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BEFORE THE CALIFORNIA HORSE RACING BOARD  
OF THE STATE OF CALIFORNIA

IN THE MATTER OF: )  
 )  
The Regular Board Meeting of )  
The California Horse Racing Board )  
\_\_\_\_\_ )

TRANSCRIPT OF PROCEEDINGS  
Del Mar, California  
Friday, August 24, 2001

Reported by:  
KATHLEEN H. SCHLENZ  
CSR No. 11956  
Job No.:  
CHBH505

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BEFORE THE CALIFORNIA HORSE RACING BOARD  
OF THE STATE OF CALIFORNIA

IN THE MATTER OF: )  
 )  
The Regular Board Meeting of )  
The California Horse Racing Board )  

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TRANSCRIPT OF PROCEEDINGS, taken  
at 2260 Jimmy Durante Boulevard,  
Del Mar, California, commencing at  
10:05 a.m., on Friday, August 24, 2001,  
heard before ROBERT H. TOURTELOT, reported  
by KATHLEEN H. SCHLENZ, CSR No. 11956, a  
Certified Shorthand Reporter in and for the  
State of California.

0003

01 APPEARANCES

01

02 Chairman: Robert H. Tourtelot

02

03 Member: William A. Bianco

03

04 Member: Sheryl L. Granzella

04

05 Member: John C. Harris

05

06 Member: Alan W. Landsburg

06

07 Member: Roger H. Licht

07

08 Member: Marie G. Moretti

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09 Executive Director: Roy C. Wood, Jr.

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10 Deputy Attorney General: Thomas A. Blake

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01 Del Mar, California, Friday, August 24, 2001  
02 10:05 a.m.

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04

05 MR. WOOD: Good morning, and welcome to the  
06 regularly scheduled meeting of the California Horse Racing  
07 Board. This meeting is being conducted on Friday,  
08 August 24, 2001 at the Del Mar Satellite Wagering Facility  
09 in Del Mar, California.

10 Present at today's meeting are Chairman  
11 Robert Tourtelot, Commissioner William Bianco,  
12 Commissioner Sheryl Granzella, Commissioner John Harris,  
13 Commissioner Alan Landsburg, Commissioner Roger Licht, and  
14 Commissioner Marie Moretti.

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

21 At this time I'd like to turn this meeting  
22 to our Chairman, Mr. Robert Tourtelot.

23 MR. TOURTELOT: Good morning, and welcome to the  
24 August meeting of the CHRB here in Del Mar. We greatly  
25 appreciate Del Mar hosting our meeting. Before we start,  
26 I'd like to recognize a couple of people in the audience.  
27 Art Venturi, who is the new chairman of the Association of  
28 Racing Commissioners. Art, thank you for coming to the

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01 meeting, and they have their annual board meeting on  
02 Saturday. And Lonnie Powell, the new president and CEO of  
03 RCI, and the gentleman from Connecticut, right? No.  
04 Bernard Daily. Mr. Daily, welcome.

05 All right. First item on the agenda is  
06 approval of the minutes of the regular meeting of  
07 July 19, 2001. Any comments with respect to the minutes  
08 from any of the commissioners?

09 Do we have a motion?

10 MR. LICHT: I move the minutes be approved.

11 MR. BIANCO: Second.

12 MR. TOURTELOT: All in favor?

13 (Motion passed)

14 MR. TOURTELOT: Our next item for discussion and  
15 action by the Board is the Application for License to  
16 conduct a horse racing meeting at the Oak Tree Racing  
17 Association at Santa Anita, commencing September 26 to  
18 November 5th, 2001, inclusive. Jackie?

19 MS. WAGNER: Good morning, Commissioners.  
20 Jackie Wagner, CHRB staff.

21 The application before you is from the  
22 Oak Tree Racing Association. They're proposing to race  
23 September 26 through November 5th for 32 days, which is  
24 five days more than they ran in the year 2000. They're  
25 proposing to race 232 races, or 8.6 races per day. They  
26 meet the 10 percent requirement of stakes races. They  
27 will be racing five days per week, Monday through Sunday,

28 with eight races per day weekdays, nine races on opening  
0008

01 and closing days, weekends, and holidays. Their first  
02 post time will be at 1:00 p.m. on weekdays and 12:30 p.m.  
03 post on Saturday, Sunday, and holidays.

04 They will be hosting a Breeder's Cup Day on  
05 October 27, which is a Saturday. Post time is 9:30 a.m.  
06 November the 3rd, Cal Cut Day, 12:00 p.m. post time, and  
07 12:30 p.m. post on Monday, October the 8th, Columbus Day,  
08 and November the 5th, which is closing day.

09 We still need to receive the fire clearance  
10 from them. A finalized -- the stakes schedule has been  
11 finalized, and is in the process of being forwarded to  
12 staff.

13 Staff would recommend that the Board approve  
14 the application contingent upon us receiving additional  
15 information.

16 MR. TOURTELOT: It occurred to me, and I bring  
17 this up every time, where do we stand with the declaration  
18 with respect to the backstretch?

19 MS. WAGNER: That is going to be taken under  
20 Item Number 7, I believe. They have been inspected, and  
21 we're going to be having that item up before the Board for  
22 adoption.

23 MR. TOURTELOT: Now, page 21, 15(d) is the  
24 declaration with respect to service contractors.

25 MS. WAGNER: That is for the service contracting.  
26 The declaration for the backstretch is not included on  
27 this application. It will be included on the new  
28 application.

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01 MR. TOURTELOT: I understand, but with respect to  
02 this one, the thought occurred to me. Maybe Chilly can  
03 answer this.

04 Does Oak Tree have jurisdiction over the  
05 concessionaires, or is that Santa Anita? In other words,  
06 you're the lessee, right, of the -- you're the lessee of  
07 the Oak Tree meeting, and Santa Anita or the Los Angeles  
08 Turf Club or whatever it is, don't they enter into the  
09 agreement to sign the service contractors and  
10 concessionaires?

11 MR. CHILLINGWORTH: Sherwood Chillingworth,  
12 Oak Tree Racing Associates.

13 We lease the whole facility, including the  
14 concessionaires.

15 MR. TOURTELOT: You do (unintelligible)?

16 MR. CHILLINGWORTH: Exactly, and we participate in  
17 the profits.

18 MR. TOURTELOT: So there's privity between  
19 Oak Tree and all of the contractors and concessionaires?

20 MR. CHILLINGWORTH: Well, privity as it exists  
21 through Santa Anita.

22 MR. TOURTELOT: Well, contracts between  
23 Santa Anita and the service contractors?

24 MR. CHILLINGWORTH: Yes.

25 MR. TOURTELOT: And how do you have -- how can you  
26 declare whether or not those agreements are filed and

27 separate as set forth in the declaration?  
28 MR. CHILLINGWORTH: Are sound?  
0010  
01 MR. TOURTELOT: Now, your declaration is that  
02 the -- the agreements are valid labor agreements that  
03 remain in effect for the full term of the race meet; is  
04 that correct?  
05 MR. CHILLINGWORTH: Yes. Well, we are below the  
06 secretaries to the agreements, so we do see them.  
07 MR. TOURTELOT: So there is privity between  
08 Oak Tree and the contractors?  
09 MR. CHILLINGWORTH: Yes, but the primary  
10 relationship is with Santa Anita.  
11 MR. TOURTELOT: I know you haven't practiced law.  
12 MR. CHILLINGWORTH: I know, yes. Even when I  
13 practiced law, I had trouble at it. That's why I keep  
14 practicing.  
15 MR. TOURTELOT: Thank you, Chilly.  
16 MR. HARRIS: I don't understand on the state  
17 schedule. Why is that nominated?  
18 MS. WAGNER: We have not received the copy of the  
19 state schedule. I understand from the conversation this  
20 morning that that state schedule has been finalized. We  
21 are waiting for the actual receipt of that.  
22 MR. TOURTELOT: You're talking about the state  
23 schedule now?  
24 MS. WAGNER: Yes.  
25 MR. TOURTELOT: The one you had is fine.  
26 Any comments from any of the other  
27 Commissioners?  
28 The Chair will entertain a motion to approve  
0011  
01 the application.  
02 MS. MORETTI: So moved.  
03 MR. BIANCO: Second.  
04 MR. TOURTELOT: All in favor?  
05 (Motion passed)  
06 MR. TOURTELOT: Next item on the agenda is the  
07 discussion and action by the Board on the application for  
08 license to conduct a horse racing meeting of the Fresno  
09 County Fair at Fresno, commencing October 3rd through  
10 October 14, 2001.  
11 MS. WAGNER: Jackie Wagner, CHRB staff.  
12 The Fresno County Fair is proposing to race  
13 from October 3rd to October 14th, which is 11 days, and  
14 that's one more day than they ran in the year 2000. They  
15 are proposing to race a total of 98 races, which is the  
16 same number that they ran last year. They will be racing  
17 five days the first week, six days the second week. First  
18 post time of 12:37 p.m. on Saturday and on Saturday --  
19 12:45 p.m. on a Friday and 1:30 p.m. post on Monday,  
20 Wednesday, and Thursday. Their wagering program will be  
21 using the CHRB rules. We are still looking for the fire  
22 clearance from this association, and we still have not  
23 received the horsemen's agreements for the quarter horses  
24 and the Appaloosas.  
25 We would recommend that the Board approve

26 the application contingent upon receiving the additional  
27 information.

28 MR. TOURTELOT: Is there a reason why the  
0012

01 horsemen's agreement is not signed?

02 MS. WAGNER: To my knowledge -- I'm not up-to-date  
03 on that.

04 MR. KORBY: Chris Korby, California Authority of  
05 Racing Fairs.

06 With respect to the quarter horse and  
07 Appaloosa agreements, we've had some issues with each of  
08 these associations. We're in continuing discussions with  
09 them on the agreements for the 2001 racing season. In  
10 light of the fact that we have not resolved all of those,  
11 the previous agreement is in effect.

12 With respect to the Appaloosas, we have been  
13 in a continuing overpayment position with them, and we're  
14 trying to work out a mechanism whereby we can reconcile  
15 that continuing overpayment to the satisfaction of both  
16 parties.

17 MR. TOURTELOT: I believe that is the rule, that  
18 until the agreement is signed, the previous --

19 MR. KORBY: Yes, sir.

20 MR. TOURTELOT: Any questions from any of the  
21 commissioners?

22 Any questions from anybody in the audience?  
23 Comments?

24 The Chair will entertain a motion to approve  
25 the application.

26 MR. LICCARDO: Ron Liccardo, Pari-Mutuel  
27 Employees.

28 I have one question about the application on  
0013

01 the beginning page, where it says, "Wagering program to be  
02 (unintelligible). Request a one-dollar minimum of all  
03 exotic wagers at self-service machines." That's at all  
04 machines, not just self-service only?

05 MR. TOURTELOT: Where is that?

06 MR. LICCARDO: The bottom two lines on the Item 3  
07 page.

08 MR. TOURTELOT: And what was your comment?

09 MR. LICCARDO: Is that one-dollar wagering at all  
10 the windows, or just self-service only?

11 MR. TOURTELOT: It says self-service only. It  
12 doesn't say "only," but it says self-service.

13 MR. HARRIS: (Unintelligible).

14 MR. LICCARDO: That's correct. That's why I was  
15 inquiring whether they were going to do something  
16 different than what the law requires.

17 MR. TOURTELOT: Now, this says self-service  
18 machines.

19 MR. LICCARDO: But it doesn't mention the others.  
20 I figure that it makes (unintelligible) to this.

21 MR. TOURTELOT: Well, then, the Chair will request  
22 that we amend this orally to find out if that provision  
23 only applies to self-service machines.

24 MR. HARRIS: Just strike "self-service machines."

25 Just say "request a dollar minimum." Scratch out  
26 self-service machines.

27 MR. KORBY: Yes, on behalf of the fair, that would  
28 be our preference, to delete "self-service" from that  
0014 phrase.

01  
02 MR. TOURTELOT: Mr. Liccardo, is that all right?  
03 MR. LICCARDO: Yes.  
04 MR. TOURTELOT: And with that change, any other  
05 comments?

06 The Board will -- the Chair will entertain a  
07 motion to approve the Fresno Fair license.

08 MR. HARRIS: I'll move to approve, and the  
09 official name is the Fresno District Fair.

10 MR. TOURTELOT: I knew that. I think everybody  
11 knew what I was talking about.

12 MS. MORETTI: Second.  
13 MR. TOURTELOT: All in favor?  
14 (Motion passed)

15 MR. TOURTELOT: Item number 4 is discussion and  
16 action by the Board on the request from Los Alamitos  
17 Quarter Horse Racing Association to amend its license  
18 application to cancel the night racing program on  
19 September 6, 2001.

20 MR. WOOD: Mr. Henson?  
21 MR. HENSON: Mr. Chairman, members of the Board,  
22 I'm Rick Henson, general manager at Los Alamitos Quarter  
23 Horse Racing Association.

24 This request was put in after it became  
25 apparent that there would be no thoroughbred racing or  
26 daytime simulcasting on that day. Fairplex moved their  
27 opening day from the day after Del Mar to Friday the 7th,  
28 and so we historically have found that if we're the only  
0015 one racing at night, then it certainly has a negative  
01 effect on our handle and attendance. So we requested to  
02 cancel that day.  
03  
04 MR. TOURTELOT: Any comments?  
05 MR. LICCARDO: Ron Liccardo, Pari-Mutuel Employees  
06 again.

07 Rick told me about this. We have a concern  
08 over it, but I agreed it would be okay for him to do that,  
09 because I can see the financial burden it would be on  
10 Los Alamitos. It's going to affect some of my members'  
11 employment, obviously, but it would not hurt them  
12 drastically, so we concur.

13 MR. TOURTELOT: Any comments from any of the  
14 commissioners? Questions?  
15 The Chair will entertain a motion to approve  
16 that request.

17 MR. HARRIS: So moved.  
18 MS. MORETTI: Second.  
19 MR. TOURTELOT: All in favor?  
20 (Motion passed)

21 MR. TOURTELOT: Next item on the agenda is  
22 discussion and action on the allocation of race dates for  
23 2002.

24 MR. REAGAN: Good morning Commissioners.  
25 John Reagan, CHRB staff. That's R-e-a-g-a-n.  
26 Commissioners, in your binder you have a  
27 four-page color chart indicating the race dates as  
28 allocated by the Race Dates Committee. The copy you have  
0016  
01 should say on the lower left "Revised August 15th," just a  
02 couple of minor changes made at that point from what was  
03 sent to you earlier. Essentially, the dates for 2002  
04 represent a reduction of three days for Southern  
05 California thoroughbred, nine days for Northern California  
06 thoroughbred, two days for the northern fairs, and  
07 increases of 26 days for the quarter horse and for the  
08 harness.

09 As your staff person that worked with your  
10 Race Dates Committee, I'm here to answer any questions or  
11 anything else I can do to help you with this. I must say,  
12 being Chairman of the Race Dates Committee was not fun.  
13 In the years past, as I recall, (unintelligible). But  
14 this year Commissioner Harris and I tried to do something  
15 different. We got a lot of mail, a lot of telephone  
16 calls. We have had three meetings. We had three meetings  
17 before this meeting. We received a lot of input from the  
18 different factions in the industry, and I know we haven't  
19 satisfied everybody. I know some people are unhappy.

20 All I can tell you -- and I think I speak  
21 also for Mr. Harris -- we tried to do the best we could,  
22 given problems that we perceived especially in Northern  
23 California with respect to the work population. And some  
24 people disagree that there are problems. In any event,  
25 this is what we've come up with, and obviously we're  
26 recommending it to the Board. The Board -- the  
27 commissioners have one vote, so we open Board discussion  
28 or any comments that anybody might have with respect to

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01 the Race Dates Committee recommendation.

02 MR. LICHT: Mr. Chairman, I have a comment, a  
03 question, really, for the committee.

04 To me, from looking at all the data and so  
05 forth -- and obviously I didn't have the extensive  
06 presentation that you guys had -- obviously the Wednesdays  
07 after holidays have to go. I think there's no question  
08 about that.

09 But the other overlap, I don't see any  
10 benefit to the horsemen, to the unions, to anybody other  
11 than to that individual fair. In other words, the gross  
12 handle is going to be -- most likely be down. The field  
13 size -- there's no evidence that the field size has  
14 improved from the data that I've seen where there's no  
15 overlap, and I don't see what the benefit is other than to  
16 the particular fair that's designated.

17 MR. TOURTELOT: Well, Commissioner Harris and I  
18 did talk about it a lot. We did eliminate some of the  
19 overlap. I know the Cal-Expos (unintelligible). We did  
20 address the issue, Roger. I think John might speak to why  
21 it is completely eliminated.

