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

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

TRANSCRIPT OF PROCEEDINGS

Pomona, California

Friday, September 21, 2001

Reported by:
JANE E. BRUGGER,
CSR No. 11107
Job No.:
CHBH873

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FOR THE STATE OF CALIFORNIA
ROBERT H. TOURTELOT, COMMITTEE CHAIRMAN

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

TRANSCRIPT OF PROCEEDINGS, taken
at 601 West McKinley Avenue, Pomona,
California, commencing at 10:13 a.m., on
Friday, September 21, 2001, heard before
ROBERT H. TOURTELOT, Committee Chairman,
reported by JANE E. BRUGGER, CSR No. 11107,
a Certified Shorthand Reporter in and for
the State of California.

0003

01 APPEARANCES:

01

02 Chairman: Robert H. Tourtelot

02

03 Executive Director: Roy C. Wood

03

04 Member: William A. Bianco

04

05 Member: Sheryl L. Granzella

05

06 Member: John C. Harris

06

07 Member: Alan W. Landsburg

07

08 Member: Roger H. Licht

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09 Member: Marie G. Moretti

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I N D E X

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04

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07

08 3 - Discussion and action by the Board on the 13
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01 Pomona, California, Friday, September 21, 2001
02 10:13 a.m.

03

04

05 MR. WOOD: Good morning everybody and welcome to
06 the regularly scheduled meeting of the California Horse
07 Racing Board being conducted on Friday, September 21st,
08 2001. And we're at the Sheraton Fairplex Suites in
09 Pomona, California.

10 Present at today's meeting are
11 Chairman 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 this morning's
16 meeting I would respectfully request that if you have
17 testimony to give to the Board that you please provide our
18 court reporter with a business card. If you can't do
19 that, you need to be sure you state your name and your
20 organization clearly before you begin the testimony.

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

23 MR. TOURTELOT: Thank you, Roy. And thank you for
24 coming.

25 Before we commence our business I would like
26 to have a moment of silence for all of those who were
27 taken from us in the tragic events of September 11th.
28 Thank you.

0006

01 The first item on the agenda today is the
02 approval of the minutes of the regular meeting of
03 August 24th, 2001.

04 MR. HARRIS: I have a couple of suggestions, or
05 changes.

06 On page 4 there is a statement from me that I
07 think was taken incorrectly. If I recall I didn't say --
08 on line 3 it says, "He stated the fairs historically had
09 the dates, but in the 1980s at some point, there were not
10 enough horses to run the days." I think what I said was,
11 "There were enough horses to run the days with overlap."
12 So if we take out "not" and add "run the days with
13 overlap."

14 And then also on line 5, and it was also
15 important to community racing. I don't recall saying
16 "community racing." I think what I intended to say was,
17 "Provide racing to areas of California away from major
18 track areas."

19 And also on the last page it shows the death
20 of -- it's incorrect. It says "Bart Halliburton." It's
21 Bart Helen (phonetic). So insert "Helen" for
22 "Halliburton" on line 3 and line 7, I guess.

23 And also on the next to the last line it was
24 not the "Living Green Stakes," it was the "Living Dream
25 Stakes."

26 MR. TOURTELOT: All right. Then the motion would
27 include those changes, Commissioner Harris.

28 Does anyone --

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01 MR. LANDSBURG: I so move.

02 MR. TOURTELOT: Second?

03 MS. MORETTI: Second.

04 MR. TOURTELOT: All in favor?

05 MR. BIANCO: Aye.

06 MS. GRANZELLA: Aye.

07 MR. HARRIS: Aye.

08 MR. LANDSBURG: Aye.

09 MR. LICHT: Aye.

10 MS. MORETTI: Aye.

11 MR. TOURTELOT: Aye.

12 Motion is approved.

13 The next item on the agenda is the discussion

14 and action by the Board on the Application for License to

15 Conduct a Horse Racing Meeting of the Churchill Downs

16 California Fall Operating Company at Hollywood Park,

17 commencing November 7th through December 17th, 2001.

18 Jackie?

19 MS. WAGNER: Jackie Wagner, C.H.R.B. staff.

20 Churchill Downs has filed its application for

21 a license to conduct this meeting. Its post dates are

22 from November the 7th through December 17th, which is

23 31 days. And that's four days less than they ran in the

24 year 2000.

25 They're proposing to run a total of

26 267 races, or 8.6 races per day.

27 They meet the 10 percent requirement of

28 stakes purses paid for Cal-bred stakes races.

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01 They will be racing five days per week,

02 Wednesday through Sunday, with eight races per day on

03 Wednesday, Thursday, Friday and Monday, December 17th.

04 They're proposing to race nine races on Saturdays and ten

05 on selective Sundays, Friday, November 23rd and Saturday,

06 November 24th.

07 The first post time daily will be 12:30.

08 The wagering program will utilize C.H.R.B.

09 rules.

10 We have received the horsemen's agreement.

11 So the only outstanding item that we have on this

12 application is the fire clearance.

13 And the staff would recommend that the Board

14 approve the application contingent upon us receiving that.

15 MR. TOURTELOT: Am I correct that this application

16 now includes the representation with respect to the back

17 side?

18 MS. WAGNER: That has not -- is not included on

19 this application. But the back side has been inspected.

20 That will be -- I think that application is up for

21 adoption at the Board's next meeting.

22 So that includes -- that whole statement will

23 be on the next application that's come before the Board.

24 MR. HARRIS: Can I ask a question?

25 On the application there is a list of various

26 places that they would simulcast to. I'm not clear if the

27 horsemen's organization has approved these on -- for these
28 specific beats.

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01 MS. WAGNER: I believe they have. There may be
02 someone here from Hollywood Park that would be able to
03 clarify that.

04 MR. JOHNSON: Don Johnson.

05 I'm not sure we received the application.
06 There is a list of those. We will review them and approve
07 them or suggest changes.

08 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

09 There is nothing new and different in the list
10 of receiving locations. It's just a question of
11 getting all the contracts back, and so forth. But I don't
12 anticipate any problems.

13 MR. HARRIS: I am not too worried about it in this
14 meeting. But as we go forward it's going to be more
15 important with account waging that there is going to be
16 a lot of different plusses and minuses of simulcasting in
17 different places.

18 MR. VAN DE KAMP: Mr. Chairman -- John Van De Kamp,
19 T.O.C.

20 What usually happens in these situations is
21 the track, I think, lists the outside organizations with
22 whom it intends to deal with, and it is subsequent to the
23 approval that they usually provide us the list which we
24 then review and approve or disapprove. And then we work
25 it out.

26 I would suggest that we formalize that
27 process a bit further so that the Board gets a complete
28 list of the approved lists of all the simulcast facilities

0010

01 that the two of us, the tracks and the horsemen, agree to,
02 and the rates. And then, basically, the files are kept
03 and some review made by the Horse Racing Board. So their
04 approvals, at least, are more than just facial. Because I
05 think in the past there has been very little attention
06 given to that from the Board's standpoint.

07 And I realize it's an additional burden. But
08 that is what has happened before, and that is why I will
09 not -- and plus a second ago when you asked the
10 question --

11 MR. HARRIS: Well, my concern is that some, if not
12 all, the applications have recently included, say --
13 Birmingham, as I understand, is noted for giving rebates
14 and sending their signal to offshore places to get
15 rebates. And I think, philosophically, racing needs to,
16 you know, the horsemen and the tracks have to look at that
17 issue and see if that's something that is true to --

18 MR. BAEDEKER: And we have in the past.

19 As a matter of fact, a year ago we withheld a
20 signal from our receiving site because we did have
21 evidence, as a matter of fact, not that they were
22 subdisseminating it but, as a matter of fact, that they
23 were giving rebates. And so we do monitor it. I will
24 agree with you. We have to do a better job with that
25 going forward.

26 The only comment I would like to make about
27 John's remarks is at this point, more than a month before
28 the season, many of these agreements are still pending.

0011
01 So we can submit a list of finalized agreements along with
02 the list of those that are likely to be included before
03 the start of the meeting.

04 There is not much change here. Basically all
05 of us go just about every place we can. And the list is
06 not changing much now as opposed to a few years ago when
07 it was growing significantly each year.

08 MR. HARRIS: I think going forward, maybe we need
09 to look at the application to really segregate the sites
10 that are strictly a traditional off-site, off-track
11 wagering site -- that's just all they do is people come in
12 and bet -- and the ones that are actually cobetting sites
13 or cal-wagering sites. Because if those people can
14 compete in California with whatever types are in
15 California, then there is a whole different situation that
16 goes forward than has been.

17 MR. VAN DE KAMP: I think that's appropriate.
18 You have to know that as we review these
19 tracks, you know, send these proposed rates, we look to,
20 in establishing the rates with the tracks -- and I think
21 we're pretty much on all fours on this. But if we have a
22 state -- we're sending to a greyhound track, for example,
23 there's no support in horse racing, we usually charge
24 a lot more. Birmingham, we charged a lot more. In fact,
25 there was some betting that was gravitating from Las Vegas
26 to Birmingham. We get more out of Birmingham than we
27 certainly do get out of Las Vegas. We're very cognizant
28 of that. And sometimes we pick it up after the fact.

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01 But every simulcast director, you know, works
02 with us on this because it's in the track's interest as
03 well as ours to make sure we get as much as we possibly
04 can.

05 MR. HARRIS: Well, my concern was, I don't know if
06 the Board involved should all agree and say, well, you
07 should get X versus Y from Birmingham. But I think the
08 Board involved is assured that the tracks and the
09 horsemen, you know, have thoroughly looked at the
10 arrangements and feel that there is a need to do whatever
11 you're doing.

12 MR. LANDSBURG: We still believe, though, that we
13 need the oversight of the paperwork that was suggested
14 which is simply what the percentage is coming to
15 California.

16 MR. TOURTELOT: Any other comments or questions?
17 The Chair would entertain a motion to approve
18 that application.

19 MS. MORETTI: So moved.

20 MR. TOURTELOT: Second?

21 MR. BIANCO: Second.

22 MR. TOURTELOT: All in favor?

23 MR. BIANCO: Aye.

24 MS. GRANZELLA: Aye.

25 MR. HARRIS: Aye.
26 MR. LANDSBURG: Aye.
27 MR. LICHT: Aye.
28 MS. MORETTI: Aye.

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01 MR. TOURTELOT: Aye.

02 The Application for Churchill Downs is
03 approved.

04 Item Number 3, discussion and action by the
05 Board on the Application for License to Conduct a Horse
06 Race Meeting of the Pacific Racing Association at Golden
07 Gate Fields, commencing November 7th, 2001 through
08 March 31, 2002.

09 MS. WAGNER: Jackie Wagner, C.H.R.B. staff.

10 The application before you for Pacific Racing
11 Association is for November the 7th through March 31st,
12 2001, which is 101 days. The Association is proposing to
13 race a total of 858 races for 8.5 races per Day.

14 They meet the 10 percent requirement of the
15 stakes purses paid for Cal-bred stakes races.

16 They're proposing to race five days per week,
17 Wednesday through Sunday, with eight races per day
18 weekdays, and nine races on Saturdays, Sundays and
19 holidays. They will have a first-time post of 12:45 p.m.
20 daily.

21 We have received a horsemen's agreement this
22 morning. It's my understanding that there is a tentative
23 stakes scheduled that is being negotiated and I think
24 needs to be finalized and then signed.

25 And we are still looking for the fire plans
26 from Berkeley and Albany.

27 And the staff would recommend to the Board to
28 approve the Application contingent upon us receiving the

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01 additional information.

