but I'm just curious.

What percentage does TVG pay to Hollywood park? Anyone know?

MR. BEDDECKER: Rick Beddecker, Hollywood Park.

TVG pays a three percent simulcast fee plus a ten and a half percent source market fee.

So if a -- an out-of-state customer is wagering on a Hollywood Park race, there's thirteen and a half cents -- percent returned to the marketplace.

If an out of state or a local customer doesn't apply. That's for the future.

So generally, it's thirteen and a half percent versus the others. And that's why these tracks have signed exclusive deals with -- with TVG.

MR. NICHOLAW: Is this --

MR. BEDDECKER: It's a ten and a half percent host market fee in addition to the host fee, yeah, that's correct.

MR. NICHOLAW: Is this comparable to what the venues across the nation are getting?

MR. BEDDECKER: Well, TVG is by far the highest. It -- it has -- and really I think that the -- there has been a change in what the others are paying in response to the marketplace now and the fact that TVG is paying this higher amount.

MR. TOURTELOT: Well, I think also the fact that TVG has an exclusive, it would be incentive to pay more than YUBET, which does not have an exclusive; is that correct?

MR. BEDDECKER: That's correct.

MR. TOURTELOT: It's obvious to me.

MR. BEDDECKER: TVG has the only thing, as well.

MR. TOURTELOT: You'd pay more in fee than you would if you were just --

MR. BEDDECKER: And the other thing about the source market fee that should be clarified is that that comes back into the marketplace, not necessarily to a racetrack specifically, but the entities in the marketplace, racetracks, horsemen, so forth negotiate how that source market fee will be divided.

MR. NICHOLAW: What is your feeling about passage of legislation that would enable all Californians to take advantage of this? Is it positive?

MR. BEDDECKER: Well, certainly very positive, and -- and also the legislation is not vendor specific, so the -- and John can correct this if -- if I'm wrong, but it does require that account wagering vendors all pay similarly, all pay the same rate back to the racetracks and to the source market.

MR. VAN DE KAMP: I'd just like to add one -- one postscript here with respect to simulcast fees.

We basically have an approval of the simulcast fees that Andy and his group negotiates with out

of state simulcast facilities, and I think it's fair to say that they run from probably a low of, what, about three percent and sometimes get up as high as six and six and a half. So the amount that YOUTBET is going to pay here is relatively consistent with what goes on in normal simulcasting.

MR. RELANSKY: Ron Relansky from YOUTBET.com. Just one quick comment on the source marketing fees so the commission understand YOUTBET's position on this.

YOUTBET offers the same deal, ten, seven, three once we're in a local market. We currently have 34 racetracks and we are in the process of signing most of those up.

I believe today we have about twenty of them signed up for source marketing fee. Because we're not in California, we don't pay a source marketing fee, similar to TVG.

So we pay six and a quarter for out of state residents wagering in California and TVG would pay three percent of out of state wages in California.

But when we're in the local market, when a -- when the account wagering bill is introduced, we would then do a source marketing fee in California similar to what we're doing in other states.

MR. NICHOLAW: Thank you very much.

Any other comments? Any other questions from the members of the Board?

Motion.

MR. TOURTELOT: I will move to approve the staff recommendation that we -- we would approve the request from LATC to provide their signal to YOUBET, the condition that YOUBET will not accept wagering instructions from California residents so long as the law in California prohibits such activity by YOUBET.

MR. NICHOLAW: Is there a second?

MR. FENLEY: I'll second. I want to ask a question, though.

Does that mean YOUBET has to come before the Board every race meet to get approval, or is this LATC?

MR. NICHOLAW: Yeah. They'd have to.

MR. REAGAN: Commissioners, excuse me, but I believe that if the association includes YOUBET in their application as one of the simulcast locations, providing a signal to that organization, I believe that would cover it in the application.

MR. WOOD: Absolutely. That's the process we've followed in the past.

MR. NICHOLAW: That's what we're going to do. Okay.

So you second.

MR. FENLEY: Second.

MR. NICHOLAW: It's been moved and seconded.

All those in favor?

(All said aye)

MR. NICHOLAW: All opposed?

Four to zero vote on approving the permission of YOUNG to receive the horse racing signal from an association conducting a live meet. So that will all become part of the application in the future.