22 MR. HARRIS: I think you've got to look at the

23 history of why we have overlap in the north; we don't have  
24 overlap of fairs in the south. But historically the fairs  
25 had those dates, and at one point back in the 1980's, I  
26 think, there was a drop -- there wasn't enough horses to  
27 really run overlaps, and we tried to do that. But we're  
28 concerned about the horse shortage now, maybe not on those

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01 particular dates. Maybe we can carry over -- run those  
02 days later on in the month. Also, the economic viability  
03 of the fairs -- I think it's important that they be in  
04 existence to provide community racing for the fairs to  
05 attend in these different areas.

06 What we tried to do is take away a couple of  
07 the days that overlap (unintelligible). There seems to  
08 be -- I can understand there's some overlap in Sacramento.  
09 Why don't we overlap Pomona?

10 MR. LICHT: Well, I agree with you about the  
11 economic viability of the fairs, but it seems to me the  
12 economic viability of the horsemen is number one over the  
13 fairs and over the tracks themselves, and to me, again, I  
14 don't have -- I'm asking a question; I'm not making a  
15 statement that the horsemen definitely suffer as a result  
16 of this.

17 MR. HARRIS: Well, I question how much the  
18 horsemen suffer. It's two days in June and two days in  
19 September, and there's still ample opportunities for  
20 horsemen to ride. (Unintelligible.) I don't think  
21 there's any horsemen that are unable to get the horses in  
22 the races.

23 One thing. Some people -- groups have  
24 brought out that the purses during a given week at the  
25 fair are less than the purses (unintelligible.) As I  
26 understand it, the purses for any category of horses are  
27 the same at either the fairs or the major tracks, so  
28 there's really -- the fairs are not able to run as high a

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01 caliber race, as those races eventually do  
02 (unintelligible). The whole fair thing is -- I realize  
03 it's controversial, but I just didn't feel that it was  
04 fair to take days away from the fairs.

05 MR. TOURTELOT: Ms. Moretti had a comment.

06 MS. MORETTI: I would like to make a few comments  
07 about this issue.

08 First of all, let me begin as -- although I  
09 was not on the committee, I was able to attend a couple of  
10 committee meetings, and I've read through all the letters  
11 that were copied to me from all of the different facets of  
12 the industry. I would like to first of all commend the  
13 committee, because I think that they did quite a good job  
14 in terms of opening up the process and allowing anybody  
15 who wanted to come to come before the committee and give  
16 the reasons why they should or should not be cut or  
17 maintained or increased or whatever, and I think that both  
18 Commissioners Tourtelot and Harris also offered -- when  
19 there was conflict, requested that people go and see -- go  
20 out separately, privately to try to reach a consensus and  
21 come back to the Board, and I think that they were very

22 open about receiving all of your ideas. So I'd like to  
23 thank those commissioners for doing that, because it was,  
24 I'm sure, not an easy process.

25                 But I have a few of my own thoughts, and my  
26 questions, thoughts, et cetera, have to do with the dates  
27 process as we have it. I've only been on the Board a  
28 relatively short time, but long enough to see how we've  
0020 done it over a couple of years' time, and I'm not so sure  
01 we're on the right track in the way we allocate dates. As  
02 others have said, dates are -- it's our right to allocate.  
03 No one owns those dates. But I wonder in terms of the  
04 overall picture of helping horse racing if we're asking,  
05 really, the right questions, because I think that there's  
06 a basic premise that we all work under that there's too  
07 much racing in California, and if we lessen the racing,  
08 that perhaps that would be good for the industry.

09                 Well, then, as I listen to other people  
10 talk, I hear them saying the fields are too short. So  
11 perhaps it's not too much racing. Maybe it is, but  
12 perhaps it's not. Maybe it's just that the fields being  
13 too short, maybe that's where we should put our emphasis.  
14 Maybe we can have stricter, higher requirements for larger  
15 fields.  
16

17                 I don't know. I'm just throwing this out  
18 as some questions that have come to my mind. I  
19 actually -- I do think eliminating the six-day week is a  
20 smart move for a variety of reasons. I think it was at  
21 our Bay Meadows meeting when Mr. Hollendorfer (phonetic)  
22 was explaining the reasons why he was leaving California  
23 or taking 40 of his horses out of the state. He still had  
24 70 or 80 left, but he wasn't leaving, my understanding  
25 was, because there was too much racing. He was leaving  
26 because it was the wrong kind of racing during the time  
27 for him. We were not offering to people like that the  
28 right kind of racing, i.e. turf racing, for example.

0021                 So that brings about in my mind questions  
01 like, "Well, if that's where the problem is, then perhaps  
02 we should try and delve into that issue." For example,  
03 when the issue was raised at the last Dates Committee  
04 meeting to potentially swap Solano with (unintelligible),  
05 maybe that makes a lot of sense, and I don't think that  
06 suggestions like that should be just left in the air. I  
07 think that those are the kinds of things that should --  
08 that the Dates Committee -- and I would request the Dates  
09 Committee not to just do Dates Committee meetings once a  
10 year, but continue the discussion so that the issue as a  
11 whole can be looked at, and issues like, "Should we  
12 potentially swap fairs?" -- I know that brings a lot of  
13 problems, but there's a lot of good things that can come  
14 about from that, too.  
15

16                 Let me remind everyone, when we have -- we,  
17 the Horse Racing Board, carrying out horse racing law, we  
18 have a number of charges. One of them is certainly to  
19 provide for the maximum status of horse racing in  
20 California, but the other is to promote the network of

21 fairs. So we have to do both hand-in-hand. We might not  
22 always like one way or another how we do it, but we have  
23 to do both, and it's our job to do that the best that we  
24 can.

25 I just think that there are a variety of  
26 other ideas. Maybe, for lack of a better term, the minor  
27 league/major league concept. It works quite well in  
28 baseball. Maybe we should apply that to horse racing in  
0022 terms of -- minor league baseball is very symbiotic with  
01 major league baseball. They draw from one another.  
02 Obviously that's something that could be -- stratification  
03 of purses could be looked at.

04 Those are the kinds of things that I would  
05 request that the Dates Committee do during the course of  
06 the year, and not just once a year when we have to turn  
07 around and allocate dates.

08 MR. TOURTELOT: I would comment. I think your  
09 comments are very well taken, and I think that the Board  
10 should continually be looking at what it's doing and how  
11 it's doing and try to improve that and not do something  
12 just because it's been done that way for X number of  
13 years. So I think your comments should be taken as an  
14 admonition to the Board that we should examine it on a  
15 yearly basis, not just in the process of deciding the race  
16 dates.  
17 dates.

18 I think the swap of San Mateo with  
19 Vallejo -- but we did ask the two fairs to go and talk  
20 about it. We thought it was an excellent suggestion.  
21 Obviously, the racing is just one part of it. It can't be  
22 done without taking into consideration all the other  
23 aspects of the fair. But I believe San Mateo and Vallejo  
24 are talking, as they said they would. So the ball's in  
25 their court on that.

26 MS. MORETTI: I would like to see that the ball  
27 not just be left in their court. I'm thinking we need to  
28 bring it back into our court. Northern California is  
0023 losing a lot more than Southern California in the  
01 proposition that we have before us.

02 MR. TOURTELOT: They have a fair. They each have  
03 a fair, and we can't, from the Board's standpoint, say  
04 we're going to switch.

05 MR. HARRIS: I think we could just arbitrarily  
06 allocate the dates, but I don't think we're obligated to  
07 allocate dates in order to correspond with their fair  
08 dates. (Unintelligible)

09 MR. TOURTELOT: The Board has the power to  
10 allocate race dates. We obviously can't control the dates  
11 on which the fairs are held (unintelligible).

12 But at any rate, Marie, I appreciate your  
13 comments, and the fact that you did attend all the  
14 meetings and you were very interested, and I think that  
15 it's very healthy for us to continue to examine the  
16 process of allocating the race dates. There's no magic  
17 about why it's done that way, and certainly we're open to  
18 suggestions of ways to improve it and change it.  
19

20 MR. LANDSBURG: One of the things that -- I've  
21 been hearing this now for the eight years in which I've  
22 been involved, either on the Board or with TOC. I've  
23 heard, "Let's cut the number of dates so that we have more  
24 horses ready," or "Let's find ways to increase the horse  
25 population." But we don't really have in front of us an  
26 accurate vision of what would happen in terms of racing by  
27 cutting one, two, three, four, down to a number of days so  
28 that there's an empirical line that we can follow rather

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01 than just by guess and by golly, "Well, if we cut days,  
02 we'll have more horses." I don't know that that's true; I  
03 don't know if that's false. If we cut more dates, what  
04 will be the sum effect by cutting? It's simply a runout  
05 of empirical data, and how it will affect all of the  
06 people and all of the horses that are involved. We're  
07 kind of fumbling in a dark tunnel, trying to say that if  
08 we cut the days or cut and overlap we will sufficiently  
09 affect racing in California. And I keep becoming confused  
10 when I try to figure out which is right. Do we cut days  
11 and make for better racing and thus make for better  
12 betting? Do we lose days of paying our workers?

13 There are scales here to be examined, and I  
14 don't think we're ever dealing with empirical information.

15 MR. LICHT: I think we do know, Alan, from what  
16 I've read or seen, that eliminating the overlap does not  
17 increase field sizes, at least not historically, and so if  
18 that's a fact and we lose jobs and we lose purse money,  
19 why should we do it? And that's really what -- I was not  
20 at the committee meetings. I was not part of that, and  
21 that's why I really think I need to know. And I agree  
22 with everything Marie said except for one thing, which  
23 is -- I don't remember the exact words, but it was  
24 something like "to promote the network of fairs." It  
25 wasn't the word "promote," and I don't think that is one  
26 of our duties. I think that it's horse racing, number  
27 one, and the fairs just fall under that horse racing, not  
28 the fairs themselves.

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01 MR. HARRIS: I think it is the key to keep tracks  
02 viable on the issue as far as we don't allocate --  
03 over-allocate -- overlapping the fairs, and their  
04 viability is less. All we're talking about here is two  
05 days in Sacramento and two days in Stockton, so this is  
06 not a real drastic cut.

07 My concern is whether -- the fans I talk to  
08 feel that we've got too many days, and also the results --  
09 every week thus far in this year attendance has been down,  
10 handles were down. It's like saying, "We're not selling  
11 very much of our product, so let's make more of it." If I  
12 could see some turnaround in our fan base or on-track  
13 handle, I would be a lot more (unintelligible) of the  
14 dates.

15 MR. TOURTELOT: Well, I know there's a lot of  
16 people in the audience who want to speak.

17 MR. HARRIS: Before we do that, could we separate  
18 between the north and the south? It's sort of two

19 different things, and it gets confusing sometimes when  
20 we're starting the testimony, going back and forth.

21 MR. TOURTELOT: Let's start with the north.

22 MR. HARRIS: South might be less controversial.

23 MR. TOURTELOT: All right, then. We'll start with  
24 the south.

25 MR. LICCARDO: Ron Liccardo, Pari-Mutuel  
26 Employees. I have a question which involves both north  
27 and south on the same dates, and I did call the Board to  
28 bring this to light, and I don't know if that's one of the  
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01 changes, because we don't have the amendments, but where  
02 you start at Santa Anita with a seven-day week, and is  
03 that one of the changes on the new proposal, that you will  
04 be dark --

05 MR. HARRIS: I just read that myself. I didn't  
06 recall that date.

07 MR. TOURTELOT: Ron, that was taken care of.

08 MR. LICCARDO: But we don't have the changes.

09 MR. TOURTELOT: That's why Mr. Reagan is going to  
10 comment on it. It was done, but it's not reflected in the  
11 paper.

12 MR. REAGAN: I can read you the schedule.

13 MR. WOOD: Just give us the changes.

14 MR. REAGAN: All right. The changes that were  
15 made for the August 15th revision, we -- in Southern  
16 California for the L.A. Turf Club meet, we made the 27th  
17 of December dark and moved that day to Thursday,  
18 January 3rd; no change of days, just moved one day to  
19 another so they didn't have the start of what is it?  
20 Seven continuous days? Eight?

21 MR. HARRIS: I don't recall doing that, actually.

22 MR. REAGAN: That was the request of  
23 Mr. Tourtelot.

24 MR. TOURTELOT: Well, that was communicated to  
25 you, John.

26 MR. REAGAN: But essentially, the important thing  
27 is no change in the number of days, and, of course, when  
28 the association comes forward with their application later  
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01 in the year, they can actually move things around a little  
02 bit themselves if they see a better opportunity and they  
03 simply explain, of course, that they didn't want to open  
04 up for seven days or this is not a good day here.

05 But all we've done is switch from this day  
06 to that day, and, of course, it's up to the Board then to  
07 decide if that's within the parameters. But generally  
08 speaking, if we keep the same start day and the same end  
09 day and the same number of days in between those, then I  
10 think essentially the association has complied and, of  
11 course, like I say, has some leeway there to maybe make a  
12 change between certain dates.

13 MR. TOURTELOT: Anything else? Any changes?

14 MR. REAGAN: Yes. In changing the day I just  
15 mentioned in Southern California, we made the same change  
16 to Southern California -- I mean Northern California, so  
17 that they have the coordination of the north and south

18 signal.

19                   There was also an increase there at the  
20 Golden Gate Fields meet, in that January 9th was added  
21 back to Golden Gate Fields so that they would have the  
22 same day as Southern California. Once again, the  
23 north-south coordination of the race day. So there was  
24 actually a one-day increase to Golden Gate Fields, taking  
25 them up to 65 days.

26                   MR. TOURTELOT: That was Commissioner Harris?

27                   MR. REAGAN: Yes. So once again, for the Southern  
28 California thoroughbred and Pomona, we had a total of a  
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01 three-day reduction, and for the northern thoroughbred a  
02 total of a nine-day reduction from 2000 to 2002.

03                   For those coming forward, we do have a copy  
04 of the revision on the table that I will leave here.

05                   MR. TOURTELOT: Let's start with Southern  
06 California.

07                   MR. CHILLINGWORTH: Sherwood Chillingworth,  
08 Oak Tree Racing.

09                   May I inquire, does the present schedule  
10 represent the one we've seen before where Oak Tree loses  
11 two days?

12                   MR. REAGAN: Yes, that is the current proposal.

13                   MR. CHILLINGWORTH: I've read the issue here.  
14 Getting into detail here why I think this is not a fair  
15 solution, we only race 25 days a year. By losing two  
16 races, we lose 8 percent of our racing. No other racing  
17 facility association in Southern California is being  
18 penalized to that extent.

19                   Last year -- one of the reasons for doing  
20 this, as we've already discussed here, is that -- the idea  
21 is if you have fewer days of racing, you have better  
22 fields and so forth. Well, Oak Tree last year raced 8.5  
23 horses per race, the average. It's kind of like curing a  
24 strep infection if you don't have one by giving somebody  
25 penicillin. We don't have a problem filling races. To  
26 take two days away from us doesn't seem to be logical or  
27 reasonable.

28                   MR. TOURTELOT: I thought we gave you the day back  
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01 on the other end.

02                   MR. CHILLINGWORTH: Well, I just asked you that  
03 question.

04                   MR. REAGAN: No, sir. Mr. Harris communicated  
05 with me from Saratoga by a very interesting cell phone  
06 in-and-out, but I think we understood him to say that he  
07 was going to hold fast on that.

08                   MR. HARRIS: I think these are just sort of  
09 recommendations, but I wasn't clear on the Oak Tree dates.  
10 Didn't you pick up five more days this year than you had  
11 last year?

12                   MR. CHILLINGWORTH: On odd-numbered years we race  
13 an extra five days; on even-numbered years, we don't.

14                   MR. TOURTELOT: Let the record reflect that the  
15 Chairman of the Committee wanted to give you the date back  
16 on the other end.

17 MR. CHILLINGWORTH: Correct. And one of the  
18 things that -- for us Monday, closing Monday, is a much  
19 better day than an interior Wednesday. We have -- I've  
20 checked the records, and for the last three or four years  
21 we've had in excess of 6,000 more people on the closing  
22 Monday than we've had on the prior Wednesday. We also --  
23 our handle's been up by \$800,000, which is a big help to  
24 the state and to the horsemen and to ourselves over the  
25 prior Wednesday. The reason -- we're not sticking our  
26 heads in the sand and saying -- personally, I think losing  
27 any racing days probably has to be empirically  
28 demonstrated to be correct. I agree with Mr. Landsburg.

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01 But to be good citizens in the industry -- and if you  
02 question my empirical knowledge there, Mr. Tourtelot --

03 MR. TOURTELOT: Only as to privity.

04 MR. CHILLINGWORTH: And John Renquist was a  
05 classmate of mine at Stanford, and he went on to greater  
06 things, and I went on to horse racing.

07 MR. TOURTELOT: You're probably making more money  
08 than he is, though.

09 MR. CHILLINGWORTH: I'm not sure about that.

10 At any rate, my English lit class was pretty  
11 good. There was a poet called John Donne who said, "No  
12 man is an island" and "Don't ask for whom the bell tolls.  
13 It tolls for thee."