02 MR. TOURTELOT: What is the status of the hospital?

03 MR. TUNNEY: I'm Peter Tunney representing
04 Golden Gate Field.

05 The equine hospital, the site has been
06 cleared. The veterinarians have a two-month period to
07 review the plans, the proposed plan drawings. They have
08 approved those. We've submitted those back for
09 finalization, a 30-day period. They've come back to us
10 now, as recently as just last week. And we've submitted
11 those to Magna, their planning department and
12 Tom Austin who was involved with the original barn area
13 improvements. And we're putting it out to them as we're
14 putting it out to you.

15 MR. TOURTELOT: Have the permits been secured?

16 MR. TUNNEY: No. They're just now in the bidding
17 process.

18 We've gone up to the city of Albany and asked
19 them. We've alerted the City of Albany. We've moved it
20 from the city of Berkeley to the city of Albany in order
21 to facilitate this better. We've notified the City of
22 Albany and the City of Berkeley the past history of this,
23 and we've alerted the City of Albany that that's our

24 intention was to build at that site. We don't anticipate
25 any problems, and we're moving forward.

26 MR. TOURTELOT: So as soon as you select a bid then
27 you'll put it out; you'll submit the application, the
28 permit, to the City of Albany?

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01 MR. TUNNEY: Correct. And we've already asked for
02 the paperwork from the City of Albany.

03 MR. TOURTELOT: Have they given you any preliminary
04 indication of how they view the project?

05 MR. TUNNEY: No. I just -- Mr. Chairman, I met
06 with the City manager some two months ago and gave her a
07 heads-up that that's what our intention is. It's in an
08 area that does not obstruct any views of the day and all
09 the things that would go -- and it's not an
10 environmentally-sensitive area.

11 MR. TOURTELOT: Is the T.O.C. satisfied that
12 Golden Gate and Magna is moving forward expeditiously with
13 respect to the hospital?

14 MR. GHIDELLA: Jim Ghidella, T.O.C.

15 Yes, we are. It's --

16 MR. TOURTELOT: Good.

17 MR. GHIDELLA: -- it's frustrating, you know, these
18 processes, but it's certainly -- Magna is pushing along,
19 as far as I know.

20 MR. TOURTELOT: Well, we all recognize it wasn't
21 Magna's fault that the City of Berkeley was, for whatever
22 reason, not cooperative. That delayed project is
23 substantial; is that correct? Your inability -- not your
24 inability, but the City of Berkeley's refusal to deal with
25 this --

26 MR. GHIDELLA: That's right.

27 MR. TOURTELOT: -- permit application is what has
28 delayed this project?

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01 MR. TUNNEY: And the simple answer to that is -- it
02 was our inability to do it. But the simple answer is the
03 fact that the Berkeley area is so -- the equine hospital
04 being put in the Berkeley area within the state, where
05 it's adjacent to it, is a nonconforming use to the current
06 zone.

07 MR. TOURTELOT: All right. Thank you.

08 Any questions from any of the commissioners?

09 MR. HARRIS: I've got a quick question.

10 This also ties into some of the account
11 wagering issues we talked about with Hollywood Park that's
12 probably more pertinent with your meetings that will be
13 continuing to the year 2002 in the event the rules will be
14 in place in the year 2002.

15 I noticed on your application you list T.V.G.
16 as a person you sell to. And I wasn't clear if you, in
17 fact, are a T.V.G. track or you sell to them, or what?

18 MR. TUNNEY: It's an option to go forward.

19 MR. HARRIS: I can't --

20 MR. TUNNEY: I'm sorry, Mr. Harris.

21 It's an option to go forward, and that's why
22 we put it in there. We do not have an agreement with the

23 T.V.G.
24 MR. HARRIS: How about when you bet?
25 MR. TUNNEY: Same thing.
26 MR. HARRIS: So my experience is that any of these
27 same issues with, as far as horsemen approved these -- I
28 guess you don't have a relationship approved. But it is a
0017 little bit confusing on these applications when -- you put
01 just everybody that conceivably you would sell to? Or I
02 thought --
03
04 MR. TUNNEY: That's correct.
05 MR. HARRIS: There's no -- so some of these on here
06 are ones that maybe you don't have an agreement with, but
07 there potentially might be an agreement?
08 MR. TUNNEY: They're potential future relationships
09 for the advance public wagering.
10 MR. HARRIS: Let's say if you have an agreement --
11 well, one case in point would be National Philadelphia
12 Park. Which -- Magna owns --
13 MR. TUNNEY: Bradford, Pennsylvania, which is a
14 Pittsburgh site.
15 MR. HARRIS: And who do they use for a hub?
16 MR. TUNNEY: They are the hub.
17 MR. HARRIS: So going forward, is there -- if
18 account wagering that you're going to discuss later, I
19 guess, comes into California, I would guess that whatever
20 arrangement that is would be reviewed. I mean, right now
21 it is a different situation that's going to be after the
22 first of the year. So how -- are you going to definitely
23 go forward?
24 MR. LIEBAU: Jack Liebau with Magna.
25 At this point in time Magna has no definitive
26 plans, but we certainly expect and will see to it that all
27 proper authorizations are received from the horsemen.
28 There's just no question about that. We won't be
0018 exploiting our signal in violation of the Federal Horse
01 Racing Act which requires the exploitation of the signal
02 to be approved by the horsemen.
03
04 And also any account wagering that Magna
05 conducts in California will have to be approved by the
06 Horse Racing Board.
07 MR. TUNNEY: So in certainty, Mr. Harris, in
08 anticipation that the committee, whom I congratulate from
09 yesterday's activities, will go forward quite a bit.
10 Initially, I thought we'd be in the middle of the spring
11 before we got this going, but right now we just put these
12 down as potential suiters.
13 MR. TOURTELOT: Yeah. I think we're putting the
14 cart before the horse to go in to too much discussion on
15 this. And there is no question in my mind Magna will
16 comply with all laws at the time that it's appropriate.
17 And at this point Magna doesn't have a plan to televise
18 races.
19 You do or you don't, or it's in progress, or
20 what?
21 MR. TUNNEY: The question is, are we going to, on

22 January the 1st, have advanced deposit wagering?

23 MR. HARRIS: Or some mechanism to get a television
24 signal or even a computer-based signal on your races in
25 holes?

26 MR. LIEBAU: We're not in a position, Mr. Harris,
27 to comment on that at this time. It is premature. And we
28 will hopefully be filing an application for approval of a
0019
01 multijurisdictional hub outside of California or for a hub
02 inside of California that would be licensed by the
03 California Horse Racing Board.

04 MR. TOURTELOT: I don't believe it is incumbent
05 upon -- at all for Magna to reveal their plans in order to
06 have this application approved.

07 MR. LIEBAU: If it's a problem we have no objection
08 to the reference to T.V.G. and u-bet being deleted.

09 MR. TOURTELOT: Well, it's been no secret to the
10 world that Magna, at some point, appears likely to have
11 its own system in competition to T.V.G., and that's why it
12 only entered into non- -- the agreements were nonexclusive
13 here. They only entered into nonexclusive agreements with
14 T.V.G.

15 So it's been no secret that Magna has, in
16 fact, a corporate mind in the idea to use its own system.
17 And you don't have to -- I don't see that you have to tell
18 us all of your plans at this point. It's not really
19 relevant to this application.

20 MR. HARRIS: I think it is because if we're
21 approving this application it goes through March of next
22 year. And we need to have some feel for how --

23 MR. TOURTELOT: It is not --

24 MR. LIEBAU: I can represent and undertake to the
25 California Horse Racing Board that no affiliate with Magna
26 will conduct advanced deposit wagering in California
27 without receiving the proper approvals from the horsemen
28 and the California Horse Racing Board.

0020
01 And also, I said that if the listing of
02 T.V.G. and U-bet represent a problem, that we have no
03 objection to them being deleted.

04 MR. TOURTELOT: I don't see where you have to
05 delete them.

06 The fact of the matter is that you have to
07 come back to the Board and to the horsemen to implement a
08 future plan. I don't see that it's incumbent upon Magna
09 to have to tell us today what their plans are. If I were
10 Magna I would resist that. I don't think it's necessary
11 to the approval of this application that we hear what you
12 might plan to be doing in the future.

13 At this point, all we know is that you will
14 follow the law. And you have made representation that you
15 will follow the law and you'll come back to the Board and
16 tell us the horsemen's future plans, and that's
17 satisfactory to this commissioner.

18 Any other comments from any other
19 commissioners or the audience?

20 MR. LIEBAU: For purposes of the record, have

21 T.V.G. and U-bet been deleted from the application?
22 MR. TOURTELOT: I'm not asking you to.
23 MR. HARRIS: I don't think that you should do that.
24 As I understand it, if we're going to do that
25 we should also, I mean, back up Pennsylvania. Because
26 they're in the same district.
27 MR. LIEBAU: Oh, no. I would object to that.
28 Ladbroke, Pennsylvania takes call bets in
0021
01 Pennsylvania and we send our signal to them. There is no
02 jurisdiction of the California Horse Racing Board over
03 Ladbroke, Pennsylvania offering wagers to the Pennsylvania
04 residents.
05 MR. TOURTELOT: But if it offered wagers to
06 California residents --
07 MR. LIEBAU: No.
08 MR. TOURTELOT: Anyway, quit when you're ahead.
09 MR. LIEBAU: I did.
10 MR. TOURTELOT: I don't see any reason to go into
11 that any further.
12 And the Chair will entertain a motion to
13 approve the application on Item Number 3 on the agenda.
14 MS. GRANZELLA: So moved.
15 MR. TOURTELOT: Second?
16 MR. LANDSBURG: Second.
17 MR. TOURTELOT: All in favor?
18 MR. BIANCO: Aye.
19 MS. GRANZELLA: Aye.
20 MR. HARRIS: Aye.
21 MR. LANDSBURG: Aye.
22 MR. LICHT: Aye.
23 MS. MORETTI: Aye.
24 MR. TOURTELOT: Aye.
25 Opposed?
26 Okay. Thank you.
27 Everybody take a deep breath. Item number 4;
28 discussion and action on the allocation of the Northern
0022
01 Fair and thoroughbred race dates for 2002.
02 Now, let me say that under "Committee
03 Reports," item 10, it says "report from the Race Dates
04 Committee." And I think that is kind of putting things
05 backwards. And although the report is not going to be
06 very long, I'm going to make the report, and
07 Commissioner Harris will assist me in that regard of any
08 comments he has.
09 Before we go into the discussion and action
10 on Item 4, that doesn't seem to make much sense to give
11 you a report of what happened yesterday after we vote.
12 As most of you know, the Race Dates Committee
13 met yesterday for a couple hours. And we had in our
14 possession a very extensive presentation by C.A.R.F. on
15 behalf of the California affairs, and a very extensive
16 presentation -- written presentation -- that was presented
17 to all of the commissioners and to the Race Dates
18 Committee by Magna, regarding Magna, regarding the
19 situation in California.

20 The meeting brought forth basically the same
21 arguments on either side that we've been hearing. And I
22 think we've had three -- three Race Dates Committees meet,
23 which is in my eight years' tenure on the Board. It was
24 unprecedented.

