

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



REGULAR MEETING

of the **California Horse Racing Board** will be held on, **Thursday, March 27, 2003**, commencing at **10:00 a.m.**, at Golden Gate Fields Race Track, 1100 Eastshore Highway, Albany, California.

AGENDA

Action Items

1. Approval of the **minutes** of the regular meeting of January 23 and February 21, 2003.
2. Discussion and action by the Board on **the request by the San Joaquin Fair for the allocation of 32 race days for night harness racing** from August 1 through October 11, 2003.
3. Discussion and action on **the request by Hollywood Park to implement the 10-day Veterinarian's List for late scratches.**
4. Discussion and action on **the status of stabling and vanning funds** for the Los Angeles County Fair (Fairplex) and San Luis Rey Downs.
5. Discussion and action by the Board on **the request by the Southern California Off-Track Wagering, Inc., to increase the off-site stabling and vanning takeout percentage.**
6. Status update by Autotote on **the development timetable for software that will once again allow the "alternate runner" option for multiple leg wagers in California.**
7. Report by MEC on **the status of the Veterinarian's Hospital at Golden Gate Fields.**
8. Report by the Equine Medical Director on **West Nile Virus.**
9. Report by the CHRB Staff on **the ADW handle.**

Other Business

10. **General Business:** Communications, reports, requests for future action of the Board.
11. **Old Business:** Issues that may be raised for discussion purposes only, which have already been brought before the Board.

12. **Executive Session:** For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by Section 11126 of the Government Code.
 - A. Personnel.
 - B. Board may convene an Executive Session to consider any of the attached pending litigation.
 - C. The Board may also convene an Executive Session to consider any of the attached pending administrative licensing and disciplinary hearings.

Additional information regarding this meeting may be obtained from Roy Minami, at the CHRB Administrative Office, 1010 Hurley Way, Suite 300, Sacramento, CA 95825; telephone (916) 263-6000; fax (916) 263-6042. A copy of this notice can be located on the CHRB website at www.chrb.ca.gov

CALIFORNIA HORSE RACING BOARD

Roger H. Licht, Chairman
John C. Harris, Vice Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
Alan W. Landsburg, Member
Marie G. Moretti, Member
John C. Sperry, Member
Roy C. Wood, Jr., Executive Director

CALIFORNIA HORSE RACING BOARD
1010 HURLEY WAY, SUITE 300
SACRAMENTO, CA 95825
(916) 263-6000
FAX (916) 263-6042



PENDING LITIGATION
MARCH 2003

| <u>CASE</u> | <u>CASE NUMBER</u> |
|---|---|
| MARTIN, JOHN v. California Horse Racing Board | Sacramento County Superior Court No. 98 SC00952 |
| PLANO, RICHARD v. California Horse Racing Board | Sacramento County Superior Court No. 98 CS00909 |
| BAFFERT, BOB v. California Horse Racing Board | U.S. District Court, Central District of California Case No. 01-07363 DT |
| DELONG, GREGORY KENNETH v. California Horse Racing Board | Los Angeles County Superior Court No. BS 076967 |
| BURNETT-NUTTER, LAURIE v. California Horse Racing Board | Riverside County Superior Court No. RIC 382077 |
| DUFFY, NORMA v. California Horse Racing Board and Pacific Racing Association | Hayward Superior Court No. VG 03079504 |

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Holiday Inn – Monrovia**, 924 West Huntington Drive, Monrovia, California, on **January 23, 2003**.

Present: Roger H. Licht, Chairman
William A. Bianco, Member
Sheryl L. Granzella, Member
Alan W. Landsburg, Member
Marie G. Moretti, Member
Roy C. Wood, Jr., Executive Director
Derry L. Knight, Deputy Attorney General

MINUTES

Chairman Licht asked for approval of the minutes of the Regular Board Meeting of November 21, 2002. Ron Liccardo of Pari-Mutuel Employees Guild (Guild) stated he had a correction to the minutes. He said the minutes reported the Guild had a contract with TVG, however, it did not. Commissioner Moretti **motioned** to approve the minutes as amended. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND APPROVAL BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE CAPITOL RACING ASSOCIATION, LLC, (H) AT CAL-EXPO, COMMENCING FEBRUARY 28, 2003, THROUGH JULY 26, 2003, INCLUSIVE.

Jacqueline Wagner, CHRB staff, said Capitol Racing Association (CRA), LLC, proposed to run 83 nights for a total of 1,100 races. Ms. Wagner stated CRA would race Friday through Sunday the first week of the meeting, Wednesday through Saturday through July 25, 2002, and Thursday through Saturday, July 10 through July 26, 2003. The first live post time would be 5:35 p.m. Ms. Wagner said staff recommended approval of the application as presented. Commissioner Landsburg **motioned** to approve the application for license to conduct

a horse racing meeting of CRA at Cal-Expo. Commissioner Moretti **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR APPROVAL TO CONDUCT ADVANCED DEPOSIT WAGERING BY YOUTBET.COM.

Jacqueline Wagner, CHRB staff, said YouBet.com (YouBet) filed an application to act as an out-of-state multi-jurisdictional advance deposit wagering (ADW) wagering hub. Ms. Wagner stated YouBet would operate seven days a week from approximately 7:00 a.m. until 11:00 p.m. YouBet would provide services for Churchill Downs California Operating Company at Hollywood Park; Del Mar Thoroughbred Club; Oak Tree Racing Association at Santa Anita Park Race Track; Capitol Racing Association at Cal-Expo; Los Angeles Turf Club at Santa Anita Park Race Track; Los Alamitos Racing Association at Los Alamitos Race Course; and Pacific Racing Association at Golden Gate Fields. Ms. Wagner stated YouBet had horsemen approvals for the quarter horse and harness meetings, but did not have an agreement with the thoroughbred horsemen. She said staff recommended approval of the application contingent upon receipt of items the analysis noted as missing. Commissioner Moretti asked if obtaining a thoroughbred agreement would be problematic. Drew Couto of Thoroughbred Owners of California (TOC) said his organization supported the application. He stated TOC expected to reach an agreement with YouBet shortly. Commissioner Bianco **motioned** to approve the application for approval to conduct ADW by YouBet. Commissioner Moretti **seconded** the motion, which was **carried** with Commissioner Landsburg **abstaining**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION TO AMEND THEIR CURRENT LICENSE TO INCLUDE THE IMPORT OF OUT-OF-COUNTRY THOROUGHBRED RACES FROM AUSTRALIA.

Chairman Licht announced the item was withdrawn at the request of Los Alamitos Quarter Horse Racing Association.

DISCUSSION ONLY BY THE BOARD ON THE REQUEST FROM OAK TREE RACING ASSOCIATION FOR THE ALLOCATION OF TWO ADDITIONAL DAYS (SEPTEMBER 27 AND 28, 2003) TO THEIR RACING SCHEDULE.

John Reagan, CHRB staff, said Oak Tree Racing Association (OTRA) submitted a request to add two days to its 2003 race meeting for purposes of the Breeders' Cup Day. He stated the additional days would overlap the Los Angeles County Fair (LACF) Fairplex during the last weekend of its meeting. Mr. Reagan said the extra days represented 43 weeks in the central zone. However, by law, only 42 weeks were allowed. Horse racing law would have to be changed for the request to be approved. Sherwood Chillingworth of OTRA said his organization would host Breeders' Cup Day in 2003. In 2002 OTRA's racing schedule was not optimum with regards to prepping horses for the Breeders' Cup Day. OTRA was forced to run several stakes races the first five days of its meeting, which was not in the best interests of the race track. He stated he would like to change the situation in 2003. The proposed overlap would allow trainers to prepare on the same surface they would run on Breeders' Cup Day, and could cause more horses from Kentucky, the East Coast and Europe to participate – to the benefit of racing in California. Mr. Chillingworth said OTRA contacted tracks in the central and southern zones, and each agreed the overlap would not affect their schedules. He stated to achieve the overlap racing law had to be changed on an emergency basis, and the overlap would only occur in 2003. OTRA was in negotiations with LACF regarding the impact of the overlap on that facility.

