

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

In the Matter of:)
)
Regular Meeting)
_____)

HARRIS RANCH INN AND RESTAURANT
BALLROOM
24505 WEST DORRIS AVENUE
COALINGA, CALIFORNIA

THURSDAY, OCTOBER 15, 2009
9:00 A.M.

Reported by:
Troy Ray

APPEARANCES

COMMISSIONERS

John C. Harris, Chairman

Keith Brackpool

Jesse H. Choper

Bo Derek

STAFF

Kirk E. Breed, Executive Director

Dr. Rick Arthur, Equine Medical Director

Mike Marten, Public Relations Officer

Robert Miller, Chief Counsel

Jacqueline Wagner, Staff Services Manager II

ALSO PRESENT

Gregg A. Scoggins, Magna Entertainment Corporation

Jack Liebau, Hollywood Park

Rod Blonien, Hollywood Park and Los Alamitos

Guy Lamothe, Thoroughbred Owners of California

Robert Hartman, Golden Gate Fields

Chris Korby, California Authority of Racing Fairs

Eual Wyatt, Hollywood Park

Dyan Grealish, Hollywood Park

Charlie Dougherty, California Thoroughbred Trainers

Craig Fravel, Del Mar

David Elliott, Cal Expo

APPEARANCES CONTINUED

ALSO PRESENT

Sherwood Chillingworth, Oak Tree Racing

Ron Charles, Magna Entertainment Corporation

Madeline Auerbach, Thoroughbred Owners of California

Tom Bachman

Debbie Cook, San Joaquin County Fair

Cliff Goodrich, Fairplex

Marsha Naify, Thoroughbred Owners of California

David Neumeister, California Harness Horsemen's Association

Richard Castro, Parimutuel Employees Guild

Aaron Swanson, TVG

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1 that fair is up over 20 percent so try to get by there this
2 afternoon and take a look at it.

3 The first item is just approval of the minutes of
4 August 27. Does anyone have anything on that?

5 Not hearing anything can I get a motion to
6 approve?

7 COMMISSIONER CHOPER: So moved.

8 CHAIRMAN HARRIS: So moved. Is there a second?

9 COMMISSIONER BRACKPOOL: Second.

10 CHAIRMAN HARRIS: Keith. All in favor?

11 (Ayes.)

12 CHAIRMAN HARRIS: There has been a request to move
13 Item 13.

14 Bob, can you give us a report on the Executive
15 Session.

16 CHIEF COUNSEL MILLER: Yes, Robert Miller, counsel
17 to the California Horse Racing Board. In the matter of
18 California Horse Racing Board versus Los Alamitos Quarter
19 Horse Racing Association the Board gave directions to the
20 Deputy Attorney General representing the Board regarding
21 terms in the proposed settlement documents.

22 With regards to the administrative adjudications
23 the Board decided to accept the offer made by counsel on
24 behalf of Richard Shapiro in the pending complaint in that
25 matter.

1 And the Board decided to accept the monies offered
2 by Sacramento Harness Racing Association with regards to
3 debts to the Board.

4 CHAIRMAN HARRIS: Okay, thank you, Bob.

5 There has been a request to move up Item 13, which
6 is the discussion of the Board regarding that update on the
7 Los Angeles Turf Club operating at Santa Anita and the
8 significance of the bankruptcy filing by Magna
9 Entertainment. And Greg Scoggins is here and requested to
10 move this up so we will go ahead with this one.

11 MR. SCOGGINS: Good morning, Chairman Harris,
12 members of the Commission. The purpose this morning is to
13 give you all an update on where things stand.

14 Yesterday there was a hearing in Delaware before
15 the bankruptcy court regarding several motions that were to
16 be considered. The ones with greatest interest to
17 California had to do with a credit agreement that I
18 mentioned and discussed back in August, whereby MEC was to
19 get some additional funds to fund its operations through
20 April. I believe it was a \$26 million agreement between MID
21 and MEC. That was heard yesterday.

22 There was a question by one of the creditors to
23 just make sure that its rights under the amended agreement
24 were the same as the rights that it had under the original.

25 There doesn't appear to be any issues. The court granted

1 an additional three weeks for them to confirm that. They
2 are going to rehear the issue on October 28. And in the
3 interim the court granted MEC \$2 million under that credit
4 agreement to allow it to continue meeting its obligations
5 through the balance of the month.

6 The other question had to do with setting auction
7 deadlines and procedures for Golden Gate and Santa Anita as
8 well as other properties, including the Maryland properties.

9 Essentially they didn't get to the California issues
10 yesterday, they just dealt with issues relative to the
11 Maryland auction process so nothing to report on that front.

12 I'm sure I will be back here in November and can give you
13 an update at that time.

14 CHAIRMAN HARRIS: Are you going to comment on the
15 arrangement that is being considered to fund the various
16 funds from the upcoming race meetings at Golden Gate Fields
17 and Santa Anita?

18 MR. SCOGGINS: Yes, I was planning on discussing
19 that in the context of the agenda item related to Golden
20 Gate's --

21 CHAIRMAN HARRIS: So you are okay on time for
22 awhile?

23 MR. SCOGGINS: Yes, yes.

24 CHAIRMAN HARRIS: Okay, we'll get back to that
25 then. Which was actually, that is the next --

1 MR. SCOGGINS: I'll just stay here then.

2 CHAIRMAN HARRIS: Yes, go to Item 3 right now and
3 we'll come back to Hollywood Park. Yes, go ahead and ask
4 any questions on MEC. Go ahead.

5 COMMISSIONER CHOPER: The question of ADW
6 companies and the like who make payments for winning tickets
7 and have not been able to get their money. We have been
8 hearing from those people, understandably. Could you tell
9 us something about that?

10 MR. SCOGGINS: Sure. As you know AB 246 was
11 signed by the Governor this past weekend. As a result of
12 that bill RGS and several of the rebate groups, Elite Turf
13 Club who had filed a motion seeking payment of the fees that
14 Santa Anita owed it on a pre-petition basis. They sought to
15 amend their motion to reflect additional arguments based on
16 the enactment of that law.

17 That request for an amendment, to be able to amend
18 that motion was filed I think last week or a couple of weeks
19 ago. The result of that is to effectively push back the
20 argument on this whole issue by probably a couple of months
21 because of the briefing schedule that corresponds to that
22 process.

23 So unfortunately for all of us who want to know
24 the answer to the question the answer is probably not going
25 to come for another couple of months before we --

1 COMMISSIONER CHOPER: And what is Magna's position
2 on that claim?

3 MR. SCOGGINS: Our position continues to be what
4 it was in the beginning, which is these are based on our
5 interpretation of the bankruptcy laws. This money is the
6 property of the estate and it is only eligible to be
7 released if the court were to find otherwise. That it be
8 trust funds or something of some form that would qualify it
9 as not property of the estate. I don't foresee that
10 position changing.

11 COMMISSIONER CHOPER: And I guess I'm going
12 through the same set of questions I asked before because I
13 have some difficulty understanding it, understanding MEC's
14 position. I take it that -- has the creditors' committee
15 been heard from? The people who stand to benefit by the
16 retention of these funds in the estate.

17 MR. SCOGGINS: Well the motion that has been filed
18 will have to be responded to. The motion that has been
19 filed by RGS and the simulcast partners, if you will, will
20 need to be responded to. I presume that MEC will file the
21 response. To the extent that MEC does file a response there
22 will probably be no need for the creditors' committee to
23 step in.

24 I would expect, I don't know this for a fact. But
25 when the creditors' committee feels they have a beef or a

1 dog in the hunt, if you will, that they will stand up at the
2 appropriate time during the argument and say, we concur. Or
3 we concur up to this point but then have the following
4 additional points.

5 COMMISSIONER CHOPER: So are you saying in the
6 meantime they understand that MEC is representing their
7 interest and therefore they don't have to be heard from?

8 MR. SCOGGINS: That's just my personal assumption.

9 COMMISSIONER CHOPER: Is there any reason why MEC
10 does not support the position of the -- whatever you -- the
11 group, the ADW group and others?

12 MR. SCOGGINS: I think MEC's position is driven by
13 their sense of what the law requires their position to be.
14 And the advice that we have received and the analysis of the
15 law suggests that MEC needs to take the position that it has
16 taken, which is this is property of the estate unless the
17 court otherwise determines.

18 CHAIRMAN HARRIS: Has the state of California,
19 which was owed some taxes, have they filed anything or are
20 they just part of the unsecured?

21 CHIEF COUNSEL MILLER: We filed a claim on behalf
22 of the Board, two claims.

23 MR. SCOGGINS: It is my understanding from talking
24 to Gina Lavo, who is our CFO for California operations, that
25 there was a payment made to the state within the last week

1 or two, which should satisfy all of the outstanding
2 obligations that the California tracks owed to the state for
3 pre-petition matters.

4 COMMISSIONER BRACKPOOL: Those would be priority
5 claims, right?

6 MR. SCOGGINS: Right.

7 CHAIRMAN HARRIS: I thought that your
8 interpretation was there couldn't be priority claims. But
9 now there are certain claims considered to be priority?

10 MR. SCOGGINS: Well, obligations to state entities
11 are priority claims. And what we had done also is to take
12 an additional step, if you will. When we originally filed
13 for bankruptcy there was a motion that asked for the right
14 to pay certain outstanding tax obligations, and it was
15 subject to a cap. And the obligations at Santa Anita and
16 Golden Gate had to the state exceeded the cap so we had a
17 residual amount that needed to be addressed. And we filed a
18 motion with the court asking for the cap to be elevated to
19 the point where we could pay those additional amounts. And
20 so that's where -- that's essentially how the -- the
21 structure under which the payment was made.

22 CHAIRMAN HARRIS: Within those amounts did that
23 include some of the funds like the satellite wagering fund
24 in some of that? Not those, just the state license fee
25 fund.

1 MR. SCOGGINS: The things that would be in the
2 nature of a tax.

3 CHAIRMAN HARRIS: Okay. Jack Liebau has a
4 comment.

5 MR. LIEBAU: Jack Liebau from Hollywood Park. I
6 just have one question to address to my friend Mr. Scoggins.
7 And that is, does Santa Anita and Golden Gate Fields not
8 agree with the provisions of AB 246 that has been passed by
9 the California State Legislature? I mean, cut to the chase
10 here. The Legislature has determined that the longstanding
11 law in California -- I don't have the exact provisions in
12 front of me. That those funds are held in trust. And so I
13 think the question is whether you agree or disagree now with
14 the California Legislature as far as their interpretation of
15 the law past and present?

16 MR. SCOGGINS: I'm at somewhat of a difficult
17 position.

18 MR. LIEBAU: I apologize for that, I realize you
19 are in that position.

20 MR. SCOGGINS: Right.

21 MR. LIEBAU: But I think that that's what has to
22 be put on the record. Either Santa Anita and Golden Gate as
23 licensees either agree with the law that has been passed by
24 the California Legislature or they don't.

25 MR. SCOGGINS: I mean, the difficult nature of my

1 position is that -- or my situation is that sending here for
2 MEC what I say will be, you know, held against MEC in any
3 other setting. So I have to be cautious of that and I'm
4 sure all of you are sensitive to that situation.

5 Where I think that the MEC position is going to be
6 outlined in greater detail and in greater specificity in
7 connection with the response to the motion that RGS and
8 Elite Turf Club have filed.

9 I think it is important to look at what I see as a
10 critical issue as it relates to AB 246 and the effect on the
11 pre-petition amounts. I suspect there will be a very heated
12 discussion about whether AB 246 is retrospective in its
13 application. I know it is the view and wish and desire of
14 everybody that AB 246 just confirms what everyone felt the
15 law in California was before March 5. I think there will be
16 a heated debate over whether in fact people agree.

17 There are rules. I am not an expert in
18 interpretation of rules for California laws but I know in
19 some of the jurisdictions I work in there are rules about
20 whether and to what extent a law has retrospective effect or
21 prospective effect. And to the extent that it is
22 retrospective the Legislature usually has to make a very
23 specific statement to that effect.

24 And it certainly has made several comments in the
25 body or the preface to the law that it reflects its original

1 intent but it did not say that we expect this law to be
2 interpreted as being retrospective or post-facto in its
3 effect. So I think there will be a spirited discussion over
4 the extent to which that bill does relate back.

5 What I can say, and I feel fairly comfortable
6 saying, is that for everything dating from when the bill was
7 signed forward we have no problem with it. We have no issue
8 with it. We think that that is a proper way to deal with
9 it. It certainly clarifies the water relative to matters
10 going forward. So I think it is a good idea for the state
11 to clarify its position relative to these funds. I think
12 the bigger issue is the extent to which it applies to things
13 that occurred before last Sunday.

14 COMMISSIONER CHOPER: And then there is no record
15 of this being discussed in the hearings when the bill was
16 passed? No record as to whether it was supposed to apply
17 retroactively?

18 MR. SCOGGINS: I don't know, I haven't seen the
19 record on it.

20 CHAIRMAN HARRIS: Can you make a bill apply
21 retroactively?

22 COMMISSIONER CHOPER: Yes, you can intend it to.
23 No, I mean, that's right, that the ordinary presumption is
24 against retroactivity unless it is specifically either
25 stated or intended. I mean, they look at the legislative

1 history and so forth.

2 MR. SCOGGINS: Right, right. And I think that's
3 going to be --

4 COMMISSIONER CHOPER: That was the main question
5 in the Proposition 8 case.

6 MR. SCOGGINS: Right. But that's the issue that's
7 stay tuned and it will be addressed.

8 COMMISSIONER CHOPER: Maybe someone else,
9 someone's got something. I mean, it seems to me that was
10 the whole purpose of it. I mean, not the whole purpose but
11 a significant purpose of the bill.

12 MR. LIEBAU: Jack Liebau --

13 CHAIRMAN HARRIS: If the bankruptcy is going to
14 pay any attention to it. That's a different issue.

15 MR. LIEBAU: If I can just quote from the law,
16 which it says:

17 "It has always been known that the funds due to
18 various distributees are not the property of the
19 racing association. The racing association is
20 merely acting as a trustee until the funds are
21 paid to those as provided for in the statute."

22 So the question is really whether the -- and I
23 know that we probably can't get an answer. Whether Santa
24 Anita and Golden Gate Fields repudiate this law. That's
25 where we are. This happens to be now signed by the

1 Governor, it's been enrolled and it speaks retroactively.

2 MR. SCOGGINS: In some respects I -- with all due
3 respect to Jack who I admire greatly. With all due respect
4 to him I think the question is somewhat one of those, have
5 you stopped beating your wife lately, because it is not a
6 yes or no answer.

7 I think that to the extent he is talking about
8 repudiating the law, we are not repudiating the law. We are
9 not repudiating the law as far as its prospective effect.
10 The issue in our mind is whether it is retrospective, it has
11 retrospective effect, and to the extent that it does there
12 may be problems under the bankruptcy code. And so we are
13 not repudiating the law as it relates to one aspect of it.
14 It remains to be seen whether we challenge the other aspect,
15 which is how far back it relates.

16 CHAIRMAN HARRIS: Mr. Blonien.

17 MR. BLONIEN: Mr. Chairman and members, Rod
18 Blonien, lobbyist for AB 246. I wrote the language in 246
19 with the cooperation of other people in the racing industry.
20 And it was our intent to clarify the law, that which we
21 believe to always have been the law in California. That the
22 racing association holds the funds for those who are
23 designated by state statute as the recipient for those
24 funds.

25 And in large part what we sought to do was to

1 reinforce regulation 1470, which in pertinent part
2 provides: "Every association shall maintain
3 in an approved depository those amounts deducted
4 for the parimutuel handle which are retained by
5 the association for distribution for purposes
6 specified in the law."

7 And it goes on.

8 I think we wanted to state very clearly that one,
9 these are not the funds of the racing association. Two,
10 these funds are being held in trust for distribution to
11 other people that are specifically designated in the state
12 statute to receive those funds.

13 Again, in the committee hearing when I testified I
14 talked about the bankruptcy of the Magna tracks and the
15 desire to try and make the la clearer. And in the hope too
16 that this could be used by the California representatives
17 with the bankruptcy court to try to get back some of those
18 funds.

19 COMMISSIONER CHOPER: That's in the record of the
20 hearing?

21 MR. BLONIEN: That is in my --

22 CHAIRMAN HARRIS: Your testimony.

23 MR. BLONIEN: That is in my oral testimony. The
24 question is, Mr. Choper, to what extent have those tapes of
25 the hearing been transcribed and available.