Okay?

Next item on the agenda is a discussion and action by the Board on the approval of the three-year extension of the agreement between the Thoroughbred Owners of California and the Jockeys' Guild to provide health and welfare benefits to California jockeys and their dependents pursuant to Business and Professions Code section 19612. 9.

John, are you -- who's going to --

MR. REAGAN: Commissioners, I have prepared the staff analysis for this. In the meantime, there had been some comments about a delay. I think Mr. Van de Kamp may have a request.

MR. NICHOLAW: Okay. John.

MR. VAN DE KAMP: Yes, Mr. Chair. We -- I signed the agreement with John Giovanni from the National Jockeys' Guild. He is the -- its general manager, and we have been talking off and on for the last two or three months about it. We've tried to get it before the board at early point.

Three days ago, I got a call from Chris McCarron, who is not a member of the Guild, but who wanted a chance to take a look at the agreement and the -- I guess audit reports that had been submitted to John and to me, and I said, "Well, come on to the office, and I'd be glad to show you my file. " This is an open book and nothing in there is secret.

And he came in yesterday morning and looked through the file and asked that I request the Board that this be put over till the next meeting.

He didn't have any particular objections at that time, but knew that the Board would be meeting down in Arcadia the next time and wanted the opportunity if he could to come before the Board to say whatever he wants to say, and I have no idea what he would like to say.

I can only say I don't have any objection to that because we have plenty of time. This bill or this agreement

really becomes effective in terms of its extension I think July 1st --

MR. NICHOLAW: Yeah.

MR. VAN DE KAMP: -- and we're talking about a March meeting.

So as far as we're concerned -- I realize Mr. Broad's come down today from Sacramento and would like to put this to bed, and I fully understand perhaps a little frustration built into that, but so far as I'm concerned, I'm perfectly happy because these kinds of things need to see the light of day, and I sense that Mr. McCarron had not known this was coming up until he got the Board agenda, which was probably over this last week.

MR. TOURTELOT: Did you notify Mr. Giovanni that you were going to ask on behalf of Chris for this to be put off before he came from Sacramento?

MR. VAN DE KAMP: No, I did not.

I only saw him yesterday at about ten o'clock, but he made that request. He had been in my office. I talked to John Reagan on the Board and told him of the visit with Mr. McCarron and talked to him about it.

I knew that Mr. Haire was likely to be here today and I know that Mr. McCarron had talked to Mr. Haire a couple of

times before this meeting.

So Mr. McCarron indicated -- I didn't know Mr. Broad was coming down and an apology is in order. I offer it because obviously this is time out of his busy life.

MR. TOURTELOT: Maybe Mr. McCarron can pay some of the golf bets that he wins from me and pay Mr. Giovanni's airfare or something.

It just doesn't seem fair that they're here and Chris hasn't given us any substantive reason to put it off.

MR. VAN DE KAMP: No, I have not heard anything.

MR. FENLEY: I mean, he's not a member of the guild. How could he impact the agreement that's facing us today?

MR. BROAD: May I address the --

MR. NICHOLAW: Sure.

MR. BROAD: -- Board?

Barry Broad on behalf of the -- the Jockeys' Guild. I'm a lobbyist for the Jockeys' Guild and an attorney in Sacramento and I was involved in the legislation process that brought forth this provision of the Business and Professions Code.

We do have some objection to putting this over because Mr. McCarron or anybody else over the last three years

that looked at the records, they've been audited, to come in at the last moment with sort of vague but un -- unspoken concerns to us is sort of creating a delay for no particular reason.

There are some jockeys, including Mr. McCarron, who always felt that this should be a pension plan, not a health and welfare plan, and we had many meetings three years ago when the legislation was enacted, now four years ago to -- to discuss this issue and we believe we had put to bed the notion that we could somehow amend the statute and turn something that was required to be a health and welfare plan into a pension plan, which is a much different legal animal with a whole series of regulatory hurdles around it.

Notwithstanding the fact that it requires considerably more money, and we should note that this last year, the Guild receives \$519, 000.00 to fund this plan and spent 600,000.

This is not a profit-making operation, but it is a very fine health and welfare plan for jockeys and their dependents, and we have gone through all the hoops that we need to go through, we feel, and we would urge you to take this matter up today.