OTRA was mindful of the impact the overlap would have on LACF and proposed to make it whole by compensating it for loss of commissions and ancillary income. Mr. Chillingworth said LACF responded with a proposal that would cost OTRA between \$700,000 and one million dollars, which was more than OTRA's total operating income for the entire year. Mr. Chillingworth stated OTRA's income was committed to several different organizations and it could not give away its entire income for a two-day overlap, so OTRA proposed a one-day overlap. OTRA would also be willing to compensate LACF for any shortfall on the Saturday and Sunday - over their 2002 performance - with the caveat that compensation would be reduced in accordance with any downward trends in the industry as a whole. If the first 15 days of LACF's meeting were down by 10 percent, OTRA would reduce its compensation by 10 percent. Mr. Chillingworth said LACF contended the overlap would impact it for a week, and wanted a 20 percent premium on top of the admission fees, commissions and purses. He stated he would meet with Jim Henwood of LACF to try to reach an agreement. An alternative would reduce the overlap to Sunday only, which would lessen the impact on LACF. One of the benefits of racing on Sunday was that ESPN would televise both of OTRA's stakes races. The broadcast would be live and would go prime time to the East Coast. Mr. Henwood said he endorsed the concept, however, overlap was financially serious. He stated LACF wanted to be a team player, but it also wanted to be recognized for its importance to racing in general. LACF faced a lot of challenging issues that needed to be discussed – such as the restoration of its training money which was taken away in 2002, and a mile surface racetrack. Commissioner Moretti asked how LACF personnel would be impacted by an overlap. Mr. Henwood said the same persons who staff LACF go to OTRA. He stated staff would have to be split or imported from another location for the one or two day overlap. Mr. Henwood commented the problem had not been

fully resolved during his meetings with Mr. Chillingworth. Commissioner Moretti asked if staff from Northern California could be recruited. Mr. Chillingworth said he believed staff from Hollywood Park might be available. He stated he was more concerned with having enough pari-mutuel clerks. He said he discussed the issue with Mr. Liccardo of Pari-Mutuel Employee's Guild, and would start training clerks a little earlier than normal for Breeders' Cup Day. Mr. Chillingworth stated OTRA was sympathetic to the goals of LACF, and he agreed LACF deserved more recognition on the national racing scene. He said the Breeders' Cup agreed to do a 10-to- 15-minute documentary on LACF highlighting how it got started, its usefulness to California's racing calendar and its national program. Chairman Licht asked if there were any statistics regarding the number of horses shipped into California for Breeders' Cup Day. Mr. Chillingworth said the number of horses shipped into California varied from year to year. He stated the contrary problem was that horses were shipped out of California if there were no races for them in the weeks prior to Breeders' Cup Day. Mr. Chillingworth said – for example - the out-of-state Flower Bowl, a \$750,000 race, would be run on October 27, 2003. The Flower Bowl was an exact complement to California's Yellow Ribbon. If the Yellow Ribbon could not run on October 27, quite a few horses would leave California to run in the Flower Bowl. Chairman Licht asked if the same problem might arise in 2004 when the Breeders' Cup would run at Lone Star in Texas. Would not California horses ship to New York or elsewhere to prep for Breeders' Cup? Mr. Chillingworth said he could not project what would happen in 2004. Chairman Licht said he anticipated someone would realize California horsemen did not like to ship horses out of state to prepare for Breeders' Cup Day. Mr. Chillingworth said Chairman Licht was correct. Some prominent trainers had already made positive statements regarding the proposed overlap. Ken Kirchner of the National Thoroughbred Racing Association (NTRA),

representing the Breeders' Cup, said he endorsed the overlap. He stated he understood there were issues regarding an overlap with LACF and he had talked with Mr. Chillingworth regarding ways in which the NTRA could assist. Mr. Kirchner said there would be substantial national marketing efforts, as well as national television coverage of the Breeders' Cup, that would enhance California horse racing. Commissioner Moretti asked if a dollar amount had been placed on the publicity LACF would receive if ESPN did a feature story on the facility. Mr. Kirchner said the NTRA would have to work with ESPN to answer the question. He stated the NTRA was also working with the fairs regarding publicity during the summer leading up to Breeders' Cup Day. Mr. Kirchner commented the NTRA did not want to take sides regarding the proposal, as it understood the fairs were also NTRA members. However, the NTRA felt there was one opportunity to promote the Breeders' Cup Day and the extra weekend would be a significant boost. Mr. Henwood said the subject of overlap was sensitive for LACF. He stated overlap had been raised in a number of different ways over the past seven years. Mr. Henwood said he was concerned about where the industry would go with the idea after one race meet with an overlap environment. He stated LACF had no interest in overlap, as it would be financial suicide for the track. However, the Breeders' Cup Day was important and LACF would do its best to make it happen to everyone's satisfaction, but it would be on a one-time basis. Mr. Chillingworth said the Breeders' Cup was an event that benefited California and national racing, not just OTRA. The event would receive international recognition and if LATC could be folded into the public relations package it would be an added plus for it as well.

PUBLIC HEARING ON THE ADOPTION BY THE BOARD OF THE PROPOSED REGULATORY AMENDMENT TO CHRB RULE 1467 – PAYMASTER OF PURSES.

Jacqueline Wagner, CHRB staff, said the proposed amendment to Rule 1467, Paymaster of Purses, would require that 10 percent of the net purse earnings of horses finishing first, second or third at a quarter horse race meeting be deducted and deposited into the trainer's account. Ms. Wagner said the amendment was initiated at the request of the Pacific Coast Quarter Horse Racing Association (PCQHRA). During the 45-day public comment period staff received two comments. One comment suggested the amendment apply to breeds rather than to meetings so it would involve mixed meetings. Ms. Wagner stated the PCQHRA specifically requested the amendment apply only to horses running at quarter horse race meetings, so the comment was not incorporated. The second comment stated deductions should be made from the gross purse, not the net purse. Again, the PCQHRA specifically requested deductions be made from the net purse, so the comment was not incorporated. Ms. Wagner said staff recommended adoption of the amendment as presented. Commissioner Landsburg asked if the trainer's 10-percent would affect jockeys' fees. John Reagan, CHRB staff, said the calculations would be made on the net purse, so both amounts would be deducted from the same purse amount. Commissioner Moretti **motioned** to adopt the amendment to Rule 1467. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE HOLLYWOOD PARK CHARITIES, INC. TO DISTRIBUTE CHARITY RACING DAY PROCEEDS IN THE AMOUNT OF \$244,400 TO 40 BENEFICIARIES.

John Reagan, CHRB staff, said the request was in order and staff recommended approval as presented. Chairman Licht commended Hollywood Park for the Christmas event it held for children from the local community. He stated the event provided gifts for a couple hundred

children and was a rewarding experience. Commissioner Landsburg **motioned** to approve the request by Hollywood Park Charities, Inc. to distribute charity racing day proceeds in the amount of \$244,400 to 40 beneficiaries. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE THOROUGHBRED OWNERS OF CALIFORNIA FOR APPROVAL OF THE ORGANIZATION'S AMENDED BY-LAWS.

John Reagan, CHRB staff, said horse racing law required that the Board approve any amendments to the by-laws of horsemen's organizations. Mr. Reagan stated the Thoroughbred Owners of California (TOC) had amended their by-laws to conform to recent legislation. Don Johnson of TOC said the changes in TOC were working. There were currently three owner-trainers and 12 owner-members on the TOC Board. There would be an election to replace the appointed board members effective July 1, 2003. Mr. Johnson said TOC recommended approval of the amendments. Commissioner Granzella **motioned** to approve the amendments to TOC's by-laws. Commissioner Landsburg **seconded** the motion, which was **unanimously carried**.

UPDATE ON THE VETERINARY HOSPITAL AT GOLDEN GATE FIELDS.

Peter Tunney representing Magna Entertainment Corporation said the basic structure of the veterinary hospital was finished, and he was optimistic the hospital would be completed within the next two months. Commissioner Landsburg asked if any arrangements were made for medical equipment. Mr. Tunney said the veterinarians had equipment in storage from the old Bay Meadows hospital, and would conduct fund raising to obtain additional equipment. Commissioner Landsburg said he saw the film Santa Anita helped write on behalf of the Ken

Maddy Lab. He stated the film told of the work that went into the testing of horses at the lab. Executive Director Roy Wood said the film would be shown at the February 2003 Regular Board Meeting.

STAFF UPDATE ON THE ADVANCE DEPOSIT WAGERING HANDLE.