14 So we're saying, "Okay, we're part of the  
15 industry. We're not really affected by this, but we're  
16 willing to give up the days to try and help something  
17 out." And Hollywood Park would like to have and TOC would  
18 like to have a gap between Oak Tree and Hollywood. We  
19 said, "Okay, we'll give up Monday and take a Wednesday."

20 Now, John doesn't believe in six-day weeks.  
21 Maybe some others of you don't either, but we do race six  
22 days a week at Del Mar; we race six days a week at the  
23 fairs; we race six days a week at Fairplex -- not just  
24 one week during that period but every week during that  
25 period. So logically it doesn't seem to imply that we who  
26 are only asking for one day, an extra Wednesday, or a  
27 six-day week for one week, we're willing to go to Monday.  
28 We would prefer to have a Monday. Honestly, what we're

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01 trying to avoid is making Hollywood unhappy.

02 So I'm just saying that I think losing  
03 8 percent of our racing is really an unfair penalty when  
04 no one else in either the north or south is penalized to  
05 that extent.

06 MR. TOURTELOT: Now, you have agreed to give up  
07 that day for Hollywood Park, the Monday; right?

08 MR. WOOD: He's asking for the 16th back now,  
09 which is a Wednesday, and gave up Monday, the 4th of  
10 November.

11 MR. HARRIS: I think he would rather have the  
12 closing day back, wouldn't you -- wouldn't you rather have  
13 the closing date November 4th back than the Wednesday?

14 MR. CHILLINGWORTH: Yes, for us it would be  
15 better.

16 MR. HARRIS: Which I would be inclined to do. The  
17 only problem is if we are consistent on this six-day week  
18 at Del Mar, then we should really drop Hollywood's opening  
19 day and make it the 7th or the 6th.

20 MR. TOURTELOT: That would create a real problem.

21 MR. CHILLINGWORTH: So we're perfectly willing to  
22 have the closing Monday. We'd prefer to have the closing  
23 Monday. We're just trying to be good citizens.

24 MR. WOOD: But you would accept the 16th of  
25 October, the Wednesday, for an additional day and leave  
26 the calendar at Hollywood Park as it is? Is that what  
27 you're saying, Chilly?

28 MR. CHILLINGWORTH: That would be our second  
0032 preference.

01 MR. HARRIS: If you're going to have a six-day  
02 week, you might as well close on a Monday. Of the two, I  
03 would think that would be a better option.

04 MR. TOURTELOT: Monday, the 4th of November. Do  
05 you go for that, John?

06 MR. HARRIS: Yeah, I would do that.

07 MR. TOURTELOT: So that would be our  
08 recommendation. You'll have closing on Monday, the 4th of  
09 November.

10 MR. CHILLINGWORTH: Thank you very much.

11 MR. TOURTELOT: The Race Dates Committee, not the  
12 Board. I want to have the Race Dates Committee in  
13 agreement before we give the recommendation to the Board.

14 MR. CHILLINGWORTH: Don't you have a Race Dates  
15 Committee agenda item here on the calendar --

16 MR. TOURTELOT: I'm confused. All I'm saying is  
17 that there was a problem that I believe I told you that we  
18 would be giving you back the 4th of November, and John  
19 felt otherwise, and we now are in agreement from a Race  
20 Dates Committee standpoint. So you don't need to argue  
21 anymore.

22 MR. CHILLINGWORTH: Right. I'll shut up. Thank  
23 you.

24 MR. TOURTELOT: Unless the Board turns around and  
25 changes it, but I hope that won't happen.

26 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

27 The Hollywood fall meet would be the only  
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01 meet throughout the course of the year in Southern  
02 California with the exception of Fairplex that would not  
03 have the benefit of at least two days before it opens.  
04 We're giving up our closing day, even though the industry  
05 is shifting from Inglewood to Del Mar when it could be  
06 argued that the marketplace here in San Diego hasn't had  
07 racing for almost a year and that there is a big break  
08 between meets. Nonetheless, we're giving up our closing  
09 day during the spring.

10 There is a three-day gap before the  
11 Santa Anita meet this year at the end of our fall season.  
12 As you recall from the Dates Committee meeting, that gap  
13 is four days next year and six days -- I'm sorry, it is  
14 three days in 2002, four days in 2003, six days in 2004.

15 So there's a wonderful gap before Santa Anita; there's a  
16 wonderful gap before Del Mar, not only from a calendar  
17 standpoint but from a marketplace standpoint.

18           The industry moves back up north, and  
19 Fairplex has arguably, at least in terms of its direct  
20 marketplace, a nice gap where there has been no racing  
21 around it for three weeks. Oak Tree, I think you can  
22 argue, has a nice gap because there's been fair racing  
23 prior to its meet. It's not traditional -- excuse the  
24 term, but it's not the traditional major league racing,  
25 excuse the term again.

26           So Hollywood's fall meet is the only one  
27 that suffers, and I thought that the Board, that the  
28 Committee, had arrived at a fair resolution by allowing

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01 Oak Tree to race on the Wednesday after a rather weak  
02 holiday, Columbus Day. It doesn't compare, certainly, to  
03 a Memorial Day or something, and allowing Oak Tree to  
04 close on a Sunday and giving opening day of Hollywood Park  
05 fall a decent -- a chance to be a decent days.

06           So I would urge the committee and the Board  
07 to reconsider and award Oak Tree the 16th of October and  
08 give the Hollywood fall meet a fair chance for a decent  
09 beginning.

10           MR. LICHT: I have a question for  
11 Sherwood Chillingworth. I might just comment.

12           You said that the Monday is a much better  
13 day for handle and so forth.

14           MR. CHILLINGWORTH: Yes.

15           MR. LICHT: How much of that is a result of  
16 giveaways, promotions, the guaranteed pick-six giveaway  
17 and so forth, and how much is just because it's a last  
18 Monday? I guess that's hard to say.

19           MR. CHILLINGWORTH: We do absolutely nothing extra  
20 on that day, no promotions, no giveaways, no guaranteed  
21 pick-six.

22           MR. LICHT: There is a guaranteed pick-six  
23 giveaway (unintelligible).

24           MR. CHILLINGWORTH: You might happen to be lucky  
25 and have the carryovers, but that's the only -- that would  
26 be just by chance. But we do nothing. And as I've  
27 already pointed out, the last three years closing  
28 Wednesday has done -- closing Monday has exceeded the

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01 prior Wednesday by over 6,000 attendees on-track. Our  
02 on-track handle is up over \$800,000 over the prior  
03 Wednesday.

04           MR. BAEDEKER: Rick Baedeker again.

05           I'd also like to point out that if the  
06 Board, as a matter of fact, reinstates closing day at  
07 Oak Tree, that will lead to consecutive six-day weeks, and  
08 the following Monday is Veterans Day, and, as a matter of  
09 fact, we would race 12 out of 13 days.

10           So once again, I would urge the Board to  
11 accept Chilly's second choice, which is reinstating  
12 October 16th.

13           MR. TOURTELOT: John, if we give back the 16th of

14 October, we can satisfy Hollywood Park and Oak Tree's  
15 first choice; correct? We realize it's the second choice  
16 (unintelligible).

17 MR. HARRIS: If you had no choice, which would it  
18 be?

19 MR. BAEDEKER: Well, I won't answer that question.

20 MR. TOURTELOT: Do you have a problem, John, with  
21 switching that?

22 MR. HARRIS: I guess, looking at it, I think it is  
23 good to have (unintelligible). That's one of the whole  
24 problems, is that racing is not -- opening day  
25 (unintelligible).

26 Unfortunately, I would question whether  
27 Hollywood Park is going to be that great with either  
28 opening day. Hopefully they will.

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01 MR. TOURTELOT: Would you agree, John, that giving  
02 back the 16th of --

03 MR. HARRIS: Yes.

04 MR. TOURTELOT: Would that satisfy everybody?  
05 Because Rick, as I recall, at the last Race Dates meeting  
06 you had two or three options. Of the three, you're happy  
07 with the second option. So Hollywood's happy, Oak Tree's  
08 happy. We can move on.

09 MR. HARRIS: Just for the record, I don't really  
10 understand in the overall history why the two major tracks  
11 in Southern California, Santa Anita and Hollywood Park,  
12 why Oak Tree has a total of 110 days and Hollywood Park  
13 has 100. What was the legislative history of that?

14 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

15 That bothers me, too. It dates back to the  
16 change in the calendar when Marge Everette (phonetic) at  
17 Hollywood Park cut a deal with Santa Anita to give up days  
18 during the spring in exchange for the ability to run a  
19 fall meet. Historically, going way back to the days when  
20 the circuit included Southern California and Northern  
21 California, the two meets in Southern California were  
22 55 days. When racing became concurrent north and south,  
23 the two meets, Santa Anita and Hollywood Park, were each  
24 75 days, and there was a gap before the Santa Anita winter  
25 season. So when those fall dates were added, a business  
26 deal was made between the two associations, and hence the  
27 lopsided -- but I'll offer today to switch ours for theirs  
28 if --

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01 MR. TOURTELOT: I don't think that they're going  
02 to accept it today.

03 MR. BAEDEKER: Probably not.

04 MR. CHILLINGWORTH: As I remember this discussion,  
05 it was thought that the Hollywood days were in the spring  
06 when the weather was better. You don't have the rains you  
07 have at Santa Anita, and also the weather up north  
08 obviously is better in that part of the year. And now  
09 that we have simulcasting back and forth, that's a  
10 significant item.

11 MR. TOURTELOT: That's food for thought for the  
12 future.

13 MR. VAN DE KAMP: Mr. Chairman, John Van de Kamp  
14 on behalf of TOC.

15 We support giving Oak Tree back its day. We  
16 think that's fair. I think the 16th is a good solution.

17 I'd just like to ask whether or not the  
18 Board members received our memo of the 15th of August. I  
19 sent it to, I think, Mr. Wood, and asked him to distribute  
20 it, because I didn't want to have to repeat it here today.

21 MR. TOURTELOT: I don't think so. What did it  
22 say? I don't remember it.

23 MR. VAN DE KAMP: May I ask why this was not  
24 distributed? Because it was sent to the Board for  
25 distribution on the 15th after we received this. I have  
26 copies of it here today. I'd be happy to pass it out.

27 MR. TOURTELOT: What basically does it say,  
28 though, John?

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01 MR. VAN DE KAMP: It's a two-page memo, and we  
02 talk about our evaluation of the racing dates. We talk  
03 here -- I thought I would just mention very quickly -- I  
04 appreciate the effort that you all put into getting this  
05 date proposal put together. You spent a lot of time and  
06 at it. I appreciate that. I thought you did it in a  
07 judicious kind of way.

08 We all have different interests from the  
09 horsemen's standpoint, we're interested in purses  
10 generated. The tracks have a little different interest in  
11 terms of concessions and other things that help their  
12 bottom line.

13 MR. TOURTELOT: Excuse me, John. With respect to  
14 Southern California, which we're dealing with at the  
15 moment, you have no objection to Oak Tree's proposed  
16 schedule, and I don't believe you have any objection to  
17 Hollywood Park's schedule, and Del Mar is done. So, I  
18 don't know --

19 MR. VAN DE KAMP: Yes. I'll be glad to speak,  
20 though, to the point that you made before your committee,  
21 because I think it's been constant over a number of years,  
22 and that is the Christmas break that has been provided, we  
23 believe, is totally inadequate. We believe there should  
24 be somewhere between a ten-day and two-week Christmas  
25 break to give fans, as well as the people who work in the  
26 industry, a time for a Christmas break and to refresh  
27 people, to get them back in and much more interested in  
28 horse racing. We were unsuccessful in persuading your

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01 committee, but I just wanted to let the other members of  
02 the committee know that TOC for a long time has been in  
03 support of that.

04 This year I think we have an adequate break,  
05 the way the calendar falls, but next year, 2002, as you  
06 will see, I believe we start at the end -- just a short  
07 distance before Christmas -- I think it's the 22nd -- and  
08 we believe that's inadequate. We would like to have an  
09 ending of the racing season, 2002, ending on December 16.

10 MR. HARRIS: That was -- I did receive the memo,  
11 but I think we did give a lot of consideration to that

12 break. That was a big issue. I think we were just  
13 persuaded, based on the data presented, that the holiday  
14 seemed to offer an opportunity for advantage. If somebody  
15 could come up with a scenario that that was just a bad  
16 time to race, it would be one thing, but if the only  
17 scenario is it's an inconvenient time for giving the  
18 horsemen or the employees to be there, it wasn't  
19 persuasive.

20 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

21 I promise not to belabor this point, but I  
22 would like to reiterate that's it's a three-day break in  
23 2002, a four-day break in 2003, a six-day break in 2004,  
24 according to the way the calendar falls. And the only  
25 other point I'd like to make is that I think at this  
26 point, given the legislation that was just signed, that  
27 the industry in California should be thinking a little bit  
28 more locally going forward, and I'm not sure it's

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01 advisable, if it has been talked about -- there would be  
02 some 30 states involved in account wagering over the next  
03 couple of years. Taking California out of that  
04 programming mix for ten days or two weeks would be very  
05 damaging to the industry here in California, probably  
06 train people to bet races from elsewhere, and I'm just not  
07 sure that at this particular juncture when that particular  
08 future is uncertain, that lopping off dates would be  
09 advisable.

10 MR. TOURTELOT: Thank you. And it's also labor's  
11 consideration, besides the horsemen, but with respect to  
12 Hollywood Park, we're not talking about trying to rework  
13 this year. We've already agreed on Hollywood Park,  
14 correct, Rick? You're not embracing the TOC's suggestion  
15 of a lengthy break at Christmas for 2002?

16 MR. BAEDEKER: I was doing the opposite of  
17 embracing.

18 MR. TOURTELOT: Oh, good. All right.

19 MR. LICCARDO: Ron Liccardo, Pari-Mutuel  
20 Employees.

21 If we do what TOC proposes, there would be  
22 no Christmas for my employees if they're off two months  
23 before the holidays. They wouldn't be able to have one.

24 MR. TOURTELOT: The TOC represents the horsemen,  
25 not labor.

26 MR. LICCARDO: Yes, and I also -- labor works then  
27 also. They would stop paying people for those two weeks.  
28 Somebody has to take care of those horses. We still have

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01 to pay those people.

02 MS. MORETTI: John, can I respond? I'm just  
03 curious, in terms of the break at Christmastime. Is it  
04 the Christmas time period that's a necessary break to you,  
05 or is it just that you want a wider gap at some point  
06 during the year?

07 MR. VAN DE KAMP: We support having breaks between  
08 meetings of two, three, or four days, and I think you've  
09 done a pretty good job with respect to that. And just  
10 this last discussion about Oak Tree and Hollywood, I

11 think, was a fair one.

12 In terms of the numbers, I can show you that  
13 the last week at Hollywood Park is generally one of the  
14 weakest weeks over the last six years of their meet.  
15 Six-year average of the last week is an average handle of  
16 about 7.5 million. There's only one other week that even  
17 comes close to that. It is one of the weakest weeks of  
18 the meet, and it's a time, we believe, that we can take a  
19 break. We're going to lop off days.

20 Now, I'm not trying to hurt Hollywood Park,  
21 because we've suggested, of course, at the Racing Dates  
22 meeting, that they get some days back in the spring and in  
23 the fall to make up for the days that they would lose. We  
24 even suggested that they be permitted to run on the  
25 weekend. In other words, in that week that they would be  
26 off, that they could run the last weekend before Christmas  
27 to make up for some of their lost time. But that -- they  
28 said no to that because they felt that they had to have

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01 additional and promotional costs to advertise that week.

02 But we're talking about -- we have this  
03 major sort of disagreement. I think the tracks would like  
04 to run just about every day that they possibly could, and  
05 they have their own reasons for that. We believe that we  
06 need to cut racing dates, and we believe that this break  
07 at the end of the year would make some sense in the long  
08 run, and this year it will be very interesting to take  
09 that and see what happens.

10 Anyway, I'll be back up here in a minute to  
11 talk about Northern California, because I think we have  
12 something -- at least among the associations in TOC, some  
13 agreement on Northern California.

14 MR. TOURTELOT: John, with respect to the argument  
15 about the Christmas break, you're talking about  
16 conceptually for all years, or are you still arguing about  
17 changing the break for the 2002 calendar?

18 MR. VAN DE KAMP: No, I'm suggesting that we do  
19 this for 2002, as we recommended to your committee. So we  
20 respectfully disagree with your conclusion. We disagree,  
21 and the committee gave it a lot of thought.

22 MR. TOURTELOT: Any more comments on Southern  
23 California?

24 Great. Let's move on to Northern  
25 California.

26 MR. HARRIS: Was there some clarification of that  
27 December 27th date? Did the Southern California tracks  
28 prefer to be off that day?