25 And as we explained yesterday that while
26 there are a number of factions who believe that
27 recommendation that we have been making, the Race Dates
28 Committee and, recently, the Northern California Fair
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01 versus the -- versus San Mateo -- Bay Meadows, the
02 overlap, that we were wrong. I explained that, as
03 Mr. -- Commissioner Harris and I have spent many, many,
04 many hours wrestling with this, and as Commissioner Harris
05 said, you know, there have probably been many, many
06 sleepless nights. Because whether everyone in the room
07 believes it or not, and I think most of you do, we have
08 only done what we believe, in our minds, what's best for
09 California racing overall, for the best of Northern
10 California and for the industry in the state of
11 California.

12 Even the representatives from Magna agreed
13 yesterday that reasonable minds can disagree on this. I
14 have said before, and I'll say it again, that in my
15 opinion the present number of racing dates in Northern
16 California is higher than the horse population can
17 sustain. Magna disagrees with me. Okay. That's fine.

18 The fact is that we have shorter fields. And
19 they say it's because the trainers are not running the
20 horses back often enough. We had a lady yesterday who
21 said she ran her horse back 19 times.

22 MR. LANDSBURG: In three months.

23 MR. TOURTELOT: In three months. We need to clone
24 that horse. That's the whole answer to the horse
25 population problem. That if we clone that horse, then
26 we've done it. We don't have to worry about this anymore.

27 But all joking aside, it's true. The lady
28 did say that.

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01 Magna disagrees. And we believe that the
02 overlap -- that the problem is exaggerated by overlapping
03 the race dates.

04 For eight years I've sat on this Board. And
05 for one year, fortunately, I had to sit on the Race Dates
06 Committee. And this is my last meeting today. But if it
07 weren't, I can tell you that I would not be putting my
08 hand up for the job next year of race dates chairman.
09 Because for \$100 a month, it's just not worth it, I tell
10 you.

11 Anyway, the fact of the matter is, is that we
12 have tried to do what we believe is best. For eight years
13 I've sat here and listened to the reports of the race
14 dates committee. And every year it's a Band-Aid.
15 Everybody -- not everybody -- a lot of people agreed we
16 had a problem. We had a problem with filling the field,
17 and we had too much racing. In all of the eight years
18 I've heard from people, "it's too much racing in

19 California." And you can say, "Well, cut down to one race
20 a day." No. It's just too many -- it's too much racing.

21 So we set out to finally bite the bullet,
22 the race committee. And we came up with -- after a lot of
23 input and hard work, we came up with a reduction of, I
24 think, either 18 or 19 days.

25 And then the poo-poo hit the fan. And we
26 were -- the barrage hit us that we were destroying racing
27 in California, and we were going to destroy racing in
28 Northern California. And some of the people thought that
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01 who are sitting here today.

02 And on the other side of the coin we were
03 applauded by the media and other people that this was
04 finally -- the California Horse Racing Board was taking
05 hold of this problem and was going to do something. And
06 that those riders hoped that we didn't back off and
07 succumb to the pressure that was most certainly going to
08 be exerted on us by certain factions of the industry.
09 Well, time will tell about that.

10 We, though, did reduce the 18 days to 19 days
11 in Northern California. And still people are running
12 around yelling like Chicken Little that the sky is
13 falling. And I don't think the sky is falling.

14 And I hope this Board will have the gumption
15 to not be persuaded by these arguments that, yes, there is
16 a problem, but we're going to fix it another way. I've
17 heard that for eight years. You all haven't sat here for
18 eight years, but I have. And the problem is just getting
19 worse.

20 And to the laborer I say, yes. I hate to see
21 cutting out days when your workers will lose pay. But
22 what we're trying to do is to save racing and improve
23 racing so that your workers will have something to look
24 forward to; that racing in Northern California improves.
25 It's going downhill. And anybody that thinks it's
26 improving right here has been on some island. And the
27 labor, I want to see labor flourish. But the racing has
28 to flourish or you won't have the jobs.

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01 And when I went before Senator Burton for my
02 confirmation and my second appointment, Senator Burton
03 said -- instead of giving me any normal questions -- "What
04 do you think about one racetrack in California?" I said,
05 "I don't know what you're talking about." He said, "Look
06 at the situation." This was four years ago. He said,
07 "Look at the situation. Look at the numbers." And I
08 said, "Well, I can see, Senator, maybe one racetrack in
09 the future some day in Southern California and one in
10 Northern California. But I don't know about one" -- but
11 anyway. That was the discussion that Senator Burton
12 wanted to pursue in 1993.

13 So we believe very sincerely,
14 Commissioner Harris and I, that the present number of race
15 dates is higher than the horse population can sustain.

16 You have heard the argument. You've read the
17 articles from Magna. And very well presented by very

18 bright people who put together an excellent presentation.
19 Very helpful. A very tough decision.

20 I told Magna yesterday that if I could wave a
21 magic wand and make everybody happy, I'd do it in a
22 second. I'm not out to hurt Bay Meadows. My job is to
23 try to do the best I can for horse racing. I'm going to
24 be off this Board next week. So it would be the easiest
25 thing for me to say, "We'll just do what we did last
26 time."

27 But I know, I know, that a Band-Aid is not
28 going to work again. It's what you all have been doing
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01 for eight years. Everybody, everybody has to give in if
02 we're going to move forward to help Northern California.

03 So I'm speaking more to the people on my left
04 than on my right, that they have the strength to see
05 through the arguments that have been presented, and to
06 vote in favor of the Race Dates Committee recommendation,
07 which is that we keep it as it was presented at the last
08 meeting.

09 MR. HARRIS: I think that Mr. Tourtelot explained
10 it very well. It has been a real agonizing time and I
11 don't think any one schedule, anybody could absolutely say
12 is the best schedule versus another schedule.

13 We just try to come up with something that we
14 thought balanced the different needs of the state. And I
15 respect all the different parties and that we have
16 different feelings about it.

17 And part of the problem or challenge that
18 we're trying to come up with is we don't know, really, how
19 things work out until we've tried them. But the intent of
20 a racing law does have -- in the intent language
21 supporting the network of the California fairs -- that
22 gives us some inclination of the intent to do something to
23 support the fairs.

24 It also has language that says, "provide for
25 maximum expansion of horse racing opportunities in the
26 public interest." So if we left out "in the public
27 interest" and we just had "maximum expansion of horse
28 racing opportunities," we would probably deregulate days
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01 and just have everybody run whatever dates they wanted to
02 run because that conceivably would expand the
03 opportunities.

04 But I think the public interest is to have
05 some systematic methodology to allocate the dates to the
06 public's interest, which I interpret as keeping the
07 interest of racing and employment and the overall strength
08 of racing as something that the public is interested in.

09 And I'm just concerned about field size in
10 the North that we keep seeing that attrition, especially
11 at the major meetings, and dropping a few days here or
12 there may help them.

13 But it is a tough issue. But we did spend a
14 lot of time on it. And I don't feel great about the whole
15 subject anymore. And I wish I never heard of racing
16 dates. But I think Bob and I did come to this conclusion

17 that these dates are what we feel will work in 2002.

18 MR. TOURTELOT: I'm going to add one more thing.

19 We did recommend, with respect to Solano
20 County, the Vallejo Fair, that July 15th, which is a
21 Monday, would be added back into the schedule, which
22 previously was supposed to be dark. And that we add that
23 one day so that the fair starts -- on the 12th it opens.
24 But the racing starts on the 10th of July. So they would
25 end up having, let's see, 11 days. So the recommendation
26 of the Race Dates Committee is to add the 15th of July to
27 the Vallejo program. And there will be basically no
28 objection to that. Nobody got up and yelled and screamed.

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01 MR. HARRIS: I think, too, that we would strongly
02 encourage any discussions between Bay Meadows -- between
03 San Mateo County Fair and Solano County Fair to switch
04 their dates and provide that turf racing. And I don't
05 know if that could happen for this year.

06 And also we would encourage Solano to do
07 everything they can to revitalize their operation. That
08 they are one fair that definitely is of concern.

09 MR. TOURTELOT: All right. Let's segregate --
10 segue rather -- from my report into now a discussion with
11 respect to this item. And the commissioners all have some
12 comments. And Commissioner Moretti first, and then
13 everyone will have an opportunity to say what they want.

14 MS. MORETTI: Thank you.

15 First of all, excuse me. I have had a
16 terrible head cold in the last few days so not all the
17 brain parts may be flowing in the perfect formation today.

18 But I have given this a lot of thought. And
19 at the last meeting I started off by thanking -- and I do
20 thank again -- the commissioners who undertook this
21 horrible task. I think that it was certainly a very
22 thorough job. And I have a few different thoughts,
23 comments and concerns to raise. So I'm just going to go
24 through them.

25 After the last meeting it was pointed out to
26 me, and that there were two reports that were done back in
27 1994 and 1995 that, I believe, the rest of the
28 commissioners -- I asked them if they would ask the staff

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01 to send it to them.

02 These reports were reports to the California
03 Horse Racing Industry -- or from the California Horse
04 Racing Industry Advisory Committee to the California Horse
05 Racing Board, I believe. And among the committee were
06 very respected members of the horse racing industry
07 throughout the state, including my fellow commissioner,
08 Mr. Landsburg here.

09 What I found interesting in the reports is
10 there is a myriad of issues that were looked at. License
11 fee relief was suggested. And thanks to Senator Maddi we
12 have licensing fee relief in the state.

13 Overlap of dates was suggested to be
14 eliminated. And it never happened, obviously. All these
15 years later we've got the same issue. Every year we're

16 going to be looking at the same issue. And, I think,
17 again, as I mentioned last time, we've got a solution to
18 the wrong problem, to the wrong issue. I think that we
19 need to -- and this won't happen today -- I know we need
20 to give you the dates so that Northern California can
21 proceed.

22 But as I also had mentioned, I really think
23 that this is an issue -- dates is an issue that needs to
24 be thought of not just for a certain period during the
25 year, but over a long period of time. Because things
26 aren't what they used to be.

27 So to go back to when there was no overlap
28 may not make sense. May, but I don't think it does.

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01 Horse racing is no longer just viewed as a sport, no
02 matter how much we want to say it is. We don't even call
03 it a sport. We don't call it a team. We don't call it a
04 league. We call it an industry. And, indeed, it is an
05 industry. It's a business. And, of course,
06 reliant, totally reliant, on the people, the athlete --
07 the horse and the human athlete. But it is a 24-7
08 business. And there are a lot of components that we need
09 to deal with on that.

10 I think that the Board needs to go in and --
11 and I was going to try to talk to you, Tom, before I said
12 this. But, I mean, I think that we need to -- our charge
13 is to protect the public, to protect the industry and the
14 integrity of the industry. But I'm not so sure that we
15 need that provision in there that says that the Horse
16 Racing Board allocates dates.

17 Now, maybe what we need to do is go in and
18 form a committee to explore whether or not we need
19 legislative action to change the statute. Maybe there is
20 a reason for that that I'm not aware of, or thinking of at
21 the moment. Perhaps it's an allocation of days, not
22 dates, that we need to give to these industries -- to the
23 fairs and the associations. And let the businesses work
24 out what dates they want to run, when they want to run.
25 So if they do want to have a break, as T.O.C. suggested,
26 between -- along the break at Christmas, then as a
27 business, you can determine that.

28 But I think that that's -- and I'm not saying

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01 that any of these things are the solution. I'm just
02 saying that there is a lot of different things that we
03 need to look at. We need to be innovative. And I just
04 don't see that happening.

05 In fact, back in 1994 and '95 they addressed
06 this issue. It wasn't a new issue, it was an issue that
07 had been going for a long time, which is why they had to
08 have brought this in. But here it is 2001, and we don't
09 have people on either side of the fence still -- I mean,
10 this is supposed to be one industry. And it's not coming
11 together. How in the heck can we market ourselves and get
12 more fan base if we're constantly fighting?