1 COMMISSIONER CHOPER: To your knowledge has anyone
2 testified to the contrary?

3 MR. BLONIEN: No one testified to the contrary.

4 CHAIRMAN HARRIS: And this actual language is, as
5 always has been known. That is part of the legislation?

6 MR. BLONIEN: Yes.

7 CHAIRMAN HARRIS: Keith.

8 COMMISSIONER CHOPER: Was that the preamble, Jack,
9 that you were reading?

10 MR. LIEBAU: No, that's actually the law.

11 CHAIRMAN HARRIS: That's the statute?

12 MR. LIEBAU: That's not -- that's the statute.

13 CHAIRMAN HARRIS: Keith has a comment.

14 COMMISSIONER BRACKPOOL: Well my question is that
15 I assume that Magna's position was taken originally because
16 you have a fiduciary responsibility to maximize the estate
17 for all creditors.

18 MR. SCOGGINS: That's right.

19 COMMISSIONER BRACKPOOL: On the other hand,
20 bankruptcy court also allows different interpretations of a
21 position to take if it can further the business interests of
22 the estate.

23 MR. SCOGGINS: That's right.

24 COMMISSIONER BRACKPOOL: And the two may be in
25 conflict with each other. This appears to be a classic case

1 of that.

2 MR. SCOGGINS: I agree.

3 COMMISSIONER CHOPER: So I guess my question would
4 be, given this new legislation would MEC take a different
5 look at their position and say, it may be better for the
6 estate to maximize the size of the estate by actually now
7 filing a different motion and effectively pleading the same
8 with the court?

9 MR. SCOGGINS: That's a possibility. I mean, that
10 certainly is an option. I don't know the extent to which a
11 decision has been made whether to do that. I'm not -- I
12 don't consult with our -- I don't participate in those
13 discussions for purposes of knowing what the strategy is or
14 what the intended strategy may be relative to this motion.

15 COMMISSIONER BRACKPOOL: And my other question
16 would be, have RGS and the others joined the creditors'
17 committee?

18 MR. SCOGGINS: No, they are not a member of the
19 creditors' committee.

20 COMMISSIONER BRACKPOOL: Thank you.

21 CHAIRMAN HARRIS: Okay, anything else on the
22 actual bankruptcy issue?

23 Let's go on while Gregg is here to the discussion
24 of Pacific Racing's financial assurances.

25 EXECUTIVE DIRECTOR BREED: Item number 3.

1 CHAIRMAN HARRIS: Item number 3. Then we'll come
2 back to Hollywood Park in a minute. You want to just give
3 an overview of where we are on that?

4 EXECUTIVE DIRECTOR BREED: On Item number 3?

5 CHAIRMAN HARRIS: Yes.

6 EXECUTIVE DIRECTOR BREED: Well, we have asked
7 for, we have asked Golden Gate Fields and Magna to come up
8 with some sort of financial assurances that they can, in
9 essence, pay their bills and conduct their racing program
10 over and above the required license fee. And they have said
11 that they are working towards that. And I think Gregg is
12 going to announce exactly what the -- not only Magna and but
13 also the other stakeholders have come up with.

14 MR. SCOGGINS: Gregg Scoggins for Golden Gate
15 Fields. A couple of I guess background items to put in
16 context the plan that we put forward.

17 First under the bankruptcy laws, some of which we
18 may be accused of hiding behind but in this situation
19 probably are helpful to people who are owed money after the
20 petition has been filed, we as a debtor have an obligation
21 to meet all of our -- or to honor all of our financial
22 obligations on a going-forward basis.

23 We obtained DIP financing, DIP financing for the
24 purpose of doing so. We have sought additional DIP
25 financing to give us the ability to meet our liquidity needs

1 from now until around April, which is one of the time frames
2 by which we expect certain things to occur. So we have an
3 obligation under the bankruptcy proceeding and under the
4 bankruptcy code to meet our obligations.

5 Secondly, while there have been certain disputes
6 over payments relative to post-petition amounts they
7 generally have related to a dispute that arises from
8 payments owed to the debtor of pre-petition amounts. But
9 generally setting those aside, Golden Gate and Santa Anita
10 have made all payments that are owed by it since the
11 petition was filed.

12 What we have looked at are ways in which we can
13 meet the desires of the industry in California and the CHRB
14 to provide the kind of financial assurance that can best be
15 provided. There have been discussions about other states
16 and how they have handled it and if you want to go into
17 discussion I'm happy to entertain that discussion. But in
18 essence what we have come up with is a proposal where in
19 Northern California you have NOTWINC that handles a lot of
20 the payments of the statutory assessments. They retain and
21 pay on Golden Gate's behalf a lot of the various statutory
22 assessments.

23 What we have proposed and what NOTWINC has agreed
24 to and CARF and TOC, I know this is agreed to, is to have
25 Golden Gate's -- to have NOTWINC retain and pay all of the

1 statutory assessments, not just the ones that they
2 previously were paying. So that would include vanning and
3 stabling, the location fees, the expense fund payments, the
4 workers comp payments, the city tax, the promo fund
5 payments, the owners' premiums, the breeders' awards, the
6 purses, the track commissions, the F&E recapture amounts,
7 CHRB support and equine research lab.

8 So all of those funds that are obligated to be
9 paid in-state by statute will be paid by NOTWINC and not --
10 and they will be retained by NOTWINC from the take-out and
11 so none of that money will end up in Golden Gate's hands.
12 So to the extent that there are any further concerns, it
13 would be out of their hands.

14 CHAIRMAN HARRIS: And basically the stakeholders
15 have bought into this as a good method to do it.

16 MR. SCOGGINS: I think it may be a little strong
17 on the part of some to say it's good, but acceptable I think
18 is the thing we were striving for. Sometimes you can't get
19 unanimity but hopefully you can get consensus; and I think
20 we have achieved consensus.

21 The NOTWINC board approved it in September. They
22 are going to formalize it at their meeting upcoming October
23 22. It is my understanding that TOC has approved it. Of
24 course they are a member of NOTWINC as well. CARF. And
25 then basically Hollywood Park and Del Mar have expressed no

1 opinion since it really doesn't apply to them in Northern
2 California.

3 CHAIRMAN HARRIS: Are there any comments on this
4 from the Board?

5 COMMISSIONER BRACKPOOL: Does it require
6 bankruptcy approval to make the change?

7 MR. SCOGGINS: No, I don't believe that it does
8 because it deals with post-petition activities.

9 CHAIRMAN HARRIS: Guy.

10 MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of
11 California. I think we need some clarification on what you
12 just outlined as your proposal. The statutory deductions.
13 It was our understanding that out of the entire list of
14 those deductions, that track commissions would be at the
15 end. That there would be a priority set up and track
16 commissions would be distributed the last.

17 And my second question is, are you referring just
18 to the in-state pools? Because I think we also need to
19 address out of state ADW pools, separate pools, all those
20 others.

21 MR. SCOGGINS: As to Guy's first question, I just
22 listed them not in any order of priority. I would defer to,
23 you know, Robert Hartman or others who were in the specific
24 discussions about how the priority was to be addressed.

25 On the out-of-state pools or the question of

1 distinguishing in-state versus out-of-state. Yes, this only
2 relates to the in-state pools. It does not relate to the
3 ADW issues or the out-of-state pools.

4 The problem with respect to those, and one of the
5 problems that has given rise to a lot of the angst and
6 anxiety since March until now of paying the out-of-state
7 pools is that those amounts are so large it is very
8 difficult to manage them by just setting them aside. We
9 will comply with the new AB 246 and do the things that AB
10 246 requires us to do. But it is my understanding that
11 NOTWINC may not be in a position to be able to take
12 responsibility for making those two sizeable amounts of
13 payments given the cash flow and aspects associated with
14 those types of payments and types of arrangements.

15 CHAIRMAN HARRIS: Does NOTWINC have a financially
16 sound financial statement now? Because I thought they were
17 in a deficit. Because you basically -- Maybe somebody could
18 also explain who the partners are in NOTWINC.

19 MR. LAMOTHE: The partners in NOTWINC are the
20 racetracks, currently Golden Gate Fields, Bay Meadows, CARF
21 and Thoroughbred Owners of California, each having 25
22 percent share in the corporation. Is it financially sound?
23 No, especially because of this bankruptcy that occurred.

24 Getting back to Mr. Scoggins' response on the out-
25 of-state money. Yes, those funds are large. In fact the

1 majority of funds are from out-of-state and that's precisely
2 why we want some assurances on those funds, because they
3 impact us even more. And we probably need some legal advice
4 on this.

5 But the fact that you are participating in the
6 California pools. I don't think that's restricted within
7 the boundaries, the geographic boundaries of California.
8 You're participating in our pools from wherever you are.
9 And we need assurances on those funds as well. It has an
10 even greater impact on us. If you want to bet on the
11 California product, you know, you've got to play by the
12 rules. Do you not?

13 CHAIRMAN HARRIS: Well, I guess --

14 MR. LAMOTHE: So the pools, it's going to be
15 integrity on 30 percent of the pools but not on the other 70
16 percent. Is that what we are saying here? We have concern
17 about this.

18 MR. HARTMAN: Robert Hartman, Golden Gate Fields.

19 I just want to reiterate what Gregg said earlier.
20 We have not missed one single payment post-petition to one
21 entity since mid-March after the bankruptcy so our track
22 record post-petition has been flawless. We are trying to
23 set up systems in a business that is highly dependant on
24 cash flow. If somebody hits a Pick-6 for a million dollars
25 you need to pay that person. So there needs to be money

1 that is able to move around.

2 One hundred percent of the money that would
3 normally go to Golden Gate Fields is now going to NOTWINC
4 and is basically going to stay with NOTWINC. And that's a
5 tremendous protection for the in-state locations.

6 The out-of-state settlements are a more
7 complicated process. Sometimes out-of-state entities owe
8 Golden Gate Fields money, sometimes we owe them money. It
9 depends on how the wagers work out, how the payoffs work
10 out. So that is not a function that NOTWINC could handle,
11 they are not set up to handle that. Now whether we want to
12 address that at another time and figure out another
13 solution.

14 But the TOC, Bay Meadows who is still on the
15 NOTWINC board, and CARF all agreed to the solution that Greg
16 laid out in front of you as the solution that we can move
17 forward with now. If we want to look at additional
18 solutions moving forward we could address that at a future
19 time. But this is what we could come up with in the short
20 time frame. And it provides protection for all in-state
21 entities who I believe the California Horse Racing Board
22 needs to protect.

23 MR. SCOGGINS: And I'd also like to kind of
24 reiterate the point that has been made by others earlier
25 today relative to AB 246. That is now law, it is now in

1 effect. Our obligations under that law are very clear. And
2 so there are additional protections that are, whether they
3 are additional or a continuation of existing protections
4 depending on in whose seat you're sitting. There are
5 additional protections under AB 246 that will allow for, I
6 think, greater assurances that people will get paid because
7 of the way the funds are clearly supposed to be treated now.

8 CHAIRMAN HARRIS: The problem is we do have your
9 meet starting a week from yesterday, so I think we have to
10 go with something. And I think the key would be if some of
11 the parties that are recipients of the funds felt it was
12 better not to have a meet than to have this compromise. But
13 I don't really hear that.

14 COMMISSIONER BRACKPOOL: And I didn't hear John's
15 question answered, which is what is the financial structure
16 of NOTWINC. I mean, does it have funds beyond the
17 collective agreement to hold funds at the moment? Is there
18 a separate account set up for the transfer of these monies
19 that will be protected, et cetera.

20 MR. HARTMAN: NOTWINC is running in a deficit
21 situation. They are currently holding millions of dollars
22 that belongs to Golden Gate Fields. But we are floating
23 them the money because they are in such financial straits.

24 There is a bill, AB 1575 that the industry agreed
25 on that got held up in the Capitol. And that would raise

1 the two-and-a-half percent expense fund that NOTWINC
2 receives up to four percent and that will make NOTWINC
3 financially sound once those monies flow, those additional
4 funds flow to NOTWINC. That bill passed the Senate
5 yesterday. It is headed to the Assembly when they
6 reconvene. So while the current state of NOTWINC is tenuous
7 there is a solution moving forward through a change in
8 legislation.

9 CHAIRMAN HARRIS: Would it be clear then that
10 these new funds that NOTWINC is going to get as somewhat of
11 a trustee are clearly segregated from their other funds.
12 Because NOTWINC conceivably could go into bankruptcy
13 themselves so we don't want those funds to be considered to
14 be part of the estate.

15 MR. HARTMAN: Yeah, the funds they would receive
16 are out of purses and commissions basically and they won't
17 be considered part of the estate.

18 COMMISSIONER BRACKPOOL: You're saying the new law
19 would make sure that they are not part of any bankruptcy
20 estate.

21 CHAIRMAN HARRIS: Well I guess the theory is that
22 they can generate enough funds, even though in deficit, that
23 there is light at the end of the tunnel. But right now they
24 are in a deficit. I guess it's a question of if they are
25 really a going concern or not. But they are due to loans

1 and things that they have got.

2 MR. SCOGGINS: I mean, to cut to the chase if I
3 may. People were very uneasy with Golden Gate being the
4 holder of those funds, notwithstanding AB 246. We offered
5 this option up. And those who had a direct stake in the
6 matter said that was preferable to having NOTWINC hold it,
7 notwithstanding the issues we have just been discussing, to
8 having Golden Gate hold it. If there is a greater comfort
9 to having Golden Gate hold it with AB 246 protections in
10 place we are happy to do it either way. It really is an
11 effort to provide comfort to those who have sought it.

12 CHAIRMAN HARRIS: I think it is really up t the
13 parties. I could see it either way. Does CARF or TOC or
14 anyone have a preference on the way the funds are -- it
15 seems to me that you -- it really seems to me that either
16 way there is a little bit of risk involved. But on the
17 other hand we have got to keep racing going and that's the
18 methodology that seems to be in vogue.

19 COMMISSIONER BRACKPOOL: And the bankruptcy court
20 does protect post-petition payments to a much greater degree
21 because the pre-petition debt has all been taken to one
22 side.

23 CHAIRMAN HARRIS: So I am not clear. We are not
24 really in all these guys' shoes. If I was I don't know, I
25 think I'd just as soon go with Golden Gate. Does someone

1 from TOC --

2 CHIEF COUNSEL MILLER: I just think also if you
3 fail to make any payments then your corporate reorganization
4 Chapter 11 proceeding is thrown in jeopardy, isn't that
5 correct?

6 MR. SCOGGINS: That's correct. And that was one
7 of my --

8 CHIEF COUNSEL MILLER: So you have a vested
9 interest in making sure that the money goes where it goes.

10 MR. SCOGGINS: Absolutely. And that was kind of
11 my preliminary remarks were to set that as a context. I
12 mean, we have an obligation, we have met that obligation.
13 We plan on meeting that obligation because the risk of not
14 meeting the obligation is pretty, pretty stiff.

15 So we are happy to let things continue the way
16 they are with any additional protection or assurances people
17 get from the new bill. But obviously, you know, there was a
18 decision made back in September that this alternative plan
19 that I laid out was acceptable. It may or may not still
20 remain acceptable. You know, let's sort it out so we can
21 decide whether we can race next week.

22 EXECUTIVE DIRECTOR BREED: CARF, Bay Meadows and
23 TOC, we need to know if we have got a deal here or not,
24 please. Are we in or out?

25 MR. LIEBAU: Jack Liebau from Bay Meadows. We are

1 out. We don't have a dog in this fight. We are arranging
2 to sell our stock. Bernie Thurman who is the director from
3 Bay Meadows will resign immediately. This problem does not
4 involve Bay Meadows at all and we don't want to have
5 anything to do with anything or give any assurances to
6 anybody. We just don't have a dog in the fight, that's all
7 there is. So don't look to Bay Meadows for any comfort on
8 this.

9 MR. HARTMAN: There is one issue that Bay Meadows
10 does have a dog in the fight. They currently owe NOTWINC
11 \$500,000, which they have agreed to fund with the TOC.

12 MR. LIEBAU: Mr. Hartman, are you saying that
13 Golden Gate Fields has agreed with respect to the deficit
14 that is owed by Golden Gate Fields? I think you mis-spoke.