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01 MR. REAGAN: Yes. In terms of not opening up with  
02 the seven continuous days, take a break on the 27th and  
03 insert that into January.

04 MR. TOURTELOT: All right. Let's move on to  
05 Northern California. Let's hear from Mr. Liebau.

06 I assume the fairs are happy. You're happy,  
07 David?

08 MR. ELLIOTT: The fairs are okay.

09 MR. LIEBAU: Perhaps Mr. Reagan could just go over

10 the changes that are in the Northern California proposal.

11 I take it, John, that January 3rd is  
12 substituted for December 27th.

13 MR. REAGAN: True.

14 MR. LIEBAU: And that January 9th is added back?

15 MR. REAGAN: As a live race date, yes.

16 MR. LIEBAU: And September 11th, it was my  
17 understanding, would be substituted for September 12th.

18 MR. REAGAN: Yes, just those two days were  
19 reversed, yes.

20 MR. LIEBAU: And do we then pick up October 16th  
21 to be running concurrently with Oak Tree?

22 MR. WOOD: Would you go over September, please?

23 MR. REAGAN: The change there in September was  
24 simply a revision whereby prior to the August 15th  
25 revision they were dark on the 11th, which is the last day  
26 of Del Mar, and they were running on the 12th, which is a  
27 dark day in Southern California prior to the L.A. County  
28 Fair. This was switched so that Bay Meadows would be open  
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01 on the 11th, concurrent with Del Mar in the south and dark  
02 on the 12th, when Southern California would also be dark,  
03 and that should be in your package as Revision  
04 August 15th, the 11th being a race day, the 12th being a  
05 dark day.

06 MR. LIEBAU: One other housekeeping problem with  
07 respect to comments made by Mr. Harris about the overlaps,  
08 and certainly with respect to the Fresno Fair. Mr. Harris  
09 has a lot more personal knowledge of that than I do, but  
10 in my checking, which went back to 1961, the Fresno Fair  
11 has always been overlapped with Bay Meadows or Golden Gate  
12 since 1961, over 40 consecutive years.

13 MR. HARRIS: I think originally Bay Meadows -- the  
14 north, I think, has always overlapped the fair, but the  
15 south has not overlapped (unintelligible).

16 MR. LIEBAU: But for 40-some-odd years now they've  
17 been overlapped by both, I think. Also, with respect to  
18 Stockton, there I do have some knowledge, having worked  
19 the first fair at the Solano County Fair in my youth, and  
20 the Solano County Fair used to be the first fair on the  
21 first fair circuit, and for some reason that I'm not aware  
22 of, they did switch with Stockton. So there has been some  
23 change in those days historically.

24 MR. DE MARCO: Mr. Chairman, members of the Board,  
25 I'm Frank DeMarco, general accounts over at Los Angeles  
26 Turf Club and vice president of Magna Entertainment  
27 Corporation.

28 At the outset I would like to say that  
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01 Shermie Chillingworth was a former law partner of mine,  
02 and he was an outstanding lawyer and an outstanding  
03 partner, even though he doesn't know the definition of the  
04 word "privity."

05 We've prepared some written remarks which we  
06 have asked be placed in the record by myself, Mr. Liebau,  
07 and Mr. Tunney, and at the beginning I would like to say  
08 again that they may be being too lawyer-like. At the

09 beginning of any inquiry like this or any regulatory  
10 hearing, it's incumbent to ask why are we here and what  
11 are the guidelines.

12           Why are we here? This board sits by a  
13 mandate from the state legislature that's -- its charge is  
14 to, quote, "allocate racing weeks and dates for the  
15 conduct of horse racing in this state as will best  
16 subserve the purposes of the horse racing law and which  
17 will be in the best interests of the people of  
18 California," close quote.

19           Its charge is not to do what's best for  
20 Santa Anita or Hollywood Park or Bay Meadows or the fairs.  
21 Its charge is not to make the determination based on any  
22 preconceived personal opinions as to what's best for horse  
23 racing in this state or what supposed ills exist that need  
24 to be cured.

25           And the second is, what are the guidelines?  
26 As in any rule-making process, the guidelines are that the  
27 Board's decision's got to be based on facts presented to  
28 the committee and to this Board.

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01           It's critical that at the conclusion of this  
02 hearing we be able to have the answers to three questions.  
03 One, we've got to assure that the ruling is supported by  
04 the facts. We've got to have a record so that some  
05 interested party might have the right to request a  
06 reconsideration under Rule 1430, which has to be based on  
07 an unforeseen fact not known at the time of the hearing.  
08 So, in other words, if we don't know what the facts are  
09 that the ruling is based on, then we don't know if it was  
10 foreseeable. And lastly, there has to be some kind of a  
11 record upon which an aggrieved party can seek judicial  
12 relief.

13           With all due respect to the hard work of the  
14 committee, we believe that the regulatory process is  
15 somewhat flawed with respect to the recommendations  
16 regarding the Golden Gate and Bay Meadows allocation in  
17 the year 2002. There hasn't been any recitation of facts  
18 nor of evidence that supports the recommendation of the  
19 Dates Committee; in other words, any such evidence  
20 delivered to us in response to a request we made under the  
21 California Public Records Act.

22           MR. HARRIS: When was the request made?

23           MR. DE MARCO: In July, yeah.

24           MR. HARRIS: What was the request?

25           MR. DE MARCO: What evidence you have on which  
26 you're basing some of the conclusions and statements that  
27 were made at the 22 hearing.

28           MR. TOURTELOT: I'm totally confused, Mr. DeMarco.

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01 It wasn't a Board meeting. It was a Race Dates Committee  
02 meeting, and we've had three of them, which I think the  
03 records will reflect is more than any we've had in the  
04 past eight years. Everybody was allowed to present their  
05 views. I received tons of material and I received a  
06 number of letters and many phone calls and visits. It  
07 wasn't a court hearing. You're presenting it like it was

08 a hearing in Superior court.

09 MR. DE MARCO: Well, I'm presenting it on the  
10 basis of it being a fact-determining exercise for purposes  
11 of making a ruling, and we presume that every ruling that  
12 is made be based on the facts presented. We'd like to  
13 know what the facts were. There were three meetings.  
14 What are the facts that you've based your decisions on? I  
15 went to the meetings and I've read the transcripts.

16 MR. HARRIS: Have you reviewed the field sizes for  
17 each day and also your attendance and your  
18 (unintelligible)?

19 MR. DE MARCO: We don't think those were ever  
20 presented at any hearing.

21 MR. TOURTELOT: I don't know how you can turn it  
22 into a legal proceeding that requires all of these things  
23 that you've (unintelligible) computed as part of the  
24 process of the Race Dates Committee. I mean, it was an  
25 open forum where we asked all aspects of the industry to  
26 give us their input and their ideas, and they certainly  
27 did. And I think in the past it was restricted like one  
28 meeting before the Race Dates Committee made their

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01 recommendation to the Board. We had three meetings. In  
02 addition to that, my phone was open to all of you, our  
03 mailbox was open to all of you, our fax machine was open  
04 to all of you, and our e-mail was open to all of you, and  
05 everyone utilized it. When you say there's no facts, I  
06 don't understand.

07 MR. HARRIS: I'm not sure, Mr. DeMarco -- you're  
08 implying that only facts actually presented at a meeting  
09 should be considered?

10 MR. DE MARCO: Yes, I am.

11 MR. HARRIS: In that case, we may just have to  
12 have another meeting, because we were relying on a lot of  
13 facts that were public knowledge to the Horse Racing Board  
14 on various figures, but you're saying that those should  
15 not have been relied on (unintelligible).

16 MR. DE MARCO: Are they in the record somewhere,  
17 where we can see them?

18 MR. TOURTELOT: What about my eight years of  
19 experience? Am I supposed to put all of that in writing?

20 MR. DE MARCO: Well, it's your eight years of  
21 experience that I assume you'd understand what I'm driving  
22 at. When this thing is over, we have to know what facts  
23 you used to base your decision.

24 MR. BLAKE: The Board is not required to state its  
25 reasons. The Board can exercise its discretion at this  
26 hearing based on the recommendation of the committee.

27 MR. DE MARCO: Well, just one thing. As  
28 Commissioner Landsburg pointed out, are there any kind of

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01 scientific or statistical facts that dwell on this issue  
02 of whether fewer racing dates, increased field sizes --  
03 and if so, what are they? That's all -- that's the kind  
04 of thing I'm asking.

05 MR. TOURTELOT: Mr. DeMarco, I'm not here to be  
06 deposed by you. That's number one. But number two, I

07 can't go back over the three meetings that we had -- we  
08 had them throughout the state -- to recite every fact that  
09 was brought up at those meetings, and in addition, the  
10 materials that were presented. So you're asking me to do  
11 that, and I refuse to do it, and it's not my deposition.

12 MR. DE MARCO: I didn't suggest it's your  
13 deposition --

14 MR. TOURTELOT: (Unintelligible) certainly a full  
15 discussion of three different meetings that went on  
16 throughout the state. Everybody had an opportunity for  
17 input, and Magna certainly put its input in.

18 MR. DE MARCO: Yes, we did.

19 All right, sir. I understand your position,  
20 and it's not a judicial inquiry. I realize that. I  
21 apologize. I wasn't trying to take your deposition.  
22 Perhaps we can discuss it some other time.

23 MR. TOURTELOT: You know, that bothers me that  
24 sometime you can take my deposition some other time.

25 MR. DE MARCO: I didn't mean that, and you know  
26 it.

27 MR. TOURTELOT: Well, why would you say it?

28 MR. DE MARCO: Because we've had personal

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01 conversations before. We can discuss this issue outside  
02 this arena.

03 MR. TOURTELOT: You started off about a judicial  
04 review. That was mentioned in your opening remarks. I  
05 think that the chairman, Mr. Stronach (phonetic), believes  
06 that it's unconstitutional for the state of California to  
07 control race dates.

08 MR. DE MARCO: Now, that's nonsense, sir.

09 MR. TOURTELOT: I was told that by him.

10 MR. DE MARCO: That's absolute nonsense.

11 MR. TOURTELOT: Well, is it nonsense that he told  
12 me that, or nonsense that he thinks that?

13 I just don't want to turn this into a  
14 confrontation, which is what Magna is attempting to do by  
15 your opening remarks. That's the way I feel.

16 MR. LIEBAU: Jack Liebau.

17 We do not view this as an adversarial  
18 situation, although at times it has appeared to be the  
19 case. But I would say that as far as judicial review is  
20 concerned, I'm sure the attorney general is going to say  
21 that any regulatory agency in the state of California is  
22 subject to judicial review, and I don't think --

23 MR. BLAKE: That's true, but this is a  
24 constitutional agency, and the courts will give it the  
25 appropriate (unintelligible).

26 MR. LIEBAU: That may be the case. I think that  
27 we respect the Board and the decisions it makes. We may  
28 not agree with them, but I think that the Board in turn

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01 has to respect the rights that we may have at some point  
02 in time, and nobody is threatening judicial review, but it  
03 certainly is a possibility of any regulatory agency in the  
04 state of California.

05 MR. TOURTELOT: But your opening remarks

06 mentioning judicial review, I want to go on record that it  
07 isn't going to change my view at all. I'm interested in  
08 the best interests of racing for the state of California.  
09 For Magna to get up in an opening statement and throw in  
10 judicial review is not going to change my view one iota.

11 MR. LIEBAU: We appreciate that, and if I might,  
12 just to make the remarks involving Mr. Tunney and myself  
13 probably easier to understand, in your packets there is  
14 three schedules that maybe I can walk you through.

15 The first one pertains to concurrent racing.  
16 This was a -- the concurrent racing sets forth both handle  
17 and attendance in the Northern California network, when  
18 there's concurrent racing affairs and when there isn't.  
19 The first example is when the north is dark and the south  
20 is open. We've taken comparable Wednesdays when both the  
21 north and the south signal were offered, and as you see,  
22 the attendance, the average daily Northern California  
23 handle, is about 1.8 million. The average daily Northern  
24 California attendance was 68,062.

25 MR. HARRIS: Just to clarify, there were very few  
26 days where the examples -- so the two examples you have  
27 were 1/27 and 2/3/99. Now, those two days were days where  
28 the north was dark, south was going. But comparable

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01 Wednesdays were throughout 1999? Those are like every  
02 Wednesday of '99?

03 MR. LIEBAU: No. Comparable Wednesdays to those  
04 in -- that are listed below.

05 MR. HARRIS: How would it be comparable? It  
06 wouldn't be comparable in the same year. It must be like  
07 every Wednesday or -- what are we comparing with here?

08 MR. LIEBAU: We're taking a situation where the  
09 north is dark and the south is open. What we're trying to  
10 do is we've taken two Wednesdays when they're the same on  
11 both the north and the south, and the average was 1.8.

12 MR. HARRIS: Like comparable Wednesdays, but what  
13 was your -- I mean, you took them all and averaged them,  
14 or you kind of arbitrarily picked one, or what?

15 The problem with this whole racing dates  
16 issue is when we try something new like a four-day week,  
17 we're trying in a way to see how it does work. Maybe it  
18 works and maybe it doesn't work. But I don't know if you  
19 can make a big conclusion just based on two days, or if  
20 you have to average all of your days.

21 MR. LIEBAU: That may be so, but we only came up  
22 with two Wednesdays when the north was dark -- the races  
23 from the south, and that's because of the policy that the  
24 California Horse Racing Board has had over the years, and  
25 they supported concurrent racing in both the north and the  
26 south. All this is trying to show -- and is really just a  
27 validation of -- the existing policy that the California  
28 Horse Racing Board has had in the past.

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01 MR. HARRIS: I just want to understand these  
02 numbers, though. Are these numbers -- is this an average  
03 of all your Wednesdays in '99?

04 MR. LIEBAU: No. We've picked Wednesdays that we

05 thought was comparable to those two Wednesdays. We would  
06 certainly be willing to give you an average later today or  
07 whenever with all the Wednesdays if you'd like it, but I  
08 can assure you that there is increased wagering when there  
09 is concurrent racing in the north and the south. And as I  
10 said, that in and of itself is a validation of the past  
11 policy of the California Horse Racing Board. The same --  
12 it's just the opposite when the north's open and the  
13 south's dark.

14                   On the next sheet we have overlap days  
15 with --

16           MR. HARRIS: That Tuesday, that was actually a  
17 fair racing day, wasn't it?

18           MR. LIEBAU: No. That would have been --

19           MR. HARRIS: Just compare with the other dates.

20           MR. LIEBAU: That is Pleasanton.

21                   The second sheet just demonstrates that  
22 during the overlap period -- and it's kind of just logical  
23 that when there are two signals available, people bet more  
24 than when there is only one signal, and that's why, when  
25 there's a dual signal between Bay Meadows and Stockton, or  
26 Bay Meadows and the state fair, or Bay Meadows and Fresno,  
27 more is bet than if either Bay Meadows or Golden Gate are  
28 just operating by themselves. The point of the matter is

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01 that the pie is bigger during those overlap periods than  
02 during the nonoverlap periods.

03                   If you go over to the next page, which has  
04 some statistics about average field size, that during the  
05 Stockton 2001 overlap, the days -- it was 7.94. During  
06 the state fair's overlap days it was 7.68. Fresno was  
07 7.97, and the total amount of average on the fair circuit  
08 as a whole was 7.68.

09           MR. HARRIS: I think, though, my point on the  
10 overlap on the fair days was not to help the fairs as much  
11 as to help Bay Meadows in your field sizes. As I  
12 understood, the numbers I saw is that your field sizes  
13 during that period were in the sixes.

14           MR. LIEBAU: Well, I thought another reason that  
15 you enunciated earlier was that the shortening of the  
16 overlaps enhanced the financial viability of the fairs,  
17 and as to that remark, again, I would say that I have no  
18 understanding or knowledge whether these fairs are in need  
19 of financial assistance.

20           MR. HARRIS: As I understand it, during the Fresno  
21 overlap you were the operator or you basically did the  
22 (unintelligible).

23           MR. LIEBAU: We only get what was imported from  
24 out of zone and out of state, and during those two days in  
25 question, the commission on our live racing would be in  
26 excess of \$125,000. The purses that are disbursed during  
27 those six days in question are closed at \$900,000. The  
28 takeout during those six days in question at Bay Meadows

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01 is 3.7 million. And during those six days in question,  
02 345 horses competed at Bay Meadows, and probably most  
03 important of all is in the jobs category. It would be

04 1,246 more people or man days on those six days. But that  
05 is a summary, I think, that you'll have a better  
06 understanding of what Mr. Tunney and I would like to tell  
07 you.