13 I think that there are some hard decisions
14 that have to be made. And I think the fairs have to make

15 some hard decisions. And I'm for eliminating overlap, but
16 it might not make sense. Maybe the fairs need to sit down
17 and say, okay, you know, Solano, San Mateo, Cal Expo,
18 we've got these dates but they're not the right time on
19 the calendar. Maybe we do need to switch them around.
20 maybe we just -- the thoroughbred. I'm not talking about
21 the harness and the other breeds at the moment. I think
22 we need to have a program where that dialogue takes
23 place.

24 I don't mean to be rambling, but I have
25 thought about this a lot. And I think that we really need
26 to give consideration to a lot of these things. And, you
27 know, the idea of -- Ron Liccardo had an idea that we
28 should have potentially fewer races per day as opposed to

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01 fewer racing dates, days. And, you know, I could say --
02 turn around and say, "We need larger fields," which is
03 actually, I think, more the problem than anything else.
04 And as our chairman just stated, we don't have enough
05 horse population in Northern California.

06 So perhaps we do need to visit the idea of
07 raising the requirements for certain mandates and certain
08 conditions and classes of races per larger field sizes.

09 Last year -- and I don't remember what
10 meeting -- Rick Baedeker had mentioned that last-minute
11 scratches were causing a lot of short field sizes. Well,
12 if that's what's happening, then let's think about
13 penalties for those last-minute scratches. You know,
14 there is a lot of other things that can be thought about.

15 And I all I'm doing is, I want to raise these
16 issues because I truly think that in order for us to go
17 ahead and not have the same discussion next year and the
18 year after and the year after, we need to just restructure
19 and rethink our job as a Board, in that sense, without
20 compromising our ability to protect the public. But, you
21 know, the public is also the betting public. So if they
22 have short fields, then they want to bet on the horses.
23 So there are all these variables in there.

24 I support the fairs. But penalizing the
25 fairs and penalizing the Northern California tracks is not
26 fair. So, you know, I don't think that we should penalize
27 the fairs, but I don't think we should penalize the
28 business that is feeding and supporting horse races in

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01 California, which is Bay Meadows and Golden Gate.

02 So, with that, I will just say that, you
03 know, the industry needs to reevaluate. And I think that
04 the Horse Racing Board needs to reevaluate as well.

05 MR. TOURTELOT: Thank you, Commissioner Moretti.
06 As usual, you're very bright and thoughtful, and you do
07 give a lot of thought and attention to these issues. I
08 think that everybody here on the Board and in the audience
09 appreciates your participation. And, again, as I said, I
10 think it's very healthy, your recommendation that the
11 Board continue to review the processes. And just because
12 they're there, doesn't mean that they're right
13 necessarily.

14 So in the future, I would encourage you to
15 continue the type of thinking that you're bringing to this
16 Board. And that is, let's look at what we have and how
17 does it work rather than just accepting it. And I don't
18 necessarily agree with everything you said, but that's not
19 the point.

20 Commissioner Licht?

21 MR. LICHT: First of all, I appreciate the work of
22 the Committee. I know you guys really have spent a lot of
23 time. And, naturally, I've given due consideration to
24 your recommendations.

25 I have looked at this 19401 of the B and P
26 Code at length. And to me the things that stand out are
27 the encouraging the breeding of horses and increasing the
28 horse racing opportunities in the public interest. And I

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01 don't believe that loss of dates to major tracks like
02 Bay Meadows is going to encourage the breeding of horses.

03 Fresno racing does not encourage the breeding
04 of horses. Stockton racing does not increase (sic) the
05 breeding of horses. Quality racing improves it. And
06 that's the reason the field sizes are down is because less
07 horses are being bred. And that's the only reason, in my
08 mind, that field sizes are down.

09 I've looked at the statistics supplied by the
10 fairs and by Magna, and I'm not convinced that the smaller
11 field sizes have anything to do with overlap. I
12 absolutely am not convinced of that.

13 And probably foremost on my mind is the loss
14 of jobs. I mean, labor is an important part of this
15 industry. And there is going to be an enormous amount of
16 days lost as a result of taking away these dates from
17 Bay Meadows. And I just can't condone that. And if you
18 add to that the loss of purse money to the horsemen, which
19 is gone. It doesn't come back. That money is just gone
20 once those dates are gone.

21 And, yeah, long-term, maybe the industry will
22 be helped. But most horsemen today, owners, trainers,
23 everybody associated with it, need money today. They
24 don't need to hope that the industry is somehow going to
25 be better in the future as a result of the loss of dates.

26 MR. TOURTELOT: I just picked up on one word you
27 said, or sentence; long-term maybe they'll be helped. You
28 know, and I suppose you can be saying that in another four

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01 years, "long-term, maybe they'll be helped."

02 The problem is here today. And as I've said,
03 I've been hearing about the problem for eight years.
04 Nobody has done anything. There are a few Band-Aids that
05 have been, quote, "banded around," excuse the pun. And
06 here we're talking about in long-term maybe it will be
07 helped. But right now we need the purses. Right now
08 Labor needs their wages. And I agree. In a perfect
09 world, all of that -- everybody gets what they want. But
10 what we're trying to do is to improve the horse racing in
11 Northern California and throughout the state.

12 This is an experiment. And, you know, to say

13 long-term maybe it will be helped, but right now we have
14 to have a status quo because we're going to hurt the
15 horsemen and we're going to hurt the labor. Everybody has
16 to give. It isn't going to work in the future if it's not
17 going to help build racing.

18 So with all due respect, Commissioner Licht,
19 I think you're doing the same thing that the last eight
20 Boards have done. In the long-term maybe something will
21 help. But right now let's just keep it the way it is so
22 that nobody loses their bottom line for next year.

23 Anybody else?

24 MR. LANDSBURG: My fax machine groans under the
25 weight of the paper that's come in. My mind boggles at
26 the amount of paper. I'm delighted to have read it,
27 although it has hurt my eyes.

28 Now, my one comment was we have to start
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01 thinking out of the box. I agree with
02 Commissioner Moretti that we can't be limited by what
03 we've just done. I find that recommendation of the Race
04 Dates Committee, and I truly respect their integrity and
05 the work they put in, but I disagree with it.

06 The thinking out of the box is, why not add
07 overlap days? Now, in adding overlap days, as many as
08 five or six to meetings -- I'm going to hear the scream.
09 I can hear it coming out of some people saying, "We don't
10 have enough horses." But we've been hearing that scream
11 for too long, and there is no bloody proof.

12 We have a lot of racing. There is no bloody
13 proof that the racing at fairs and up North, and at one of
14 the major tracks up North does, in fact, not have enough
15 horses to run a program. The more programs we run, the
16 more handle comes in; the more handle comes in, the more
17 money is available for horses and purses. So let's not
18 limit it to a two-day experiment. The two-day experiment
19 is the kind of Band-Aid, with all due respect,
20 Commissioner Tourtelot, is the same kind of Band-Aid that
21 we've been applying.

22 When we looked at this problem in 1994, when
23 I was a member of the advisory committee, we were much
24 more concerned about how simulcast racing would affect the
25 outcome of racing here in California. Would it diminish
26 or increase? Clearly what we were worried about was
27 getting our signal out; clearly what we were worried about
28 was how we did it, and that was the main thrust of those

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01 meetings.

02 But in terms of horse population, we are at a
03 moment in time when we do not know how horse populations
04 actually affect it. If we increase racing as an
05 experiment, increase overlapping days, we will find
06 ourselves in a position to be able to judge whether it was
07 economically advantageous or not. At this point in time
08 we're talking about an industry struggling for economic
09 survival and economic flourishing.

10 We're also struggling with an industry that
11 has not, to the best of my knowledge -- and you might

12 prove me wrong, and I would hope you could prove me
13 wrong -- has never had a determined and sustained move to
14 bring new horses to this environment, to bring other
15 horses to this environment.

16 Whether it meant outlays of dollars, whether
17 it meant having people in other racetracks consistently,
18 not for one little quick breast stroke, but stationed
19 there to move horses from other race
20 tracks and other venue states to us. I am determined that
21 it has never been done as a really sustained effort by
22 this industry. If we're really concerned about horse
23 population, it's one of the areas we must attack.

24 I would opt, as I say, for more days to prove
25 or not prove. Two days is not going to prove or not
26 prove.

27 Thank you.

28 MR. TOURTELOT: With all due respect,
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01 Mr. Landsburg, I've heard your speech before. And to say
02 that this is just a Band-Aid, well, then it comes down to
03 the size of the Band-Aid. The Band-Aid has been, in
04 part --

05 MR. LANDSBURG: Excuse me, sir.

06 MR. TOURTELOT: -- to be for paper cuts.

07 MR. LANDSBURG: It's an experiment. We're in an
08 experiment. This is a two-day experiment. I'm opting for
09 more, that's all.

10 MR. TOURTELOT: I don't know what that means.

11 MR. LANDSBURG: I'm opting for more days within the
12 experiment. More proof. That's it.

13 MR. TOURTELOT: Then we need to do that next year
14 because we're not going to have another Race Dates
15 Committee. At least I'm not because I won't be here.
16 You're saying you want to add more, well, then add more
17 next year. But we're talking about -- I mean, you're
18 going to throw the baby out with the bath water and reject
19 the Committee's recommendation because you want more?

20 MR. LANDSBURG: I'm sorry. I just don't agree with
21 it.

22 MR. TOURTELOT: In any event, I would say that
23 we're not using a Band-Aid. But I've heard what you said
24 for eight years. I heard it in Tucson when I first came
25 on board. It will be interesting. So I'll come next year
26 to hear what the Committee says.

27 Anybody else?

28 MS. GRANZELLA: I'd like to say something.
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01 I, too, am sick and tired of what? Making
02 \$100 for all this pain and suffering that we're going
03 through here.

04 I'm not going to repeat what everybody else
05 has said. I think -- I do believe I have all the sympathy
06 and empathy in the world for the fairs. And I know there
07 are all the little guys out there trying to make it, and
08 they probably look at Magna as the big guy and trying to
09 control everything.

10 However, I do believe that Magna and

11 Bay Meadows are being punished unnecessarily. I really
12 do. I think that there is some other compromise out
13 there. I think they bit the bullet the worst. And I
14 just can't agree with taking so many days as they've
15 gotten taken away from them. And I have looked at all the
16 numbers for the overlap, and everything, and I believe
17 overlap -- not total overlap, but I think some overlap is
18 good for the industry.

19 The people that work in Northern California,
20 you know, for Magna, or whatever, the labor and
21 everything, they're going to get hurt bad. And I'm big on
22 labor, and I don't want to see them get hurt. So that's
23 all I have to say.

24 MR. TOURTELOT: It seems to me that -- I think what
25 we're looking for is the handwriting on the wall.

26 It seems to me that we have a couple of
27 choices here. One, we could go ahead and call for a
28 vote, which I think I'm a pretty good counter of votes

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01 after hearing everyone's view. I understand -- oh, Bill,
02 I'm sorry. I asked if anybody else wanted to say anything
03 and nobody said anything. So --

04 MR. BIANCO: No problem.

05 I'm still serving my apprenticeship and I'll
06 be very frank with you.

07 With the amount of reading material and the
08 research and the analytical results that I've come up
09 with, I would hate to see us cut any of the dates at
10 Bay Meadows. I know that the economy and the state in
11 Northern California is a little bit weak right now. And
12 even considering what happened last Tuesday, I hate to see
13 anybody lose any type of employment, whether it's a day
14 or whether it's a week.