15 With respect to the deficit that has been incurred while
16 Bay Meadows has operated, we have entered into a oral
17 agreement with TOC to solve that problem. We have the cash,
18 we are solvent, we are not a problem with respect to meeting
19 our liabilities.

20 MR. SCOGGINS: Thank you for the clarification.

21 MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of
22 California. Let me just reiterate how we got to this
23 problem and why we came up on the path to the solution here.
24 And that was, because again, the bankruptcy of Golden Gate.
25 All the uncertainty that was behind that bankruptcy and not

1 sure what motions or directions MEC was going to go with.
2 What were they going to pay, what were they not going to
3 pay. We have already heard Mr. Scoggins today, you know, we
4 are at the mercy of the bankruptcy court, this entity. We
5 don't know.

6 We wanted to move the management of these funds
7 outside of Golden Gate's hands. Therein lies why NOTWINC is
8 the vehicle to do that, okay. We have already proceeded
9 with setting up trust accounts at NOTWINC, okay, so there's
10 an additional layer of protection. And I believe this is a
11 solution that the entire NOTWINC group came up with. So
12 that's the way TOC would prefer it.

13 CHAIRMAN HARRIS: You support NOTWINC. I think we
14 just want to clarify that we are not dragging somebody into
15 something here.

16 MR. KORBY: Chris Korby, Executive Director of
17 California Authority of Racing Fairs. We are satisfied with
18 the direction that things are going. We believe that it
19 moves to the correct solution for the distribution of these
20 monies to take place at NOTWINC, not by the racing
21 association in the north, and that those distributions will
22 be made from a trust account that is set up and protected
23 and can be used only for that purpose.

24 COMMISSIONER BRACKPOOL: Just so that I am not
25 confused. I am hearing Golden Gate say they are okay with

1 that as well.

2 MR. SCOGGINS: Yes, we are okay with the plan that
3 I outlined, yes.

4 CHAIRMAN HARRIS: Okay, well.

5 MR. KORBY: Thank you.

6 CHAIRMAN HARRIS: I think we've got the plan.
7 Because this whole thing is liable to come up again for the
8 Santa Anita application, some similar mechanism possibly.
9 But I am really not clear if the NOTWINC plan is really that
10 much better than just Golden Gate.

11 COMMISSIONER BRACKPOOL: I think it's a personal
12 preference.

13 CHAIRMAN HARRIS: But anyway, that is not my
14 problem, fortunately.

15 CHAIRMAN HARRIS: Okay, so with that, that was the
16 one item that was holding up the final approval of Golden
17 Gate Fields, their upcoming meet which runs from October 21
18 to December 20. So do I have a motion to approve?

19 COMMISSIONER DEREK: So moved.

20 COMMISSIONER BRACKPOOL: Second.

21 CHAIRMAN HARRIS: Moved and seconded. All in
22 favor?

23 (Ayes.)

24 CHAIRMAN HARRIS: Okay, now let's go to --

25 MR. SCOGGINS: Thank you.

1 MR. HARTMAN: Thank you.

2 CHAIRMAN HARRIS: Thank you.

3 Let's go back to Hollywood Park's application for
4 their fall meeting, which is November 11 through December
5 20.

6 STAFF SERVICES MANAGER II WAGNER: Jackie Wagner,
7 CHRB staff.

8 The application before you is from the Hollywood
9 Park Fall Racing Association. They are proposing to race
10 from November 11 through December 20. This is 27 days and
11 it is 13 days less than they raced in 2008. They are
12 proposing to race a total of 232 races or 8.5 races per day.

13 Hollywood Park was allocated 31 days of racing for
14 2009. The proposed dates for this application delete
15 December the 21st from the racing calendar. In addition
16 they are asking to offer simulcast wagering with no live
17 racing on November 11th, the 12th and December 16th. This
18 change would reduce their total race days to 27.

19 They are racing five days per week, Wednesday
20 through Sunday, with eight races on Wednesdays, Thursdays,
21 Fridays and nine or ten races on a selected basis on
22 Saturdays, Sundays and Friday November the 27th.

23 They are proposing a first post time of 12:30 p.m.
24 daily, a 7:05 p.m. post time on Friday, November the 13th
25 and the 20th. And on Thanksgiving Day, November the 26th,

1 their post time will be 11 o'clock in the morning.

2 Their wagering program will utilize both ARCI
3 rules and CHRB rules.

4 Their ADW providers are TVG, Youbet, Expressbet
5 and Twin Spires.

6 The analysis indicates that we have missing items
7 from this application. I am happy to report that we have
8 received their bond, their \$100,000 bond, and we have
9 received their promotion plan.

10 Staff would recommend that the Board adopt the
11 application as presented. We do have representatives from
12 Hollywood Park.

13 CHAIRMAN HARRIS: Any comments from Hollywood
14 Park?

15 MR. WYATT: No.

16 CHAIRMAN HARRIS: Any questions from the Board?

17 I was looking over the plan. And this is not
18 necessarily a reflection on Hollywood Park any more than
19 anybody else. It seems like we should have some sort of a
20 mechanism where we set goals and then at some point we go
21 back and measure if we met those goals. And the goals could
22 be lofty or modest or whatever. But when we do marketing
23 plans you sort of have a goal of what is going to happen. I
24 am not clear if you do. For your fall meet what are you
25 really feeling you are going to have there?

1 MR. WYATT: I'll let Dyan Grealish answer that
2 question when I get done; she is our vice president of
3 marketing.

4 In this, you know, in the state of the economy
5 today I don't know what kind of goals to set. I mean, I
6 don't know what moves a needle, I really don't. I think we
7 are hopeful that the meeting will be, you know, a relative
8 success. I have no anticipation of that. I have hope. And
9 I am just, I am just being as honest as I can be with you,
10 you know.

11 I do think that, to your point, that it would be
12 nice to set the bar and see how we came out in probably a
13 little more, in a better fashion to measure it. I think
14 your suggestion is well-founded.

15 CHAIRMAN HARRIS: This is an age-old question in
16 racing, how do we move the curve up or down or how elastic
17 is the whole demand.

18 MS. GREALISH: I totally agree with Eual. I think
19 that we are in a very difficult situation right now. We
20 were having lunch with Chill yesterday and hearing about the
21 results at Oak Tree. Guarantees that we have on our Pick-4
22 wagers and such are a little sketchy right now. We are
23 having trouble meeting those. So we are trying to be as
24 conservative as possible. And really just on this teetering
25 economy wondering exactly where we will end up at. We are

1 actually pleased that it is five and a half weeks because
2 that's a little bit shorter and hopefully at the end of the
3 year things will start to turn around a little bit.

4 CHAIRMAN HARRIS: Jack.

5 MR. LIEBAU: Jack Liebau. With respect to handle.
6 We may be aggressive but we are projecting a five percent
7 decline in overall handle. Which is aggressive in what
8 other people's results are to date. But we are hoping that
9 the hit that we took last year won't be duplicated. But we
10 are projecting a five percent decline in handle overall.

11 CHAIRMAN HARRIS: Now is this because a lot of
12 this economic data coming out, if you go back -- the real
13 decline in the economy, as I recall, was about in September
14 of '08. So you were sort of, fortunately or unfortunately,
15 already in the decline for your last fall meet. So I'm
16 hoping the thing has somewhat bottomed out.

17 MS. GREALISH: The news reports are really
18 predicting a second wave of large foreclosures and that's
19 really hurting the average Joe as far as wagering is
20 concerned. People are not yet loosening up. You know, you
21 are seeing some up-ticks in retail and such but it is very
22 difficult right now.

23 CHAIRMAN HARRIS: I still can't figure out how
24 Fresno is up this year. It's just a lot more racing has
25 made money this year than I realized, I guess.

1 Do any of the Commissioners have a comment?

2 If not is there a motion to approve?

3 Does any of the audience have a comment on
4 Hollywood Park's application?

5 Can I get a motion to approve?

6 COMMISSIONER BRACKPOOL: Moved.

7 COMMISSIONER DEREK: Second.

8 CHAIRMAN HARRIS: Moved and seconded. All in
9 favor?

10 (Ayes.)

11 CHAIRMAN HARRIS: Okay, moving right along.

12 MR. WYATT: Thank you.

13 CHAIRMAN HARRIS: The Safety Committee is headed
14 by Commissioner Derek. She had a meeting down at Del Mar,
15 wasn't it?

16 COMMISSIONER DEREK: Yes. The Safety Committee
17 met for the first time on September 4 at Del Mar. And I am
18 pleased to report it was well-attended by leading
19 thoroughbred and quarter horse jockeys, including Lafitte
20 Pincay, Jr.

21 The focus of the meeting was on jockey safety so
22 naturally they were interested in finding out more about the
23 new, advanced safety vests and helmets and whips that are on
24 the market. Their feedback was extremely helpful to us as
25 we developed regulations and also beneficial to the safety

1 experts and manufacturers who attended the meeting. We were
2 given presentations of safety helmets, including
3 demonstrations of anvils falling on helmets. It was really
4 -- I'm wearing a helmet now as a result of these
5 presentations.

6 Everyone at the meeting, especially the jockeys,
7 accepted and endorsed the need to include laboratory
8 standards to move forward with rules requiring the use of
9 these advanced products in California horse racing. In fact
10 the industry isn't waiting for the mandate. They have
11 already voluntarily begun an exchange program where older
12 style helmets, vests and whips can be exchanged for new
13 equipment at a reduced price, which I think is especially
14 helpful to exercise riders in the industry.

15 The proposed whip rule pertains to the alternative
16 whips or crops popularly referred to as kinder whips, which
17 we included in the waiver that we approved last August
18 meeting. These whips have padded flaps or poppers at the
19 end and they are considered safer for horses.

20 And I would like to thank all the Del Mar jockeys
21 and Del Mar in particular for getting this going. This
22 proposed rule would ban traditional whips in horse races in
23 preference to the new whips. And if we approve this today
24 it will be in time for Breeders' Cup, which I think would be
25 very important to public perception that we have made this

1 progress.

2 The three proposed rules before you enjoy broad
3 consensus with one exception. I am surprised he is not
4 here. There has always been resistance among trainers to
5 wear safety helmets when they are on the racetrack ponying
6 horses and overseeing workouts. Ed Halpern of the
7 California Thoroughbred Trainers spoke against including
8 owners and trainers in the mandate to wear safety helmets
9 except when the trainers are actively exercising horses, at
10 which time they obviously would need to be protected.

11 I personally prefer to include everyone on
12 horseback, including owners and trainers, in the rule by
13 requiring them to wear a safety helmet whenever they are on
14 the racetrack or training track.

15 I encourage the full board to include this
16 provision in the rule. And as Chair of the Safety Committee
17 I recommend that the Board approve for public notice these
18 three proposed rules as presented. Thank you and thank you
19 to everyone who helped with these rules.

20 CHAIRMAN HARRIS: As I understand it the helmets
21 are everybody on the track regardless of what they are doing
22 on the track. The safety vests are only for exercise riders
23 and jockeys but not necessarily trainers.

24 COMMISSIONER DEREK: Yes. And right now the rules
25 do state that anyone on the track, including trainers and

1 owners, must wear a helmet, but it has never been enforced.

2 So if we were to exclude them from this new rule we would
3 be going backwards.

4 MR. DOUGHERTY: Charlie Dougherty, California
5 Thoroughbred Trainers. Ed had some other commitments,
6 that's why he could not be here today.

7 We do support the current language as it is. And
8 it is our interpretation, it's not that it is not being
9 enforced. The way we believe it is if a trainer is on a
10 ponying and not working, or ponying a horse, they should be
11 allowed to not wear helmets. It has worked in the past. We
12 don't know of any incidents that have occurred.

13 And the primary thing is that a trainer is
14 responsible for their own insurance. And it's not as if it
15 is an employee that it is a worker's comp issue.

16 So we would still ask that the rule as written
17 right now still be enacted to where trainers, unless they
18 are not ponying or exercising a horse, not be required to
19 wear a helmet. It would be their own --

20 CHAIRMAN HARRIS: It's somewhat like a motorcycle
21 helmet.

22 MR. DOUGHERTY: It would be their own choice.

23 CHAIRMAN HARRIS: I guess the issue is really,
24 does society have a cost if people are injured, even though
25 they might feel they have got independent rights to not do

1 it? Is society better off if there's no real degradation of
2 their job to go ahead and wear the helmet. I could see if
3 they had some case if the helmet was designed so that they
4 couldn't see very well or something like that. But it seems
5 to me that it is going to be tough to enforce if some people
6 are out there with helmets and some aren't.

7 COMMISSIONER DEREK: That's what I was told, the
8 way they have been getting away with not wearing helmets
9 already. I wouldn't like to see the rule changed to exclude
10 them, particularly -- And I don't understand, if we are
11 getting involved in safety why we would exclude some people
12 on the track.

13 MR. DOUGHERTY: Well as I say, the way the rule is
14 written right now, our interpretation is that --

15 COMMISSIONER DEREK: It's okay?

16 MR. DOUGHERTY: -- it is not as if they are
17 excluded specifically anyway.

18 COMMISSIONER DEREK: Okay.

19 MR. DOUGHERTY: It is that it's their own choice
20 whether they -- unless they are exercising or ponying a
21 horse that they should not be required to wear a helmet.

22 COMMISSIONER DEREK: I didn't read it that way but
23 good, I'm glad.

24 COMMISSIONER BRACKPOOL: Can somebody read us the
25 excerpt of the rule so we can see?

1 EXECUTIVE DIRECTOR BREED: Yes, it says --

2 CHAIRMAN HARRIS: The new rule, right?

3 EXECUTIVE DIRECTOR BREED: Yes, the new rule,
4 which is basically the same as the old rule:

5 "A racing association, fair, authorized
6 training facility, may not permit any person to
7 gallop or pony a horse, to ride a horse in a race
8 or be mounted in or riding on a sulky unless the
9 person is wearing a properly fastened safety
10 helmet."

11 CHAIRMAN HARRIS: That's the old rule or the new
12 one?

13 EXECUTIVE DIRECTOR BREED: That's the old and new.

14 COMMISSIONER DEREK: Old and new.

15 MR. DOUGHERTY: That is the current rule.

16 EXECUTIVE DIRECTOR BREED: That is the current
17 rule, it's the same language. And so basically what we are
18 saying, Commissioner Derek, is that say an owner or a
19 trainer at rest on a horse, standing there watching his
20 horse being galloped, its not considered under this rule to
21 be galloping or ponying a horse. He is at risk so he would
22 have to wear a helmet. Is that the interpretation?

23 MR. DOUGHERTY: Yes, we are accepting of that that
24 I believed Commissioner Derek was trying to say that. That
25 as long as they are on a horse they should have to wear a

1 helmet.

2 COMMISSIONER DEREK: No, I'm fine. Personally I'm
3 fine with that and would recommend that to the Board.

4 MR. DOUGHERTY: Okay.

5 EXECUTIVE DIRECTOR BREED: Commissioner Derek was
6 saying the rule as written is what she wants to continue,
7 that she recommends continuing.

8 COMMISSIONER DEREK: Yes. I didn't want to
9 exclude a particular group.

10 CHAIRMAN HARRIS: I'm not sure. Today is it felt
11 that people ponying horses are not wearing safety helmets or
12 are?

13 COMMISSIONER DEREK: They are, they are.

14 MR. DOUGHERTY: Okay, thank you.

15 EXECUTIVE DIRECTOR BREED: Okay. So we are
16 considering that on 5-3 this is the rule we are taking under
17 now, is that correct?

18 CHAIRMAN HARRIS: Yes.

19 EXECUTIVE DIRECTOR BREED: Okay.

20 MR. LIEBAU: Jack Liebau from Hollywood Park. For
21 what it's worth, and at the suggestion of the NTRA
22 accreditation committee, Hollywood Park will have a house
23 rule that nobody on a horse will be allowed on the track
24 without a helmet. And I am a little bit confused as to what
25 this rule says now. But at Hollywood Park you aren't going

1 to be allowed on the track, on horse, unless you have a
2 helmet. And that's going to be a house rule.

3 CHAIRMAN HARRIS: I think ponying a horse --
4 usually you don't see that many people just out there just
5 riding along by themselves. Usually there's some --

6 COMMISSIONER DEREK: No, the trainers often sit
7 out on a horse.

8 CHAIRMAN HARRIS: Oh, they sit out.

9 COMMISSIONER DEREK: In a cowboy hat.

10 CHAIRMAN HARRIS: But usually they are ponying a
11 horse back and forth.

12 COMMISSIONER DEREK: They usually have helmets if
13 they are ponying.

14 CHAIRMAN HARRIS: Well sometimes they are just
15 leading it to the track.

16 MR. LIEBAU: So no matter what you do at Hollywood
17 Park, if you are out on the track you are going to have a
18 helmet.