John Reagan, CHRB staff, said Advance Deposit Wagering (ADW) had been in place almost a full year. He stated the handle through January 5, 2003, was over \$180,000,000 and was continuing to grow. Chairman Licht said YouBet was a “subcontractor” for TVG and XpressBet. He asked if the figures for TVG included the figures for YouBet. Mr. Reagan said they did not.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETINGS:

- A. **BAY MEADOWS OPERATING COMPANY, AT BAY MEADOWS FROM APRIL 3 THROUGH JUNE 16, 2002 AND AUGUST 30 THROUGH NOVEMBER 3, 2002.**
 - B. **PACIFIC RACING ASSOCIATION AT GOLDEN GATE FIELDS FROM DECEMBER 26, 2001, THROUGH MARCH 3, 2002 AND NOVEMBER 6 THROUGH DECEMBER 22, 2002**
 - C. **FRESNO DISTRICT FAIR AT FRESNO FROM OCTOBER 2 THROUGH OCTOBER 14, 2002.**
 - D. **OAK TREE RACING ASSOCIATION AT SANTA ANITA FROM OCTOBER 2 THROUGH NOVEMBER 3, 2002.**
-

John Reagan, CHRB staff, said the report contained the entire 160 days of racing for Bay Meadows Operating Company and Pacific Racing Association. He stated over the last few years the Board rearranged some of the Northern dates, so the report compared the two associations over the period of a year. Mr. Reagan said the report reflected some negative numbers, but he could not say advance deposit wagering (ADW) was the cause. The current economic situation as well as the condition of the stock market might have had an effect. Ron Liccardo of the Pari-

Mutuel Employee's Guild said ADW commissions would have an effect on the number of pari-mutuel clerks employed by the associations. He said the ADW figures were not included in the end-of-meeting reports, which could cause inaccurate figures to be used in determining hiring or laying off pari-mutuel clerks. Mr. Reagan said he was aware of the situation, and had been talking with the industry regarding solutions. He stated there were some problems downloading the information into CHRIMS, so he was not comfortable with the entire process. Mr. Reagan added the issue was a priority with him, and he felt a solution was close.

REPORT FROM THE PARI-MUTUEL OPERATIONS COMMITTEE.

Commissioner Landsburg said the Pari-Mutuel Operations (PMO) Committee met January 22, 2003. He stated XpressBet reported a few additions to their television lineup, however, the additions were either trial runs, or had small audiences. Commissioner Landsburg said the Committee encouraged XpressBet and TVG to find a way to structure sensible billing arrangements for California ADW accounts. The PMO Committee agreed to notify the Federal Communications Commission of radio stations that advertised illegal sports wagering as a challenge to the offending station's license. Commissioner Landsburg said the Committee discussed at length cancellation time for wagers after the horses were off. The Committee also heard about a new Autotote system that would allow a cutoff of wagers from hubs that serviced offshore or double-hub wagering sources. Associations could install the equipment at the beginning of their meetings and select sites where double-hub wagers were made to cut them off earlier than the cut off at the track.

GENERAL BUSINESS

Chairman Licht said he wished to discuss a report from staff regarding weights: how they were determined with respect to jockeys and saddles and what was reported to the public. If the jockey's weight was 118, what was the actual weight the horse was carrying? Kevin Colosi, clerk of scales at Santa Anita Park Race Track, said when weighing out the jockey was required to have his boots, silks, saddle and girth included in his total weight. In addition, jockeys could carry a dry shammy, which would also be part of the weight. Mr. Colosi said jockeys also wore a protective vest and a helmet, which could weight up to two pounds each, but were not included in the weight of the jockey. During the running of the race both horse and jockey would sweat, so it would not be unusual for a jockey to go out weighing 118 pounds and return at 122 pounds. In addition, there were other factors that could affect weight – such as mud on equipment or clothing. Mr. Colosi stated a wet track could result in jockeys weighing 125 to 126 pounds after a race. Commissioner Landsburg said all weights were even as all jockeys had helmets and safety vests, so no one would receive an advantage.

Commissioner Landsburg said he received a letter from an owner who wrote that some of his equipment was advertised for sale on the Internet. The equipment came off a horse that died on the track. The owner wanted to know if there was a practice governing the situation as the person selling the equipment claimed it was customary to give such equipment to the groom of the horse. Chairman Licht said perhaps California Thoroughbred Trainers could provide Commissioner Landsburg with an answer to his question.

George Radkin of Los Angeles County Fair (LACF) Fairplex said his organization was negotiating with Thoroughbred Owners of California (TOC) to restore full funding for off-site training at LACF. He stated if the parties could not come to an agreement, they would ask the Board to mediate. Mr. Radkin introduced trainers and staff from LACF who spoke in favor of the restoration of full funding for off-site training at their facility. Chairman Licht said he believed the Board would be inclined to offer mediation if needed as year-round training at LACF seemed to be an important issue. Don Johnson of TOC said he agreed with much of the testimony regarding LACF. He stated in 2002 TOC entered into a contract for vanning and stabling, which would come out of the purses and commissions, for \$1.5 million for a 12-month period. Mr. Johnson said LACF recently made a presentation to TOC regarding full funding; however, they asked for additional money totaling approximately \$2.3 million. The vanning and stabling fund paid Santa Anita, San Luis Rey Downs, LACF, marketing and other items. Mr. Johnson stated all of the funds came from purses and commissions. He said there would be additional TOC meetings in February 2003 to discuss the issue. Chairman Licht said he and Commissioner Sperry would form an ad-hoc committee to look at the issue.

MEETING ADJOURNED AT 1:15 P.M.

PROCEEDINGS of the Regular Meeting of the **California Horse Racing Board** held at the **Embassy Suites Hotel**, 211 East Huntington Drive, Arcadia, California, on **February 21, 2003**.

Present: Roger H. Licht, Chairman
John C. Harris, Vice-Chairman
William A. Bianco, Member
Sheryl Granzella, Member
Alan W. Landsburg, Member
John C. Sperry, Member
Roy C. Wood, Jr., Executive Director
Derry L. Knight, Deputy Attorney General

PRESENTATION OF CHR B RESOLUTION TO DON MURRAY.

Chairman Licht said it was a privilege to present a resolution from the CHR B to Don Murray of the Winner's Foundation. Chairman Licht stated Mr. Murray had helped persons from virtually every aspect of the industry; from officers and staff of racetracks to grooms, jockeys, trainers and owners. He added there was no one who was a better advocate for helping people. Mr. Murray said he believed strongly in the Winner's Foundation and what it was able to do to help people. Mr. Murray thanked the Board and CHR B staff for supporting the Winner's Foundation during his tenure. Chairman Licht introduced Bob Fletcher, the new head of the Winner's Foundation.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE BAY MEADOWS OPERATING COMPANY, LLC (T) AT BAY MEADOWS, COMMENCING APRIL 2, 2003, THROUGH JUNE 15, 2003, INCLUSIVE.

Chairman Licht said the Board would eliminate Coeur d'Alene as an authorized site for accepting the signal. He said the action would be taken based on strong evidence that there could be serious violations of California law and/or contracts with various racetracks. In addition, Chairman Licht stated Vice-Chairman Harris and Commissioner Landsburg would be

appointed to an ad hoc committee to determine if more information is needed on the application for license in conjunction with the standards racetracks should meet to provide commensurate value to the state and the public. Jacqueline Wagner, CHRB staff, said the Bay Meadows Operating Company (BMOC) proposed to run 55 days for a total of 473 races. BMOC would run five days a week with 8 races a day Wednesday through Friday, and 9 or 10 races on weekends, holidays and special days of interest. The first post time would be 12:45 p.m. daily through April 20, 2003, and 1:05 p.m. April 23 through June 15, 2003. As of April 25, 2003, BMOC would have a 7:20 p.m. post time on Friday nights. Ms. Wagner stated all the items the staff analysis noted as missing from the application had been received, and staff recommended approval of the application as presented. Vice-Chairman Harris asked what checks were in place to ensure the signal was not being sent to other sites via hubs. John Reagan, CHRB staff, said associations were required to send their contracts to staff for review. However, staff recently found that addendums were added before, during and after race meetings. He stated staff was reviewing the contracts to tighten up holes in the process. Commissioner Landsburg asked how widespread the use of addendums was. Mr. Reagan said he believed the practice was widespread. He stated an out-of-state hub would start using one out-of-state hub, then switch to another. It was difficult for staff to track all of the hubs as they moved around, and were frequently added and subtracted. Vice-Chairman Harris commented the application indicated the surveillance system had time-lapse recorders located throughout the plant. He asked if that meant just the front side, or were there any security cameras on the back side? Jack Liebau of BMOC said his organization did not have security cameras on the back side, however, BMOC was looking at increasing security. Mr. Liebau said there were pros and cons regarding security cameras. BMOC had a consolidated barn area where cameras could be effective. However, it

could be argued security personnel could easily handle the task. Commissioner Landsburg asked how many security personnel operated in conjunction with CHRB security. Mr. Liebau said BMOC's entire security staff worked on a daily basis with CHRB staff. John Van de Kamp of Thoroughbred Owners of California (TOC) said his organization strongly recommended the Board require racing services provide written certification to the Board that they are not accepting wagers from California residents. Mr. Van de Kamp said such organizations had stated informally they were not accepting such wagers, and he did not accuse them of doing so, however, they needed to be monitored as well as possible. Chairman Licht said the Board was asking for verification in writing. He stated the Board was also asking such organizations to require identification such as drivers' licenses from their patrons. Commissioner Granzella **motioned** to approve the application for license to conduct a horse racing meeting of BMOC as amended. Commissioner Landsburg **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE APPLICATION FOR LICENSE TO CONDUCT A HORSE RACING MEETING OF THE CHURCHILL DOWNS CALIFORNIA OPERATING COMPANY (T), AT HOLLYWOOD PARK, COMMENCING APRIL 23, 2003, THROUGH JULY 20, 2003.