08 MR. TUNNEY: I'm Peter Tunney, representing Golden  
09 Gate Fields and Bay Meadows.

10 There has been some earlier discussion today  
11 about the --

12 MR. TOURTELOT: I'm sorry. Can we take a  
13 five-minute break?

14 (Recess)

15 MR. TOURTELOT: We're ready.

16 Peter, you have the floor.

17 MR. TUNNEY: Thank you. I'm Peter Tunney,  
18 representing Golden Gate Fields and Bay Meadows.

19 Some of this will be repetitive and some of  
20 it's been remarks made by the Board members themselves,  
21 but as has been pointed out, the proposed 2002 racing days  
22 for Bay Meadows and Golden Gate Fields as compared to 2001  
23 has been reduced by nine days as we understand it today,  
24 whereas the racing days for the tracks in the south have  
25 only been reduced by three. The difference is even more  
26 pronounced when you consider that Bay Meadows and  
27 Golden Gate operate for only a ten-month period because of  
28 the fairs, and the tracks in the south operate over the  
0056 12-month period.

02 As Mr. DeMarco had remarked or was going to  
03 remark, there is a problem in the north that has not been  
04 defined. Even though the problem has not been clearly  
05 identified, the solution recommended by the Dates  
06 Committee is to make the fairs stronger at the expense of  
07 Golden Gate Fields and Bay Meadows, making them thus  
08 weaker. The fairs continue to operate six days a week,  
09 even though the Dates Committee looked upon the six-day  
10 weeks in disfavor in the south. And in short, the status  
11 quo was maintained for the fairs, but not for Bay Meadows  
12 and Golden Gate Fields.

13 The tracks in the north do not believe that  
14 their dates should be reduced in order to shorten the  
15 overlaps with Stockton, Cal-Expo, and Fresno. In  
16 addition, Bay Meadows should be allowed to conduct racing  
17 on other days during the calendar in which they operate  
18 and racing is conducted in Southern California, concurrent  
19 racing. We feel very strongly about that, and the  
20 statistics that you have in your packet will show that  
21 concurrent racing is in the best interest of the state of  
22 California, the horsemen, and the tracks themselves, as  
23 well as the fairs.

24 We haven't heard from the fairs today. I  
25 guess they're comfortable with the calendar as it  
26 currently exists or is proposed by the Board, but  
27 Mr. Korby on behalf of CARF stated in a letter back in  
28 February that increasing -- the increasing shortage of  
0057 horses in Northern California will grow more acute, and  
02 fewer horses will increase the difficulty of conducting

03 two overlapping meets simultaneously. That dire  
04 prediction did not come true, and, in fact, the entries at  
05 California Expo have been very strong and they're to be  
06 complimented. That helps all of us.

07 In reviewing some of the transcripts of the  
08 Dates Committee, it's apparent that there's a preconceived  
09 notion that the situation in the north was far more  
10 critical. I think that goes back to the meeting that the  
11 Board had at Golden Gate Fields in March, where remarks  
12 were made that we have a lot of problems in Northern  
13 California. We haven't seen the evidence of that, and, in  
14 fact, it tends to be getting stronger. It should be noted  
15 that Mr. Korby's presentation to the Dates Committee was  
16 limited to only the overlaps for Stockton and Cal-Expo,  
17 and request by CARF was made for the overlap of the Fresno  
18 Fair, the Fresno District Fair.

19 When Mr. Korby was specifically asked  
20 whether he opposed the overlap for the San Mateo Fair and  
21 Ferndale, he responded by saying that the Humboldt County  
22 Fair that's in Ferndale was a considerable distance from  
23 the San Mateo Fair, and thought that the running at  
24 Ferndale historically has not affected the San Mateo Fair.

25 We believe such reasoning is indicative of  
26 why CARF did not request a shortening of the Fresno  
27 overlap. As to the Fresno overlap, no mention of the  
28 possibility of it being shortened was made at the hearing

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01 prior to the publication of the shortening by the Dates  
02 Committee. Dave Elliott, who's actually here today,  
03 maintained that Cal-Expo does not have the product because  
04 of the overlap. To quote him, "We don't have the product  
05 that we can put forth in front of the people, in front of  
06 the fans," end of quote.

07 They certainly have the funds to compete as  
08 far as purses are concerned through the availability of  
09 supplemental purse funds. The purses at Cal-Expo are the  
10 same at Bay Meadows for the similar type races. Certainly  
11 it cannot be argued that the overlap hurts Cal-Expo during  
12 the first eight days of their meet. In the year 2000, the  
13 type of thoroughbred races offered by Cal-Expo during the  
14 same first eight days or the un-overlap period were about  
15 the same as the overlap period.

16 Although Dave Elliott continues to bang away  
17 at the overlap, he did have a momentary lapse during the  
18 hearings -- and I've had several of those myself -- when  
19 he conceded that Cal-Expo's problems were not the overlap,  
20 but because of the placement in the racing calendar, and  
21 he's right. Mr. Elliott said, "We're in a poor position  
22 because we're right in between the San Mateo Fair," which  
23 is basically a San Mateo meet -- pardon me, a Bay Meadows  
24 meet -- "and opening of Bay Meadows' actual race meet.  
25 Those horsemen in the bay area would rather just sit and  
26 wait for the Bay Meadows meet to open. It's really a  
27 tough spot to be in. There's been conversations about  
28 some of these fairs moving around, San Mateo County Fair

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01 being one of them, so we would encourage further

02 discussions of that."

03           So Cal-Expo's purported problem is no  
04 different than that experienced by Hollywood Park just  
05 prior to the opening of Del Mar, as Mr. Baedeker mentioned  
06 earlier. Thus, based on Mr. Elliott's own words, the  
07 overlap is not the problem, but the problem is Cal-Expo's  
08 place in the racing calendar, a problem which could be  
09 alleviated by the Solano-San Mateo switching.

10           Prior to shortening the Sacramento overlap,  
11 just like the Stockton and Fresno overlaps, a  
12 determination has to be made whether these overlaps  
13 represent a problem, and if so, whether shortening  
14 outweighs the benefits derived from being maintained. The  
15 overlaps certainly provide for the maximum exposure of  
16 racing opportunities, as is the purpose stated by the  
17 California Horse Racing Law.

18           It is submitted that the Dates Committee is  
19 recommending applying a Band-Aid to an unspecified hurt,  
20 or in this case an undefined problem. What we should all  
21 be doing is looking for a long-range solution to better  
22 racing throughout the California circuit.

23           MS. MORETTI: Peter, I'm sorry to interrupt you,  
24 but I have a question. I don't mean to be rude, but are  
25 we required to do both Northern California and Southern  
26 California all at the same time? Are we required to do  
27 this today? The reason I ask is because I feel there is a  
28 tremendous amount of information, as a committee as a

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01 whole, that we haven't had time to digest in terms of the  
02 numbers and stuff. I have a lot of questions, actually,  
03 about the numbers, but I'm wondering if we can either move  
04 this part, the Northern California part, over to the next  
05 month or something, or do Southern California, or -- is  
06 there a requirement that we do this?

07           MR. WOOD: Commissioner Moretti, this is the  
08 recommendation of the Dates Committee, and the Board will  
09 vote on the recommendation of the Dates Committee. They  
10 can vote on the package of the Dates Committee  
11 recommendation in toto or they can vote on part of it.  
12 They can also ask the Dates Committee to reconsider parts  
13 of the recommendation and to accept further testimony.  
14 There is -- the only time frame that's required is that  
15 there is a time in the calendar for California which we  
16 have to plan for a December 26th opening of the race  
17 tracks, which is the beginning of our racing calendar, and  
18 the time past the September board meeting  
19 (unintelligible). We've been in this process for quite  
20 some months now and have come to a conclusion. So these  
21 are options that you have. This is just a reported  
22 recommendation from your Race Dates Committee which you  
23 can accept or ask for further clarification, or you can  
24 accept parts of it.

25           MR. LIEBAU: I think, if I may just add, as far as  
26 the south is concerned, there doesn't seem to be much  
27 controversy, if any at all, so I think everybody  
28 previously is -- interested parties have urged the

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01 allocation of those dates. With respect to the north, I  
02 think that it's pretty well assumed or -- Golden Gate  
03 Fields, that would be operating at that point in time, is  
04 confident that ultimately the dates in December, January,  
05 February are going to go to Golden Gate, and are willing  
06 to proceed based on that assumption at their own risk as  
07 far as marketing is concerned, group sales and things of  
08 that nature.

09 MR. LICHT: I think Marie's suggestion is  
10 excellent. I think we all need some more time to go  
11 through this.

12 MR. LANDSBURG: What you're saying, Jack, just so  
13 I'm clear, that -- I just want some clear groundwork  
14 here -- that through April the schedule as read would be  
15 acceptable to Bay Meadows and Golden Gate. Is that a fair  
16 estimate of what's going on?

17 MR. LIEBAU: I think that that's a fair estimate,  
18 and I think what I'm saying is both Bay Meadows and  
19 Golden Gate are willing to take the risk with respect to  
20 the fact that for some unknown reason, those dates might  
21 not be allocated to them. So for that reason, we would be  
22 willing to go ahead with our marketing programs and our  
23 group sales and things of that nature, because I think the  
24 first dates that really come into controversy are probably  
25 not until June, so I don't think there's any rush to  
26 judgment here as far as the dates from the north are  
27 concerned.

28 MR. TOURTELOT: Let me ask the attorney general,  
0062  
01 do we have to approve the dates for the association in  
02 toto, or can we do it in part? If we can do it in part,  
03 then we could approve the dates up to April, and then the  
04 Board could have further time to digest, have further  
05 meetings about the period in question, which apparently is  
06 summer.

07 MR. BLAKE: Certainly. You can accept it in part  
08 or however you would prefer to do it.

09 MR. LICHT: I would think maybe that the Southern  
10 California dates are not at this point apparently agreed  
11 on. I guess we also have (unintelligible) dates, which we  
12 haven't heard any discussion on those yet. But maybe we  
13 could set aside the northern dates and get some more data.

14 My concern, which I'm somewhat frustrated,  
15 is that I (unintelligible) just trying to help the fairs  
16 or do (unintelligible). All I wanted to do was see bigger  
17 field sizes and better growth in the north than we've had.  
18 I think the north has shown a decline, and think we can't  
19 have a sport survive if we show 5 or 6 percent decline  
20 every year for 20 years.

21 MR. LIEBAU: I do recognize that, but later on we  
22 were going to point to some statistics as to what has  
23 happened in the last decade as far as on-track attendance  
24 at Bay Meadows, and I'm sure that Mr. Harris is familiar,  
25 basically, because we might say it was because of his  
26 leadership that relative on-track attendance at Bay  
27 Meadows has declined less than any other track in  
28 California other than Del Mar.

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01 MR. HARRIS: I think that Bay Meadows has made  
02 some strides, but the field size -- my concern is that  
03 field size -- there's a period in here from like September  
04 to October that just -- you know, a lot of racing in  
05 Northern California. But I'm just concerned that -- I've  
06 talked to a lot of the racing secretaries that work for  
07 all of you, that share the concern that it's just tough to  
08 fill races, and a lot of the fans do not like to wager,  
09 won't go out to the track unless you've got more of a  
10 field. My theory on the four-day week really had not that  
11 much to do with Fresno. It was more based on that you do  
12 a better job running four days in a given week than  
13 running five days that week. I'd like to see some of your  
14 figures that show that.

15 But I think we should set aside the northern  
16 schedule until another meeting.

17 MR. TOURTELOT: What I would like to propose, if  
18 it is helpful to you, because you have to do some  
19 marketing, is that -- I would recommend to the Board that  
20 we accept the Southern California schedule proposed by the  
21 Race Dates Committee, and that for Northern California we  
22 vote on approving the schedule from December 26 up through  
23 March 24th, which would take us up to the opening of  
24 Bay Meadows, and that we then have another meeting or  
25 however the Board wants to do it so that we can digest all  
26 this material and better understand your proposal.

27 MR. LICHT: Add the quarter horses and the  
28 harness, too, as to the approval?

0064

01 MR. TOURTELOT: Right, the harness also. At least  
02 give you so that Golden Gate has its schedule approved. I  
03 asked the attorney general. There's nothing to prohibit  
04 us from doing that.

05 MR. LANDSBURG: I would like to amend that just  
06 slightly. I think we're going to need the experience of  
07 April. Given all of the other changes that are going to  
08 be happening within the structure of racing, why not go  
09 through April so we have an experience both with  
10 Golden Gate and Bay Meadows, and that allows Golden Gate  
11 and Bay Meadows at least to program their opening as well.

12 MR. LIEBAU: One slight suggestion and request is  
13 that if Golden Gate could be changed to run through  
14 March 31st in lieu of those dates being run by  
15 Bay Meadows. Right now Bay Meadows has more dates than  
16 Golden Gate, as we equalize it. It's out of balance.

17 MR. TOURTELOT: So the two days' break of the  
18 25th --

19 MR. LIEBAU: No, we aren't suggesting that at all.  
20 We're just suggesting that those days, the 27th through  
21 the 31st, flip over to Golden Gate.

22 MR. LANDSBURG: I hope that we can get through  
23 April and know by experience, with Bay Meadows open and  
24 knowing it has its horses in order, and also, then, the  
25 changes that apparently are going to be occurring in terms  
26 of how the new wagering formats will enter into the entire  
27 equation. You're going to need some time for promoting

28 what will happen in June-July, and we're cutting it really  
0065

01 close.

02 MR. TOURTELOT: Well, the idea, then, Alan, is  
03 that we would do our reading and discussions between now  
04 and the September meeting, and then hopefully vote on the  
05 remainder of the Northern California calendar in June --  
06 excuse me, the September meeting.

07 MR. LANDSBURG: That's fine, then.

08 MR. TOURTELOT: We at least have solidified the  
09 first part of the calendar; all right? Let's do that.

10 Somebody make a motion. Let's just start  
11 with Southern California.

12 Dave Elliott?

13 MR. ELLIOTT: I'd like to have at least two  
14 minutes to comment before you move on to the next agenda  
15 item. I haven't had an opportunity yet.

16 MR. TOURTELOT: What do you want to speak on?

17 MR. ELLIOTT: I'd like to speak just very briefly.

18 MR. TOURTELOT: Well, wait a minute. Dave, are  
19 you going to speak on the second half of the Northern  
20 California calendar? You're not concerned with the  
21 first --

22 MR. ELLIOTT: I'm not concerned, Mr. Tourtelot,  
23 with anything other than the overlap of Cal-Expo and  
24 Bay Meadows. I'm not going to speak on anything else.

25 MR. HARRIS: We do have several of these fair  
26 people who have come all the way down here --

27 MR. TOURTELOT: I don't care. The fact of the  
28 matter is that we're going to -- the whole idea is that  
0066

01 we're going to roll over the discussion to the next  
02 meeting as to the second half of the Northern California  
03 calendar. Do you want to say it now, or you can say it  
04 again. I hope at the next meeting --

05 MR. ELLIOTT: I promise to keep my comments brief.

06 MR. TOURTELOT: All right.

07 MR. ELLIOTT: David Elliott, California State  
08 Fair.

09 I understand what this Board is getting  
10 ready to do as far as putting off the decision on Northern  
11 California dates after April. This Board -- this racing  
12 committee has heard argument and has received a myriad, as  
13 Mr. Tourtelot has mentioned, of facts and figures and  
14 numbers and the whole nine yards to just go over for the  
15 last three or four months. I thought -- I was under the  
16 impression that today was the day that everything had  
17 already been digested. Now we're at the eleventh hour.  
18 Magna has brought to you a report which I request to  
19 Mr. Wood if I can get a copy of that, as it is public  
20 record now.

21 MR. WOOD: You certainly can, Dave.

22 MR. ELLIOTT: You know, there's been a lot of  
23 facts presented, and Mr. Liebau presented a fact that  
24 there are 7.9 horses per field size during an overlap, and  
25 I just don't know when we got to the point where we were  
26 satisfied with 7.9 field size. What he did not mention,

27 however, was less thoroughbred races run at Cal-Expo  
28 during the overlap because we can't fill the thoroughbred  
0067

01 races. We have days when there are five thoroughbred and  
02 six emerging breed races. We depend on the emerging  
03 breeds. My point to that, Mr. Licht, is that less  
04 racing -- the less racing for thoroughbred races, yes, it  
05 did bring the field size up a little bit as far as the  
06 thoroughbred races are concerned.

07 Mr. Tunney spoke for me in some comments,  
08 and I'm not going to argue those points right now. I do  
09 want to mention, too, though, that it was Mr. Tunney at  
10 the meeting at Cal-Expo that provided information to this  
11 board that stated, and it's in public record now, that  
12 Fridays were a better day handlewise than Sundays were,  
13 hence not wanting to open on Friday -- or wanting to keep  
14 the Friday instead of opening on Sunday, which is clearly  
15 incorrect, and I feel I've provided that information to  
16 this board, and if you'd like to have it again, I'd be  
17 more than happy to provide it.