19 COMMISSIONER DEREK: Personally I like that and
20 maybe that's something the Board should consider in the
21 future.

22 CHAIRMAN HARRIS: That would be a good test.

23 Okay, so this is going out for comment now?

24 PUBLIC RELATIONS OFFICER MARTEN: Mike Marten with
25 CHRБ staff and member and advisor on the Safety Committee.

1 If we want a person on the track, for whatever
2 reason, on horseback to have a helmet, why wouldn't we amend
3 the language now and notice that?

4 STAFF SERVICES MANAGER II WAGNER: The language
5 already says that.

6 PUBLIC RELATIONS OFFICER MARTEN: Well as you look
7 at this it is specifically, gallop or pony. And I guess
8 what we are saying is in addition to that, just being on
9 horseback. And I think that's what Commissioner Derek was
10 after. Were you after just being on horseback?

11 COMMISSIONER DEREK: I was. Anyone on horseback
12 on the track was originally the intent.

13 CHAIRMAN HARRIS: Originally I thought that was
14 the intent.

15 COMMISSIONER DEREK: Definitely.

16 PUBLIC RELATIONS OFFICER MARTEN: So that could be
17 amended now if you want to go that way. Which would not be
18 what Mr. Dougherty wants but we could get it straight now.

19 COMMISSIONER BRACKPOOL: But Jack referenced
20 another rule. You said you were copying another rule.

21 COMMISSIONER DEREK: A house rule.

22 COMMISSIONER BRACKPOOL: No, I thought it was
23 based on another recommendation.

24 MR. LIEBAU: The NTRA has an accreditation
25 problem, not a problem but it goes around and accredits

1 tracks based upon safety. And one of their recommendations
2 is this. That people that are on horseback on the racetrack
3 should wear helmets.

4 And all I'm saying is that we are going to put
5 that in at Hollywood Park as a house rule, notwithstanding
6 what you may do here. But it would be much easier for us if
7 this was also a rule by the CHRB so that we are not out
8 there all by ourselves. And we think that it is a safety
9 factor.

10 COMMISSIONER DEREK: Can we amend the language
11 now?

12 CHAIRMAN HARRIS: Yes we can. I think it's
13 important probably to put it out for comment the way we want
14 it.

15 COMMISSIONER DEREK: Amended.

16 CHAIRMAN HARRIS: Yes.

17 STAFF SERVICES MANAGER II WAGNER: Jackie Wagner,
18 CHRB staff.

19 In order for the process to be effective, if we
20 are going to recommend this rule be noticed we should notice
21 it with the language that we would want to be adopted. If
22 the Board is now geared toward requiring everyone to wear a
23 helmet, as is going to be suggested at Hollywood Park, this
24 would be the appropriate time to make that amendment in
25 order for that particular language to be noticed for 45

1 days.

2 MR. LIEBAU: I have just also been reminded that
3 that is a rule, a model rule by the Racing Commissioners
4 International also.

5 CHAIRMAN HARRIS: I think we should put it out for
6 comment and see what response we get.

7 STAFF SERVICES MANAGER II WAGNER: Put it out for
8 comment with the change to require everyone?

9 CHAIRMAN HARRIS: It's tricky now because it's
10 hard to differentiate sometimes between you are out there to
11 pony a horse or you are just out there or what. So we just
12 it out, if you are on the track you are supposed to have a
13 helmet. Now I could, you know, argue that maybe you don't
14 need to do that.

15 COMMISSIONER DEREK: Now this would, this would
16 also cross over into assistant starters then I would -- they
17 are not on a horse.

18 STAFF SERVICES MANAGER II WAGNER: It would
19 include everyone on a horse. So the language would be
20 changed to represent everyone on a horse.

21 CHAIRMAN HARRIS: On the track.

22 COMMISSIONER DEREK: On the track.

23 STAFF SERVICES MANAGER II WAGNER: On the track
24 would be required --

25 CHAIRMAN HARRIS: On the track. They could be

1 riding around in the stable area but not on the track.

2 STAFF SERVICES MANAGER II WAGNER: Correct. Would
3 be required to wear a helmet.

4 We certainly can go back and develop language to
5 address that intent. And if the Board instructs us to do
6 that we will do that and initiate the 45 day comment period
7 with that language.

8 CHAIRMAN HARRIS: Because that's really the
9 purpose of these comment periods. But I think we should put
10 it out that way. And then there may well be push-back and
11 we can further discuss it rather than drag it out too long
12 here. Mr. Fravel.

13 MR. FRAVEL: Craig Fravel, Del Mar. I'm glad
14 somebody brought up the assistant starters. I think we
15 would suggest that that would be appropriate as well.
16 That's one of the requirements of the NTRA Safety Alliance.
17 And we all undertook as part of our accreditation process
18 that we would request the Board to make that change. So you
19 might want to consider assistant starters as well. Anyone
20 handling a horse on the racetrack from a safety standpoint,
21 particularly on a starting gate. And you guys aren't
22 breaking new ground here. I mean, if you watch your races
23 from elsewhere they are all, you know, people have helmets
24 on routinely. Thank you.

25 COMMISSIONER DEREK: Is there any way to include

1 anyone handling horses on the track?

2 STAFF SERVICES MANAGER II WAGNER: We can include
3 that as well. We can address the language to include riding
4 a horse or handling, which would include I'm assuming at
5 this point, the assistant starters --

6 COMMISSIONER DEREK: That would be good.

7 STAFF SERVICES MANAGER II WAGNER: -- in that
8 capacity.

9 CHAIRMAN HARRIS: Let's put it that way. Put it
10 out and we'll see what kind of comments we get.

11 Okay, anything else?

12 MR. DOUGHERTY: John, excuse me. Charlie
13 Dougherty, CTT. Just for clarification. Did I also just
14 hear that grooms walking horses over would be required?

15 CHAIRMAN HARRIS: On the track. If they were on
16 the track. There is a proposal for the European horses in
17 Breeder's Cup to have their groom take them to the gate. So
18 that groom, which we haven't passed this rule yet, would
19 have to have a helmet if you are on the track.

20 MR. DOUGHERTY: They are walking on the track?

21 COMMISSIONER DEREK: They are handling the horse.

22 CHAIRMAN HARRIS: Yes, you are handling the horse.
23 We are just putting it out for comment, okay guys.

24 MR. DOUGHERTY: I just wanted to --

25 CHAIRMAN HARRIS: Get back to your word processors

1 and come up with some good data why we want to do it or
2 don't do it or whatever. Usually what happens is that we
3 have this harangue about it, nobody sends in any comments.
4 They everybody comes in and oh my gosh, we can't do this.
5 So get your comments in.

6 MR. DOUGHERTY: Okay. Well I just -- I wanted to
7 get clarified as to whether or not grooms who were
8 paddocking horses, if that --

9 CHAIRMAN HARRIS: No, not the paddock, the track.
10 I guess either walking to or -- I mean, basically by "on
11 the track." If that is just a pathway that wouldn't,
12 wouldn't count.

13 MR. DOUGHERTY: Because they walk on the racetrack
14 with the horses.

15 CHAIRMAN HARRIS: Yes. But no, we are not talking
16 about -- I mean, that may be.

17 MR. DOUGHERTY: Okay, I just wanted that
18 clarified.

19 COMMISSIONER DEREK: It's complicated language.

20 CHAIRMAN HARRIS: I mean, it gets complicated
21 because you could have 24 hour coverage I guess.

22 EXECUTIVE DIRECTOR BREED: We're talking about
23 assistant starters, from what I understand.

24 CHAIRMAN HARRIS: Yes, the starters is where the
25 more risk factor was.

1 EXECUTIVE DIRECTOR BREED: Yes, we are not talking
2 about grooms I don't think.

3 CHAIRMAN HARRIS: No.

4 EXECUTIVE DIRECTOR BREED: Is that in the ARCI
5 rule that grooms wear horses when they are handling --

6 COMMISSIONER BRACKPOOL: Wear horses?

7 EXECUTIVE DIRECTOR BREED: Do you know, Craig?

8 COMMISSIONER DEREK: How do they, what is their
9 language like, do you know?

10 MR. FRAVEL: Craig Fravel again. I don't know
11 about the ARCI but in the NTRA Safety Alliance accreditation
12 there was no mention of grooms. It was assistant starters
13 and trainers.

14 STAFF SERVICES MANAGER II WAGNER: And the
15 starters were mentioned specifically?

16 MR. FRAVEL: Yes.

17 STAFF SERVICES MANAGER II WAGNER: Okay. So if
18 that's the case what we can do is develop language that will
19 have a broad brush in terms of handling and writing and then
20 you make a specific notation for the assistant starters. I
21 believe that's kind of how it's handled. And I'll double-
22 check that language before we go out.

23 COMMISSIONER DEREK: We can look at their
24 language.

25 COMMISSIONER CHOPER: And I think if you can

1 include in your comments, in your report on it, what these
2 other rules are, you know. So that we see those.

3 CHAIRMAN HARRIS: How other states handle it, yes.

4 COMMISSIONER CHOPER: Yes.

5 CHAIRMAN HARRIS: We'll go on to the safety vest.

6 Now the safety vest is another group of people and that
7 includes assistant starters. I think they are doing that
8 now.

9 COMMISSIONER DEREK: They're already wearing them.

10 CHAIRMAN HARRIS: Yes. I don't know if that's a
11 rule or if they just do it.

12 EXECUTIVE DIRECTOR BREED: Let's go to the vest.

13 STAFF SERVICES MANAGER II WAGNER: The amendment
14 to Rule 1689, which is the safety vest. Primarily what that
15 does is it brings the rule up to date in terms of the
16 standards for our safety vets. We are changing the level
17 from the Beta 2000 for a five rating to a current of a
18 Level 1, which is the current one for our beta.

19 And then we are adding two other standards for our
20 safety vests. And that is the ASTM standard and the Shoe
21 and Allied Trade Association standards. So our participants
22 will be able to wear a vest that meets either one of those
23 criteria.

24 And we would recommend that you instruct us to
25 initiate the 45 day comment period for Rule 1689.1.

1 CHAIRMAN HARRIS: Okay, any comments on this?
2 Can I get a motion to approve putting both of
3 these out for comment?

4 EXECUTIVE DIRECTOR BREED: Does this include
5 assistant starters? Are you including the assistant
6 starters in this rule? I don't see them there.

7 STAFF SERVICES MANAGER II WAGNER: No, the safety
8 vest rule primarily addresses safety vest requirements for
9 jockeys and apprentice jockeys. Exercise riders as well.

10 EXECUTIVE DIRECTOR BREED: So the assistant
11 starters, that's a house rule.

12 STAFF SERVICES MANAGER II WAGNER: Assistant
13 starter, it would have to be. If they are wearing a vest
14 they are under, they are not required under our regulation
15 to wear a vest. If they are doing that -- we can include
16 that if that is something that the Board wants to place in
17 regulation. If that is being done currently as a house
18 rule, which we probably should get --

19 EXECUTIVE DIRECTOR BREED: Yes, I think we need to
20 put this --

21 CHAIRMAN HARRIS: Put it out for comments put that
22 way. We can hear the arguments.

23 COMMISSIONER DEREK: And I'd like to go back to
24 the anyone handling a horse on the track. Because it is a
25 very dangerous thing leading a horse on the track if you are

1 handling one.

2 CHAIRMAN HARRIS: Yes, I think the issue --

3 COMMISSIONER DEREK: And I don't know why they
4 wouldn't have to wear a helmet.

5 COMMISSIONER BRACKPOOL: I think the issue is, as
6 you walk through the tunnel and you go to make the turn,
7 where do we have the cutoff. So I think it's going to be a
8 language issue.

9 CHAIRMAN HARRIS: Yes.

10 COMMISSIONER DEREK: Yes. But I think they should
11 wear a helmet.

12 CHAIRMAN HARRIS: Across the track or something.
13 Not really on the track or --

14 COMMISSIONER DEREK: Why shouldn't they wear a
15 helmet if they are on the track leading a horse?

16 CHAIRMAN HARRIS: Well is it any different from
17 just being in the barn area and leading a horse though?

18 EXECUTIVE DIRECTOR BREED: Right.

19 CHAIRMAN HARRIS: If they are leading it. I mean,
20 it's just some of them are just on the track for an eighth
21 of a mile getting to the paddock or something. There is no
22 rider on the horse at that point. I don't know, I could
23 argue either side of it.

24 COMMISSIONER DEREK: Yes. Okay, sorry.

25 STAFF SERVICES MANAGER II WAGNER: For 1689 then

1 we want to add assistant starter as well?

2 EXECUTIVE DIRECTOR BREED: Right.

3 STAFF SERVICES MANAGER II WAGNER: Okay.

4 CHAIRMAN HARRIS: Dave.

5 MR. ELLIOTT: David Elliott, Cal Expo.

6 While we are putting this out for public comment I
7 would, I'm hoping that we could at least include drivers in
8 a race with safety vests. Cal Expo, I have been given the
9 okay to help drivers pay for these safety vests. We will
10 make it a house rule anyway. But if it was a CHRB rule as
11 this is going out for public comment, that would be helpful
12 for us as well.

13 CHAIRMAN HARRIS: Anything we put for jockeys
14 should also include drivers.

15 STAFF SERVICES MANAGER II WAGNER: So we need
16 to --

17 COMMISSIONER DEREK: The only problem was with
18 safety vests, the way they are made now, they tend -- when
19 the drivers tend to lean back it pushes their helmet in
20 their eyes.

21 MR. ELLIOTT: There are several out there that are
22 specific for harness racing and harness drivers , hence your
23 qualifications here for the vest. Maybe that could be
24 looked at in the public comment period.

25 COMMISSIONER DEREK: Okay, good.

1 MR. ELLIOTT: Because there are some out there
2 specifically for harness drivers.

3 COMMISSIONER DEREK: Great.

4 STAFF SERVICES MANAGER II WAGNER: So we want to
5 add harness drivers to this particular rule as well?

6 COMMISSIONER BRACKPOOL: And everybody in the
7 audience.

8 (Laughter.)

9 CHAIRMAN HARRIS: Racing Commissioners are
10 particularly vulnerable.

11 Okay, let's take a vote. We are just putting
12 these out for comment. So all in favor?

13 (Ayes.)

14 CHAIRMAN HARRIS: Okay, the next item is Oak Tree
15 Racing's request for some waivers for Breeders' Cup. The
16 one -- some of these we did. I think we should maintain the
17 same thing as we did last year, which did approve these.
18 Except I do not think that it's appropriate to give a
19 license fee reduction for owners participating in Breeders'
20 Cup if we are not doing that for owners participating in
21 California. I don't think that the oil price has gotten so
22 low that some of the Breeders' Cup owners are not going to
23 be able to afford a license when we have got, you know,
24 10,000 owners in California that are paying for the license.

25 MR. CHILLINGWORTH: May I respond?

1 CHAIRMAN HARRIS: Sure.

2 MR. CHILLINGWORTH: Sherwood Chillingworth, Oak
3 Tree.

4 This is more a matter of showing your appreciation
5 for bringing Breeders' Cup to California. There is no other
6 jurisdiction in the United States that requires the full fee
7 for the full year. Their position is, we are bringing a
8 world-class event to your locality. There is an economic
9 benefit to the community of about \$50 million.

10 CHAIRMAN HARRIS: I think I agree. I'd send them
11 a bouquet of flowers or something. But the idea is, if we
12 race -- I guarantee you, any of us that race out of state,
13 we don't get a break on our licenses, just if we go in for
14 one race. I mean, that's just the norm.

15 And so much of the cost of our license is the
16 administrative thing. It's not like a cost that goes
17 throughout the year, it's just when you get the license.
18 And I just don't think \$150 for a three year license -- if
19 they got one last year it's still good -- is appropriate
20 when all the people in California are paying \$150 for their
21 license. And we can't have a Californian come in and say,
22 look, I want to get a license but I only want to race once
23 in a while so can I get a deal like the Europeans got. I
24 don't think you could.