Jacqueline Wagner, CHRB staff, said the Churchill Downs California Operating Company (CDCOC) proposed to run 65 days for a total of 559 races. Ms. Wagner said CDCOC would run Wednesday through Sunday - with 8 races a day Wednesday through Friday, up to ten races on a selected basis on weekends, and 10 races on holidays. The first post time would be 1:20 p.m. daily and 7:05 p.m. Fridays. Ms. Wagner stated three items were missing from the application: the horsemen's agreement, the fire clearance and the workers' compensation insurance. There were also three contracts with labor unions that were in negotiations. She said staff recommended approval of the application contingent upon receipt of items the analysis noted

were missing. John Van de Kamp of Thoroughbred Owner's of California (TOC) said his organization was close to reaching an agreement with CDCOC. He said TOC recommended approval of the application. Chairman Licht commended CDCOC for providing additional security in conjunction with their larger races – especially Grade I stakes – to ensure the interests of the public were protected. Commissioner Landsburg asked if Coeur d'Alene would be stricken from the application. Rick Baedeker of CDCOC said his organization would agree to the amendment. Chairman Licht said there were rumors that several large stables would leave the state prior to CDCOC's opening. He asked if CDCOC was making any efforts to recruit replacements. Mr. Baedeker said the racing secretary and his assistant were out soliciting. He commented he had heard anecdotal information regarding the loss of major stables. However, the rumors had not been verified, and if none left, CDCOC would still need more horses. Mr. Baedeker stated it was difficult to convince stables to relocate. Chairman Licht asked if Mr. Baedeker had anything to report regarding the renovation at CDCOC. Mr. Baedeker said the turf course was in terrific shape. He stated CDCOC met with California Thoroughbred Trainers regarding some changes to the main track contemplated prior to the meet. Based on the performance of the track surface during the spring season, CDCOC anticipated making changes when the horses left. Commissioner Landsburg asked if CDCOC had made any additions to its security equipment. Mr. Baedeker said he did not know of anything that had been done since the industry wide tour of Pelco – which specialized in security equipment. He stated he believed each of the associations were waiting for the others to take the lead in security and to work with the Board to arrive at a common solution. Executive Director Roy Wood said there had been meetings with representatives of Pelco and Craig Fravel representing the Association of Racetracks in California – along with Bernie Thurman, who represented Northern California, and

Board security staff. A mission statement of security needs was given to Pelco who would develop a prototype system. The project would provide standard security to the front and back side, receiving barn and other areas. Mr. Wood said he anticipated Pelco would soon have a project to present to the industry that would provide security at a minimal cost. Commissioner Bianco **motioned** to approve the application for license to conduct a horse racing meeting of the CDCOC as amended. Commissioner Landsburg **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE PROPOSED REGULATORY ADDITION OF CHRB RULE 1688 – SCRATCHED HORSES IN CLAIMING RACES.

Jacqueline Wagner, CHRB staff, said the proposed addition of Rule 1688, Scratched Horses in Claiming Races, would prohibit a horse that was scratched from a claiming race after the designated scratch time from being entered into a subsequent claiming race for a period of 60 days from the day of the scratch unless it was entered at the same or lower price. Ms. Wagner stated the rule was first discussed in September 2002. Industry consensus indicated the rule was overly broad and would have negative consequences. Staff was instructed to solicit additional comments. Del Mar Thoroughbred Club, California Thoroughbred Trainers (CTT) and Churchill Downs California Operating Company (CDCOC) responded to staff's inquiries. Again, the consensus was in opposition to the rule. Ms. Wagner stated CDCOC suggested the Board consider extending the time a horse must spend on the veterinarian's list if it was scratched from a claiming race after the designated scratch time. An experimental program was conducted at the 2002 CDCOC fall meeting. If a horse was scratched after scratch time, it was placed on the veterinarian's list for not less than 10 days. Ms. Wagner said the program resulted in a decline in the number of such scratches. Jeff True of Los Alamitos Quarter Horse Racing

Association (LAQHRA) said his organization opposed the rule. Mr. True said LAQHRA had difficulty filling races and believed the rule would not help. In addition, he stated placing horses on the veterinarian's list would not work at LAQHRA. The association held time trials with horses entering back two weeks later. If a 10-day prohibition was placed on scratched horses, they could not be entered back. Chairman Licht asked if there was a perception within quarter horse racing that horses might be scratched from a claiming race after the owner or trainer learned it might be claimed. Mr. True said there was no such problem. John Van de Kamp of Thoroughbred Owners of California (TOC) said his organization opposed the rule. He stated the rule, as proposed, was overly broad. Mr. Van de Kamp said the problem the rule was intended to address was very narrow. He stated that after scratch time horses could develop colic or other problems that were not long in duration, but that might cause a horse to be withdrawn from a race. Mr. Van de Kamp said TOC was concerned with filling fields and it felt the rule would be counterproductive. Eual Wyatt of CDCOC said his organization felt the rule was too broad. He said during the 2002 fall meeting of CDCOC the time spent on the veterinarian's list was extended from 5 to 10 days. During the 35 day race meeting there were 37 fewer veterinarian-related scratches than the first 35 days of CDCOC's spring-summer meeting. Mr. Wyatt said he did not draw any conclusions from the 30 percent fewer scratches, but he was hopeful the experiment would be continued so it could be determined if there was a benefit. Ed Halpern of CTT said his organization was opposed to the rule. He stated if the rule was intended to stop the practice of scratching a horse about to be claimed, perhaps it would be worthwhile to know how often it occurred. Chairman Licht said Board investigators had instructed track personnel to be more discreet when informing the stewards of a claim. Mr. Halpern said he applauded efforts to take every precaution, but the rule was overly broad. He stated if an owner really wanted to

scratch, they would find another way to deal with the proposed restrictions – like shipping out of state to run the horse. Jack Liebau of Santa Anita Park Race Track said his organization opposed the rule. He stated scratches were not caused only by the potential claim of a horse. They also were caused because the race was considered too tough or a horse was entered just to fill a race and never intended to run. Chairman Licht said the proposed rule would be taken off the table for consideration.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST OF THE NORTHERN CALIFORNIA OFF-TRACK WAGERING, INC., TO ADJUST THE OFF-SITE STABLING AND VANNING TAKEOUT PERCENTAGE.

Jack Liebau representing the Northern California Off-Track Wagering, Inc., (NOTWINC) board requested the off-site stabling and vanning takeout percentage be raised from .87 percent to .94 percent. Mr. Liebau said the request was the result of several issues including workers' compensation and shrinking of the fund itself. Mr. Liebau stated the request was considered by the full NOTWINC board, which included horsemen and the racing associations. Chairman Licht asked if Mr. Liebau could compare the percentages taken out by NOTWINC versus Southern California Off-Track Wagering, Inc. (SCOTWINC). Mr. Liebau said SCOTWINC currently took out .94 percent. The request by NOTWINC would move its takeout to .94 percent. Commissioner Harris said he was under the impression SCOTWINC and NOTWINC would not have an actual net cost regarding workers' compensation, and rather than offset the cost of the insurance would issue letters of credit that would eventually get repaid. Mr. Liebau said the letters of credit were issued by the racetracks to Wells Fargo Bank, who then issued a master letter of credit to AIG. The letters of credit were not issued by NOTWINC or SCOTWINC. Money from the stabling and vanning funds and the California Marketing

Committee were placed in escrow to replace the tracks letter of credit and act as security for the master letter of credit. The loss ratio, or the losses incurred by trainers that were covered by AIG, would determine if any escrow funds would be returned to NOTWINC or SCOTWINC. Commissioner Harris said the rates paid for insurance by trainers was still substantial compared to earlier years. Mr. Liebau said that was true, but the rates had also been subsidized for seven months to the extent of one million dollars, which was the amount of the surplus the two stabling funds and the marketing committee had. Mr. Liebau stated if the funds had to continue to make direct cash supplement for insurance premiums, they would no longer have surpluses. Chris Korby representing California Authority of Racing Fairs (CARF) said the request was a unanimous action by the NOTWINC board. He said CARF was in favor of the request. Commissioner Sperry **motioned** to approve the request by NOTWINC to adjust the off-site stabling and vanning takeout percentage. Commissioner Granzella **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE REQUEST FROM OAK TREE RACING ASSOCIATION FOR THE ALLOCATION OF ONE ADDITIONAL DAY (SEPTEMBER 28, 2003) TO THEIR RACING SCHEDULE.