15 I don't like to put Band-Aids on things. And
16 I believe what I've been hearing, I think that there has
17 to be some changes or some way of trying to get more
18 facets into our industry, especially in Northern
19 California.

20 I would not like to see us cut any of the
21 dates because of labor, and that's the way I feel. I feel
22 I'm not of a journeyman status yet because I've only sat
23 here for about four or five months. But I do feel that
24 the information I've been given, right, I would hate to
25 try to cut any of the dates in this type of economy that
26 we have right now.

27 So I'm in agreement with Marie, Sheryl and
28 Roger.

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01 Thank you.

02 MR. TOURTELOT: Thank you very much.

03 How ever the Board votes is not going to
04 bother me. I know that I did what I was sworn to do and
05 came up with a conclusion. Hey, folks, I've been wrong
06 before. I'm a trial lawyer. And some of the guys on the
07 other side don't agree with me and sometimes the judge
08 doesn't agree with my position. So that's nothing new to
09 me. And I don't get bothered by it. As long as I can say

10 that I'm happy with my vote, and I'm happy with what I
11 did. And I didn't come to that conclusion because of any
12 influence on any side, or any agenda. This is just a
13 fact. And other people disagree. And there are very
14 bright people on the Board and in the audience. It
15 doesn't bother me one bit.

16 What we come down to is we have two choices.
17 We have one, we can call for the vote. The vote is going
18 to be to deny the -- not approve the recommendation of the
19 Race Dates Committee. And where does that leave us?
20 Because we have not come up with an alternative proposal.
21 I guess you could do it, Mr. Reagan, fairly quickly,
22 but -- and the Board could instruct you to do that, and
23 that's what you would go forward on. If that's the
24 Board's preference, that's what we do.

25 Or maybe -- and I'm not really in favor of
26 this -- we could defer this between the next Board
27 meeting, and other members of the Board will be on the
28 Race Dates Committee. And I'm not saying that because I'm
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01 throwing my hands up. I'm legally off the Board, so I
02 can't do it. I don't want someone to take that the wrong
03 way. So it's up to the Board of how you want to proceed.

04 I pretty well know what you're going to --

05 MR. HARRIS: I think I agree with
06 Chairman Tourtelot. And I would support going forward
07 with whatever the Board wants to do. But probably what
08 would work would be some kind of a motion to amend our
09 recommendation to reinstate those overlap dates. But I
10 don't feel comfortable making that motion.

11 But I think that the whole thing is that I
12 hope that we're terribly wrong and that the field size
13 this fall and next year at Bay Meadows are outstanding. I
14 would urge everyone on the Board to look at those entries
15 every day and see if racing is really healthy under this
16 situation or not.

17 MR. LICHT: Mr. Chairman, I would like to move that
18 the recommendation of the Committee be amended so that the
19 overlap is reinstated and the dates are as they have been
20 in the past.

21 MR. TOURTELOT: Well, that doesn't quite work.

22 MR. HARRIS: I think if you just reinstate that, in
23 2002 the committee recommendation would be amended and not
24 include the two --

25 MR. LICHT: The two days in Fresno?

26 MR. HARRIS: You'd get two days back in Fresno and
27 two days back in Stockton.

28 MR. TOURTELOT: You have the overlap -- excuse me.
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01 We have the additional day in Vallejo. I don't know why
02 you throw that out.

03 MR. LICHT: No. That should be included.

04 And so the overlap in Stockton will be two
05 days, or the overlap in Fresno two days more, and the
06 Vallejo receive the one more day on a Monday.

07 MR. TOURTELOT: Let me just say first -- I think
08 there are people coming forward.

09 I don't think we need discussion on this and
10 I'll tell you why. Because if I thought that you could go
11 to the other side of the island, or whatever side that is
12 that supports the fairs, or supports our recommendation,
13 could convince the other commission, I'd stay here until
14 5:00 and let you talk. But I don't think you're going to
15 convince them.

16 So, therefore, the Chair is going to ask that
17 you really not get up here and argue your position because
18 we've all received all of your materials and letters and
19 phone calls and three Race Dates Committees. This Board
20 seems pretty clear on their views. I respect those. And
21 I think we're, sorry to say, wasting everyone's time to
22 have a debate from the audience. So I would ask for none
23 of that.

24 MR. WOOD: Mr. Chairman, can I respectfully request
25 that you give Mr. Reagan an opportunity to read the
26 instituted dates so we can read them into the record so we
27 can get this correct? If we start jumping around two days
28 here and there without letting him have a chance to read

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01 them into the record, the exact dates -- we want to be
02 very precise.

03 MR. TOURTELOT: Absolutely.

04 MR. BLAKE: Mr. Chairman, although further audience
05 comments may not be very productive, it is legally
06 required that we provide an opportunity for anybody who
07 should feel that they absolutely have to say a word.

08 MR. TOURTELOT: I think I've provided it.

09 MR. WOOD: Let's let Mr. Reagan give us the dates
10 and then we'll ask for motions once he gives us the exact
11 dates.

12 MR. TOURTELOT: But I want to just say that if
13 somebody gets up and starts arguing their position about
14 the fairs, if I hear again from Magna's position, I have
15 to say, why are you doing this? Because I see everybody
16 sitting on the edge of the chairs ready to talk. About
17 what? What are you going to talk about?

18 Go ahead.

19 MR. REAGAN: John Reagan, R-e-a-g-a-n, C.H.R.B.
20 staff.

21 Commissioners, what is before us now are the
22 race dates for Northern California. You have already
23 approved the first portion of Golden Gate Fields through
24 March 31st, 2002.

25 So let's continue then to today. You would
26 be looking at April 3rd, 2002, through June 16th, at
27 Bay Meadows for an amended amount of 55 days now. And
28 back at Bay Meadows on August 30th, through 11/11,

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01 November 11th, for a total of 55 days. And coming back to
02 Golden Gate Fields on November 14th through December 22nd
03 for 29 days.

04 The fairs; Stockton, 6/12 through 6/23 for
05 10 days.

06 Pleasanton, 6/26 through 7/7 for 11 days.

07 Vallejo, 7/10 through 7/21 for 11 days.

08 Santa Rosa, 7/24 through 8/5 for 12 days.
09 San Mateo, 8/7 through 8/19 for 12 days.
10 Ferndale, 8/8 through 8/18 for 10 days.
11 Sacramento, Cal Expo, 8/21 through 9/2 for
12 12 days.

13 And Fresno, 10/2 through 10/14 for 11 days.

14 MS. MORETTI: John, does that make Solano whole
15 again?

16 MR. REAGAN: Not quite. They lose one day compared
17 to this year.

18 MR. TOURTELOT: I suppose that we already gave two
19 motions, for my benefit; one to approve only that aspect
20 of the Race Dates Committee recommendation which
21 pertains to giving back the date of July to Vallejo. And
22 then two, to approve the amended resolution that gives
23 back the dates that John has read. Because I'm not going
24 to vote for this. I'm just going to take -- not out of --
25 but it's just a fact that I don't believe you're correct.
26 And so I couldn't look myself in the mirror if I voted for
27 it. So I'm going to stick with what I recommended and not
28 vote for it.

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01 But I do want to vote for Vallejo. That's
02 why I say we have two resolutions so that I'm not stuck
03 that I can't vote for the Vallejo one.

04 Does anybody have any comments on that?

05 MR. LICHT: I make both those motions. The first
06 motion being that the Race Dates Committee, with respect
07 to Vallejo, be accepted. And the second being that the
08 racing dates be amended, as reported by John Reagan.

09 MR. TOURTELOT: Okay. We'll take the first one.
10 And do I have a second on the first one?

11 MR. LANDSBURG: Second.

12 MR. TOURTELOT: All in favor?

13 MR. BIANCO: Aye.

14 MS. GRANZELLA: Aye.

15 MR. HARRIS: Aye.

16 MR. LANDSBURG: Aye.

17 MR. LICHT: Aye.

18 MS. MORETTI: Aye.

19 MR. TOURTELOT: Aye.

20 Opposed?

21 Okay. That carried unanimously.

22 And do I have a second on --

23 MR. LANDSBURG: Second.

24 MR. TOURTELOT: Second by Commissioner Landsburg.

25 All in favor?

26 All those in favor raise your hand.

27 MR. BIANCO: Aye.

28 MR. LANDSBURG: Aye.

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01 MS. GRANZELLA: Aye.

02 MR. LICHT: Aye.

03 MR. TOURTELOT: You have four in favor. Okay.

04 And you have their names?

05 All those against, raise your hands.

06 MR. HARRIS: Aye.

07 MR. TOURTELOT: Aye.
08 You have those names?
09 Two opposed.
10 Now, anybody abstaining, raise their hands.
11 MS. MORETTI: Aye.
12 MR. TOURTELOT: That motion passed.
13 I want to echo what Commissioner Harris said.
14 And that is I hope that we are both laughingstocks of the
15 industry in a couple of years and proven wrong, and that
16 we were going down the wrong track. Because all we care
17 about is --
18 MR. KORBY: Mr. Chairman, on behalf of --
19 Chris Korby, California Authority of Racing Affairs.
20 I just want to thank the Race Dates Committee
21 for all the time and work they put into it. I know it was
22 an agonizing and difficult job. And thank you,
23 commissioners, for your consideration here.
24 We don't agree with this allocation, but
25 that's the rule of the Board. We'll respect it and abide
26 by it.
27 And once again, thank you for all your effort
28 and consideration.
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01 MR. TOURTELOT: Thank you very much, Chris.
02 The next item on the Agenda is the discussion
03 and action by the Board on the approval of the annual
04 distribution of a portion of the unclaimed refund monies,
05 adjusted for inflation, to the Jockeys' Guild Health and
06 Welfare Trust, pursuant to Business and Professions Code
07 Section 19612.9.
08 MR. REAGAN: Commissioners -- John Reagan, C.H.R.B.
09 staff.
10 This proposed distribution was requested by
11 the Jockeys Guild last year. As indicated in the staff
12 analysis, we sent them \$591,460. This money comes out of
13 the refunds, the uncashed refunds, that are being held by
14 the racetracks as we speak. And on a prorated basis we
15 have each of the tracks send their portion to the trust
16 that has been set up by the Jockeys Guild in contact with
17 the T.O.C. That money then is held in the trust until
18 such time as the Jockeys Guild spends their money on the
19 health care costs. Those costs are audited, and that
20 money is reimbursed from the trust. That's what we've
21 been doing since 1997.
22 And at this point, the issue each year, of
23 course, is what is the percentage, the medical inflation
24 costs? I think you probably have all read stories and
25 heard about the Jockey Guild and the difficulty they had
26 with their health -- welfare and health insurance. Even
27 the State of California that I work for is talking about
28 double-digit increases. In some cases, certain plans,
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01 8 or 9 percent, other plans 10, 15, 20.
02 So when the jockeys suggested 15 percent, a
03 quick review indicated that for a small group of people in
04 a somewhat high-risk industry, a high-risk job, that
05 15 percent was certainly not unreasonable.

06 And I think I've seen the representative of
07 the Guild here today. And if they have something to say
08 or if you would like to go 15 percent, that's certainly up
09 to you.

10 MR. TOURTELOT: Any comments from any of the
11 commissioners?

12 MR. HARRIS: I'm not clear. This trust fund,
13 essentially the jockeys organization, is a sole
14 beneficiary of that?