25 MR. CHILLINGWORTH: I don't want to get into a

1 legal argument here. But if you go to another state to race
2 a horse, you go to New York for example. I know you pay
3 your full license fee. But that is your decision to go
4 there. Breeders' Cup decides to come to California and
5 therefore they are forced to pay the fee and for being here
6 for a week or fewer days than that.

7 In addition to we are not talking about a whole
8 lot of money. I mean, you're talking about -- I figured
9 two-and-a-half -- and trainer per horse and an owner, 40
10 horses, you are talking \$12,000. It's just the perception
11 that we are being less kind than other jurisdictions are.
12 We certainly want to have Breeders' Cup come back here as
13 often as we can. And for a small amount of money I hate to
14 throw impediments in front of that thought process.

15 CHAIRMAN HARRIS: Well I just don't think that's
16 an impediment. But I do agree on the other things on the
17 identification and allowing the groom to enter the track if
18 that is their, if they prefer to do it that way. And the
19 European whips, which is actually similar to our kinder whip
20 anyway I guess. So I would move we approve B, C and D and
21 not take any action on A.

22 MR. CHILLINGWORTH: I have another request.

23 CHAIRMAN HARRIS: Another request.

24 MR. CHILLINGWORTH: So let's get them all
25 together.

1 CHAIRMAN HARRIS: Okay.

2 MR. CHILLINGWORTH: my last statement is, this is
3 my fourth Breeders' Cup and this is the only time we haven't
4 granted them this waiver as far as fees are concerned. So
5 think about that.

6 Anyway, the other thing is they would like to
7 institute new rates --

8 COMMISSIONER CHOPER: I thought we refused to
9 grant it last year.

10 CHAIRMAN HARRIS: We didn't do it last year.

11 MR. CHILLINGWORTH: I beg your pardon?

12 CHAIRMAN HARRIS: The policy that I advocate for
13 this year mirrors last year's.

14 MR. CHILLINGWORTH: Yeah. Well I'm just saying I
15 think it would be nice to try to do something different.

16 COMMISSIONER DEREK: For the record, I am with you
17 on this. I think perception is very important.

18 MR. CHILLINGWORTH: Thank you. Now you see, a
19 lady who has some sensibility here.

20 (Laughter.)

21 MR. CHILLINGWORTH: The other request is they want
22 to put a new bet in. It's a parimutuel bet. It's jockeys
23 against jockeys. What jockey is going to win the greater
24 number of races in two days. And it's a very small handle.
25 They just want to do that to kind of draw attention to the

1 jockeys and have them on television and so forth to push
2 Breeders' Cup. It's not that they are going to make any
3 money on the bet itself. Is there any objection to that?

4 CHAIRMAN HARRIS: No, I like that idea as long as
5 you work the mechanics out.

6 COMMISSIONER BRACKPOOL: I like it. But does the
7 analysis in here not say we can't do it?

8 EXECUTIVE DIRECTOR BREED: No it doesn't say. It
9 is not an action item. It's something we can do --

10 CHAIRMAN HARRIS: These are pools? Like one pool?

11 MR. CHILLINGWORTH: Yeah, for two days.

12 CHAIRMAN HARRIS: You have a two day pool and all
13 the jockeys riding. What happens if it's a tie? Does it
14 just pay off like a placed --

15 MR. CHILLINGWORTH: Just the way you would if you
16 had a dead heat.

17 CHAIRMAN HARRIS: Dead heat. That's an
18 interesting dimension. I think that's something we could
19 encourage people all over the country to look at, you know.
20 That they like, you know, a certain jockey and they want to
21 bet on him. And it might pay -- some of these jockeys could
22 well be 50 to 1.

23 MR. CHILLINGWORTH: Now that we agreed to that one
24 let's go back to rule one, the license fee.

25 CHAIRMAN HARRIS: We went through that last year

1 and it was no -- I didn't hear from any owner or trainer
2 that felt they were mistreated because -- maybe their horse
3 got beat. But that. It just seems to me that we need to be
4 consistent with our own owners. If you want to reduce all
5 the license fees by so much it's okay but I just don't want
6 to cherry-pick which ones.

7 COMMISSIONER DEREK: Did you say other states
8 allow this?

9 MR. CHILLINGWORTH: We are the only jurisdiction
10 that doesn't give a concession on these.

11 COMMISSIONER DEREK: We are?

12 CHAIRMAN HARRIS: And I don't know about that. I
13 have only been to Breeders' Cup once but I paid the full
14 bore.

15 MR. CHILLINGWORTH: Where was that?

16 CHAIRMAN HARRIS: In Kentucky.

17 COMMISSIONER CHOPER: Is it a one year license?

18 CHAIRMAN HARRIS: It's a three year license. So
19 if you get it back -- that way you develop a bunch of
20 applicants to get them back here because they have already
21 got their license.

22 COMMISSIONER CHOPER: This proposal that you're
23 making is that they pay for one year, one-third of the
24 license fee?

25 MR. CHILLINGWORTH: Precisely, yeah.

1 CHAIRMAN HARRIS: But that's not the way the
2 system --

3 MR. CHILLINGWORTH: No, no, it's not really the
4 money, I think it's the perception.

5 CHAIRMAN HARRIS: When people say that --

6 COMMISSIONER DEREK: And to get Breeders' Cup
7 back.

8 MR. CHILLINGWORTH: I think Commissioner Derek was
9 correct. The perception is that we are being welcoming and
10 saying, hey, we're glad you're here and here's a little
11 break for you. And the money is insignificant.

12 CHAIRMAN HARRIS: I don't think the average person
13 that's getting that even would realize it. He's got some
14 administrative assistant doing it anyway. I guarantee you
15 that Sheik Moe is not saying that's really a good deal in
16 California. Sheik Moe won't even know.

17 COMMISSIONER BRACKPOOL: By the time you get a
18 horse here to California from Europe, having done this for a
19 Breeders' Cup race, you have spent so much money that this
20 is --

21 COMMISSIONER DEREK: That's true.

22 MR. CHILLINGWORTH: No, no. There is no argument
23 here about the dollar value. It's merely the public
24 relations, the perception value that we get from other, from
25 people coming from out of the country.

1 CHAIRMAN HARRIS: I think there's all kinds of
2 things we need to be doing. I agree clearly that we need to
3 be catering to these people. Keep the restrooms on the back
4 stretch clean and all kinds of things that re going to
5 impress these visitors. But I don't think the license fee
6 reduction is that overwhelming of an impression. Because I
7 don't think most of them would even know about it. Why
8 don't you see if you can get Sheik Moe on the phone and ask
9 if it really bothers him.

10 MR. CHILLINGWORTH: We're talking about \$500,000
11 items here, we're now talking about a \$3,000 item. So I am
12 not going to overwhelm you with my rhetorical --

13 CHAIRMAN HARRIS: You won on four of your five
14 items. Anyway, let's hear the vote.

15 (Laughter.)

16 CHAIRMAN HARRIS: I'll move we accept Items B, C
17 and D but not A.

18 MR. CHILLINGWORTH: And how about E?

19 CHAIRMAN HARRIS: E?

20 MR. CHILLINGWORTH: That's the jockey one.

21 COMMISSIONER DEREK: Oh yes, definitely.

22 CHAIRMAN HARRIS: E definitely but I don't know if
23 E even is a part of our -- that's just something to do.

24 MR. CHILLINGWORTH: Right.

25 CHAIRMAN HARRIS: Is there a second?

1 COMMISSIONER BRACKPOOL: Second.

2 CHAIRMAN HARRIS: Okay. All in favor?

3 (Aye.)

4 CHAIRMAN HARRIS: No more votes? No one is going
5 to go for it?

6 COMMISSIONER BRACKPOOL: For the three? Yes.

7 CHAIRMAN HARRIS: Yes, for the three. I vote --

8 COMMISSIONER DEREK: Can I vote, no?

9 CHAIRMAN HARRIS: Yes. But then we won't get any
10 of them.

11 COMMISSIONER DEREK: But then you won't get any of
12 them. All right, aye.

13 MR. CHILLINGWORTH: For a while there I was going
14 to run for governor.

15 (Laughter.)

16 CHAIRMAN HARRIS: Just throw in the health plan.

17 MR. CHILLINGWORTH: Thank you.

18 CHAIRMAN HARRIS: If you can get, if you get a
19 petition from more than ten owners racing in Breeders' Cup
20 that can explain that their feelings were hurt because they
21 didn't get a one year license versus a three year license I
22 will personally pay the difference.

23 (Applause.)

24 MR. CHILLINGWORTH: Can you read French?

25 (Laughter.)

1 MR. CHILLINGWORTH: We'll get you an interpreter.
2 Thank you.

3 CHAIRMAN HARRIS: Okay, let's get on to something
4 less controversial here like the claiming rules. This
5 should bring everyone to life.

6 COMMISSIONER DEREK: This is good.

7 CHAIRMAN HARRIS: Commissioner Derek actually was
8 -- I have just been playing around but Commissioner Derek
9 actually refound them. Who wants to explain how this works?

10 COMMISSIONER DEREK: This came, actually Richard
11 Mandella and Chairman Dunker from New York brought this to
12 my attention about claiming and that we should consider
13 changing our claiming rule so that a horse has to in essence
14 finish a horse sound before it belongs to the claimer,
15 unless the claimer in advance says that they want the horse
16 anyway. And that includes testing positive on drug testing.

17 CHAIRMAN HARRIS: Yes. The idea is to eliminate
18 the hot potato that if someone claims a horse. They think
19 they can basically get that horse sold if they drop it
20 considerably. Of course it still has to pass our morning
21 vet exam. But conceivably the horse could drop, not pull up
22 very well and get claimed. We just don't want people
23 entering a horse purposely to try to lose it. Rick Arthur
24 can elaborate.

25 EQUINE MEDICAL DIRECTOR ARTHUR: Yes. I'm

1 Dr. Arthur, Equine Medical Director.

2 This is an issue that was brought forth by the
3 first Jockey Club Welfare and Safety Summit. The issue is
4 that the current policy incentivizes running horses that
5 have soundness problems that put everyone at risk and
6 particularly the horse. And this is a way to take that
7 incentive away.

8 There is a similar rule already in place in New
9 York where horses that test positive are returnable. And I
10 think it's a step in the right direction and it's something
11 that we need to do. Just last fall at Hollywood Park there
12 was an instance where a trainer lost a horse in a claiming
13 race that was hauled off in the ambulance and he was high-
14 fiving his owner in front of the track veterinarian, which
15 shows a very serious disregard for really what we are all
16 about. We have to look at different ways to protect horses.

17 Claiming trainers will say, well I'm protecting my
18 horse to -- I'm protecting my owner to get rid of a bad
19 horse. But in reality the only way he can accomplish that
20 is by sticking a bad horse with another owner who obviously
21 has a different attitude towards that animal and the fact is
22 the horses are the losers in the end.

23 I think this is a very important step forward and
24 I would certainly recommend the Board seriously consider
25 this rule.

1 CHAIRMAN HARRIS: We will have to put it out for
2 comment, we can get comment. It's good too -- this rule
3 apparently did go into effect recently in New York so we
4 will also have some data from them. Mr. Dougherty.

5 MR. DOUGHERTY: Charlie Dougherty, California
6 Thoroughbred Trainers. CTT supports the proposed rule.
7 Actually we would like to raise a question to maybe even
8 take it one step further.

9 Section one. And Rick just raised the point about
10 a horse being vanned off. We actually would like to raise
11 the question as to whether the language that the horse leave
12 the racetrack area without assistance. That means they
13 would go off the track all together.

14 COMMISSIONER DEREK: All the way off the track.

15 MR. DOUGHERTY: Yes.

16 CHAIRMAN HARRIS: Well, that's intent, I guess.
17 Some people proposed a rule that did not finish, you know.
18 It shows on the form as DNF. But I guess that would not
19 be --

20 COMMISSIONER DEREK: Just the saddling area, I
21 believe.

22 CHAIRMAN HARRIS: It's got to come back to the
23 saddling area on its own.

24 MR. DOUGHERTY: Because one of the points is, as
25 Rick mentioned, you know, if the horse gets back to taking

1 saddles off right near the finish line and then the
2 ambulance is called to take the horse off the racetrack.
3 We're suggesting that the language be that the horse leave
4 the racetrack area without assistance.

5 COMMISSIONER BRACKPOOL: That's by the time the
6 tag is already on it, which is what you'd want, I suppose.

7 MR. DOUGHERTY: Well leave the track altogether.
8 Once the horse has been led off the racetrack.

9 COMMISSIONER BRACKPOOL: Is that the horse could
10 come back to the saddling enclosure. You see the tag ready.
11 And if you were the opposite and you did not want your
12 horse claimed you could suddenly --

13 CHAIRMAN HARRIS: Call the ambulance.

14 COMMISSIONER BRACKPOOL: -- call the ambulance.

15 CHAIRMAN HARRIS: Yes.

16 COMMISSIONER BRACKPOOL: And so that's what we
17 would have to stop.

18 EQUINE MEDICAL DIRECTOR ARTHUR: Excuse me. It is
19 the official veterinarian who determines whether the
20 ambulance is necessary.

21 COMMISSIONER BRACKPOOL: Okay.

22 EQUINE MEDICAL DIRECTOR ARTHUR: The track
23 veterinarian who is a racing official.

24 COMMISSIONER BRACKPOOL: So it is not the trainer.

25 EQUINE MEDICAL DIRECTOR ARTHUR: It is not the

1 trainer that makes that decision.

2 COMMISSIONER BRACKPOOL: Okay.

3 CHAIRMAN HARRIS: Okay. Well this has got to go
4 out for comment anyway. So if we can get a motion to put it
5 out.

6 COMMISSIONER BRACKPOOL: Yes, so moved.

7 COMMISSIONER DEREK: Should we amend the language
8 then for racetrack area instead of saddling area?

9 CHAIRMAN HARRIS: Well it's got to come back
10 someplace.

11 STAFF SERVICES MANAGER II WAGNER: If I may,
12 Jackie Wagner, CHRB staff. Just so I'm understanding.

13 Right now we what we have in the packet before you
14 are copies of the model rules as are going to be discussed
15 at the ARCI in December. The language under A in their
16 first general provisions rule and then I guess there is new
17 language on the claiming rules.

18 I just want to make sure I'm understanding that
19 you are going t be giving us instructions to amend our CHRB
20 rules, corresponding Rule 1658 and Rule 1651 to incorporate
21 the changes that are being proposed by the ARCI rules.

22 CHAIRMAN HARRIS: I think we want to stick to all
23 the rules.

24 COMMISSIONER DEREK: Okay.

25 STAFF SERVICES MANAGER II WAGNER: Okay. So we

1 are going to, okay. So I'm understanding what we're doing.

2 CHAIRMAN HARRIS: Mr. Charles.

3 MR. CHARLES: Ron Charles, MEC. Just to clarify.

4 What we are talking about is if a horse breaks down in the
5 race for any reason that claim becomes void, even though the
6 horse is tested and doesn't come back with a positive test?

7 CHAIRMAN HARRIS: It's not really revolving around
8 the test, it's just revolving around -- well it could
9 revolve around that too. But the main aim of this is horses
10 that break down.

11 MR. CHARLES: And so we are setting a guideline of
12 actually either breaking down once they pull up, possibly
13 having to send a van out for them because the jockey wants
14 to make sure they get back because they didn't pull up well.

15 Or once they get back, any horse that is claimed is
16 basically tested. And he goes back to the receiving barn
17 where he is then really probably put on the vet's list much
18 more often for being unsound than any other time. At what
19 point are we going to draw a distinction as to exactly when
20 that horse was -- you are just getting into some real muddy
21 water, I think.

22 CHAIRMAN HARRIS: Yes, it does get muddy. But I
23 think we are trying to, you know, discourage people from
24 running horses just to lose them.

25 COMMISSIONER BRACKPOOL: They overlooked a lot of

1 this language when they put their's in.

2 MR. CHARLES: They may have and sometimes I'm not
3 sure everyone makes the right decision. All I am trying to
4 do is clarify so that the Board really understands what they
5 are doing. Because it is going to be challenged, I can
6 assure you that.

7 We already have a problem with claims where horses
8 are scratched. The jockey goes out and scratches a horse
9 because the trainer has found out there's a claim. Well,
10 when there's a claim in for a horse, you know, there is
11 going to be potentially some shenanigans. I'm just
12 concerned about it, that's all. But maybe the 45 day period
13 will --

14 CHAIRMAN HARRIS: We al stipulate there could be
15 shenanigans. Why don't we put it out for comment and see
16 what we --

17 MR. CHARLES: Exactly. But I just want to raise
18 those points because someone who didn't call for the van and
19 basically goes back and is dead lame in that receiving barn
20 and goes on the vet's list is probably going to come back to
21 the CHRB and want this rule amended or looked at.