John Reagan, CHRB staff, said a request for Oak Tree Racing Association (OTRA) to overlap the Los Angeles County Fair (LACF) Fairplex for two days for prep-races in preparation for Breeders' Cup Day was heard at the January 23, 2003 Regular Board Meeting. At that time it was indicated legislation would be needed to authorize an overlap. Sherwood Chillingworth of OTRA said he was pleased to announce OTRA and LACF, in conjunction with Los Angeles Turf Club, had reached an agreement for an overlap on Sunday, September 28, 2003. Mr. Chillingworth thanked everyone involved in the process. Mr. Chillingworth said he spoke to

every Southern California racing entity as well as Thoroughbred Owners of California and California Thoroughbred Trainers and all were in favor of the overlap. However, Commissioner Moretti, chairman of the Legislative Committee, had indicated Governor Davis could construe the enabling legislation to be a proliferation of gambling. Mr. Chillingworth said it was not an expansion of gambling as it would not add a day, it would merely be an overlap with shared wagering. He added it would also benefit the State of California. Mr. Chillingworth stated the normal procedure would be to get the enabling legislation, then approach the Board with a request, however, there was a problem with ESPN. He said the network wanted to know by the end of February 2003 whether the dates were available. Mr. Chillingworth requested the Board approve the overlap contingent upon approval by the governor of the enabling legislation. He said that if the overlap was approved there would be two races broadcast nationally from OTRA by ESPN. On the following weekend, October 4 and 5, 2003, four hours of Santa Anita racing would be broadcast nationally by NBC, ESPN and CNBC. Jim Henwood of LACF thanked everyone involved for their efforts toward making the proposed overlap work.. Vice-Chairman Harris **motioned** to commend all the parties involved in the allocation of an additional day to the OTRA racing schedule, and to encourage the parties to go forward with the enabling legislation. Commissioner Bianco **seconded** the motion, which was **unanimously carried**.

DISCUSSION AND ACTION BY THE BOARD ON THE RESTORATION OF FULL FUNDING FOR YEAR-ROUND TRAINING AT FAIRPLEX PARK.

Chairman Licht said he and Commissioner Sperry met with interested parties on February 20, 2003, to mediate the issue. He stated the parties agreed to defer discussion of the item to the March 2003 Regular Meeting Board meeting. Chairman Licht said he hoped there would be a resolution of the issue prior to the meeting, which would be held at Golden Gate Fields. Gale

Calva, the stable superintendent at Los Angeles County Fair (LACF) Fairplex; Ron Taggart, representing stable security at LACF; Joy Scott, a jockey; Leonard Duncan, a trainer; and Alan Lewis, of Painters and Allied Trades District Council 36, spoke in favor of restoring full funding for year-round training at LACF. Chairman Licht urged LACF and Southern California Off-Track Wagering, Inc. to reach an agreement. He stated a compromise might not be totally acceptable to the parties, but it would be better than having the Board make a decision for them.

PRESENTATION OF EDUCATIONAL VIDEO BY THE UNIVERSITY OF CALIFORNIA, DAVIS (CAHFSL).

Commissioner Landsburg said the film presented by the University of California, Davis (UCD) was important for the integrity of racing. He stated the film had its genesis in a visit by the Board to UCD to see the work it did in veterinary medicine. Dr. Scott Stanley of UCD said the film was an educational/integrity piece that showed the work done by the laboratory at UCD. Dr. Stanley introduced Dr. Alex Ardans, Director of the California Animal Health and Food Safety Laboratory System who thanked the Board for its direction and guidance in the production of the film, and Commissioner Landsburg who was the driving force behind the project. Dr. Ardans said the laboratory appreciated the creative guidance and direction provided throughout the project by Commissioner Landsburg. Dr. Ardans thanked Commissioner Moretti for providing a personal touch to the film, and Mr. Frank Stronach of Magna Entertainment Corporation for financing the project. (The educational video was shown 11:24 to 11:41 a.m.) Commissioner Landsburg said dissemination of such videos would help the image of the industry in many ways. He stated he hoped the industry would take advantage of the film and use it in its various projects.

STAFF REPORT ON THE AQHA SPONSORED TRACK SURFACE STUDY.

Dr. Ron Jensen, CHRB Equine Medical Director, said the item was presented to inform the Board and the industry about a research project that was being conducted concerning track surfaces. He stated the project was funded by the American Quarter Horse Association (AQHA), and it involved researchers from Colorado State University as well as a mechanical engineer from the University of Maine. Steve Wood and Dennis Moore, California track superintendents, were also involved in the project. Dr. Jensen said although the project was being conducted by the AQHA, it had applications to all tracks. The purpose of the study was to develop instruments and techniques to help determine the optimum racing surface for a particular racetrack, then to utilize the information to achieve the optimum conditions and maintain them. Steve Wood spoke about his involvement in the AQHA track surface study. Chairman Licht asked when the study would be completed. Steve Wood said the study was started in June 2002. He stated it would be six or seven months before any valuable information was available. Vice-Chairman Harris said he thought the study was valuable. He said the industry needed the art and the science of track maintenance so it could be somehow quantified and a consensus could be reached regarding the particular problems and their solutions. Steve Wood said there would never be a complete solution to the problem. Horses were different ages, were shod differently, were trained differently and had different bone structures. Steve Wood said if a track was optimum for 58 or 59 percent of the horses it was doing well.

STAFF UPDATE ON THE ADVANCE DEPOSIT WAGERING HANDLE.

John Reagan, CHRB staff, said the advance deposit wagering (ADW) handle was at \$197 million when the report was written. He stated staff continued to see interest in ADW, however, there was a flattening of ADW as a percentage of the total California handle. Since the February 2003 Regular Board meeting staff worked closely with California Horse Racing Information Management System (CHRIMS) on new programming that would allow direct access to the data in a familiar format. Mr. Reagan said the reports would shortly combine the traditional handle with the ADW handle to provide more accurate and complete information. Chairman Licht asked if there had been any evidence of cannibalization. Mr. Reagan said there was some evidence of cannibalization, however, there was no way to quantify it. He stated staff was working on the issue. Commissioner Landsburg said he thought there would be a break-out by zip code of the source of wagers in California. Mr. Reagan said the project was being undertaken. When staff began gathering the information numerous errors in the ZIP code system were revealed. Staff was working with the hubs to ensure the integrity of their data and to ensure it is interpreted correctly by CHRIMS.

STAFF REPORT ON THE FOLLOWING CONCLUDED RACE MEETINGS:

- A. **LOS ALAMITOS QUARTER HORSE RACING ASSOCIATION, AT LOS ALAMITOS FROM DECEMBER 28, 2001 THROUGH DECEMBER 22, 2002.**
 - B. **CAPITOL RACING, LLC AT CAL-EXPO FROM SEPTEMBER 27, 2002, THROUGH DECEMBER 21, 2002.**
 - C. **CHURCHILL DOWNS CALIFORNIA FALL OPERATING COMPANY, AT HOLLYWOOD PARK FROM NOVEMBER 6, 2002, THROUGH DECEMBER 22, 2002.**
-

John Reagan, CHRB staff, said each of the meetings had poor results. In the case of Los Alamitos Quarter Horse Racing Association it ran over 200 days of the year compared to about 180 in it previous meeting. He said more race days caused the averages to be lower. Mr. Reagan

stated Capitol Racing was doing well, however, it added a number of days to its meeting, so the handle was being stretched over more time. Mr. Reagan said he believed Churchill Downs California Fall Operating Company (CDCFOC) experienced starting-season cannibalization. He stated there could be a better feel for where CDCFOC stood when advance deposit wagering handle would be combined with the traditional handles.

REPORT FROM TOC ON THEIR LEGISLATIVE AGENDA FOR 2003.