If there are people that have concerns with this, they should have been here today to make those concerns known.

Thank you.

MR. TOURTELOT: I have two questions.

John, didn't Chairman Scurfield about three years ago appoint me as a mediator or something to work with you and the Jockeys' Guild on this.

MR. VAN DE KAMP: I think when this first came up, Commissioner Tourtelot --

MR. TOURTELOT: Which I never did.

MR. VAN DE KAMP: -- decided we didn't need it, actually, and we worked it out. You were available in case we were at loggerhead.

We had a good relationship. Tom Kennedy is the lawyer in New York who went back and forth to answer Commissioner Fenley's question about Mr. McCarron's interest in this.

This really covers potentially all eligible California jockeys, whether you're a Guild member or not, and so technically he -- even though he's not a Guild member, he could get into this insurance program.

MR. BROAD: He is covered along with his wife and his daughters, as a matter of fact.

MR. VAN DE KAMP: Okay. That's even stronger.

I thought he was a non-Guild member from all --

MR. BROAD: He is a non-Guild member.

MR. TOURTELOT: It says right in -- in the Section 16.12 decimal 9 subsection C provides that California jockeys who are not members of the Guild shall be entitled to become and remain eligible for the health and welfare benefits available for California jockeys who are members of the Guild.

What do they have to do in order to do that?

MR. WOOD: Pay dues.

MR. TOURTELOT: Pay the dues?

MR. BROAD: No. Actually the legislation requires in effect a co-payment from someone who participates, and they have to make that co-payment.

MR. TOURTELOT: Okay. I understand. It's a discriminatory plan, but the co-payment that they make, is it different than the co-payment that the Guild members make?

MR. REAGAN: I think they're the same.

MR. BROAD: It's the minimum that the Guild members are -- you're now jogging my memory because this was worked out three years ago.

MR. TOURTELOT: The code section referred to it being non-discriminatory with respect to Guild members and non-Guild

members, and I just read the part that said that non-Guild jockeys -- not Guild member jockeys can participate.

They're entitled to become and remain eligible, but what I want to find out is: Did they have to pay -- does Chris McCarron who's not a member of the Guild, to be eligible for this, does he have to pay one more dollar for the same thing that a Guild member gets?

MR. BROAD: No.

MR. TOURTELOT: Okay. So I don't understand where Chris is coming from, unless he wants to change this whole program into something else, and we're certainly not going to do that next meeting. I can promise you that.

MR. VAN DE KAMP: I simply don't know because he did not specify any objections to this to me yesterday. I'm just passing on his request and I'm just saying that we have the time because we have July 1st as a deadline to get this thing back in place.

MR. TOURTELOT: Well, we all -- we all love Chris. All I'm saying is I have a problem when something's noticed for a hearing and somebody comes in, and you're just a messenger, so I won't shoot you, and then says, "I haven't had a chance to really look at this. Would you put it off for a month? " We would have chaos if

that happened with everything on the agenda.

MR. WOOD: Mr. Chairman?

MR. NICHOLAW: Yes.

MR. WOOD: Isn't this request to approve an agreement that was an extension of an agreement that was originally approved by the Board in '97 and it really contains no substantial changes in this current extension? Is that what you're asking for?

MR. VAN DE KAMP: That's accurate. The only change we made -- I insisted on this -- is that the Guild approach all eligible California jockeys at the beginning of every year so they know that this program is available, to make sure they had mailers and so forth that get out to them so that as we get new jockeys in the state and so forth, that they're knowledgeable about the availability of this program, and they agreed to that without any objection or problem.

MR. WOOD: And I can -- I can tell you they've already done that because they've received information and notified those jockeys personally have done so.

MR. NICHOLAW: Well, in light of the fact that we don't really have a very substantial reason to delay it, do we have a motion?

MR. FENLEY: I'll make a motion that we approve the

three-year extension between TLC and the Jockeys Guild.

MR. TOURTELOT: I'll second the motion.

MR. NICHOLAW: Any other comments? All in favor.

(All said aye)

MR. NICHOLAW: Opposed?

Four-oh. Pass.