22 CHAIRMAN HARRIS: Because they got it claimed, he
23 claimed it?

24 MR. CHARLES: No, the guy who actually claimed the
25 horse who felt, you know, they should have taken the van

1 out. Anyone could have seen the horse can't make it back.
2 I just think, I just think there are some problems on this.

3 COMMISSIONER DEREK: Well I think right now the
4 claimer owns the horse as it starts the race. So we are
5 just moving it to the horse being able to make it to this
6 unsaddling area. We are just transferring.

7 MR. CHARLES: Yes. Once the race starts the horse
8 is actually the owner -- the new owner.

9 COMMISSIONER DEREK: The claimer, yes.

10 MR. CHARLES: Yeah, whoever ends up with the
11 horse. But the purse money is obviously going to the old
12 owner. And I understand what you are trying to do, you are
13 trying to protect the potential new owner from possibly
14 running a horse that shouldn't have been running. But then
15 again, you know, there is a sense of element of chance here
16 when a horse could be perfectly sound and pull up and
17 whatever. I just think this is something that needs to be
18 really looked at.

19 CHAIRMAN HARRIS: Well this whole concept of
20 putting it out. We'll put it out for comment and get it
21 looked at.

22 MR. CHARLES: Okay.

23 CHAIRMAN HARRIS: Come back and see what we are
24 going to do. Okay, so we'll move to, somebody move to put
25 that rule out to comment that is in accordance with the ARCI

1 rule on claimed horses.

2 COMMISSIONER CHOPER: I don't think you want to
3 title it the way it was titled here on page 7-1 because it
4 is very confusing, the and/or makes it very confusing.

5 COMMISSIONER DEREK: Oh, finish the race and/or
6 post-race.

7 COMMISSIONER CHOPER: Yes, yes. See that?

8 COMMISSIONER DEREK: Make them two separate rules?

9 COMMISSIONER CHOPER: I just think the or is -- we
10 are going to have these rules here, all right. These are
11 going to be the proposals.

12 CHAIRMAN HARRIS: Is the current rule on the
13 prohibited substance for claims? If you claim a horse now
14 that comes back with a bad test, does that impact the claim?

15 COMMISSIONER DEREK: I don't believe so.

16 EQUINE MEDICAL DIRECTOR ARTHUR: No it does not.
17 It does in New York, by the way.

18 CHAIRMAN HARRIS: The only thing that is tricky
19 about that, by the time we can verify it, it might be 30
20 days later. So then somebody else has had custody of that
21 horse for 30 days and, you know, they have got to give it
22 back and who is going to pay the feed bills in-between and
23 all that.

24 EQUINE MEDICAL DIRECTOR ARTHUR: Dr. Arthur,
25 Equine Medical Director. They do have this rule in place.

1 If a horse tests positive in New York that's claimed they do
2 return it. I have talked to Dr. Ted Hill who is the Jockey
3 Club steward in New York and they say it actually works
4 quite well. But I think we can get more information on that
5 as this goes forward. But that is not part of this specific
6 amendment as I read it. Is that correct?

7 COMMISSIONER CHOPER: If we have the whole thing
8 here.

9 CHAIRMAN HARRIS: Why don't we separate them.
10 Maybe put these out as two different amendments, two
11 separate rules.

12 EQUINE MEDICAL DIRECTOR ARTHUR: I will tell you,
13 part of the problem that we are going to have here is we
14 claim a lot of horses in California. We have as many as six
15 claims in a race. We can't handle six horses in the
16 receiving barn the way it is no so --

17 CHAIRMAN HARRIS: We are not testing.

18 EQUINE MEDICAL DIRECTOR ARTHUR: There are some,
19 there are some issues that we have to deal with.

20 CHAIRMAN HARRIS: I'd rather back off on that
21 testing issue and go with the, you know, unsoundness issue.
22 Because I'm worried about the testing. And it may well be,
23 you know, 30 days before somebody really knows for sure the
24 horse didn't have a drug test.

25 EQUINE MEDICAL DIRECTOR ARTHUR: And not only

1 that, that under those circumstances you would have to give
2 the person an opportunity for a split sample. So I'd like
3 to be able to get some more background on that as to how
4 they handle that in other states.

5 CHAIRMAN HARRIS: Or we just go with the unsound
6 portion of it and not the other.

7 EXECUTIVE DIRECTOR BREED: So we are going with
8 two. Basically the two ARCI rules 09-010 and --

9 COMMISSIONER CHOPER: Not the B part, we were
10 saying. Not the B part of the 010 rule.

11 COMMISSIONER DEREK: Right.

12 COMMISSIONER CHOPER: That is the one that deals
13 with the drugs.

14 COMMISSIONER DEREK: Yes, just the A part.

15 COMMISSIONER CHOPER: The A part deals with an
16 injury.

17 CHAIRMAN HARRIS: Yes, just the A part.

18 COMMISSIONER CHOPER: Is what you're saying.

19 CHAIRMAN HARRIS: Yes. Well why don't we see -- I
20 think we've got -- I think there is more of a consensus for
21 the A. The other part in theory is a good idea but I think
22 we just need to look at --

23 COMMISSIONER DEREK: We don't even know if we
24 can --

25 CHAIRMAN HARRIS: I would hate to put something in

1 that we might not be capable of doing.

2 STAFF SERVICES MANAGER II WAGNER: Just for
3 clarification. Jackie Wagner again. I just want to make
4 sure that I am understanding what the Board's direction is.

5 Right now the ARCI rule, ARCI 009.010 General Provisions.

6 That language reads:

7 "Title to a claimed horse shall be vested in the
8 successful claimant at the time the horse leaves
9 the paddock. Should the claimed horse due to
10 injury or distress fail to return to the
11 designated unsaddling area after the finish of the
12 race and the unsaddling of the rest of the field
13 the steward shall void the claim unless the
14 claimant has notified the steward prior to the
15 start of the next race that he still wants the
16 claimed horse."

17 My understanding is we are going to take this
18 provision and insert this in our particular rule, which
19 would be Rule 1658, to allow that.

20 CHAIRMAN HARRIS: Except that ownership isn't when
21 it leaves the paddock, it's when the gate opens.

22 STAFF SERVICES MANAGER II WAGNER: I'm sorry?

23 CHAIRMAN HARRIS: You said that the ownership
24 change was when the horse leaves the paddock. It's really
25 when the gate opens.

1 COMMISSIONER DEREK: Yes, in the California
2 rule --

3 STAFF SERVICES MANAGER II WAGNER: In our rule
4 it's title to the horse, which is claimant shall be vested
5 in the successful claim from the time the field has been
6 dispatched from the starting gate and the horse becomes a
7 starter. Primarily the language that is going to be
8 inserted in our Rule 1658 will be the language that is in
9 Subsection A in the ARCI rule.

10 COMMISSIONER DEREK: A.

11 CHAIRMAN HARRIS: I mean, the thing is the purse.
12 If a horse earns a purse that purse goes to the original
13 owner.

14 STAFF SERVICES MANAGER II WAGNER: Correct.

15 COMMISSIONER DEREK: The A only, okay.

16 STAFF SERVICES MANAGER II WAGNER: The A only.

17 Now moving on for clarification. Subsection B in
18 the ARCI rule that we just spoke of. It has language that
19 addresses voiding a claim for a positive test of a
20 prohibited substance. I am understanding we are not going
21 to be putting that in our rule, is that correct?

22 COMMISSIONER CHOPER: That's correct.

23 STAFF SERVICES MANAGER II WAGNER: Okay, all
24 right.

25 And then the second rule, the second rule on the

1 ARCI is ARCI Rule 009015 talks about claiming of horses.
2 The bold language says any horse starting in a claiming race
3 is subject to be claimed for its enterprise by any licensed
4 owner, holder of a valid claim certificate or licensed
5 authorized agent acting on behalf of an eligible claimant.
6 That language primarily is in our rule 1651.

7 The change to the ARCI rule again addresses
8 circumstances under which a claim can be voided. And the
9 ARCI is proposing that should the claimed horse due to
10 injury or distress fail to return to the designated
11 unsaddling area after the finish of the race and the
12 unsaddling of the rest of the field the steward shall void
13 the claim unless the claimant has notified the steward prior
14 to the start of the race that he still wants the claimed
15 horse.

16 That is primarily the same language that is in
17 subsection A. What ARCI has done is taken that language and
18 applied it to both of their claiming rules. We can do the
19 same thing on our CHRB rules if it is deemed appropriate.
20 And what staff will do is take a look at that to see if that
21 is something that we need to add in Rule 1651. With your
22 permission we'll go ahead and do that and notice it.

23 COMMISSIONER CHOPER: I think when you look at it
24 I think you'll find that their rules are sufficiently
25 different.

1 STAFF SERVICES MANAGER II WAGNER: Absolutely.

2 COMMISSIONER CHOPER: That 1651, there is no need
3 to amend it.

4 STAFF SERVICES MANAGER II WAGNER: We may not need
5 it. But that is something we need to address.

6 COMMISSIONER CHOPER: Because they have that
7 business about leaving the paddock.

8 COMMISSIONER DEREK: Right.

9 STAFF SERVICES MANAGER II WAGNER: Correct,
10 correct.

11 COMMISSIONER CHOPER: And we don't have that in
12 1651.

13 CHAIRMAN HARRIS: Yeah, we don't want that.

14 COMMISSIONER CHOPER: Nor do we repeat the
15 beginning. They repeat the first line.

16 STAFF SERVICES MANAGER II WAGNER: They repeat it
17 again, right.

18 COMMISSIONER CHOPER: So they had to have the
19 second line. But we don't need that.

20 STAFF SERVICES MANAGER II WAGNER: Okay, thank
21 you.

22 CHAIRMAN HARRIS: Put it out for comment,
23 obviously.

24 STAFF SERVICES MANAGER II WAGNER: Yes, thank you.

25 CHAIRMAN HARRIS: Do we have a vote to put it out

1 for comment?

2 COMMISSIONER DEREK: So moved.

3 COMMISSIONER BRACKPOOL: Second.

4 CHAIRMAN HARRIS: It's been moved and seconded.

5 All in favor?

6 (Ayes.)

7 CHAIRMAN HARRIS: Okay. I'd take a break but we
8 want to get this thing done. So we'll -- Let's move on to
9 the TOC report on CARMA. Well why don't we take a break
10 right now and that way Madeline can prep.

11 MS. AUERBACH: Five minutes.

12 COMMISSIONER DEREK: They're ready.

13 MS. AUERBACH: This is so quick. And this is so
14 good because --

15 COMMISSIONER CHOPER: That's what they all say.

16 MS. AUERBACH: Come on. Madeline Auerbach, Vice
17 Chair TOC and I guess Chair of CARMA and Lucinda Mandella.
18 And we asked to come before you. This is about the only
19 segment of your meeting which is good news, and always good
20 news. Because everything else is problems and this is
21 someone trying to address problems and fix them.

22 What we wanted to do was make you aware of what
23 has gone on with CARMA since you allowed us this deduction,
24 the means to do this. And we wanted to point out to you
25 that as of December of 2008, which is -- I believe you have

1 -- do you have the little financial?

2 CHAIRMAN HARRIS: We have the financial page.

3 MS. AUERBACH: Okay, good, okay. As of December
4 of 2008 we distributed \$150,000 to seven facilities for the
5 care of their retired horses. That was approximately --
6 well it was 177 horses at \$850 per horse. That's how we
7 determined that.

8 What really is the good news about this is that we
9 have a participation rate of 80 percent of our owners, which
10 we think is amazing and phenomenal. And we think that the
11 people of the state of California should be congratulated
12 for their willingness to do a small part to try to aid our
13 equine athletes at the end of their careers.

14 And basically that's all we wanted to tell you.
15 Just to give you some numbers, make you aware of what's
16 happening. We had a very large endowment from May Segal who
17 gave us \$200,000, which we have set up as an endowment to
18 ensure that CARMA will continue.

19 We made \$100,000 in our poker tournament the first
20 year. We got a significant contribution from Sci Games of
21 \$50,000. We got money from the Breeders' Cup, we got money
22 from Hollywood Park, we got money from a lot of different
23 people and a lot of support. We have a very extensive
24 program for granting. We visit the facilities, we look at
25 the horses.

1 We are working this year in conjunction with --
2 Dr. Ferraro has provided us a program which has a checklist.

3 So that as laypeople we can go out and know what questions
4 to ask and know what to look for. And I am very proud of us
5 because everybody talks about doing something and very few
6 people do. So I want to thank you for allowing us the
7 opportunity to get this done. And if you have any questions
8 we would be happy to answer them.

9 CHAIRMAN HARRIS: Thank you. Any questions?

10 I congratulate you for doing such a diligent job
11 on the program. I think -- just to clarify. There are a
12 lot of people in California doing their own program as well,
13 which might explain some of the people that don't
14 participate in this one. Because there are literally
15 probably thousands of horses on California farms now that
16 are effectively retired.

17 Although I think one of the real goals of the
18 program needs to also be out-placement more than just
19 retirement. If we can put these horses in different
20 careers, which we have had pretty good success at doing at
21 times, to get them, you know, doing something rather than
22 just being inventoried somewhere.

23 MS. AUERBACH: That's the focus this year is a
24 retraining. And we are going to be looking at granting some
25 funds to people who retrain and put these horses out for

1 second and third careers.

2 I know that I have a lot of horses that I pay for
3 just to be out in the field and that's fine. But for most
4 horses they are kind of like people. Most horses I think
5 want a job and a purpose. It's kinder to them if we can
6 find that. And that is -- we have a shifting focus. We
7 have a responsibility to the horses that they don't fall
8 through the cracks. But the focus is to stop them from
9 getting to the retirement facility so I agree.

10 CHAIRMAN HARRIS: Yes, it's a good program.
11 Actually so many -- people come over to our River Ranch
12 tonight. We have got Greg's Gold sitting out there. He was
13 a major horse a few years ago.

14 MS. AUERBACH: Exactly.

15 CHAIRMAN HARRIS: But we have got a lot of bad
16 ones too. Good horses but they didn't run very fast.

17 MR. CHARLES: Ron Charles, MEC. I just wanted to
18 compliment CARMA, not only here in the state of California.

19 Magna has an anti-slaughter program. We are the only major
20 race association that really has stepped up and is following
21 up. I can tell you, I get calls in the middle of the night
22 in auction areas. Not only has CARMA been successful here
23 in California, they have also helped us work with other
24 groups around the country, you know, to help find homes for
25 those horses, whether they are in Maryland or Texas or

1 Oklahoma or whatever. And I just can't say enough nice
2 things about CARMA and how hard they have tried. Thank you.

3 MS. AUERBACH: Yes, thank you. As someone who has
4 worked on the slaughter issue for seven years now, thank you
5 very much.

6 MR. CHILLINGWORTH: I would like to add one voice
7 to that. I think CARMA is providing a tremendous service
8 for a lot of us who give to horse rescue operations. We
9 don't have the personnel or the time to go out and look at
10 each one of these places and know whether they are doing a
11 good job. And I think CARMA provides that service for us
12 and is able for us to direct our money more effectively.
13 Really appreciate it, Madeline.

14 MS. AUERBACH: Thank you.

15 CHAIRMAN HARRIS: Well it's nice to end on a high
16 note. Let's take a break for about, let's make it only ten
17 minutes and get right back.

18 (Off the record.)

19 CHAIRMAN HARRIS: Satellite facility at the
20 Commerce Club. Is Rod Blonien here somewhere?

21 MR. BLONIEN: No he's not, he left.

22 CHAIRMAN HARRIS: Oh he left. I was hoping he'd
23 leave. (Laughter.)

24 MR. BLONIEN: Mr. Chairman and members, good
25 afternoon. Rod Blonien on behalf of the Commerce Club.

1 The Commerce Club Mini-Satellite opened pretty
2 much on opening day for Del Mar. And shortly after they
3 opened they realized the space they had set aside was
4 insufficient, insufficient to handle the crowd that was
5 coming. And this is without any promotion, without any
6 advertising. They basically let the people in the casino
7 know. They have a sign that says Race Book and they had
8 some flyers they passed out and they were doing very big
9 numbers. In fact I think the largest handle was around
10 \$134,000 in one day.