15 MR. REAGAN: The California Jockeys are the
16 ultimate beneficiaries.

17 MR. HARRIS: So all of this stays in California?

18 MR. REAGAN: The money is actually sent to a trust
19 in Lexington where the Guild has their headquarters.
20 That's where the trust is located.

21 But the money is spent on the California
22 jockeys with their health and welfare, dental and other
23 things. And those are, kind of, calculated every six
24 months. And a bill is then presented -- an audited bill
25 is then presented to the trust and the Jockeys Guild is
26 reimbursed.

27 MR. HARRIS: How much does the trust have in it
28 altogether?

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01 MR. REAGAN: Good question.

02 Since we instituted this program, I worked it
03 out with the trust and they send me -- Well first of all
04 they started sending me quarterly statements. But for
05 some reason this year they started sending me monthly
06 statements.

07 But as of August 31st we were talking about
08 just over \$88,000 was in the trust at this point. And we
09 would be adding to that \$680,000. That would be -- the
10 total of those two numbers would approximate pretty much
11 what the Guild spent from June 30 of 2001 through June 30
12 of 2002 -- I'm sorry. 2000 and 2001. The last fiscal
13 year in terms of the State.

14 And so that comes up -- the mathematics comes
15 out pretty close. And with these possible increases
16 they're facing, we may still be chasing that.

17 An interesting point here is that the
18 uncashed refunds from which this money comes, the contract
19 and the nature of the law is such that at some point if
20 the health care cost increased to the point where they
21 exceed what's available in terms of refunds, all we have
22 to give them is what is in the refund amount.

23 MR. HARRIS: That's what I was wondering. How much
24 a year is the --

25 MR. REAGAN: This year we had just under 900,000
26 generated in unclaimed refunds for that purpose. There
27 are still a couple hundred thousand or more from prior
28 years that we could call upon if we had to. At this

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01 point, we don't have to.

02 But once again, unclaimed refunds are one of
03 those variables. Next year it could be 500,000 if we get
04 into account wagering, and nobody has to cash their

05 refunds if they are simply automatically credited.
06 So there is some downside here. And it may
07 be that in a couple of years here with increasing costs
08 and lower refunds, we may come to a point where we need
09 900,000 for this program this year and you say, all we've
10 got is 800- --

11 MR. HARRIS: Well, whatever we have is the --

12 MR. REAGAN: Yeah. That's the maximum.

13 MR. HARRIS: I guess what we have is growing
14 interest, so it's going up a little bit. I was just
15 trying to get a handle on how that works.

16 MR. REAGAN: Sure.

17 MR. HARRIS: So the 680,000 going to, effectively,
18 a group of California jockeys for health insurance.

19 MR. REAGAN: Right.

20 MR. HARRIS: But how many jockeys are there that
21 effectively benefitted from the program?

22 MR. REAGAN: We're talking about around eighty.
23 And then some of them are able to bring -- this program
24 allows for them to have their families.

25 And also there is another group of retired
26 jockeys which are covered, which is all part of the law,
27 and that's all part of the program of the California
28 jockeys.

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01 So the last time I took account or had an
02 account given to me, with all of the individuals, we're
03 probably talking about -- with families and everything,
04 150-ish, or actually it's about 146. But in that
05 category. So --

06 MR. HARRIS: I was trying to figure out -- so it's
07 actually about \$4,500 for the individual?

08 MR. REAGAN: Exactly.

09 And for the program, when you look at it, for
10 the entire program they have -- and based on that they're
11 kind of a risk category -- 4- or 5,000 a head is a
12 reasonable number in today's situation.

13 I know the State of California, that's about
14 what they spend 4,000 maybe, on me, in the current -- in a
15 standard year. And I certainly don't have any kind of a
16 job that --

17 MR. HARRIS: Well, that is covered by the Workers'
18 Compensation Bill.

19 MR. REAGAN: Certainly.

20 MR. TOURTELOT: Any other comments?

21 MR. LANDSBURG: There's a note in here, we don't
22 know at this time what the current insurance program
23 entails, and that a jockey representative was going to
24 fill us in.

25 Is there any more vital information that they
26 would have, or are we left here with just not knowing?

27 MR. REAGAN: Mr. Landsburg, I'm glad you brought
28 that up.

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01 Since I wrote that comment, Mr. Daryl Haire
02 has gotten in touch with me and indicated that even though
03 there was turmoil at the Guild, the standard program that

04 had been in place for California was able to be kept
05 intact. And so the documents I had in my office were
06 still valid. And even though I say there were concerns,
07 that program is still intact. And I was glad to hear
08 that. Thank you.

09 MR. LANDSBURG: I have no further concerns.

10 MR. HARRIS: Is this program available to all
11 jockeys or only members and jockey families?

12 MR. REAGAN: All jockeys who ride in California.

13 There are certain minimum requirements of
14 50 rides in state plus another at -- but, yes. Any jockey
15 in California.

16 MR. HARRIS: Appaloosa and quarterhorses?

17 MR. REAGAN: Anybody that rides --

18 MR. TOURTELOT: Why don't we have the Jockey Guild
19 report with respect to the insurance program.

20 MR. REAGAN: I saw them here earlier.

21 MR. TOURTELOT: Daryl and Chris, come forward and
22 tell us about the insurance program.

23 MR. MC CARRON: First of all, this is Daryl Haire
24 on my left, as you well know, and this is
25 Dr. Wayne Gertmenian, who is now the current
26 president of the Jockeys Guild and is taking over the
27 management of the Jockeys Guild. And I appreciate the
28 opportunity to sit here and explain to you why the money

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01 is needed. It's pretty -- I guess that explanation is not
02 necessary. It's pretty obvious why the money is needed.

03 MR. TOURTELOT: You don't have any objection to the
04 increase of the 15 percent or more?

05 MR. MC CARRON: No. As a matter of fact, I'm going
06 to ask for more. In light of the -- especially in light
07 of the terrible tragedy it's obvious that the insurance
08 costs are only going to go one direction. But I also want
09 to say thank you very much for the money that we received
10 from the State of California.

11 If there is any specific question I could
12 answer I would be happy to do that, if I can, if I have
13 the ability. If not, maybe Dr. Garmenian could.

14 MR. LANDSBURG: I think the question of who's
15 covered on it is now clear. The amount of coverage you
16 have anticipated, and in the past, will obviously continue
17 to be sufficient for you to take care of the needs of the
18 jockeys at this point.

19 My only question to you, Chris, is looking
20 down the road, with the possibility that the source of
21 this income may dry up, is the Jockeys Guild prepared for
22 that kind of emergency?

23 MR. MC CARRON: At the present time, no, we are not
24 prepared for that. It's something that we're diligently
25 working on. And it's the major reason why there has been
26 a management change in the Guild.

27 Back on April 1st the Guild was no longer
28 able to provide health insurance for the jockeys

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01 nationally. There is only two states -- three states
02 now -- that presently have a program like this in

03 California. That's Delaware -- West Virginia just passed
04 a law, and California has had this law since '97, I
05 believe. And we are currently putting out the bid in the
06 insurance program, and having difficulty.

07 MR. TOURTELOT: My view is that this will not --
08 this source of funds will not dry up. Historically it's
09 been there and increasing, unless you have less betting
10 and less fans. That's where it comes from, on cash
11 tickets.

12 So if it dries up, I suggest that the
13 industry has a much larger problem than this, number one.
14 And I don't think it's going to happen. I think we can
15 move forward. It's straightforward. And all these various
16 people in the audience care so much about this industry.

17 But what I'm concerned is if you do get an
18 increase in insurance costs is there enough of a cushion
19 here right now that you will be covered, or do you have to
20 come back to the Board for more? Or do you have any idea,
21 say, if the insurance companies turn around and gave you a
22 huge rate increase?

23 MR. MC CARRON: I think there is great potential
24 there that we'd have to come and ask for more, I guess.

25 MR. TOURTELOT: Then I suggest you be prepared to
26 do that. And the Board would be receptive to covering it
27 because there is more money left in the trust account.

28 MR. HARRIS: Do the jockeys copay part of it

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01 themselves or this a --

02 MR. MC CARRON: Yes. We are also contributing to
03 the plan.

04 MR. WOOD: What we're asking today is,
05 Mr. Chairman, is their authorizing we invest in this plan.

06 MR. MC CARRON: Dr. Gertmenian would like to offer a
07 comment.

08 DR. GERTMENIAN: First, having now traveled around
09 the Country --

10 MR. TOURTELOT: I don't think they can hear you.

11 DR. GERTMENIAN: We've traveled around the country
12 in this short period in my tenure and discovered how
13 incredibly fortunate the jockeys in California are. So
14 obviously we're all very appreciative.

15 However, the increase in their rates that
16 came about as of April -- and this is enormous. Somewhere
17 in the 40 percent range. So the 15 percent range -- the
18 15 percent increase which you give is certainly not going
19 to cover it. And we have to now raise the rates that the
20 jockeys pay out of their pockets. So it's becoming a very
21 serious problem. And although we are very appreciative of
22 the 15 percent increase, it falls short of the absolute
23 and current need.

24 And they all understand the problem. I've
25 listened to you and watched your reaction. And you all
26 understand that this is an incredibly difficult
27 situation. You're dealing with jockeys that are on
28 average, nationwide, if you take out the top 45 jockeys,

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01 they are making about \$14,000, \$15,000 a year. It just

02 doesn't make any sense. And for them to have to pay and
03 then come up with money for the insurance is really over
04 the top. So I would ask you to please consider, in
05 addition to what you have already considered.

06 And John and I have talked about this and
07 he's been extremely helpful. But if there was a way to
08 immediately consider an increase of over and above
09 the 15 percent that you've already done, I think it would
10 be realistic.

11 MR. TOURTELOT: We can't do that because it's not
12 on notice for an increase.

13 DR. GERTMENIAN: We would like to be able to come
14 back.

15 MR. TOURTELOT: I think the Board would be very
16 receptive to the situation. And, obviously, we care a lot
17 about the jockeys.

18 What you'll need to do is put together a
19 package showing all of the figures so that the Board sees
20 the numbers of just what you're talking about. Just to
21 say there has been a tremendous increase is not enough.
22 You have to spell it all out in a package and submit it to
23 the Board. And I'm sure the Board will be very receptive
24 to increasing that. But, again, we can't do it based
25 upon --

26 DR. GERTMENIAN: I think what we really wanted to
27 hear is that you would be receptive to us coming back to
28 talk about this.

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01 MR. TOURTELOT: We are -- they are.

02 MS. MORETTI: Yes, we are.

03 MR. TOURTELOT: Thank you very much.

04 We need a motion to approve the adoption of
05 the --

06 MR. WOOD: We do.

07 MR. LANDSBURG: So moved.

08 MR. BIANCO: Second.

09 MR. TOURTELOT: All in favor?

10 MR. BIANCO: Aye.

11 MS. GRANZELLA: Aye.

12 MR. HARRIS: Aye.

13 MR. LANDSBURG: Aye.

14 MR. LICHT: Aye.

15 MS. MORETTI: Aye.

16 MR. TOURTELOT: Aye.

17 Let's move on.

18 Public hearing on the adoption of the
19 regulatory amendment to C.H.R.B. Rule 1969 - wagering
20 prohibited, to add totalizator employees to classes of
21 licensees who are prohibited from placing wagers while on
22 duty.