18 MR. TOURTELOT: Dave, you know, you do yourself a  
19 disservice, with all due respect, by making this argument  
20 now when we have at least four or five members of the  
21 Board that haven't digested all of this information.  
22 They're not going to remember your argument now when they  
23 come back to revisit this issue of the second half of  
24 the -- I think your argument should be made -- better made  
25 at the time when all the Board is fully advised of Magna's  
26 position.

27 MR. ELLIOTT: I understand that, sir. My point is  
28 it's an eleventh hour report coming to this Board.

0068  
01 MR. TOURTELOT: Let me tell you my problem with  
02 that. They have the right to hand in anything they want,  
03 number one. Number two, we have at least three, maybe  
04 four, commissioners who said -- expressed the view that  
05 they want to read this and understand it before they make  
06 a vote, and they're entitled to that. John and I have  
07 been living with it for six months. That doesn't mean  
08 that they have to just accept what we say and not read any  
09 of this. So I think that the request is a good request.  
10 They can't be expected to vote in the dark.

11 MR. ELLIOTT: I'm surely not asking for that.

12 MR. TOURTELOT: I think we've worked out an  
13 acceptable solution to everybody to give Northern  
14 California up through -- I'd like to give up through May.  
15 Seems to me, why not give them May also?

16 MR. HARRIS: I don't know why we don't just  
17 (unintelligible) in California. They know they're going  
18 to open in December anyway.

19 MR. TOURTELOT: This way, John, we can do it.  
20 We're here and we can do it, and it gives them -- at least  
21 from a marketing standpoint, they know -- if they want to  
22 flip the days in March with Golden Gate. I don't have a  
23 problem with that.

24 MR. WOOD: The only thing I would suggest about  
25 the change is that April, May, and June are dates that

26 would need to be considered in the further discussions of  
27 overlap. If we run this up to March 31, that gives them  
28 the opening ---

0069

01 MR. TOURTELOT: Let's do that, then. I would ask  
02 somebody to make a motion, then, that starting with  
03 Southern California -- that we deal with the  
04 recommendations of the Race Dates Committee for Southern  
05 California for Los Alamitos, the harness racing at  
06 Cal-Expo, and up through March 31st on the Northern  
07 California calendar, with the proviso that we flip  
08 Bay Meadows for Golden Gate, we extend Golden Gate from  
09 the 27th of March to the 31st; correct?

10 MR. REAGAN: Mr. Chairman, I believe I can read  
11 those starting and ending dates and number of days into  
12 the record so we're all perfectly clear.

13 MR. TOURTELOT: Okay. Why don't you do that.

14 MR. REAGAN: Certainly.

15 MR. TOURTELOT: Somebody has to make a motion.

16 MR. LANDSBURG: I so move, based on

17 Mr. Tourtelot's discussion.

18 MS. MORETTI: Second.

19 MR. TOURTELOT: I've got a second.

20 MR. REAGAN: Southern California thoroughbred and  
21 fair, Santa Anita, 12/26/01 to 4/21/02, 85 days; Hollywood  
22 Park, 4/24/02 to 7/21/02, 65 days; Del Mar, 7/24/02 to  
23 9/11/02, 43 days; Santa Anita-Oak Tree, October 2nd, 2002,  
24 November 3rd 2002, for 26 days; Hollywood Park, 11/6/02 to  
25 12/22/02, 35 days; with Pomona, September 13, '02 to  
26 9/29/02 for 17 days. That's in Southern California.

27 The first meet in Northern California would  
28 be Golden Gate, 12/26/01 through 3/31/02 for 70 days;

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01 quarter horses at Los Alamitos, 12/27/02 -- I'm sorry,  
02 12/27/01 through 12/22/02, 207 days; Cal-Expo harness,  
03 12/26/01 to 8/3/02, 145 days; Cal-Expo fall, 9/25/02 to  
04 12/22/02, 56 days.

05 That's what will be on the table at this  
06 point.

07 MR. TOURTELOT: All in favor? Opposed?

08 That will carry.

09 (Motion passed)

10 MR. HARRIS: As I understand it, these days are  
11 not really chiseled in stone. They will be allocated by  
12 the Race Association.

13 MR. TOURTELOT: Can we have a representation from  
14 Magna that we won't get hit with another whole packet next  
15 week?

16 MR. HARRIS: I think we need as much information  
17 as we can get.

18 MR. TOURTELOT: I'm talking about at the next  
19 meeting. If you have some more information, can you do it  
20 ahead of time?

21 MR. DE MARCO: Absolutely.

22 MR. LICHT: I'd like to see the TOC letter, too,  
23 circulated.

24 MR. TOURTELOT: You should have it right now.



24 CTT, the Thoroughbred Owners of California, and the tracks  
25 have worked together to reach an agreement as to how best  
26 to implement the 10 percent automatic payment of trainers'  
27 commissions.

28           The proposed amendment to this rule will  
0073  
01 require that 10 percent of the purse earned on any horse  
02 that finishes first, second, or third at a thoroughbred  
03 race meeting be deducted and deposited into the trainers'  
04 accounts.

05           The amendment also allows and specifies that  
06 horse owners may elect to opt out of the payment plan by  
07 submitting written notification to the paymaster not to  
08 deduct the 10 percent.

09           Staff has received indication that the  
10 parties have come to an agreement, and we would recommend  
11 that the Board instruct us to initiate the 45-day comment  
12 period.

13           MR. TOURTELOT: Thank you.  
14           Any comments or questions from the  
15 commissioners?

16           MR. LANDSBURG: Yes, I have a couple of comments.  
17           I'm all in favor of doing this. However,  
18 there are certain things that concern me. Number one, if  
19 a horse wins a purse, according to this, the money goes  
20 immediately to the trainer. In the event, then, that the  
21 horse is disqualified for any number of reasons, will the  
22 owners be responsible for repayment of that money because  
23 it's coming out of the owner's purse, or will the trainer  
24 be responsible? Is there anything in it that we should  
25 regulate in order to be sure that we don't wind up having  
26 to sue trainers to give back money?

27           MS. WAGNER: In the proposal under Subsection 3,  
28 that has been addressed, and the language specifies that

0074  
01 any moneys paid shall be repaid to the paymaster by the  
02 trainer upon any order requiring redistribution.

03           MR. TOURTELOT: In the past they haven't repaid.  
04 We still right now have a situation where money was  
05 supposed to be repaid, and nobody is doing anything about  
06 it other than us asking for it.

07           MR. WOOD: Under the regulations, as Jack  
08 explained, the paymaster services the accounts for the  
09 three entities, the trainer, the owner, and the jockey,  
10 and I think distribute the purse funds to each individual.  
11 Each individual has been responsible for returning the  
12 moneys in disqualifications. That's what the rule says.

13           MR. TOURTELOT: It took two years to get one owner  
14 to pay back the purse; right?

15           MR. LANDSBURG: I understand. All I wanted to  
16 make sure of was that the responsibility is directed to  
17 the trainers and there be some kind of penalty if they  
18 don't immediately repay, since it's been paid to them.

19           MR. WOOD: As long as the individual is licensed  
20 by the California Horse Racing Board, we can facilitate  
21 the return of the funds.

22           MR. LANDSBURG: And the owners will not be

23 responsible?

24 MR. WOOD: Under the regulation, that's correct.

25 MR. LANDSBURG: One other comment on this is just  
26 that this is a lot of paperwork, meaning -- even for the  
27 owners, and some of the owners are kind of a long distance  
28 from the -- I don't know how to put it. They are not

0075

01 right there at the time. Can one application be made -- I  
02 just don't know whether we can do this. Once you say,  
03 "Okay, the trainer can have the 10 percent," can it go for  
04 all tracks rather than have to do a new sheet for every  
05 meet that goes on, a new one for the fair? 5As long as  
06 the owner doesn't want to opt out, can one submission of  
07 this memorandum allowing the 10 percent to be taken then  
08 be there for all of the meets in California?

09 MS. WAGNER: It's my understanding that that  
10 particular provision would be difficult to implement,  
11 primarily because the paymaster systems are not  
12 electronically together. They are all separate. So it  
13 would be difficult for that information to be transferred  
14 to another paymaster.

15 MR. VAN DE KAMP: Mr. Chairman, just to clarify  
16 that, this is automatic. You don't have to file anything  
17 unless you opt out, and as I understand it, it's possible  
18 to develop forms so if you want to opt out at a number of  
19 tracks, you could have duplicate copies sent, let's say,  
20 to the other tracks so that it can be a one-stop  
21 situation, even if you're opting out. But I would imagine  
22 that 75 to 80 percent of the people will not file to opt  
23 out.

24 MR. TOURTELOT: John, while you're standing up, I  
25 wanted to bring this up with the other commissioners. The  
26 problem has been -- does arise from time to time. An  
27 owner is paid the purse, then there's a disqualification,  
28 and letters to the owner to return the money. The owner

0076

01 doesn't return it, and the only thing that happens is  
02 every once in a while somebody writes a letter or calls  
03 the owner asking for the money back up to -- I'm not going  
04 to say two years, but it's been a long time -- and then  
05 there's no provision for interest. The owners or the  
06 corporations have the money for two years or a year, and  
07 finally gives it back. There's no interest paid, and the  
08 person who is now entitled to the purse and hasn't had the  
09 money for the year wants the interest on the money.

10 We have no rules in place that really deal  
11 with that. We have a situation right now that -- that's a  
12 real situation that's been going on.

13 MR. VAN DE KAMP: I think it's really --

14 MR. TOURTELOT: The TOC ought to police itself so  
15 that we don't have to do that.

16 MR. VAN DE KAMP: I think you could probably  
17 establish a rule that might address that. However, I can  
18 report to you that we have a bill that is moving through  
19 legislature that will provide, if an owner is being  
20 charged with a disqualification by the Board, there is a  
21 bond requirement to protect the Board that would take

22 place before any kind of hearing on the disqualification.  
23 I think that would help address that issue, because it  
24 would have to, under this new law -- the hearing would  
25 have to take place 90 days after the claim was filed by  
26 the CHRB. Ahead of that hearing, a bond would have to be  
27 put up for the purse that's in question. So at least  
28 we're working on that legislatively. You may -- I don't

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01 think it applies to this rule here today.

02 MR. TOURTELOT: No, it doesn't, but how about the  
03 interest on the money? The person who pays back the money  
04 after, say, eight months, and then we turn around and it  
05 goes to the horse that becomes the winner, and that horse  
06 owner says, "But I want interest on my money. You've had  
07 it for six months." The Horse Racing Board's not going  
08 to pay the interest. We have no provision for that  
09 whatsoever.

10 MR. VAN DE KAMP: But I'm saying you may want to  
11 look at that in the form of a rule.

12 MR. TOURTELOT: It has to be addressed at some  
13 point.

14 MR. WOOD: There have been several changes over  
15 the last several years. We've discussed with TOC the  
16 process of requiring the funds not to be distributed until  
17 the horses clear all their requirements before they  
18 actually become declared the winner, including going  
19 through the testing process, and we've looked at the rule  
20 several times for not paying out those funds until that's  
21 cleared, and we've discussed that, because on occasions  
22 we've had problems collecting our money.

23 I think we need to look at those discussions  
24 in the future. I understand TOC's position that they have  
25 a 72-hour clause in their contract with the tracks, and I  
26 think it is Mr. Van de Kamp's consideration that  
27 legislation will to some degree alleviate that problem,  
28 if, in fact, the money's placed in an interest-bearing

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01 escrow account, and all the things that come with that  
02 type of legislation.

03 If that does not work, I would really  
04 suggest that the Board should reconsider the adjustment of  
05 the payouts until the horse has cleared all of these  
06 problems.

07 MR. TOURTELOT: I assume the TOC will no longer  
08 object to that, that we withhold money until the testing  
09 comes back.

10 MR. VAN DE KAMP: We think that the problem you're  
11 talking about is relatively minor. It happens in probably  
12 a couple of anecdotal cases, but the overwhelming number  
13 of purses that are paid out are not in any kind of  
14 jeopardy, and we believe that it's in the best interest of  
15 all concerned, whether it's the jockeys, the trainers, now  
16 under this rule, as well as the owners, to get that money  
17 within the 72 hours.

18 I'd be happy, certainly, to look at that  
19 with the Board and look at the numbers and look at the  
20 percentage that seems to be in jeopardy and then make a

21 determination as to whether or not it's worthwhile.

22 MR. TOURTELOT: Okay. I wish you would work with  
23 the Board on that, because it happens in relatively few  
24 instances. When you have one and you have -- you have one  
25 person who will not give the money back, although it's  
26 clearly disqualified, and the other person is calling the  
27 Board and threatening lawsuits because they're entitled to  
28 the money, then when they finally get the money, then they

0079

01 want interest. And Mr. Woods says, "What are we going to  
02 do?" I said, "I'm not going to pay it." Who's going to  
03 pay the interest?

04 So I wish that TOC would work with the Board  
05 to work that out, since -- it may be few and far between  
06 the incidents where it happens, but when it does, it's not  
07 fun to deal with. You have very irate people. I'm not  
08 going to mention any names, but they're out there.

09 MR. LANDSBURG: I move that we --

10 MR. HARRIS: I wanted to say that originally I had  
11 some concerns with this. Not the fact, obviously, that I  
12 think trainers should be paid promptly their 10 percent.  
13 But I have concerns about if this was really a role for  
14 the Board to get involved in, or do we really need the  
15 governmental (unintelligible) to do this.

16 But the one person who was really  
17 responsible for this was Gary Burke, who was the driving  
18 force of this. It took him a couple of years to get it  
19 done, and it's very sad that he's not with us here today.  
20 He died just a few weeks ago. And he was present in TOC,  
21 and he was really a great horseman and a great supporter  
22 of racing, and it was a tremendous loss, and this  
23 amendment is definitely his doing.

24 MR. LANDSBURG: I don't want to interrupt, but  
25 later at the end I have a note about Gary I'd like to  
26 extend to the Board.

27 MR. TOURTELOT: Yes.

28 The Chair will entertain a motion, then,

0080

01 to --

02 MR. LANDSBURG: So moved.

03 MR. WOOD: Second.

04 THE COURT: All in favor?

05 (Motion passed)

06 MR. TOURTELOT: Item number 7 is the public  
07 hearing on the adoption by the Board of the proposed  
08 regulatory amendment to CHRB Rule 1433, application for  
09 licensing. That's the one I've been pushing for.

10 MS. WAGNER: Jackie Wagner, CHRB staff.

11 The amendment before you is for CHRB  
12 Rule 1433. Essentially, this amendment will revise our  
13 application that is used for the licensing process to  
14 conduct a horse racing meeting. We have heard this  
15 before. The last time was in January of this year. At  
16 that time, some additional comments were requested that  
17 they be added to the application. That has been done.  
18 The application has been sent out for 15 days for  
19 comments. Staff has not received any comments on the

20 proposed application, and we would recommend the Board  
21 adopt the amendment as it's presented.

22 MR. TOURTELOT: For the Board's edification, on  
23 page 9, paragraph 14, this is a provision that I've been  
24 pushing for with respect to the backstretch housing, the  
25 certification at the time of the application. The  
26 applicant doesn't know of any violations of local housing.  
27 Any questions?

28 MS. MORETTI: I will make a motion to adopt this.  
0081

01 MR. TOURTELOT: Second?

02 MR. BIANCO: Second.

03 MR. TOURTELOT: All in favor?

04 (Motion passed)

05 MR. TOURTELOT: Moving right along, item number 8  
06 is a report by the TOC and the San Luis Rey Downs  
07 Horsemen's Organization on the stabling/starter issue at  
08 San Luis Rey Downs. And the Chair will note that the  
09 commissioners have received a packet of information from  
10 the Horsemen's Organization of San Luis Rey Downs.

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

13 I know that the San Luis Rey horsemen would  
14 like, I'm sure, to speak to the Board, but I just want you  
15 to know that we are scheduling a SCOTWINK statement  
16 meeting at the termination -- after the termination of  
17 your meeting here today to get into this issue. We would  
18 like to have had it done earlier, but there were  
19 scheduling problems which prohibited. We have told  
20 them -- and it's subject, of course, to our meeting --  
21 that we'd like to help them and to make up the difference.  
22 I'm speaking about TOC, which represents about half of the  
23 votes on the Vanning and Stabling Committee, on an interim  
24 basis to make up the 8 to \$12 differential that has been  
25 charged to them. It will be effective on September 1st.  
26 It will come out of the Vanning and Stabling fund.

27 We have to consider that, and a vote will  
28 have to be taken, and they'll be talking to us, and I know  
0082

01 they want to talk to you, and I know that they would like  
02 to be fully funded, but we think that we have some numbers  
03 that we're going to have to look at in conjunction with  
04 Fairplex. In the next two or three months we'd like to  
05 have everybody at the same table, coming to positive  
06 conclusions.