Chairman Licht said the Board was open to reports on legislative agendas from any racing-related organization. He stated the Legislative Committee believed it was important the industry be unified in its presentation of requests for legislation. John Van de Kamp of Thoroughbred Owners of California (TOC) said his organization, like the rest of the industry, was concerned with what was happening in other racing jurisdictions. He stated TOC saw the potential for slot machines in New York, Maryland, Kentucky, Florida and perhaps Louisiana. Mr. Van de Kamp said the arrival of slots in those states represented potential shifts of purse revenues that could be as much as double what was paid in California. Once slot machines were in place it was not inconceivable to have \$850,000 to one million dollars a day in pay-outs at tracks in some of the major racing states. Mr. Van de Kamp said TOC was developing strategies to bring slot machines or video lottery terminals to California. He stated legislation had not been introduced, but the industry was holding meetings and conducting studies. Looming competition, as well as California's need for revenues could provide an opportunity that was not previously present. Mr. Van de Kamp commented part of the idea was defensive, but it was also an attempt to make sure the entire industry benefited. Another issue TOC was concerned with was retired race horses. Mr. Van de Kamp said he believed the Board was aware of the work done by several

organizations. He stated every one of them was struggling for funds to take care of race horses that had no homes and in the past might have been headed to the slaughterhouse. An initiative was passed in California prohibiting the transportation of horses for slaughter or sale for slaughter and national legislation along the same lines was introduced in Congress. TOC would be introducing a bill in California that would dedicate an additional 20 percent of charity race day funds to charities that take care of retired race horses. The legislation would provide about \$200,000 a year to help such facilities. Mr. Van de Kamp said the third TOC initiative was expanded access to its product. He stated there were currently 35 facilities – mostly at fairs – and in the North – which provided satellite wagering. Some of the facilities were not in the most desirable locations. Mr. Van de Kamp said TOC believed more could be done with respect to the location of satellite facilities. A bill would be introduced to authorize any fair or racing association to site a satellite-wagering facility off the fairgrounds, provided the Board found it in the best interest of racing. Commissioner Landsburg said the idea that horse racing would survive on slot machines was bad news at best in his opinion. He stated it was a slippery slope to being a gambling hall. Commissioner Landsburg said horse racing had used up about every White Knight except embarking on programs to bring people to the tracks. Mr. Van de Kamp said he was not personally a fan of slot machines and he understood Commissioner Landsburg's reservations. However, the locations that did have slot machines were taking horses away from Northern California. He stated California would have a much greater problem if the larger states opened to slot machines. Mr. Van de Kamp said California needed to address the issue before it lost its horse racing industry. Vice-Chairman Harris said horse racing needed more revenue. He stated he has some reservations that slot machines were the way to go, but it had worked in other states. Vice-Chairman Harris said he was concerned slot machines could be a White Knight, but

he was more concerned they could be more of a 'Fatal Attraction.' If slots were introduced horse racing could become a side show, in addition, the state could decide to direct the revenue elsewhere. Vice-Chairman Harris said it was disappointing that states with slots increased purses, but had not increased their horse racing fan base. He asked how TOC would bring slot machines to racetracks. Mr. Van de Kamp said it was a complicated legal issue which he did not wish to discuss publicly. He stated the industry was coming together to devise a program that would work – and to find the right legal apparatus to achieve its goals. Commissioner Landsburg asked who would monitor the finances of the retired-horse farms. He stated there was currently no governmental monitor, and there were probably different standards at each of the operations, so he wanted to make sure someone would monitor how the charitable race day proceeds would be spent. Sherwood Chillingworth of Oak Tree Racing Association (OTRA) said his organization contributed regularly to several facilities that helped retired race horses. He stated OTRA required grant applications and an annual report. In addition, OTRA visited such organizations to examine their programs. If OTRA found questionable practices, it conditioned future funding on their correction. Chris Korby of California Authority of Racing Fairs (CARF) said his organization had talks with TOC regarding the legislation that would allow fairs to operate satellite wagering facilities. He stated CARF believed lifting restrictions would allow opportunities not otherwise available, and would serve the interests of fairs and the racing industry. Vice-Chairman Harris said he thought fair district 1-A in San Francisco was allowed a satellite wagering facility. He asked why one had not been developed in that city. Mr. Korby said CARF was working to develop a facility in San Francisco, as well as in a number of other fairs that were presently allowed to operate such facilities. Vice-Chairman Harris said his problem was that it had not happened. He agreed there was a need for additional facilities, but

the fairs that could open satellite wagering sites should be encouraged to do so. Jack Liebau said there was legislation that would allow up to three satellite facilities in San Francisco. He stated a joint venture of Bay Meadows Operating Company, Golden Gate Fields and the Cow Palace was close to putting a facility in Chinatown, but was opposed by the mayor. He stated the experience highlighted the lesson that both legislation and local government sanctions were needed.

REPORT FROM THE PARI-MUTUEL OPERATIONS COMMITTEE.

Commissioner Landsburg said the Pari-mutuel Operations Committee met on February 20, 2003. He stated the committee discussed the stop-betting signal, and decided to stay with the status quo until it received more information. Commissioner Landsburg said the committee directed staff to initiate a 45-day public comment period on a new wager with the title: "Beat the Odds." The committee also heard reports from advance deposit wagering (ADW) organizations. Commissioner Landsburg stated the ADW providers continued to make statements regarding the expansion of their marketing and television operations. In conclusion, Commissioner Landsburg said he suggested the creation of a short film which would help belay the perception that there was past-post wagering in California. He stated the idea was supported by Rick Baedeker of Hollywood Park and the film would be made shortly.

GENERAL BUSINESS

Chairman Licht announced the death of Charles Harmon, an ex-Executive Secretary of the CHRB. He said Mr. Harmon served the State of California for many years, and was Executive Secretary of the CHRB for 15 years, from 1960 to 1975.

Vice-Chairman Harris said a Medication Committee meeting would be scheduled for April 2003. He stated anyone with agenda items should contact staff. Chairman Licht commented the Stewards Committee was working with Thoroughbred Owners of California. He stated a meeting would be scheduled soon to address several issues.

Commissioner Landsburg said he had been recusing himself from votes regarding advance deposit wagering (ADW) due to a past association with YouBet. He said he currently had no economic interest in any of the ADW providers, so he would no longer refrain from voting.

MEETING ADJOURNED AT 12:18 P.M.

**STAFF ANALYSIS
REQUEST FOR A REALLOCATION
OF HARNESS RACE DATES**

**REGULAR BOARD MEETING
MARCH 27, 2003**

Background:

The San Joaquin Fair in Stockton is asking the Board to reconsider the 2003 harness dates allocation. Currently there are 44 weeks of harness racing allotted to Cal Expo in Sacramento beginning December 26 through July 26 and September 24 through December 21, 2003. This request asks the Board to increase the allocation of 2003 harness dates by adding eight new weeks of harness racing to the San Joaquin Fair facility. In addition it asks that the Board move three weeks of harness racing from Cal Expo to the San Joaquin facility for a total of 11 weeks (32 nights) in Stockton. If this request were approved harness racing would have a full 52-week per year schedule between the two facilities (see attached bar chart). The enclosed letter indicates that the harness horsemen and breeders are understandably in favor of this proposal.

However, the proposed new dates would represent additional overlap with the quarter horse meet at Los Alamitos. The representatives of Los Alamitos and the quarter horsemen will probably wish to address this proposal. In addition, the eight weeks in August and early September that are proposed as new harness race dates are a busy time of year for racing in California. It would not be an easy task to staff the eight new weeks with the appropriate personnel. The cost of providing that staffing has been estimated to be approximately \$90,000 which is not in the pending CHRB budget that commences July 1, 2003. An augmentation to the CHRB budget is not likely at this time given the severe budget restrictions in place. Although the additional race days will generate new revenues to the State, by law these revenues would be directed to other purposes and not returned to the CHRB in 2003 to offset the additional costs thus leaving a shortfall in the CHRB budget in an already difficult year.

Recommendation:

Staff recommends that the Board not approve this request at this time and refer the matter to the Race Dates Committee for consideration in preparing the 2004 racing calendar.



March 12, 2003

Mr. Roy Wood
Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

RE: Request for Additional Race Date Allocation for 2003

Dear Mr. Wood:

Capitol Racing LLC and the San Joaquin Fair are pleased to advise you that we have entered into an agreement to use the racing facilities in Stockton for a harness race meet later this year. We propose a schedule of racing for thirty-two nights from August 1, 2003 through October 11, 2003 (see attachment).

We would request that this item be placed on the agenda for the California Horse Racing Board's regular monthly meeting scheduled for March, 2003.