23 Jackie?

24 MS. WAGNER: Jackie Wagner, C.H.R.B. staff.

25 Presently Board Rule 1969 provides that a
26 certain number of certain classes, ultimately licensees,
27 be prohibited from wagering while on duty. It
28 specifically states that these employees would include

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01 Pari-Mutuel employees.

02 Historically, Pari-Mutuel employees have been
03 interpreted to include totalizator employees. However,
04 this view was successfully challenged.

05 As a result, Auto Tote requested that the
06 industry amend Rule 1969 specifically to include that
07 totalizator employee as a class of licensee ineligible to
08 place a wager while on duty.

09 The amendment to this rule is specifically
10 asked.

11 MR. TOURTELOT: Let me see if we can cut through
12 this.

13 Does Local 280 have any objection to this
14 amendment?

15 MR. LICCARDO: Ron Liccardo, Local 280.

16 To also bring in the -- put the totalizator
17 people under the same scope, absolutely not. Because this
18 should have been done years ago.

19 MR. TOURTELOT: Okay. Good.

20 With no questions the Board will entertain a
21 motion to adopt --

22 MR. HARRIS: Just under the current rule, I
23 understand -- how does it work if the patron was to make a
24 bet for him?

25 MR. TOURTELOT: That's illegal.

26 MR. HARRIS: You can't do that.

27 MS. WAGNER: Nope.

28 MR. TOURTELOT: That's just doing indirectly what
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01 you can't do directly. As long as you don't catch them
02 very often.

03 MR. LICCARDO: We don't have it happen as much now
04 as it happened years ago, but it still happens. Sometimes
05 we get stuck with tickets and we end up stuck with losers
06 and sometimes with winners. So -- I don't think the Board
07 precludes us from being stuck with paying the payment of
08 the tickets, so I don't think you should preclude us from
09 cashing the tickets in either.

10 MR. TOURTELOT: No. But we don't want to have that
11 used to get around the rule.

12 MR. LICCARDO: No. But it does happen.

13 We've had incidents where clerks are
14 responsible for tickets that they punch out that the
15 customer didn't want and the clerk had to pay for the
16 ticket. If that ticket happened to be a winner, then if
17 the customer didn't pay for it and the clerk is stuck with
18 it, then they ought to be able to receive the money.

19 MR. TOURTELOT: How does the security know that a
20 particular Pari-Mutuel clerk doesn't buy him- or herself a
21 hundred dollar ticket, and if security comes by and says,
22 "oh, well somebody did this and walked away"?

23 MR. LICCARDO: It's usually handled through the
24 mutuel department that they say the clerk is going to be
25 stuck with the ticket whether they like it or not. And
26 it's determined before the race is even run, most of the
27 time.

28 MR. TOURTELOT: Okay. Thank you, Ron.

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01 Any other questions?
02 Chair will entertain a motion to adopt the
03 amendment.

04 MR. LANDSBURG: So moved.

05 MR. TOURTELOT: Second?

06 MS. MORETTI: Second.

07 All in favor?

08 MR. BIANCO: Aye.

09 MS. GRANZELLA: Aye.

10 MR. HARRIS: Aye.

11 MR. LANDSBURG: Aye.

12 MR. LICHT: Aye.

13 MS. MORETTI: Aye.

14 MR. TOURTELOT: Aye.

15 Public hearing on the adoption of the
16 regulatory amendment to C.H.R.B. Rule 1979 - Trifecta, to
17 eliminate the provision that requires the cancellation and
18 refund of the trifecta pool if less than five wagering
19 interests finish the race.

20 MS. WAGNER: Jackie Wagner, C.H.R.B. staff.

21 The trifecta rule currently requires that to
22 open a trifecta pool you have at least six wagering
23 Entrants selected to start. If fewer than five of these
24 entrants finish the race, the trifecta pool must be
25 canceled and refunded.

26 At the May 22nd meeting of the Pari-Mutuel
27 Committee there was a discussion held, and the industry
28 heard a request to reduce or to delete the requirement

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01 that five wagering entrants finish the race.

02 The amendment to the trifecta rule will do
03 just that.

04 MR. TOURTELOT: Any questions?

05 MR. HARRIS: Well, I am a little concerned. I'm
06 not supporting trifectas, but -- and I don't think there
07 is any, you know, history of race fixing on trifectas.
08 But I think as we get closer to this type of rule you
09 might encourage that. If you have a six-horse field and
10 six-post parade -- and basically we're saying if there's
11 four horses in the race that finished, or maybe even three
12 horses in the race that finished, you're still paid off?

13 MS. WAGNER: Yes.

14 MR. HARRIS: And I don't know if there is an
15 overriding public outcry that this needs to happen or what
16 is the -- sort of the nemesis of the origin of this rule?

17 MR. LICHT: Well, the Committee is saying this,
18 and it may be. We acknowledged what you were talking
19 about and, actually, I think, many of the historic race
20 fixes have involved trifectas. And there always is that
21 possibility that the smaller the field the easier it will
22 be, too. But as we talked about, et ad nauseam, the race
23 dates, the fact is there are just lots of five-horse
24 fields. And the Committee felt that in order to properly
25 provide the correct betting, then we should have trifecta
26 wagering.

27 MR. LANDSBURG: This doesn't change that rule.

28 This only changes the number of horses who have to finish
0064

01 a race. If a horse breaks down, the trifecta pool is
02 still alive.

03 MR. LICHT: But with a smaller field it's more
04 likely --

05 MR. LANDSBURG: You just said that horses --

06 MR. LICHT: I misspoke.

07 MR. LANDSBURG: -- six horses at the start.

08 MR. HARRIS: You still have to have six horses on
09 the program.

10 MR. LICHT: Right.

11 MR. HARRIS: Six horses on the program to have a
12 trifecta.

13 MR. LICHT: Right.

14 MR. HARRIS: But you can have three of them scratch
15 in the post parade and still be a trifecta payoff.

16 It just seems to me that we're fixing
17 something that isn't that broken.

18 MR. TOURTELOT: Well, can the Pari-Mutuel Committee
19 recommend --

20 MR. LICHT: Yes.

21 MR. HARRIS: Do the horsemen have any thoughts on
22 this?

23 MR. BAEDEKER: Rick Baedeker, Hollywood Park.

24 We had this incident at Hollywood Park during
25 the summer, and there were two problems; one, we should
26 have been better prepared so there was a bit of a delay in
27 announcing the cancellation of the trifecta to the
28 public. That's easily corrected.

0065

01 What was the real problem is that owners of
02 the winning trifecta tickets had a strong opinion about
03 this regulation. And it was difficult to explain to them
04 because the horse did start the race. As a matter of
05 fact, he did break down. And it is a little different
06 than any other situation they're familiar with where, you
07 know, the stewards might declare a race "no contest," or a
08 horse would scratch at the gate, and so forth.

09 So it was a difficult problem for our
10 customers.

11 MR. TOURTELOT: Thank you.

12 MR. BAEDEKER: It's extremely rare that something
13 like this happens and I hope it continues to be extremely
14 rare.

15 MR. TOURTELOT: Thank you.

16 I don't think I have any other comments,
17 questions or reports.

18 The Chair will entertain a motion to adopt.

19 Mr. LICHT: So moved.

MS. MORETTI: Second. All in favor?

20 MR. BIANCO: Aye.

21 MS. GRANZELLA: Aye.

22 MR. HARRIS: No.

23 MR. LANDSBURG: Aye.

24 MR. LICHT: Aye.

25 MS. MORETTI: Aye.

26 MR. TOURTELOT: Aye.
27 Now we have staff report.
28 MR. REAGAN: John Reagan, C.H.R.B. staff.

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01 Commissioners, we have our standard reports,
02 two-page summary and then the detail for each of the
03 meets.

04 I do want to point out one item. In your
05 binders today all of the statistics and averages on the
06 first two pages are correct. In some of these earlier
07 versions that got out the Cal Expo State Fair percentage
08 changes were incorrect. But what you have in your package
09 today is correct. And I wanted to make that note not only
10 for you, but for the audience who may have those earlier
11 packages in their possession.

12 Other than that it looks like an interesting
13 summer. Some of the fairs were kind of a push, some were
14 down a little bit, others were up. So we're still
15 tracking that and keeping close tabs on it, and we'll
16 continue to do the five-year review and give you the
17 differences.

18 MR. TOURTELOT: Thank you. We appreciate the hard
19 work that you put in, John, in these reports that you
20 prepare for the Board. We appreciate it very much. It
21 helps in making our decisions.

22 MR. REAGAN: Thank you.

23 MR. TOURTELOT: The next item is election of
24 chairman and the vice chairman of the California Horse
25 Racing Board.

26 Chair will entertain a motion.

27 MR. HARRIS: I would like to nominate
28 Alan Landsburg as Chairman.

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01 MR. TOURTELOT: I'll second it.

02 MR. LANDSBURG: Thank you.

03 MR. TOURTELOT: All in favor?

04 MR. BIANCO: Aye.

05 MS. GRANZELLA: Aye.

06 MR. HARRIS: Aye.

07 MR. LANDSBURG: Aye.

08 MR. LICHT: Aye.

09 MS. MORETTI: Aye.

10 MR. TOURTELOT: Aye.

11 MR. WOOD: That's a unanimous vote.

12 MR. TOURTELOT: I want to state for the record and
13 for Mr. Landsburg it's not effective until Tuesday morning
14 at 12:01 a.m. Before that, I'm still the boss.

15 MR. LANDSBURG: I will have said at midnight
16 Monday, you did a hell of a job, Bob. You kept a lot of
17 us in straight lines and created a remarkable record for
18 yourself at the Board. And I trust we'll take further
19 notice of what you have done.

20 MR. TOURTELOT: Thank you.

21 I have a couple of remarks to say in a
22 minute.

23 The next item is the election of the
24 vice chairman for the California Horse Racing Board for

25 the ensuing year or thereafter.
26 Any nominations?
27 MR. HARRIS: I would like to nominate Rodger Licht.
28 MR. TOURTELOT: I'll second that nomination.

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01 All in favor?
02 MR. BIANCO: Aye.
03 MS. GRANZELLA: Aye.
04 MR. HARRIS: Aye.
05 MR. LANDSBURG: Aye.
06 MR. LICHT: Aye.
07 MS. MORETTI: Aye.
08 MR. TOURTELOT: Aye.
09 It's unanimous.
10 Congratulations, gentlemen.
11 Committee reports. The Race Dates
12 Committee. I've already reported on that.
13 Next is a report from Pari-Mutuel operator
14 Roger Licht.
15 MR. LICHT: Well, the committee met yesterday and
16 finalized regulations to go into effect for deposit
17 wagering in the State. I think the staff and the
18 committee and the industry in general should be commended
19 for working so quickly and doing such a great job. I
20 think our regulations, without question, are the most
21 comprehensive and the most user friendly and the most
22 beneficial to the industry that exist today. I'm hopeful
23 that they will make their way through the administrative
24 process rather quickly and be up and running on
25 January 1st.
26 Again, I think staff did an outstanding job.
27 And I'm very happy that the industry came together as a
28 whole, all the aspects; the labor, the tracks, the

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01 horsemen. Everybody seemed to work together to put
02 together a very cogent and interesting set of regulations.
03 MR. LANDSBURG: Roger -- and for the record, as a
04 member of that committee -- the committee is very grateful
05 for the help and support in making sure that the better
06 with the wager that the account holder, as we call them,
07 is well protected and insulated from under a keen -- and
08 insulated from fraud as best we could.
09 MR. LICHT: I guess what I would like to do now is
10 ask that the Chair recommend that these regulations be
11 published and the administrative process begin.
12 MR. TOURTELOT: So recommended.
13 All right. The next item is --
14 MR. LICCARDO: Excuse me, Mr. Chairman.
15 Ron Liccardo, Local 280.
16 About the account wagering, I've been
17 involved in it for three years. I was called part of the
18 industry for three years. I have spent a lot of time --
19 my organization has spent a lot of money trying to get
20 this bill passed. And when their regs were wrote
21 everybody in the industry was invited to the meetings on
22 their regs, but I didn't get a phone call. I didn't even
23 know they were taking place until a week later. I think

24 the time we put into it, I think we should have at least
25 finished it out.