07 They made a very good presentation to our  
08 board, and I can tell you that the number of starters  
09 coming out of San Luis Rey in the last year and a half has  
10 increased. So I'll turn it over to them, but I just  
11 wanted you to know we're going to be taking some action, I  
12 believe, as soon as you're finished here today with  
13 respect to their request.

14 MR. WOOD: Mr. Van de Kamp, the 8 to \$12  
15 differential, does that also include the payment of the  
16 starter fee in addition to the makeup --

17 MR. VAN DE KAMP: I've said at this point that TOC  
18 will have to probably eliminate the starters' fee to be

19 able to take care of that. Where we're going to end up  
20 this afternoon I cannot tell you with certainty, because I  
21 know the tracks and TOC will discuss this after their  
22 presentation today and make a decision about that. We  
23 like starters' fees, frankly, because we think it's helped  
24 to provide an incentive to get them to start horses, and I  
25 think it's helped at San Luis Rey, frankly. The question  
26 is the amount of money that's required to do this, what we  
27 have in the bank, basically until the end of the year. So  
28 we'll be hoping we can work with them on that issue, but

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01 we need a full discussion of our numbers after we get  
02 started this afternoon.

03 MR. BAKER: Wayne Baker, President of the San Luis  
04 Rey Downs Horsemen's Organization.

05 We're here today to discuss equal stable  
06 funding. I hope you've all had time to go through your  
07 packets that you got yesterday. And this is my vice  
08 president, Laura Rosier, and board member Sam Simkin  
09 (phonetic). Laura's going to go through the packet with  
10 you right now.

11 MR. LICHT: Excuse me, just so you know, we didn't  
12 get them until today, so -- at least I didn't. I didn't  
13 have a look at it.

14 MR. BAKER: She'll go through it with you right  
15 now.

16 MR. WOOD: They were hand-delivered yesterday  
17 afternoon.

18 MS. ROSIER: Before I start, I just wanted to tell  
19 you my opinion today, with all the issues of the small  
20 fields and the trouble that we're having in horse racing  
21 today, that I hope you seriously consider supporting us  
22 for equal funding. Mr. Van de Kamp explained to you the  
23 offer that TOC has expressed to the horsemen at San Luis  
24 Rey Downs, and this was our response on August 8th to  
25 that.

26 "The horsemen at San Luis Rey Downs  
27 appreciate the offer. Unfortunately, it falls far short  
28 of our incremental costs, not to mention the injustice

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01 that continues to exist in the distribution of the  
02 SCOTWINK funding. Therefore, we will continue to seek  
03 your board's full support."

04 By that we mean in incremental costs. Not a  
05 handout, not an offering, not treating us like we are, you  
06 know, the illegitimate child or whatever you want to call  
07 it.

08 Now, to start with the packet on the  
09 first -- on the front page, we have the history of  
10 San Luis Rey Downs, and there's some very important  
11 information in there. I hope if you haven't looked at it,  
12 you will take the time to look at it later.

13 We also put in there the law, and Sam Simkin  
14 (phonetic) is our special advisor on the law. There's  
15 some information about that. The first page in the packet  
16 is an aerial view of San Luis Rey Downs, and it shows that  
17 we are a state-of-the-art facility. If any of you haven't

18 been there, it's really a beautiful place, a wonderful  
19 place to train horses.

20           The next page, we have a graph put together  
21 by the Horsemen's Organization showing all of our training  
22 areas and how we're set up at San Luis Rey Downs. The  
23 next page shows that we have all the amenities of any  
24 other training facility in California, and more than most.  
25 We have a partial list of some of our outstanding horses  
26 from San Luis Rey Downs and a partial list of owners  
27 during the past five years.

28           I'm going to skip over this letter and

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01 repeat it in a moment. Here's a memorandum explaining how  
02 we came up with the numbers on the graph, and your own  
03 personal graph to study on your own time.

04           The next page, I just wanted to bring your  
05 attention to the second paragraph. It says, "We  
06 understand what the per diem amount of incremental  
07 payments is." Where it says Fairplex, we were under the  
08 understanding that it was 6,000 per day, but now we've  
09 heard that it may be as much as 7,000 per day; okay?

10           Also I think some of the questions that our  
11 horsemen have thought up at the bottom of the page are  
12 very important to think about. Shouldn't the fund be  
13 completely eliminated and this money go back where it came  
14 from? Shouldn't everyone pay rent at the track of their  
15 choosing? And what's wrong with everyone paying rent and  
16 getting a starter fee to offset the rent when a horse does  
17 run, as San Luis Rey gets now? And what's wrong with a  
18 level playing field?

19           Next, there's a letter from Frank Bethos  
20 (phonetic). It's a very powerful letter, and it reflects  
21 the sentiments of horsemen at San Luis Rey Downs. That's  
22 why we chose to put it in there.

23           These are entries for Del Mar. I think it's  
24 very impressive that as of August 23rd, we have 146  
25 entries. And we show Fairplex's entries also. It ended  
26 up to be 64 as of the 23rd. This isn't to attack Pomona;  
27 we are very supportive of Pomona. We're working together.  
28 We're all making the races go; we're making the field

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01 sizes what they are; we're helping the races to go and,  
02 again, we have no problem with Fairplex being supported.  
03 But we feel that we also should be supported in this.

04           And lastly, I just wanted to quickly  
05 reiterate what I've been stating here with the letter that  
06 was made up by the horsemen and Wayne Baker. It says:

07           "We, the San Luis Rey Downs horsemen,  
08 believe that we should have parity with the  
09 other CHRB-licensed tracks currently under the  
10 SCOTWINK umbrella. We have the same proportion  
11 of horses in all categories as all the other  
12 tracks. We deal with the same regulations and  
13 fees as all the other tracks. We allotted 500  
14 stalls on each racing association's license  
15 application for racing dates. We are asking  
16 that you, the Commissioners of the California

17 Horse Racing Board, instruct the SCOTWINK  
18 Committee to see that all licensed horsemen at  
19 all the licensed approved thoroughbred  
20 facilities in Southern California receive equal  
21 treatment and funding. Please do not let this  
22 poorly-conceived rationalization of our  
23 industry continue. It is your decision. You  
24 have the power to give our horsemen the option  
25 of choice by developing a level playing field.  
26 We haven't asked for any special standards; we  
27 are asking for equal standards."  
28 And if we can answer any questions, we would

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01 be glad to.

02 MR. TOURTELOT: I have a question. How is the  
03 funding determined between Fairplex and San Luis Rey  
04 Downs? What's the formula?

05 MS. ROSIER: I think we would have to ask -- right  
06 now, if we run a horse from San Luis Rey Downs and it's  
07 the first time he runs, we get, I believe, \$650 -- 600,  
08 I'm sorry -- and anytime after that that you run your  
09 horses, it's for 150, or to the owner it's \$450.

10 MR. WOOD: I think what he's asking is, who makes  
11 the decision how much is paid to whom?

12 MS. ROSIER: This -- from what I understand, TOC  
13 is involved in the process, but SCOTWINK is the committee  
14 that dispenses the funding, from what I understand -- and  
15 I'm not the most knowledgeable person in it. But what we  
16 don't understand is why Pomona, Santa Anita, Hollywood,  
17 and everyone else receives their incremental costs, and we  
18 don't. We're thrown a bone, and -- and I don't mean to be  
19 rude. That sounds a bit rude, but we just want to be  
20 treated in the same standards.

21 MR. TOURTELOT: I have to admit my ignorance, but  
22 I don't understand why Fairplex is getting almost six --  
23 more that six-and-a-half times as much as San Luis Rey  
24 Downs --

25 MS. ROSIER: That's the travesty of it.

26 MR. TOURTELOT: You have 615 horses versus 493?

27 MS. ROSIER: That's the travesty of it. We were  
28 told for many years that Pomona was running five horses to

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01 our one per day, and we've also just figured that whoever  
02 was saying that, and what they were talking about, that  
03 every year as things get tougher and tougher in horse  
04 racing, we try to find out more and more. And this year,  
05 a few months ago, when we found out our stall rent was  
06 going up again, we took it upon ourselves, the horsemen of  
07 San Luis Rey Downs, to do everything we could to find out  
08 what the real numbers were, and we used the daily racing  
09 form and the entries in the daily racing form to do that.  
10 And we not only found out that it wasn't five to one, but  
11 actually we are running more than Pomona, as you can see  
12 at this time.

13 MR. BAKER: And we feel that TOC, that has  
14 15 percent of the votes, have the power to give us equal  
15 funding.

16 MR. TOURTELOT: I understand that, but I just  
17 don't understand how this developed. It's mind-boggling  
18 to me.

19 MR. VAN DE KAMP: Mr. Chairman, I came into TOC in  
20 1996, and almost immediately there was the issue of  
21 whether the funds -- San Luis Rey has been receiving some  
22 money over the years. The evaluation that was done in the  
23 years prior to that established that two to three times as  
24 many horses were coming out of Fairplex, and there was a  
25 need for one fully funded facility.

26 I think that what we're seeing here from the  
27 information that they have, and it somewhat needs to be  
28 wrestled to the ground in some way, but I think they're in  
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01 the right direction. I think that they are sending more  
02 horses today than they have before. They may be sending  
03 more than Fairplex. I've asked the Fairplex people to sit  
04 down at the table with us to evaluate this whole  
05 situation. We have a contract with Fairplex that runs  
06 through -- I think it's April 30th of next year. The  
07 figure, I believe, is now \$7,100 a day that's going to  
08 Fairplex.

09 The request that's being made here today is  
10 basically to start immediately full funding of San Luis  
11 Rey Downs, which will cost somewhere around 1.7 million a  
12 year, half of which is paid for by horsemen, which will  
13 have to come out of the purse funds, half of which comes  
14 from the race tracks. This is something we're going to  
15 have to consider and budget for if we decide to do that,  
16 or come under some other kind of understanding.

17 There's no absolute requirement that we fund  
18 either track. In fact, Hollywood Park for years, up until  
19 fairly recently, has voted against any funding of  
20 off-track stabling at Fairplex or San Luis Rey Downs, and  
21 has only supported funding with off-site stabling at  
22 either Santa Anita or Hollywood Park or other tracks that  
23 are running.

24 MR. BAKER: The money is already there and  
25 available.

26 MR. TOURTELOT: Apparently there's a pot, and  
27 correct me if I'm wrong, that's made up of \$1,446,000 and  
28 \$276,000, the total of which is a pot. And then that is  
0090

01 divided by some method between San Luis Rey Downs and  
02 Fairplex, and I don't know what the method is.

03 MS. ROSIER: Excuse me, Mr. Tourtelot. Actually,  
04 Pomona gets right now, I believe, around 2.2 million per  
05 year. This is only through August of this year.

06 MR. TOURTELOT: Whatever, but I mean --

07 MS. ROSIER: And there is a pot that comes from  
08 1.25 percent of the wager dollar, and right now we're only  
09 using -- right now, from what I understand, we're only  
10 taking out .65 percent, because all the extra money has  
11 been put back, so the SCOTWINK has decided themselves that  
12 we have not been, through the years, worthy of funding,  
13 but Santa Anita, Hollywood, and Pomona are.

14 And I know that there have been some

15 arguments that I would have even thought had some merit to  
16 them, but they aren't there anymore. Those arguments  
17 aren't there anymore. And we are seeking this funding as  
18 soon as possible, because this shouldn't go on. It's  
19 unfair. It's just downright unfair. And we think Pomona  
20 should continue to get their incremental costs paid for  
21 also, because they're also making the races go. They're  
22 also doing their job.

23           And another point that I need to make is  
24 that many of the people that we have here at San Luis Rey  
25 Downs are clients that we brought into the business from  
26 San Diego County, so we're bringing in new clientele from  
27 San Diego County, and we need this place here. It's very  
28 important.

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01           MR. TOURTELOT: Is Fairplex being overpaid and  
02 San Luis Rey underpaid --

03           MS. ROSIER: I don't think so.

04           MR. TOURTELOT: -- or is Fairplex being paid  
05 fairly and San Luis Rey Downs being underpaid?

06           MS. ROSIER: I think so, the second one. I think  
07 Pomona is getting -- see, SCOTWINK goes to the management  
08 of each association and then figures out what the  
09 incremental costs are, what it costs to keep the place  
10 running for the horsemen there. So they are getting what  
11 it costs to run their facility. We are not getting what  
12 it costs to run our facility. It comes out of our pockets  
13 and our owners' pockets and our owners are putting into  
14 this fund. How come they don't get their fair share out  
15 of it? That's my question. That's what they want to  
16 know.

17           MR. TOURTELOT: Where's the money going to come  
18 from to bring San Luis Rey Downs --

19           MS. ROSIER: It's there. From what we understand,  
20 it's being put back every year because it's not used.

21           MR. VAN DE KAMP: Mr. Chairman, under the law a  
22 maximum of 1.25 percent can go into the Vanning and  
23 Stabling Fund in the north and in the south. I think in  
24 the north, if I'm not mistaken, they use about .75.  
25 Pleasanton, which by the way, provides horses that run  
26 both tracks, and has a starter fee, I believe, and vanning  
27 reimbursement when they come to Bay Meadows or Golden  
28 Gate -- I think, by the way, that they have some fairly

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01 good arguments, and that's what we're going to be  
02 addressing in the next meeting.

03           We are spending close to \$8 million a year  
04 dividing it equally between the tracks and the horsemen,  
05 on the present vanning and stabling in Southern  
06 California. But they're asking for -- and I'm not taking  
07 an absolute position on this today -- it's about another  
08 1.3 to add to that when you subtract the starters' fees  
09 that we're now paying -- which I think comes to about  
10 \$300,000 a year -- to go the San Luis Rey owners today.

11           So the point is, we're going to try to  
12 address this in an effective way. They would like to have  
13 you, I'm sure, tell us what to do, and they have every

14 right to ask you to do that. We have to make, I think,  
15 our own best business decisions. One of the concerns that  
16 we have is there are empty stalls at Hollywood and  
17 Santa Anita. Fairplex has increased its number of horses  
18 that are stabled there in the last year and a half, two  
19 years. However, the number of starters out of Fairplex  
20 has declined, and that's what we're trying to get the  
21 answers, as to why that has occurred.

22 MR. TOURTELOT: I think that we have enough to  
23 know that we don't know enough. I would like to suggest  
24 that one of the commissioners head up a subcommittee to  
25 investigate this, because -- nobody's going to give us the  
26 answers today that I would think we're going to walk away  
27 saying, "That's fine."

28 MR. VAN DE KAMP: I'd have no objection to having

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01 a member of the Board sit in on our committee just to  
02 observe --

03 MR. TOURTELOT: Well, I'd like the Board to have a  
04 subcommittee headed by one of the commissioners.

05 MR. HARRIS: I'm not clear legally what the  
06 Board's obligation is. Are we supposed to have oversight  
07 or what?

08 MS. ROSIER: From what I understand, the CHRB has  
09 the authority to --

10 MR. TOURTELOT: Well, we have some authority,  
11 because this has been an issue for the eight years or --

12 MS. ROSIER: But it's a very different issue now.  
13 I feel it's a very different issue now than it was several  
14 years ago.

15 MR. WOOD: Mr. Chairman, you're correct in the  
16 fact that for the eight years that I've been associated  
17 with the Horse Racing Board we've had several committees  
18 who sat with the SCOTWINK Board, the NOTWINK Board, and  
19 discussed this entire issue of stabling and vanning. As  
20 you said, SCOTWINK or NOTWINK comes to the Board and asks  
21 for a percentage of the money that's allocated to them by  
22 law for stabling and vanning to be allocated for the  
23 stabling and vanning -- for subsidy of the off-track  
24 betting. So this is how it's regulated.

25 MR. TOURTELOT: Is there a commissioner who's  
26 willing voluntarily to take this --

27 MR. LANDSBURG: I would.

28 MR. TOURTELOT: All right. Alan Landsburg, then,

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01 will head up a subcommittee to deal with this, and then  
02 advise the Board so that we are getting it from our side,  
03 and that committee will then -- will first have hearings  
04 and get the facts from both sides. I don't think there's  
05 much more -- this is a problem, but I don't know how we  
06 can do much more today.

07 MR. LANDSBURG: (Unintelligible.)

08 MR. TOURTELOT: Roger?

09 MR. LICHT: Okay, I'll do that.

10 MR. TOURTELOT: Cheryl?

11 MS. GRANZELLA: All right.

12 MR. BAKER: One of the big problems that we have

13 is that on September 1st, the stalling is going up to \$12  
14 a day. Many of the horsemen, probably all of them, cannot  
15 afford to pay \$12 a day.

16 MR. TOURTELOT: I just don't know what else we can  
17 do today. I mean, I'm sympathetic to the problem --

18 MR. BAKER: If San Luis Rey Downs is not there,  
19 then the fields are just going to get smaller and smaller,  
20 as you can see how many horses we've raced --

21 MR. TOURTELOT: I just don't know what else we can  
22 do today, unless the TOC can give you some temporary  
23 financing.