This proposed race meet would require an allocation of new racing dates from August 1st through September 20th and a reallocation of dates currently allocated to Cal-Expo in Sacramento from September 25th through October 11th.

The allocation of these dates would again enable the harness racing industry to complete a year 'round program for the first time in over fifteen years – a long journey back from near extinction. This proposal has the overwhelming support of the California Harness Horsemen's Association and the harness horse breeders throughout the State.

The Board's consideration and approval of this important matter to harness racing is appreciated.

Sincerely,

Alan B. Horowitz
General Manager

Cc: David Neumeister, C.H.H.A.
Forrest White, San Joaquin Fair
Norbert Bartosik, Cal-Expo

AUGUST 2003

| S | M | T | W | T | F | S |
|---|---|---|---|----|----|----|
| | | | | | 1 | 2 |
| | | | | 7 | 8 | 9 |
| | | | | 14 | 15 | 16 |
| | | | | 21 | 22 | 23 |
| | | | | 28 | 29 | 30 |

SEPTEMBER 2003

| S | M | T | W | T | F | S |
|---|---|---|---|----|----|----|
| | | | | 4 | 5 | 6 |
| | | | | 11 | 12 | 13 |
| | | | | 18 | 19 | 20 |
| | | | | 25 | 26 | 27 |

OCTOBER 2003

| S | M | T | W | T | F | S |
|---|---|---|---|---|----|----|
| | | | | 2 | 3 | 4 |
| | | | | 9 | 10 | 11 |

**2003 DATES PROPOSAL
WITH THE HARNESS CALENDAR AMENDED**

DEC JAN FEB MAR APR MAY JUNE JULY AUG SEP OCT NOV DEC JAN

THOROUGHBRED & FAIR MEETINGS

| | | | | | | | | | | | | | | | | | | | |
|----|--------------------------------------|--|----|----|----------------------------------|--|----|----|--------------------------|--|----|----|-------------------------------|----------------------|---|----|----------------------------|--|----|
| 26 | SANTA ANITA (85 Days) 17 Wks | | 20 | 23 | HOLLYWOOD PARK (65) 13 Wks | | 20 | 23 | DEL MAR (43) 7 Wks | | 10 | 1 | S.A. (31) 6 Wks | | 9 | 11 | H'WD PARK (30) 6 Wks | | 21 |
| 26 | GOLDEN GATE FIELDS (70) 14 Wks | | 30 | 2 | BAY MEADOWS (55) 11 Wks | | 15 | 11 | FAIRS | | 1 | 29 | BAY MEADOWS (50) 10 Wks | | 2 | 5 | G.G.F. (35) 7 Wks | | 21 |
| | | | | | | | | | | | | | 12 | LACF 28 17 Dys | | | FRESNO FAIR | | |

QUARTER HORSE MEETING

| | | | | | | | | | | | | | | | | | | | |
|----|---------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|----|
| 26 | LOS ALAMITOS (208) 52 Wks | | | | | | | | | | | | | | | | | | 21 |
|----|---------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|----|

HARNESS MEETINGS

| | | | | | | | | | | | | | | | | |
|----|-----------------------------|--|--|--|--|----|---|----------------------------|--|--|----|----|----------------------------|--|--|----|
| 26 | CAL EXPO (135) 31 Wks | | | | | 26 | 1 | STOCKTON (32) 11 Wks | | | 11 | 15 | CAL EXPO (43) 10 Wks | | | 21 |
|----|-----------------------------|--|--|--|--|----|---|----------------------------|--|--|----|----|----------------------------|--|--|----|

NORTHERN FAIRS (RACING DAYS)
 STOCKTON (10), JUNE 11 - JUNE 22
 PLEASANTON (11), JUNE 25 - JULY 6
 VALLEJO (10), JULY 9 - JULY 20
 SANTA ROSA (12), JULY 23 - AUG 4
 SAN MATEO (12), AUG 6 - AUG 18
 FERNDALE (10), AUG 7 - AUG 17
 SACRAMENTO (12), AUG 20 - SEPT 1
 FRESNO FAIR (11), OCT 1 - OCT 13

STAFF ANALYSIS
REQUEST BY HOLLYWOOD PARK TO IMPLEMENT
THE 10 DAY VETERINARIANS LIST

Regular Board Meeting
March 22, 2003

BACKGROUND

The California Horse Racing Board and racing associations have tried to develop solutions that would reduce the number of late scratches in claiming races. Earlier this year, the CHRB discussed a proposed rule amendment that would require horses scratched (after the designated scratch time) to not be allowed to race for 60 days unless it is entered in another claiming race of equal or less value. Hearing opposition from the industry, the Board did not take action on this measure.

During its 2002 fall race meeting, Hollywood Park, with the approval of the Executive Director, implemented an experimental procedure which required that any horse scratched after the designated scratch time, be placed on the veterinarians list for a minimum of 10 days. The Official Veterinarian had discretion in certain circumstances. At the February 21, 2003 Board meeting, Hollywood Park reported that this procedure appeared successful in reducing the number of horses scratched after the designated scratched time.

Commencing with the 2003 Spring race meeting, Hollywood Park is requesting to re-implement the 10 day veterinarians list for late scratches. The Thoroughbred Owners of California and the California Thoroughbred Trainers are in opposition to this procedure.

RECOMMENDATION

Staff recommends that the Board hear from other interested parties.



HOLLYWOOD PARK
A Churchill Downs Company

EUAL G. WYATT, JR.
GENERAL MANAGER

March 18, 2003

Roy Minami
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Roy:

This is to put into writing a request that was previously delivered verbally.

Hollywood Park respectfully requests CHRB consideration of our desire to continue during our upcoming Spring/Summer race meeting the 10 day veterinary list procedure that was in place only for our 2002 Fall race meeting.

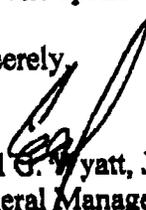
There were 37 fewer veterinary reasoned scratches during our 35 day 2002 Fall meeting than during the first 35 days of our 2002 Spring/Summer meeting (84 vs. 121 or a 30% decrease).

While the comparison shows a reduction in vet scratches of almost one third, we agree it is not conclusive. However, it seems to us to suggest the probability that the extended time on the veterinarian's list, from 5 to 10 days, is a deterrent to the abuse of the scratch procedures.

We respectfully suggest that the continuation of the 10 day vet list policy for one more race meeting would provide the industry enough data on which to make conclusions as to the benefit or not of a 10 day veterinarian's list.

Additionally, it does not appear unreasonable to require that a horse that becomes sick, is injured or is unsound spend at least 10 days away from competition.

Sincerely,


Eual G. Wyatt, Jr.
General Manager

Cc: Rick Baedeker
George Bradvica
Sherwood Chillingworth
Craig Fravel
Ed Halpern
Joe Harper
Jack Liebau
John Van de Kamp

**STAFF ANALYSIS
DISCUSSION ON THE ALLOCATION OF
SOUTHERN STABLING AND VANNING FUNDS**

**REGULAR BOARD MEETING
MARCH 27, 2003**

Background:

Business and Professions Code Sections 19607 and 19607.1 mandate the creation of a fund to offset the costs of off-site stabling and vanning expenses incurred by Southern California thoroughbred racing. The operation and accounting for the fund has been the responsibility of the Off-Site Stabling Committee (the Committee), a subcommittee of the simulcast organization, Southern California Off-Track Wagering, Inc. (SCOTWINC).

Analysis:

Since 1987 there have been periodic discussions about the appropriate allocation of the off-site stabling funds. Santa Anita and Hollywood Park provide reciprocal off-site stabling during their respective meets and receive reimbursements from the fund. For the twelve months ended September 30, 2002 (SCOTWINC's fiscal year-end), Santa Anita received \$1.1 million and Hollywood Park \$1.8 million. The other two recipients of the off-site stabling funds, Pomona and San Luis Rey Downs (SLRD), received \$1.8 million and \$1.2 million respectively during the same time period (attached is a schedule showing the amounts paid for stabling and vanning since 1994). For the current stabling year (May 2002 through April 2003) the Committee adjusted the funding level for Pomona and SLRD. Beginning in May 2002, both locations began receiving \$1.5 million per year.

The Committee met recently to make decisions about the upcoming stabling year (May 2003 through April 2004) and made another adjustment to the allocations. Effective May 2003, Pomona will receive \$1.7 million per year and SLRD will receive \$1.5 million per year. It should be noted that the Committee also augmented the current year's allocation to Pomona by \$192,000 to help it stay open for stabling during April 2003 which brings the total allocation to Pomona for the current stabling year to just under \$1.7 million.