11 About a week ago they opened a second room. They
12 have a sports bar called The Arena and off The Arena is an
13 area that was designed for people to be able to play cards
14 and smoke because the ceiling, the roof is louvered. You
15 can open the louvers and look up and see the sky. And they
16 are now in the process of closing that off all together.
17 They do not allow smoking in that area now. For the last
18 week people have been able to go and sit in that area.
19 There are just self-service machines there. But in the
20 original room there are four windows and I believe they have
21 two parimutuel clerks during the daytime.

22 During the Del Mar meet and with the Fairplex meet
23 they averaged about \$80,000 a day, 80,000 a day. They are
24 currently averaging about 60,000 a day. And as I told
25 someone a couple of weeks ago, that's a million dollars in

1 purse money that is being generated.

2 The closest existing full-scale satellite facility
3 is Los Al about 17 miles away. Doc Allred tells me he
4 doesn't notice any diminution in his business. Business is
5 down as I think everyone notices. But he can't say that it
6 has anything to do with what is going on at the Commerce
7 Club.

8 COMMISSIONER CHOPER: How far is he from Los
9 Alamitos?

10 MR. BLONIEN: Seventeen miles.

11 CHAIRMAN HARRIS: He did waive.

12 MR. BLONIEN: Yes.

13 CHAIRMAN HARRIS: He could have conceivably not
14 waived that.

15 MR. BLONIEN: Yes. Doc waived, Santa Anita waived
16 and I believe Fairplex was outside the 20 mile radius. But
17 Hollywood Park waived as well. I mean, all the participants
18 in Los Angeles County waived and acknowledged that they
19 wanted to try this and see what the impact would be and see
20 if it could help racing.

21 I am very happy, maybe not as happy as Madeline
22 was, to say that this is good news for the industry. A
23 million dollars in purse money is being generated that
24 perhaps otherwise would not be generated. And we look
25 forward to replicating this type of thing elsewhere in the

1 state. I don't know of any other location that is going to
2 do 60 or 80 thousand dollars a day average but I think we
3 can certainly find a number of locations that will do 25, 35
4 thousand a day.

5 You know, I have been talking to people from
6 Scientific Games and Tom Varela from SCOTWINC and we have
7 some thoughts and some plans in other places that we are
8 going to go to try to open up additional mini-satellites.

9 CHAIRMAN HARRIS: Sounds good. Anything else?
10 Any comments on this? We'll move on. Thank you, Rod.

11 The Stewards Committee met last October the 5th I
12 think it was. You want to report on that.

13 EXECUTIVE DIRECTOR BREED: Yes, Mr. Chairman. The
14 Stewards Committee met October the 5th at Santa Anita. We
15 had all the participating stewards, the contracted stewards,
16 they were all present. We reviewed protocols and procedures
17 that are being used right now on all of our complaints,
18 including our drug complaints. We are making
19 recommendations and making some changes, making changes on
20 those protocols.

21 The other item that we went over was reviewing the
22 races to also -- which is also an item that we do at
23 stewards' meetings. Review races and critiquing those races
24 and those decisions that went along with those races. That
25 was about the extent of it.

1 CHAIRMAN HARRIS: I think we are trying to
2 maximize consistency in calls. I think we solicit any input
3 from any races anyone sees that they feel was a good example
4 of a race that was well-judged or they might quarrel with
5 the judgment. It is going to always be a little bit
6 debatable in calls but we want to make it, you know, as far
7 as we possibly can.

8 Actually now it's probably more important because
9 with TVG and HRTV you have got a lot of armchair stewards
10 throughout the country that are looking at these races. And
11 there is always a lot of chatter on was it a good call or a
12 bad call. So it does get tricky but we want to have the
13 consistency.

14 Let's go on to the dates. We had a pretty
15 elaborate discussion yesterday of the dates. I think we
16 reached some degree of consistency. Do you want to kind of
17 go through the ones that are non-controversial.

18 EXECUTIVE DIRECTOR BREED: Mr. Chairman, ladies
19 and gentlemen. Yesterday the Dates Committee went over and
20 reviewed, which consisted of the full board, went over and
21 reviewed and are making recommendations today that the -- in
22 terms of the night industry that for 2010 calendar that the
23 night quarter horse industry be approved as requested.

24 That for the Southern California race dates, that
25 those dates be approved with I think there was an exception

1 of one day. There's a one day overlap I think in September
2 that was an issue on the Fairplex meet.

3 And there were two other corrections on TOC for
4 October on the October 14 -- October 11 versus October 13 at
5 Oak Tree. Am I correct on that?

6 CHAIRMAN HARRIS: I think it was if we would allow
7 a six day week, which we did this year, at Oak Tree. Due to
8 Columbus Day there's racing on Monday. The thought would be
9 to not race on Wednesday, which would shove -- actually it
10 will basically be up for debate what they put in for their
11 dates.

12 EXECUTIVE DIRECTOR BREED: In terms of, in terms
13 of Northern California. The proposals for Northern
14 California, with the exception of what has traditionally
15 been the fair dates, which are -- we are showing June 16,
16 which last year was the Stockton meet, through October 17,
17 as a block of dates that we are putting over until next
18 month for all the parties to get, make a cleaner
19 presentation. Am I correct? A more united presentation,
20 more consensus.

21 CHAIRMAN HARRIS: There were quite a few
22 alternatives. I think the only one that is very clear is
23 Fresno's because they have got their dates right at the end
24 of the fair season.

25 EXECUTIVE DIRECTOR BREED: Right.

1 CHAIRMAN HARRIS: But there is a potential of a
2 private association to be called TANFORAN that Tom Bachman
3 is putting together to get some dates to run at Golden Gate.

4 But the dates that they are looking at are the same dates
5 that are the CARF dates. So I think CARF is assuming that
6 they have a block of dates, really, which this year started
7 in Stockton and ends in Fresno. So the debate is how they
8 are going to allocate those dates.

9 And one of the points of discussion is what Cal
10 Expo is going to do. Because Cal Expo traditionally has
11 always had the labor day dates, the late August and Labor
12 Day dates. And now they have decided that they don't really
13 like those dates and would rather have other dates like in
14 July.

15 But this is like a puzzle. If you move one piece
16 you have got to start moving all these other pieces. So I
17 think what we are suggesting is that they go back and try to
18 get some unanimous opinion of what the best structure is.

19 MR. KORBY: Chris Korby, California Authority of
20 Racing Fairs. We would agree with the characterizations
21 that Mr. Breed and Mr. Harris made. There are some moving
22 parts here that we would like a little more time to work
23 that out. We'll be back to the Board next month with some
24 recommendations.

25 CHAIRMAN HARRIS: I think that's the best thing

1 rather than debate it here.

2 MR. KORBY: Thank you.

3 EXECUTIVE DIRECTOR BREED: So the Committee
4 recommends to the Board -- and I guess you could -- what
5 about including the Fresno dates? Are your recommendations
6 going to include Fresno or not?

7 MR. KORBY: Yes they will.

8 EXECUTIVE DIRECTOR BREED: They will, okay.

9 CHAIRMAN HARRIS: That will be part of the dates.
10 But I think the Fresno dates are not really in debate as
11 much as all the other dates.

12 MR. KORBY: Thank you. The Fresno dates were
13 included in that block of dates that you described from June
14 16 through October 17.

15 CHAIRMAN HARRIS: Yes, those are in what you might
16 call the CARF dates.

17 EXECUTIVE DIRECTOR BREED: Right.

18 CHAIRMAN HARRIS: But then the way they are
19 allocated. I think Fresno, as I understood it, did put in a
20 request to get a couple more days at the beginning of their
21 meet and extend their fair.

22 MR. KORBY: That's one of the considerations.

23 CHAIRMAN HARRIS: That's a possibility. But I
24 think the concept would be people would come back with a
25 more concrete proposal.

1 MR. HARTMAN: Robert Hartman, Golden Gate Fields.

2 May I suggest to the Board that if in a couple of weeks the
3 parties do not have agreement that you convene a dates
4 subcommittee group. Those meetings have worked very well in
5 the past. Just a smaller group with some CHRB Board
6 members. Just to kind of bring us together and help us
7 through some last sticking points we may not be able to
8 achieve on our own. If it comes to that. And those smaller
9 sessions tend to, tend to be very productive and we would
10 appreciate your assistance if needed.

11 CHAIRMAN HARRIS: Thank you.

12 MR. BACHMAN: Tom Bachman, owner/breeder. It is
13 my intent to sit down with CARF and work out what we both
14 feel is best for the racing circuit in Northern California
15 as far as purse generation and owner/trainer support. And
16 hopefully we can arrive at that. I will do the best I can.
17 That's all I can say.

18 CHAIRMAN HARRIS: Thank you.

19 EXECUTIVE DIRECTOR BREED: And then for the night
20 harness industry. Cal Expo as the association is
21 recommending 131 total dates as defined in their letter
22 here. And so for 2010 only the Committee is recommending
23 the Board approve those dates.

24 So to summarize, we recommend -- the staff
25 recommends approval of all the dates submitted with the

1 exception of those dates that I stated, which are June 16
2 through October 17, in Northern California.

3 CHAIRMAN HARRIS: Any comments? This is somewhat
4 unusual. Usually the debate is more in Southern California,
5 now we're in Northern California.

6 MR. DOUGHERTY: Charlie Dougherty, CTT. Kirk, I
7 think there still is discussions going on regarding that one
8 week between the 16th and the 20th in Northern California.

9 EXECUTIVE DIRECTOR BREED: Are you talking about
10 the Stockton dates?

11 MR. DOUGHERTY: Yes.

12 CHAIRMAN HARRIS: It's still going to be -- who is
13 that debate between?

14 MR. DOUGHERTY: All the parties concerned.

15 EXECUTIVE DIRECTOR BREED: Well that is included
16 in the carryover.

17 CHAIRMAN HARRIS: Yes, that's within the dates
18 that we are talking about that we haven't decided on.

19 EXECUTIVE DIRECTOR BREED: That's included in the
20 carryover next month.

21 MR. DOUGHERTY: We just don't want them, we want
22 to make sure that that motion does not preclude the
23 possibility of extending one further week to Golden Gate
24 Fields through the 20th of June.

25 COMMISSIONER CHOPER: No, I think it's clear that

1 we are going to await a report from the group that's talking
2 about this as to where, when and whom. It's all open.

3 CHAIRMAN HARRIS: Yes, it's all open.

4 MS. COOK: My name is Debbie Cook, I'm the manager
5 at the San Joaquin County Fair in Stockton. On behalf of my
6 Board of Directors I would like to state that our Board of
7 Directors is adamant that they would like to have two weeks
8 of racing, the 16th through the 27th.

9 It is our 150th birthday next year. We would like
10 to present the best racing program and fair that we can in
11 honor of 150 years of fair. Which by the way includes
12 racing clear back into the 1800s from our earliest days.
13 Again I would just like to state that the San Joaquin County
14 Fair is very interested in having two weeks of racing.

15 CHAIRMAN HARRIS: You have this year. You would
16 like to stay where you were this year or have them changed?

17 MS. COOK: Correct, correct.

18 CHAIRMAN HARRIS: You want ten to be the same as
19 nine. As I recall that was significantly more successful
20 this year than the previous year when you had different
21 dates.

22 MS. COOK: Significantly more successful, yes.
23 And I am saying two weeks, ten days of racing. We would be
24 willing to consider nine, which we have done for the last
25 couple of years. Or I should say in 2007 and 2009. Thank

1 you.

2 CHAIRMAN HARRIS: Okay. We'll take that into
3 consideration. Any other comments?

4 MR. GOODRICH: Mr. Chairman, Commissioners, Cliff
5 Goodrich from Fairplex. I just want to make sure in Kirk's
6 comments, and we mentioned at the Dates Committee yesterday,
7 we need to sit down with TOC. They have some concerns with
8 both Fairplex's proposed opening and closing days.

9 And as Kirk recited, I guess the potential action
10 of the Board, Kirk, I assume that is what you are esculpting
11 from the dates issuance. In other words, we don't race for
12 almost a year. And we are assuming you'll give us time to
13 work with the TOC and hopefully work those things out. Is
14 that what I am understanding?

15 EXECUTIVE DIRECTOR BREED: The Fairplex dates,
16 there is a problem there. So what are you asking?

17 CHAIRMAN HARRIS: I don't know if it's really a
18 problem. It was just a concern brought up. But I think
19 that the way we have got the dates you got them all.

20 EXECUTIVE DIRECTOR BREED: What I have got down
21 here is the 9th through the 27th as Fairplex dates.

22 MR. GOODRICH: Yeah. And I am certainly not going
23 to speak for the TOC. But if they have a problem with that
24 Fairplex is not reluctant to sit down with them in the next
25 30 days and then come back to the Board. I just didn't know

1 what the Board was going to issue.

2 COMMISSIONER CHOPER: I think the only --

3 CHAIRMAN HARRIS: A I understood it the only
4 problem that TOC had was opening day was after closing day
5 at Del Mar. But since you have a relatively short meet I
6 could see that being acceptable. But I think some of it
7 will tie in to what the north is doing. If you have got a
8 northern signal. Those dates, which I think you don't
9 probably.

10 MR. GOODRICH: Okay.

11 COMMISSIONER CHOPER: I think the notion is that
12 everything we do with these dates is subject to change. If
13 circumstances require alterations we certainly are open to
14 hearing about it.

15 MR. GOODRICH: Okay, thank you.

16 MS. NAIFY: Marsha Naify, TOC. Just to clarify
17 that TOC does have a problem with that Thursday. So we
18 would like the opportunity to meet with Fairplex and see if
19 we can reach a mutual resolution on that Thursday opening
20 day for Fairplex. And the last day as well.

21 MR. NEUMEISTER: David Neumeister, California
22 Harness Horsemen's Association.

23 Because there was only applicant for dates in 2010
24 for California harness racing we are going to acquiesce to
25 Cal Expo's request for an allocation of dates for 2010. But

1 lady and gentlemen, make no mistake about it, California
2 harness racing is dying at Cal Expo. Each meet is worse
3 than the last.

4 Last week over 55 percent of our races were at the
5 lowest claiming level. A few weeks ago they were called
6 three-claimers, now they are called four-claimers, even
7 though they go for the same purse. The average purse for
8 those horses, for almost 60 percent of our horses, is \$2300
9 or \$2400. We race once a week.

10 What this means to your average owner is there is
11 no incentive to race in California anymore. For the
12 traditional owner who is not a groom in the back stretch or
13 a trainer who lives there, if your horse wins three times a
14 month you might make your training bill that month.

15 We desperately need another opportunity, another
16 venue for harness racing, with an operator that has some
17 imagination and a real care for the sport itself. And
18 yesterday Fresno stepped up and said they would like to be
19 in the hunt for dates for 2011. They do not want to get
20 involved while we are in a contract with Cal Expo and we
21 respect that.

22 But I would hope that this Board early next year
23 would be receptive to an early application for an allocation
24 of dates for harness racing by another operator, another
25 venue, for 2011. So that Fresno in particular could have

1 the lead time it needs to do the administrative work it
2 needs to make the capital improvements they will need at
3 Fresno including lights.

4 They can't ask for dates in October or November of
5 next year for a race meet that begins in early 2011. So I
6 am just hoping this Board will keep an open mind and be
7 receptive to an early application for an allocation of dates
8 from an operator other than Cal Expo for harness racing next
9 year.

10 CHAIRMAN HARRIS: I think that we always should
11 have an open mind. It would just take --

12 MR. NEUMEISTER: I just know that traditionally we
13 deal with dates late in the year. Another operator is going
14 to need time. If anybody else is going to operate harness
15 racing they'd need more than three or four months to get a
16 facility ready.

17 So, you know, harness racing is kind of distinct
18 and separate from all the rest of the racing. If the Board
19 would just be open to an early application for an allocation
20 of dates in 2011 we would appreciate that if that happens.

21 CHAIRMAN HARRIS: I think that would be our
22 posture. That could be a factor in thoroughbred racing in
23 certain areas where somebody needs to, you know, a lot of
24 lead time. That is a good way to do it.

25 MR. NEUMEISTER: Thank you, Mr. Chairman.

1 CHAIRMAN HARRIS: Okay, we have covered 13.

2 MR. LIEBAU: First of all I think the record is
3 rather fuzzy as to particular dates if anybody ever looks at
4 this transcript. And secondly, I don't know whether you
5 have actually voted on allocation of any dates or not.