The next item on the agenda is the Rates Date Committee. No new business was brought up at the Race Dates Committee. I think everybody from the Guild to TOC to the To the Northern California State Fairs have gotten the message that if they want to make any proposals or any changes, when the Dates Committee convenes in August, they can certainly bring up any item that they want.

With regards to that, I say to my colleagues on the Board I think you ought to take a very, very good look at the idea of moving up the Race Dates Committees for meetings for the following year to January or February of the previous year.

I think it would be in your best advantage -- to your best advantage to allow people enough time to take a look at what the schedule might be to see if there

are differences that really have to be resolved, because I think when you get four months away from the start of the following year, it really doesn't leave enough time to settle some matters. So keep that in your hip pocket.

Other business. General business. Communications, requests for future action of the Board and reports.

MR. TOURTELOT: I have something.

I think most of you know this is Chairman Nickolaw's last meeting by reason of the fact that the term has run out.

I want to say that having served with him for six and a half years -- and I know I speak for the present members of the Board and all the members of the Board that have served with George -- that not only has he become a good friend, but his leadership and his integrity and his insight and his experience and I can think back to the Perimutual Committee, some of the many changes that he's made have benefited the California horse racing industry tremendously, and I think we owe him a great debt of gratitude, and I'd like to lead a standing ovation to him.

(Standing ovation)

MR. NICHOLAW: You're going to embarrass me.

Now sit down, everybody.

That was very nice of you, Bob. I appreciate that very much.

Let's see. Any other general business?

MR. TOURTELOT: I talked Rod out of singing a song.

MR. NICHOLAW: Are you kidding?

MR. ROD: Happy trails to you. Until we meet again. Happy trails to you. Keep smiling until then.

George, I'm really going to miss you, and I particularly appreciated your interest in the industry. You came to all the events. You came to I think every meeting. I don't -- maybe recall you missing one meeting I think maybe when you had surgery, but you were here. You were very interested and you gave a lot, and I think everybody appreciates your efforts, and Betty's, too.

MR. NICHOLAW: Thank you very much, Rod.

Well, let me tell you I've got to say this. It's really been a privilege for me to serve on this Board. I can't believe it's been eight years since I came to the first meeting, and I did make that meeting after the surgery.

I had a catheter wrapped around me, but I was there for committee meetings and one board meeting. I

didn't miss one meeting, and that shows that I really cared about this industry. I still care about this industry because I am really a big fan of racing.

I mean, I can hardly wait till you guys would come to me as the perimutual chairman and say, "I've got a new thing for your betting menu, " because as you all know, I bet on everything on every race.

So I'm the kind of person you want at the track, and I love live racing. So you get me both ways when -- and you're still going to get me after my meeting today.

I enjoy the sport of racing. Betty and I have made an awful lot of friends in the past eight years, and it's been a -- a wonderful experience for us.

Thank you very much, and to my colleagues on the Board, the staff, you've always been very supportive and I appreciate that.

Thank you.

(Applause)

MR. WOOD: The gold card will not be in the mail. I'll give it to you personally.

MR. NICHOLAW: Okay. No more general business.

Old business. We're going to have some comments on nasal scrips and some other comments from --

MR. FENLEY: The last Board meeting, we approved the use of nasal strips effective March the 1st, and your question earlier about the implementation and how it would be shown in the program, I think Roy wants to comment on that.

MR. WOOD: Yeah. Yes. Chairman and the Commissioners and public, I'd like to let you know that effective March the 1st, the horses will be able to race in California with the use of the nasal strips that was discussed at last month's Medication Committee meeting, and at the Board meeting last month.

During that meeting, we also put a condition to the use of nasal strips on horses in California, and that condition was that the horses who are racing the nasal strips, that they must be noted in some format in the -- in the program.

We've recently concluded discussions with the racing secretaries at the racetracks and we started out with a draft of those proposals, for those procedures of how this would be done.

Basically the -- the horseman will need to be required to -- at the time of entry declare that horses will be on nasal strips and these will be shown in the bottom of the program once a horse has declared to be using a nasal strip.

These procedures will be sent out to the race associations and the horsemen starting next Monday and we will be racing with nasal strips on horses in California effective March the 1st.

So the procedures are -- are basically resolved and will be sent out to everyone's implementation starting with Monday morning's business.