24 MR. VAN DE KAMP: Well, we've already indicated to  
25 them that we would support making up that difference,  
26 assuming I get another vote on the Vanning and Stabling  
27 Committee. We'll try to wrestle this whole issue to the  
28 ground in the next two or three months. So at least in

0095  
01 terms of that issue, as long as there's another vote  
02 there, I think we've dealt with it. We can deal with that  
03 one.

04 MR. TOURTELOT: And Mr. Landsburg's committee will  
05 get to the bottom of this. I don't know what we can do  
06 today, other than --

07 MR. LANDSBURG: John, are you suggesting -- just  
08 so I understand, since I'm going to be involved in this --  
09 are you suggesting that there is a way to make the  
10 adjustment, the \$4 a day adjustment now, or that it will  
11 have to be sometime in the future?

12 MR. VAN DE KAMP: It will be done as soon as the  
13 Vanning and Stabling Committee votes on it.

14 MR. LANDSBURG: When will they meet?

15 MR. VAN DE KAMP: Today, right after this meeting  
16 today.

17 MR. TOURTELOT: Hopefully it will pass and they'll  
18 get the money by September 1st.

19 MS. ROSIER: Can I ask the Board to request that  
20 we take care of this in a speedy manner? We're talking  
21 about thousands of dollars that we feel that we already --

22 MR. TOURTELOT: We'll request this be taken care  
23 of ASAP.

24 MR. HARRIS: I think we have to give the SCOTWINK  
25 Board the latitude to weigh all the evidence and look at  
26 all --

27 MS. ROSIER: How long do you think they need for  
28 that, Mr. Harris?

0096  
01 MR. HARRIS: Well, it's their money. This money  
02 is really owners' money and track money.

03 MR. SIMKIN: Hello. Sam Simkin.

04 First off, the money comes from satellite  
05 wagering, and the biggest satellite facility is the place  
06 we're sitting in right now. And every penny that's  
07 generated here is leaving San Diego County and goes to  
08 Los Angeles County to support them.

09 MR. VAN DE KAMP: If you take a look at the daily  
10 handle from Santa Anita and Hollywood Park as they're  
11 acting as satellites, you might come to a different

12 conclusion. But nonetheless, the point that should be  
13 made is that there's a substantial interest in horse  
14 racing in this area. We understand that, and we don't  
15 want to see San Luis Rey closed.

16 MS. ROSIER: We have to speak to our owners when  
17 we go back. Today everyone is teetering on what choices  
18 they're going to make in the near future, and to go back  
19 without an answer, a lot of people are going to really be  
20 upset. Our owners would like to know how the Board feels  
21 about San Luis Rey Downs, how their incremental costs are  
22 covered.

23 MR. LANDSBURG: I think it's more important, what  
24 you heard Mr. Van de Kamp saying, that they are aware and  
25 willing to go, and trying to help. You cannot get this  
26 Board to take it, based on the amount of information we  
27 have at this instant. However, we will have some  
28 justification or at least clarification of what the  
0097 Vanning Committee would like to pay and would like to do,  
02 and that's the right thing to do right now. So wait until  
03 this afternoon before you poll this Board, because we  
04 don't have enough information. We have one chart and a  
05 committee that's been appointed that has all the  
06 possibility of relieving you of some of the burdens. As  
07 my father said, you can't get a better answer than yes,  
08 and right now you have a yes answer, that it will be  
09 addressed today. That's all we can do.

10 MR. TOURTELOT: And the Board's very supportive of  
11 San Luis Rey Downs. You can tell that to your owners.

12 MR. CHILLINGWORTH: I think we have a very quick  
13 answer here to make everybody feel comfortable, and we can  
14 save a lot of time. The Stabling and Vanning Committee  
15 have the right to do this. TOC has a 50 percent vote on  
16 that committee. They only need one other track to agree  
17 with them, and this thing goes through. Magna owns the  
18 facility.

19 MR. BAKER: So it should go through. It deserves  
20 to go through.

21 MR. LIEBAU: And I think what Mr. Landsburg said  
22 was you're going to have to wait until after the meeting,  
23 because it's unclear to me whether the incremental amount  
24 that's being proposed be paid between the \$8 and \$4 is in  
25 lieu of the starter fees that are already being paid, or  
26 whether it's supplemental to those. There isn't going to  
27 be a decision on that until after the meeting this  
28 afternoon.

0098 MR. TOURTELOT: Let me just ask you. What is it  
01 you'd like to take back to your owners, to your horsemen?  
02

03 MR. BAKER: I'd like to ask you a question. Do  
04 you think it's fair that what you can see from the chart,  
05 that what San Luis Rey Downs gets paid and what  
06 Del Mar and --

07 MR. TOURTELOT: No, it looks very unfair. But I  
08 don't have all the facts. That's why Mr. Landsburg is  
09 going to hold hearings.

10 MR. BAKER: This is information from the daily

11 racing form.

12 MR. LANDSBURG: The allocation of every dollar  
13 coming out of the horsemen's purses is a concern to all of  
14 racing. The allocation of the moneys coming out of  
15 SCOTWINK are part of the horsemen's concerns. To say to  
16 you, "Yes, whatever you want, you'll get" I don't think is  
17 going to happen, but I think you will find that the  
18 vanning and -- the committee that meets this afternoon  
19 will bring you an answer. Whether this Board supports  
20 that answer or not, they can give you an answer. It isn't  
21 this Board that's going to give you an answer.

22 MS. ROSIER: Okay. Mr. Tourtelot, my question to  
23 the Board that I've been sent to ask is, again, does the  
24 Board support San Luis Rey Downs being treated equally and  
25 receiving incremental costs like every other training  
26 facility that is sending horses to the races? That's the  
27 question.

28 MR. TOURTELOT: Well, that's a question that  
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01 Alan Landsburg's committee is going to --

02 MS. ROSIER: No, they're going to offer us to help  
03 us out of our financial stress --

04 MR. TOURTELOT: No, no. What we're doing is, the  
05 Board has appointed -- the Chairman has appointed a member  
06 of the California Horse Racing Board to head a  
07 subcommittee to look into this. I can't in a vacuum tell  
08 you anything other than it doesn't -- I don't know all the  
09 facts.

10 MS. ROSIER: So what we are asking for is for  
11 incremental costs.

12 MR. TOURTELOT: You keeping asking me to tell you  
13 something that I can't, but I am giving you Alan Landsburg  
14 to devote his time to head a subcommittee to get the  
15 facts, and then this Board will be able to get the  
16 recommendation from Mr. Landsburg and his committee.

17 MR. BLAKE: Mr. Chairman, the matter is on the  
18 agenda today for a report, and there is no agenda for  
19 action on --

20 MR. TOURTELOT: It's okay. We've done all we're  
21 going to do. We can't do any more.

22 MS. ROSIER: Well, we were --

23 MR. TOURTELOT: It doesn't mean we're not  
24 sympathetic.

25 MR. WOOD: It does mean we'll have another meeting  
26 in September, so there is time for this meeting to take  
27 place, Mr. Landsburg's committee to meet. We will express  
28 your interest, and we will be meeting again in September,  
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01 and this issue can be discussed at that time.

02 MS. ROSIER: Okay. My birthday is in September.

03 MR. TOURTELOT: Well, maybe you'll get a birthday  
04 present. Thank you very much.

05 The next item is the staff report on the  
06 following concluded race meets: Churchill Downs at  
07 Hollywood Park from April 20th, 2001 to July 16, 2001, and  
08 then we will just continue with the rest of them.

09 Mr. Reagan?

10 MR. REAGAN: Yes. John Reagan, CHRB staff.  
11 Commissioners, this is our end-of-meet  
12 reports for this month, as indicated, Hollywood Park,  
13 Capitol Racing at Cal-Expo, Alameda County Fair, and  
14 Solano County Fair. The first two pages are, in fact, a  
15 summary of each meet indicating across-the-board  
16 percentages for the average daily and average on-track and  
17 average off-track and so on and so forth. If you have any  
18 questions about these reports, I'll try to answer them.

19 MR. HARRIS: No questions.

20 MR. WOOD: No questions, and the Chairman stepped  
21 out for just one second.

22 MR. BLAKE: We're off the record.

23 (Pause in the proceedings)

24 MR. TOURTELOT: The next item on the agenda is the  
25 report from the Race Dates Committee, and I'm going to  
26 skip that, because I think we've -- unless anyone has any  
27 questions.

28 The next item is the report from the  
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01 Medication Committee, Commissioner John Harris. The  
02 committee met yesterday.

03 MR. HARRIS: We had a good meeting yesterday of  
04 the Medication Committee with Commissioner Moretti and  
05 Commissioner Bianco, and I was there. We had several  
06 issues that were discussed. We got a lot of good input  
07 from two of the top scientists from the University of  
08 California at Davis that work in the lab there. We  
09 established a rule-making procedure to -- were starting a  
10 rule-making procedure to establish a decision level for  
11 Clenbuterol, and this is based on -- this is the research  
12 that Dr. Baker has done in this report that's available,  
13 if anyone would like to see it. It's backed up by about  
14 20 different references of other types of research on the  
15 same issue. Clenbuterol is probably one of the most  
16 researched medications around. We established a decision  
17 level of 5 nanograms, which this will enable the horses to  
18 be treated up to about four days away from a race.  
19 (Unintelligible.) So that was one thing that's going.

20 The other things were, there is concern  
21 about a lot of congestion in the receiving barns from  
22 testing horses, and also the cost of the tests, plus  
23 there's some -- there's a lot of thought that it's better  
24 to do fewer, better tests than -- there's just too many  
25 tests. We're looking at a few categories that we could  
26 eliminate testing on without jeopardizing integrity at  
27 all. We're going to a rule-making process with dropping  
28 the testing of second and third horses in stakes unless

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01 the stake is 75,000 or more. The current number is 40,000  
02 stakes for second, and this would raise it to 75,000. We  
03 discontinued the blood testing of claimed horses.

04 We also discussed another issue that we  
05 couldn't come up with the exact language. We're going to  
06 work it out, but do it at a subsequent meeting on  
07 nontherapeutic nonlabel drugs or medications that are not  
08 registered for equine use that have no therapeutic value

09 to an equine. We're concerned that those should be  
10 prohibited and that if anyone has possession of those at  
11 all, and we needed a rule to cover that, and to --  
12 specifically the name of one of them was EPO, which is  
13 a -- I can't pronounce the total name, but it's an  
14 antibiotic. It's a dosage for humans for anemia, and  
15 there's some concern that that could be used in horses,  
16 although it -- it may have a real detrimental effect in  
17 horses, but that was one that we're going to put on the  
18 list.

19 But I think we made some good progress, and  
20 we'll be seeing these rules as they come forward, and that  
21 would be coming before the Board at some point.

22 MR. TOURTELOT: Thank you, John.

23 Darrell, would you come forward and give us  
24 your report? Are you going to give a report on the Guild,  
25 or was Chris? Chris had to leave. Chris McCarron  
26 (phonetic) was going to give a report, but I believe he  
27 had to leave.

28 MR. HAIRE: Darrell Hair (phonetic), member

0103  
01 representative of the Jockeys' Guild.

02 I'd just like to say that the Guild is  
03 moving forward. We are making progress. New management  
04 has made a lot of progress in the last couple of months.  
05 Our number one priority is to get health insurance back  
06 nationally, and we are making a lot of progress, and it  
07 looks like in a short period of time we will get it back.  
08 We do have an 800 number for the members to call Lexington  
09 now, and it's 1-866-GOJOCK, and we're very excited with  
10 the new management. We're looking forward in time to  
11 maybe implementing some type of retirement program for the  
12 jockeys. I just got back. I made a trip. I've been to  
13 15 different race tracks in 19 days, just bringing the  
14 riders up to date on what's going on. They're very  
15 excited. The change is good. Thank you.

16 MR. TOURTELOT: Thank you, Darrell.

17 Now we have general business. Alan?

18 MR. LANDSBURG: I wanted to take a moment before  
19 the Board, if you don't mind, to salute an old friend.

20 In the firmament of human behavior, the  
21 virtues of kindness and generosity rank high. So does  
22 honesty, coupled with integrity. All of them were  
23 characteristics of a friend and associate who died  
24 suddenly, a passing more tragic because it was totally  
25 unexpected. His name was Gary Burke. He was the  
26 newly-elected Chairman of TOC. As the director of TOC, I  
27 had the pleasure and the privilege of spending seven years  
28 with Gary at TOC's meetings, associated social events, and

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01 countless days at the races.

02 Gary cared passionately about racing. Above  
03 all, he cared for its people. He was an advocate in the  
04 councils of racing for the backstretch population, those  
05 24/7 folk who populate the shed rows most every day of the  
06 year. He provided a voice for the trainers, the grooms,  
07 the farriers, and vets within the deliberations and

08 committees of TOC. He was Prometheus for the little guy,  
09 rock-solid in his opinions, and willing also to go to the  
10 wall on behalf of the caring and sharing that racing  
11 needed in its business dealings and personal associations.

12 An encouraging smile always seemed to be in  
13 place, giving him a cherubic look. The grin belied the  
14 steel beneath. He was always clear about his loyalties  
15 and his personal vision of racing's needs and future. He  
16 could vent anger, but only on behalf of a cause in which  
17 he believed. He could be stubborn in upholding the ideals  
18 by which he lived. He could be excessive. Witness the  
19 protruding stomach, barely contained by pants whose  
20 support were the ever-present suspenders that typified his  
21 costume for a day at the track. Gary Burke was a singular  
22 person who wore the clothes, talked the talk, and walked  
23 the walk of the common man. It was his modest disguise  
24 for the uncommon man within.

25 If this eulogy paints only the goodness of  
26 the man, so be it. I am proud to present it, for he is  
27 deserving of the tribute. All of racing is poorer that  
28 he's gone. All of racing is richer for his having been

0105

01 here. So Gary, we'll miss your energy and your heart, but  
02 stand convinced that wherever you are and however it can  
03 be done, you'll be there for all of us.

04 MR. TOURTELOT: Thank you, Alan. Very moving.

05 Any old business?

06 MR. DUARTE: Charlie Duarte (phonetic), California  
07 Thoroughbred Trainers.

08 Those were beautiful words about Gary. I  
09 also think it's appropriate to mention another great loss  
10 that racing incurred in the exact same time frame, and  
11 that was Bart Halliburton (phonetic). He was a very true  
12 friend of racing, especially in Northern California. He  
13 served on the Horsemen's Committee for approximately  
14 20 years and was an owner for 30 years. So I think the  
15 words that Alan said about Gary were very appropriate and  
16 pertain to Bart as well.

17 Thank you.

18 MR. HARRIS: I agree that Bart was a tremendous  
19 person for racing, as was Gary.

20 MR. GOODRICH: Mr. Chairman, one other item of  
21 general business. I knew Gary and Bart both, and they  
22 were both champions to the backstretch workers. I'm  
23 Cliff Goodrich, President of the CTHF.

24 I want this group to know I came before this  
25 group a couple of months ago about the plight of our  
26 foundation. For those of who you don't know, we represent  
27 the healthcare needs of the backstretch workers. And  
28 today I handed Roy Wood our audit financials for the

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01 period ending last June 30, and though we still lost  
02 money, we have made a lot of improvement, and a big reason  
03 for that improvement comes from the continued support, and  
04 I do mean the continued support, of the race tracks  
05 through their foundations and the horsemen.

06 And what the horsemen have done is, there's

07 a provision in the law which has not been utilized, but it  
08 allows one race per meet to be run with purses moneys  
09 dedicated to the benefit of the welfare fund, which is the  
10 CTHF fund. And with all the negative publicity in the  
11 newspapers you always read, I want this Board to know and  
12 anybody listening that these tracks and these horsemen  
13 support this foundation. And on closing day at Del Mar --  
14 and this will move right through the thoroughbred calendar  
15 through next June, there is an overnight stakes called the  
16 Living Green Stakes, which is very appropriate. The purse  
17 money from that race will be dedicated to the welfare fund  
18 for the benefit of the backstretch workers, and I think  
19 that's a very benevolent gesture on the part of the TOC.

20 I'm confident the tracks will continue in  
21 their support of our organization. We're getting better,  
22 and we see the light to where might be able to finish in  
23 some profitable mode next year, and it's largely because  
24 of the horsemen and the tracks who continue to support  
25 this foundation, and I hope that's known by more than just  
26 the people in this room.

27 MR. TOURTELOT: Thank you, Cliff. I'm glad you're  
28 here.

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01 We're going to adjourn now for executive  
02 session. We'll reconvene, but we'll have no further  
03 business. Thank you all for coming, and we'd appreciate  
04 it if you'd clear the room as soon as possible so we can  
05 get into executive session.

06 (Meeting adjourned at 1:15 p.m.)

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