6 CHAIRMAN HARRIS: No.

7 MR. LIEBAU: You're sneering at me, Mr. Executive
8 Director?

9 (Laughter.)

10 EXECUTIVE DIRECTOR BREED: I'm agreeing with you.

11 MR. LIEBAU: Yesterday you accused me of sneering
12 at you if you'll recall.

13 CHAIRMAN HARRIS: Was the question -- I guess we
14 have got some that are -- I mean, we could vote on the ones
15 that are nailed down. Although even if we vote on them they
16 are still conceivably subject to change. But I think the
17 Southern California dates are pretty nailed down except we
18 want to maintain the flexibility.

19 MR. LIEBAU: The practice in the past has been to
20 read them into the record. You know, I think you have got
21 everything except Fairplex is under discussion for two days,
22 subject to a mutual agreement between --

23 CHAIRMAN HARRIS: Okay, why don't we do that.

24 EXECUTIVE DIRECTOR BREED: I was trying to do that
25 before. Mr. Chairman, Board Members. The dates for the

1 2010 race dates are as follows:

2 For Southern California thoroughbred race the
3 dates begin December 26, 2009 for the Los Angeles
4 Thoroughbred Club and it runs through April 18, 2010.

5 The Hollywood Park spring meet starts April 21 and
6 runs through July 18, 2010.

7 The Del Mar Thoroughbred Club starts July 21 and
8 runs through September 8.

9 The Fairplex race dates begin September 9 and run
10 through September 27.

11 And there will be possible adjustments made to
12 those dates.

13 Oak Tree begins September 29 and runs through
14 October 31.

15 CHAIRMAN HARRIS: With a possible adjustment made
16 on October 14.

17 EXECUTIVE DIRECTOR BREED: That's correct.

18 CHAIRMAN HARRIS: October 13 I guess.

19 EXECUTIVE DIRECTOR BREED: The Hollywood Park fall
20 meet for 2010 starts November 3 and runs through December
21 19. And that concludes for Southern California
22 thoroughbreds.

23 Los Alamitos Quarter Horse meet. I don't have the
24 exact dates on those but they are those dates as requested
25 by Doc Allred at Los Alamitos.

1 STAFF SERVICES MANAGER II WAGNER: Jackie Wagner,
2 CHRB staff. Those dates as submitted were Los Alamitos to
3 begin December the 26th and ending December 19, 2010.

4 EXECUTIVE DIRECTOR BREED: The Cal Expo harness
5 meet. The dates for 2010 are December 26, 2009 through June
6 19, 2010. And starting back up August 13 through December
7 18, 2010.

8 CHAIRMAN HARRIS: That's possibly subject to
9 modification based on what happens with their thoroughbred
10 meet.

11 EXECUTIVE DIRECTOR BREED: Right. This is
12 assuming that the thoroughbred meet is in the summer, in
13 July.

14 CHAIRMAN HARRIS: Oh, that's in July.

15 EXECUTIVE DIRECTOR BREED: Yes, this assumes the
16 thoroughbred meet is in July.

17 CHAIRMAN HARRIS: I'd feel more comfortable doing
18 it the other way maybe like we had in our proposal here.
19 Because this is a later proposal. But I thought we were
20 going to -- Well, we just talked about Cal Expo harness not
21 -- there's so much uncertainty in the summer deal. Why
22 don't we just pull that off and that is going to have to be
23 determined.

24 MR. ELLIOTT: Dave Elliott, Cal Expo.

25 Chairman Harris, I understand, I understand your

1 difficulty with that. We have not heard any opposition with
2 moving our fair thoroughbred dates to July. The latest
3 letter that you have that we presented yesterday after our
4 Cal Expo Board meeting on Friday depicts the harness racing
5 dates that we would like to have approved for 2010 with the
6 change in the fair dates.

7 If you are having difficulty with that, our
8 license application for our harness meet beginning on
9 December 26 was due September 27. I received a waiver form
10 Executive Breed for that 90 day rule for our license
11 application. If you are having some difficulty with that we
12 would appreciate at least that you approve the Cal Expo
13 harness dates at least from 12/26 to June 19th.

14 CHAIRMAN HARRIS: I think we can do that.

15 MR. ELLIOTT: If that makes you more comfortable
16 we're okay with that.

17 CHAIRMAN HARRIS: The whole dates change. I think
18 there is opposition. And I've heard it from several people
19 myself. But I don't know if I have made up my mind exactly
20 what the best format is for racing. But to say there is no
21 opposition to it is understating the case.

22 MR. ELLIOTT: I understand, sir. In this room we
23 haven't heard, the people in this room, we haven't heard any
24 opposition. Believe me, Labor Day, I would love to be
25 racing on Labor Day. I'm just the Indian here.

1 In this room we haven't heard from the TOC that
2 there is any opposition from the TOC, any of the CARF
3 members that moving into those July thoroughbred dates is a
4 problem. However, if you feel a lot more comfortable just
5 approving the Cal Expo harness dates from June 19th we
6 would --

7 CHAIRMAN HARRIS: If we were going to move -- I
8 mean those are historic dates and I think there needs to be
9 a lot of rationale why it's good to change. Change
10 sometimes is good but we have got to have a better case made
11 that that is better. Because I know two members of your
12 board that are pretty adamantly opposed to the --

13 MR. ELLIOTT: Sure, there were absolutely two "no"
14 votes. There were. But again.

15 CHAIRMAN HARRIS: They didn't show up here but
16 they're there.

17 MR. ELLIOTT: Again, if you would feel more
18 comfortable at least allocating and approving so that we can
19 move forward with our harness racing.

20 CHAIRMAN HARRIS: As far as the harness, let's get
21 that approved through June 19.

22 MR. ELLIOTT: Through June 19 at least.

23 CHAIRMAN HARRIS: That's fair.

24 MR. ELLIOTT: Okay, thank you.

25 EXECUTIVE DIRECTOR BREED: So correction. Are you

1 going to talk to this issue?

2 MR. LAMOTHE: Absolutely.

3 EXECUTIVE DIRECTOR BREED: Go ahead.

4 CHAIRMAN HARRIS: On the harness?

5 MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of
6 California. The discussion yesterday when we were first
7 presented the Northern California dates. That we needed
8 time to look at this. We had a lot of discussion on this.

9 It's true that we did not object to Cal Expo's
10 dates but that is not the whole -- we are not taking a
11 piecemeal approach to this. We have to look at the entire
12 circuit, the entire ecosystem if you will, out there.

13 When you characterized it earlier that we're
14 looking, we're going to go off and huddle up and come back
15 to you. That includes Cal Expo, that includes all the
16 fairs, that includes Golden Gate. So we have got to look at
17 the whole picture. And we are not signaling out Cal Expo
18 but we need to look at everything.

19 CHAIRMAN HARRIS: Yes, that's what we're
20 suggesting.

21 EXECUTIVE DIRECTOR BREED: So do you object to
22 approving harness dates December 26 through June 19? Do you
23 object to the approval of those harness dates?

24 MR. LAMOTHE: That's not within our purview but
25 no, we do not object.

1 CHAIRMAN HARRIS: You can object to anything.

2 (Laughter.)

3 CHAIRMAN HARRIS: It's a free country. No
4 objection noted.

5 EXECUTIVE DIRECTOR BREED: Okay. Then in
6 correction to the transcript, the harness dates are -- we
7 are requesting approval for harness dates December 26, 2009
8 through June 19, 2010 at Cal Expo, 75 racing days.

9 Did I do Northern California?

10 CHAIRMAN HARRIS: Yes, I think we did.

11 EXECUTIVE DIRECTOR BREED: For Northern
12 California, Pacific Racing Association beginning their race
13 meet December 26, 2009. That's the winter meet and it runs
14 through February 21. The spring meet at Pacific Racing
15 begins February 25 and runs through May 31. Excuse me,
16 sorry, June 13.

17 CHAIRMAN HARRIS: Now have they have got some four
18 day weeks in January and February?

19 EXECUTIVE DIRECTOR BREED: Right. June 13.

20 CHAIRMAN HARRIS: They have got two distinct
21 meets. Is that due to some restriction on how many days a
22 meet can have? Why are they two different meets, just to
23 clarify it?

24 EXECUTIVE DIRECTOR BREED: there is no license fee
25 reduction.

1 MR. HARTMAN: In our mind the change in the new
2 season is the beginning of turf racing at Golden Gate Fields
3 would begin with the new meet.

4 CHAIRMAN HARRIS: But there used to be something
5 in the law that one racing association could only have so
6 many dates. Did that get changed?

7 EXECUTIVE DIRECTOR BREED: It was a split. If you
8 had a split meet you got a license fee reduction. And that
9 was the only reason they -- we did a lot of split meets.

10 CHAIRMAN HARRIS: But now we don't have that
11 license --

12 EXECUTIVE DIRECTOR BREED: We don't have the
13 license fee issue.

14 CHAIRMAN HARRIS: I thought that at some point
15 there was a maximum number of days you could have in a given
16 zone. Is that still operationally?

17 EXECUTIVE DIRECTOR BREED: No. It used to be
18 though, you're right.

19 CHAIRMAN HARRIS: Maybe that got changed.

20 EXECUTIVE DIRECTOR BREED: It did.

21 CHAIRMAN HARRIS: So conceivably somebody could
22 have, this is hypothetical, all the days in the north or all
23 the days in the south at one association.

24 MR. HARTMAN: Robert Hartman, Golden Gate Fields.
25 May I suggest that the Board not take up the Northern

1 California calendar at this time and approve the other
2 calendars that you have talked about. And then we could
3 deal with this matter either at the Dates Committee or at
4 the next Board meeting. Because there's just too many
5 uncertainties.

6 CHAIRMAN HARRIS: I think part of the reason we
7 are doing this here, we know there's going to be
8 uncertainties. But so people can plan, you know, your
9 immediate future. That they are going to be running on
10 December 22 or 26 and things like that.

11 MR. HARTMAN: The 26th. So just for the first
12 half.

13 CHAIRMAN HARRIS: I think it's implied that
14 there's going to be modifications.

15 MR. HARTMAN: Yeah. I think as long as the record
16 notes that the dates that we are talking about are subject
17 to change I'd appreciate that.

18 CHAIRMAN HARRIS: Yes, I agree.

19 EXECUTIVE DIRECTOR BREED: Okay. Let the record
20 show that all of these dates are subject to change. They
21 are.

22 CHAIRMAN HARRIS: Could we take a look too at the
23 legality of is there any cap on how many days you can give
24 an association to run.

25 CHIEF COUNSEL MILLER: That statute is on the

1 books. I'll research that.

2 EXECUTIVE DIRECTOR BREED: I'll continue. The
3 period June 16 through October 17, that block of time is
4 held over until next month.

5 The period October 20 through December 19 goes to
6 the Pacific Racing Association fall meet.

7 Those dates, all those dates, if the Board could
8 approve those dates and we can proceed.

9 CHAIRMAN HARRIS: I'd suggest we get a motion to
10 proceed with the stipulation that there may well be changes
11 if it is in the best interest of racing and instances
12 develop.

13 COMMISSIONER BRACKPOOL: And the way they change
14 is by?

15 CHAIRMAN HARRIS: They change back and forth. It
16 wouldn't be a unilateral change by them but it would be
17 something that was approved by the Board.

18 COMMISSIONER CHOPER: Second.

19 CHAIRMAN HARRIS: So we've a movement and second.
20 All in favor?

21 (Ayes.)

22 CHAIRMAN HARRIS: Very good.

23 The public comment. Make public comments here.

24 One thing that has come up is this four second
25 delay issue. I thought there was somebody -- it's not

1 really on the agenda but could somebody just for background
2 purposes explain what that issue is. Apparently some
3 jurisdictions are not willing to take the California signal
4 because we have a four second delay. Which Mr. Castro can
5 explain the rationale of that.

6 MR. CASTRO: Well, I'm not even going to go that
7 far. My name is Richard Castro representing Parimutuel
8 Employees Guild. And before I say what I want to say I want
9 to let you know that when I use the P-word I'm talking about
10 my pal, Craig Fravel. Behind me they know what I'm talking
11 about.

12 I have agreed, I have agreed to let the four
13 second be waived. In the interest of racing I have agreed
14 to that. I won't change the position of that despite what
15 my executive board may say. I think that's all you really
16 need to know.

17 CHAIRMAN HARRIS: I think it can be handled
18 through, I think the issue is that if somebody buys a ticket
19 and can't pay for it or something so they have got a way to
20 void the ticket within that four -- I think that could be
21 part of your employment contract somehow. If a clerk, you
22 know, is unfairly damaged.

23 But I think it is so important to the continuity
24 of racing that we are able to simulcast our signal. And
25 probably the integrity of racing shouldn't allow delays. It

1 needs to be instantaneously recorded. I think that is very
2 gracious of you to do that. Typical of Mr. Castro's
3 gracious soul.

4 Mr. Charles, do you have a --

5 MR. CHARLES: Ron Charles, MEC. I'd just like to
6 thank Mr. Castro for stepping up. It was a serious problem
7 this morning. New York threatened to not allow wagering
8 here over the four second. They wanted to cut it off
9 immediately. We were able to get a short period of time.
10 And after speaking with Mr. Castro he has assured me that we
11 would be eliminating the four second cancel. I'll tell you,
12 all of racing is indebted. That would have been a serious
13 blow to us had he not done that.

14 (Applause.)

15 MR. CASTRO: Thank you.

16 CHAIRMAN HARRIS: Any other issues?

17 MR. SWANSON: Aaron Swanson, TVG. To what we were
18 discussing before; if you could clarify. Do we know if
19 there is a limitation on the number of dates a racing
20 association can retain over a year?

21 CHAIRMAN HARRIS: I'm not sure, that's the reason
22 I requested that. Maybe Mr. Blonien may have it.

23 MR. BLONIEN: Mr. Chairman and members, Rod
24 Blonien. On that point, in the north there is a limit of 22
25 weeks of racing per racing association.

1 MEMBERS OF THE AUDIENCE: It's 35.

2 MR. BLONIEN: It's 35, it's been changed to 35.
3 In the south it's 17 weeks. but what you can do is you can
4 have another association.

5 CHAIRMAN HARRIS: Be at the facility but it's got
6 to be a different association.

7 MR. BLONIEN: That's correct.

8 CHIEF COUNSEL MILLER: I think Mr. Blonien means a
9 central zone. The southern zone consists of just --

10 MR. BLONIEN: The central zone is 17 weeks.

11 CHIEF COUNSEL MILLER: Yes.

12 MR. BLONIEN: The northern zone was 22 weeks and
13 we just changed it to 35.

14 CHIEF COUNSEL MILLER: Right.

15 CHAIRMAN HARRIS: Where is the southern zone,
16 which is Del Mar?

17 MR. BLONIEN: Seven weeks.

18 CHAIRMAN HARRIS: Basically Del Mar is the only
19 one that fits, I think, unless --

20 MR. BLONIEN: Right.

21 CHAIRMAN HARRIS: Because one of the issues would
22 be that if Del Mar were deemed to want more dates it would
23 take a law change. If they can only do seven now and they
24 are doing their seven.

25 CHIEF COUNSEL MILLER: The southern zone is just

1 Imperial, Orange, Riverside and San Diego. And here comes
2 Mr. Southern Zone.

3 MR. FRAVEL: Craig Fravel, Del Mar. The law was
4 changed to permit the allocation within the southern and
5 central zones of additional dates in the event that
6 Hollywood Park were to close. That may not be in the
7 current version of the law that you have in front of you.

8 CHAIRMAN HARRIS: There is a law that went in on
9 that?

10 MR. FRAVEL: That was changed this past year.

11 CHAIRMAN HARRIS: Okay. Okay, good. Well the
12 south may rise again.

13 Any public comment? Does someone want to
14 filibuster for awhile? You can still make Fresno okay.

15 Thank you everybody for coming. Appreciate all
16 the Commissioners' input and work on this board. We'll see
17 you in Fresno later on or the next meeting. Thank you.

18 --oOo--

19 (Thereupon the California Horse Racing Board

20 Regular Meeting adjourned at 1:13 p.m.)
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CERTIFICATE OF REPORTER

I, TROY RAY, a Certified Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing Meeting of the California Horse Racing Board; that thereafter the recording was transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of October, 2009.

Troy Ray, CER