MR. NICHOLAW: Thank you very much.

Do you have any other comments under old business? Anything else?

MR. FENLEY: You asked me to comment about the serum, the brochure that we got in the mail.

I talked to Dr. Jensen about this and maybe you want to comment on this. This company is actually -- they're out selling syrup, and this -- the testing they've done really we don't have any argument with it.

It's just that they're trying to promote the racing interest, the racing associations to feel -- feel that this is safe and useful in its proper place, and that's all it's really doing.

Dr. Jensen.

DR. JENSEN: Dr. Ron Jensen, Equine Medical Director for the CHRB.

I think Commissioner Fenley has summed it up quite well. I must confess that I haven't looked at -- at the video. I have read their literature, and I think basically what the company that manufactures ventipulmin syrup is saying is it's a safe product, it's a useful product for horses that suffer from respiratory conditions and their purpose in my view of making that material available to racing commissions across the country is to encourage them to think about perhaps developing some sort of a withdrawal time. I'm sure would help increase their sales.

There is research going on to try to develop some -- some reasonable levels in blood plasma at this time, which is sort of a new tact because it hasn't been -- the researchers have not been successful in -- at this point in time in determining a level in urine that would indicate a safe withdrawal time.

So I think basically it's an informational item that the company has made available to commissions for your interest and your review.

MR. NICHOLAW: I would appreciate it if you'd take a good look at it and see if it any way can help us in our efforts. Okay?

Thank you very much.

Let's see. Is there anything else that we have to -- oh, yes.

This morning in the Los Angeles Times, Bill Christine did a column with regards to Patrick Valenzuela and the fact that he claims there was absolutely no oversight of his probationary status where random tests were going to be made, because he claims that no tests were made, and I thought it would be very important for Roy Wood to respond to that now.

MR. WOOD: Okay. Mr. Chairman, Commissioners, I was asked to respond to the article that Bill Christine had in the Los Angeles Times this morning, and normally we -- with matters of this nature, we don't make a lot of public comments because of the fact that the disciplinary hearing of Mr. Valenzuela may have been continued, but since there's no appeal that's been filed and since the chairman asked me to report on this, I wanted to -- to clear up some items that may have been misconstrued from that article.

In the four and a half months that Patrick Valenzuela was operating under a conditional license by the California Horse Racing Board, he was monitored on a daily basis; not only by the California Horse Racing Board

investigating staff, but by the executive staff for this Board.

During the four and a half months that he was licensed under a conditional license, Patrick Valenzuela was able to accomplish a couple feats.

He was the second leading rider during the Hollywood Park race meet last year during a time when Lafitte Pinkai was riding a lot of horses and winning a lot of races, and Patrick followed suit by being in the top ten during the Santa Anita meet, which is going on right now.

He continued to exhibit during this four and a half months on a daily basis a very dedicated, hard work ethic. He was at the track every morning. He was working everyday.

He exhibited no signs to show some of the previous activities that he had engaged in during the prior years.

That activity was monitored, as I said, by not only the Winner's Foundation, but by the California Horse Racing Board staff.

Patrick's peers watched in amazement at the -- at the way in which he performed as did the members of the industry who gave him every opportunity to fulfill the conditions that we gave him back in -- four months ago to allow

him to be back in the racing industry.

Not one time during those four months did he ever exhibit any reasonable or probable cause for us to enforce upon him a random drug test. Part of his condition to be relicensed that he would be available for that if we selected to do so.

I will assure you and the public that on the first example, the first indication that there was any problem with Mr. Valenzuela's activities, he was tested and he was found to in fact be tested positive, but that's all I can say at this time.

I will say to you that we believe that the efforts we made to monitor his daily activity in light of the conditions we gave him when he was licensed were of the utmost integrity and protected him and the public to the greatest degree.

MR. NICHOLAW: Any comments from members of the Board?

If not, any other old business?

Then we will adjourn to an Executive Session and Court Reporter, will you please stand by so we can adjourn later?

THE REPORTER: Yes.

(Recess taken)

MR. NICHOLAW: Pending litigation, the meeting

in February year 2000 was not discussed in the Executive Session.

The meeting for today is adjourned.

(Meeting adjourned at 4:59 p.m.)

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