This matter was continued from last month's Board meeting and the interested parties are ready to present their thoughts to the Board at this time.

Recommendation:

Staff recommends that the Board hear from interested parties on this matter.

SOUTHERN CALIFORNIA OFF-TRACK WAGERING, INC.
OFF-SITE STABLING & STARTER FEES
1994-2002

| <u>YEAR</u> | <u>HOLLYWOOD PARK</u> | <u>SANTA ANITA</u> | <u>FAIRPLEX</u> | <u>SAN LUIS REY DOWNS</u> | <u>STARTER FEES</u> | <u>TOTAL</u> |
|--------------|---------------------------|----------------------|----------------------|-------------------------------|-------------------------|----------------------|
| 1994 | \$ 1,720,000 | \$ 920,000 | \$ 1,896,640 | \$ 600,000 | \$ - | \$ 5,136,640 |
| 1995 | \$ 1,190,000 | \$ 1,330,000 | \$ 1,909,120 | \$ 587,506 | \$ - | \$ 5,016,626 |
| 1996 | \$ 1,690,000 | \$ 940,000 | \$ 1,767,680 | \$ 298,806 | \$ 64,800 | \$ 4,761,286 |
| 1997 | \$ 1,740,240 | \$ 910,000 | \$ 1,865,512 | \$ - | \$ 329,600 | \$ 4,845,352 |
| 1998 | \$ 1,436,045 | \$ 1,340,000 | \$ 1,757,300 | \$ - | \$ 241,200 | \$ 4,774,545 |
| 1999 | \$ 1,323,000 | \$ 1,340,000 | \$ 2,044,400 | \$ - | \$ 193,600 | \$ 4,901,000 |
| 2000 | \$ 1,830,000 | \$ 1,610,714 | \$ 2,222,620 | \$ 7,680 | \$ 344,850 | \$ 6,015,864 |
| 2001 | \$ 1,275,000 | \$ 1,608,000 | \$ 2,218,309 | \$ 149,386 | \$ 375,600 | \$ 5,626,295 |
| 2002 | \$ 1,815,000 | \$ 1,104,000 | \$ 1,872,745 | \$ 1,234,816 | \$ 99,150 | \$ 6,125,711 |
| TOTAL | \$ 14,019,285 | \$ 11,102,714 | \$ 17,554,326 | \$ 2,878,194 | \$ 1,648,800 | \$ 47,203,319 |

SAN LUIS REY DOWNS HORSEMAN'S ORGANIZATION

March 18, 2003



Officers:

D. Wayne Baker

President

760-419-7677

Laura Rosier

Vice President

Fredric Lamazor

Sec./Treasurer

Board of Directors:

Paula Capestro

Holly Dunham

Sam Semkin

Suzann Strong

John Van de Kamp
TOC
285 W. Huntington Dr.
Arcadia, Ca. 91007

Dear Mr. Van De Kamp:

We have received the news from your "Notes from the Boardroom", March issue, stating that it has been decided to continue the \$1.5 million funding to us (San Luis Rey Downs) through the next contract year (May 2003 - April 2004). We are pleased that you appreciate our contributions to the industry and are aware that we are making a concerted effort to be the best off track training facility in California.

We also read that you have chosen to give the Fairplex horsemen an increase in their funding, making their total \$200,000 more than we are receiving. We, frankly, think this is patently unfair. Especially when you consider the fact that each and every criteria used to compare the runners out of both facilities shows us far ahead of Fairplex. We make more eligible starts, we win more money, we have a higher daily workout number, and we make WAY fewer starts at Los Alamitos. Is there any area where they are superior to us? We think not, and yet they were given more money for this next year.

We also noted that SCOTWINC plans to monitor your 'strict new criteria' this next year. We assume this deals with the stabling of horses that start at the one non-eligible track in Southern California: Los Alamitos. We have been aggressively eliminating the horses that live at SLRD and ship to run at Los Alamitos, as evidenced by the fact that BEFORE we received the rental subsidy our horsemen made 18% starts at Los Al and AFTER the funding we reduced our starts to a mere 8%. Next year we will have no starts at Los Alamitos.

We hope that you will encourage SCOTWINC to aggressively pursue and document any starts made by horses from all of the TB tracks in southern California. We know horses are being shipped into both Hollywood and Santa Anita from Los Al under other horses names. Someone needs to check arrival and departure times and be suspicious of horses that arrive at night. SCOTWINC should be buying the Los Al program each racing day and running a daily tally of starts, trainers and workout locations. SCOTWINC should have a form at the Los Al stable gate to record all the TB's that arrive and depart, who the carrier is and where the horses are coming from and going to. We hope you will make an effort to have the facts next year and hope future funding will reflect who is and is not 'playing by the rules'.

Sincerely,


D. Wayne Baker

DWB/hs

CC: Roger Licht, Roy Wood, Tom Varela, Leigh Ann Howard

**STAFF ANALYSIS
REQUEST FOR AN INCREASE IN THE STABLING AND
AND VANNING TAKEOUT FOR SOUTHERN CALIFORNIA**

**REGULAR BOARD MEETING
MARCH 27, 2003**

Background:

The Board may recall that on November 1, 2002, the stabling and vanning takeout percentage was adjusted to .94% for Southern California (approved by the Board at its September 2002 meeting). The change was made because of new legislation that allowed funds from this source to be used to offset the cost of a workers compensation plan being put together by the California racing associations. These percentages are always estimates and subject to change when necessary. However, the Horse Racing Law clearly mandates that the Board shall approve all changes to the stabling and vanning takeout percentage.

As indicated in the attached letter, the Southern California Off-Track Wagering Inc. (SCOTWINC), the organization that administers the southern stabling and vanning fund, is requesting that the Board approve an increase in the takeout percentage to 1.06% to become effective on Wednesday, April 2, 2003.

Recommendation:

Staff recommends that the Board hear from interested parties regarding this matter.



**Southern California
Off-Track Wagering, Inc.**



March 13, 2003

Mr. Roy C. Wood, Jr.
Executive Director
California Horse Racing Board
1010 Hurley Way, Suite 300
Sacramento, CA 95825

Dear Mr. Wood:

Please place the following item on the agenda for the March California Horse Racing Board Meeting:

Effective April 2, 2003, Southern California Off-Track Wagering, Inc. requests approval to change the Off-Site Stabling and Vanning Fund takeout which is pursuant to Article 9.2, Section 19607.1(f) of the California Horse Racing Law.

We request an increase to **1.06%** of which .86% will be used for Off-Site Stabling and Vanning and .20% to cover the Workers' Compensation program. Currently the rate is .94%. The law allows this fund to increase the takeout to a maximum of 1.25% of the total amount handled at satellite wagering facilities for fund expenses.

Sincerely,

Thomas M. Varela
General Manager

Cc: SCOTWINC Off-Site Stabling Committee
John Reagan

**STAFF ANALYSIS
UPDATE ON THE ALTERNATE RUNNER OPTION**

**REGULAR BOARD MEETING
MARCH 27, 2003**

Background:

The events at the 2002 Breeders' Cup caused an upgrade of totalizator software to include necessary security features. An unfortunate side effect of that software upgrade was the loss of the ability to select an alternate runner by racing fans when making multiple leg wagers in California; most notably when playing the Pick Six. Autotote representatives have been asked to review the status of software upgrades that will restore the alternate runner option for the bettors of the Pick Six and other multiple leg wagers and report to the Board on the timetable for restoring that feature to the California parimutuel format.

Recommendation:

This item is for information and discussion.

ITEM # 7

**THERE IS NO BOARD PACKAGE MATERIAL FOR
THIS ITEM**

**REPORT TO BE PRESENTED AT THE BOARD
MEETING**

ITEM # 8

**THERE IS NO BOARD PACKAGE MATERIAL FOR
THIS ITEM**

**REPORT TO BE PRESENTED AT THE BOARD
MEETING**

**STAFF ANALYSIS
STAFF REPORT ON ADW HANDLE**

**REGULAR BOARD MEETING
MARCH 27, 2003**

Background:

The total Advance Deposit Wagering (ADW) handle from January 25, 2002 through February 28, 2003 is \$216.1 million. The ADW handle as a percentage of total California handle is now approximately 7.8% of the \$2.76 Billion combined California ontrack, offtrack, and ADW handle accumulated since January 25, 2002. A chart showing the handle for each of the three hubs is included in this package.

Staff is prepared to answer any questions about the data presented.

Recommendation:

This item is for information and discussion.

ADW MONTHLY HANDLE TREND