26 Maybe I had no input -- maybe I wouldn't have
27 had any input, but I would have liked to have been part of
28 it right down to the end.

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01 Thank you, sir.

02 MR. LICHT: Mr. Liccardo, I know you were present
03 at the committee meeting yesterday and you were heard and
04 you certainly had a lot of input with me and your views
05 had been expressed with respect to the regulations.

06 MR. TOURTELOT: All I can say is that on behalf of
07 this, Mr. Liccardo, is that it probably would have been
08 better had Labor been invited. It's not going to be very
09 productive to go back and talk about what should have been.

10 But I just hope that we don't go back to what
11 I felt that the situation on the Board was when I came on
12 in that Labor was treated like a second-class citizen.
13 And I don't want to place any blame, but I wish that this
14 Board and the staff would be more sensitive to Labor's
15 concerns when they have these kinds of meetings. Whether
16 you think they should be invited or not, they should be
17 called and asked. I just would hate to see us go
18 backwards to where we hopefully were a couple days ago.

19 I want to say a couple things under "General
20 Business." This is my last meeting as the Commissioner of
21 the Board. I want to thank Governor Wilson for having
22 appointed me for four years, and then reappointing me and
23 allowing me to have another four years.

24 In eight years I've never missed a meeting,
25 not one meeting, which I am pretty proud of. And I think
26 it shows how much I cared about this job and about the
27 industry.

28 I want to thank our staff headed by, I think,

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01 the number one executive director in the United States,
02 Roy Wood. I don't think horse racing in California would
03 be where it is today as a leader in our country without
04 Roy Wood's leadership.

05 And that then follows down to Nieoto, head of
06 security. You can go right on down the line;
07 Dr. Jensen. The people that we have are the finest in the
08 country. And staff, we have -- the hardworking, dedicated
09 staff that really makes this Commission, as
10 members, look good. They're the ones behind the scenes
11 that don't get the credit -- Jackie, the hard work that
12 you do with the legislature. And us moving over,
13 feathers get ruffled.

14 So I think the staff is the one that deserves
15 a great round of applause from all of us.

16 And I'm sorry to be leaving. Working with
17 Roy Wood, it's been quite a race. But I'm not going to be
18 gone from racing; I'll still be around.

19 I think that the people that I've met will
20 say, "Well, what did you get out of it?" I didn't know
21 very much about horse racing, which was pretty obvious to
22 some of the moans and groans when I was reappointed. But

23 I think I've learned a lot about it in eight years. I
24 think I've learned a lot of positive things. But I know
25 one thing, that I've met incredible people throughout the
26 country and especially in California. All different
27 facets of the organization and the industry.

28 And I hope that many of us will stay friends.
0072

01 And I hope that they all don't forget my name the next day
02 after we're finished, and that we were friends only
03 because I was a regulator, because I really didn't look at
04 it that way. And I know that some of the people have said
05 that to me that -- more than just being a regulator.

06 My wife, Susan, and the children, we've
07 really enjoyed the eight years of working with you. And
08 we really care about this industry. We love it. We love
09 the people and the wonderful jockeys, real athletes. And
10 the major athletes, and those are the horses.

11 So I want to thank you all. I really have
12 enjoyed the eight years. Thank you.

13 MR. HALL: Lee Hall from S.E.I.U. 1877. I'm on
14 the executive board of the racetrack.

15 I'm here, Mr. Tourtelot, to thank you for
16 everything that you've done for us. And I'm glad that you
17 were here when we needed you. And we're going to truly
18 miss you. And I wanted to come here in person to tell
19 you. And I brought a few other members, for they can tell
20 you in honesty they really appreciate everything that you
21 did, sir.

22 Thank you.

23 MR. TOURTELOT: You know, I appreciate that. And
24 we talked a little bit at breakfast. I told you that I
25 had actually been a janitor for three years in law school.
26 I worked as a janitor at Hastings Law School. Not
27 fulltime, but we were the only janitors. And we were
28 employed by the State.

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01 And so I have cleaned classrooms and
02 washrooms, and all of that. And also I was a member of
03 the Labor and Health Care Union in high school and college
04 and also a longshoreman. So I've always felt close to the
05 laborers because I was there.

06 And I just hope that this Board will continue
07 to be sensitive to your needs. And sometimes we have
08 labor disputes and they can't actually interfere because
09 of the Federal rules. But they can certainly listen to
10 you and do whatever they can. Because you're a very
11 important part of this industry.

12 Thank you.

13 MR. HALL: I don't think that your name is going to
14 disappear from the laborers. I think we'll hear from you
15 again.

16 MR. BLONIEN: Rod Blonien.

17 This is one of the few times I stand before
18 not representing anyone but myself and it doesn't pay
19 nearly as well, I have to say.

20 But, Bob, I really wanted to personally thank
21 you very much for your eight years of stewardship on this

22 Board.

23 I recall in 1993 when you were appointed I
24 think the first thing you were asked to do was to select a
25 new executive director. And there is a little
26 behind-the-scene's story

27 Bob was appointed. And the next day he
28 received a call from the Governor's office saying we want

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01 you to select X as the new executive director. And to
02 show you the independent-thinking person Bob is, he chose
03 Roy Wood rather than X. And I've got to say that this guy
04 has been much better than brand X in terms of his work.

05 And, you know, Bob, I think the hours that
06 Ed Friendly and I stood before you either as a member of
07 the Board -- and at that time the only attorney on the
08 Board -- or as a member of the Bylaws Committee, or as a
09 member of Pari-Mutuel Committee, making arguments and
10 really wanting to do things that were unheard of in terms
11 of previous history of this Board. It's a very, very
12 difficult decision to make to enable T.O.C. to really come
13 into existence and become representatives to the
14 horsemen.

15 And I recall it was near Christmastime, I
16 think, in '93 -- or maybe it was '94 -- that we came
17 before the Board and asked the Board to issue a cease and
18 desist order to keep the h.b.p.a. from writing a check for
19 \$300,000 to a lobbyist. Now, for a lobbyist that -- to
20 argue against giving money to a lobbyist is really out of
21 character. But you were leaned upon to give some legal
22 advice to the Board to help direct them through that. And
23 it was all for the good of the industry.

24 And Ed Friendly called me this morning and
25 asked me to give you his best wishes and regards and to
26 thank you very much for your help with the T.O.C.
27 leaders. And Dr. Allred has asked me to thank you on
28 behalf of Los Alamitos for the issues that you worked on

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01 on our behalf.

02 In terms of the industry in general, the
03 first year we got \$10 million in license fee relief. Your
04 buddy, Pete Wilson, was in the corner office. And we know
05 that you waited and were helpful with that heading taking
06 place.

07 It was followed by \$40 million and, of
08 course, we can't forget our good friend, Senator Ken, who
09 was there and helped guide that all through to make that
10 become a possibility.

11 You battled with the industry on saddle
12 clause. And I think it's an improvement and something
13 that we all reflect on and say we should have done it
14 years ago.

15 You've brought a fresh view to the horse
16 racing industry. You weren't really a member of the
17 fraternity or the sorority, so to speak. You were a
18 businessperson, an attorney, that came with a lot of good
19 advice.

20 At almost every meeting you attended Susan

21 was there. And we're sorry that we probably won't be
22 seeing her as often as we have in the past. And it's been
23 good with your kids -- your girls were there at a lot of
24 the meetings and it was all very, very nice.

25 And it's a little sad to see you go. You're
26 the final member of the Scurfield Gang. And we look back,
27 again, at a lot of things that we had to do and work
28 on jointly. Advanced deposit wagering was sort of the
0076 final crown -- or the final gem in your crown. And I want
01 to thank you. And I guess it's come -- time has come for
02 me to say goodbye.

04 Happy trails to you, until we meet again.

05 Happy trails to you, keep smiling until then.

06 Bob, the best to you, to Susan, the family,
07 and don't be a stranger.

08 MR. TOURTELOT: Thank you.

09 That song that Rod sings for each departing
10 commissioner is kind of like the Amazing Graze of horse
11 racing.

12 MR. CHILLINGSWORTH: I promise you, I'm not going
13 to sing.

14 The second most difficult task, after
15 allocating Northern California's racing dates is following
16 Rod Blonien.

17 But, Bob, I've heard that you cleaned up in
18 your profession. You got an early start at Hastings doing
19 that.

20 Anyway, I want to reassure you -- reassure
21 you that we will continue our contact with you, all of us,
22 in the racing business.

23 I have a specific fact to point out that
24 George Nicholaw, one of your predecessors here, and I are
25 putting on a special memorial service on Wednesday, the
26 opening day. And George is our cosponsor. And we worked
27 on this thing for two or three days. And I just want to
28 reassure you that, and it is a specific fact, but I hope

0077 you continue your contacts and we certainly will of you.

02 MR. TOURTELOT: Thank you very much.

03 MR. VAN DE KAMP: John Van De Kamp, T.O.C.

04 I've probably known Bob longer than just
05 about anyone here because we met back in the 1960's when
06 you were a bachelor and I was still a bachelor.

07 I would just like to say thank you, Bob, for
08 your service on the Board. And I can't speak as well as
09 Rod, but I know very well that you were there and
10 instrumental in the foundation of our organization. And I
11 know that you may have been upset with us once in a while,
12 but it is a live, active organization, and I think you can
13 take some real responsibility for it.

14 And my offer for you today, or my challenge
15 to you today, is to become a member of T.O.C. One way to
16 stay involved in the horse racing business, in a very
17 active way, and we need owners. Bob Lewis has some horses
18 that I know he might be --

19 MR. TOURTELOT: You know, I wanted to say that my

20 dad -- and my brother is here, my brother, Richard. My
21 dad was a very bright guy. And the one thing I remember
22 he said was never own anything that eats when you're
23 sleeping.

24 MR. VAN DE KAMP: But you never know better than
25 that.

26 Thank you very much.

27 MR. BAEDEKER: Rick Baedeker, Hollywood Park and
28 Churchill Downs.
0078

01 I would just like that to say that having
02 been in the industry for 52 years, which is forever, I'm
03 more excited about our prospects today than I have been in
04 a long time. And it's because of this new product we have
05 called "account wagering." And this Board was certainly
06 instrumental in getting it passed and signed. And
07 obviously was critical in passing the regulations that
08 will make it, I believe, a very popular product. And I
09 would like to focus on this: This all happened under your
10 leadership.

11 So I hope that as we continue to see you over
12 the years at the track, we can say, "That was great
13 work."

14 Thanks again.

15 MR. TOURTELOT: Thank you very much.

16 MR. HALPERN: Ed Halpern, California Thoroughbred
17 Trainers.

18 Bob, I just wanted to say that as I look
19 around the Board, I'm wondering who is going to take on
20 the role -- and I hesitate to use the term -- of keeping
21 the Board honest.

22 But I noticed over the past couple of years
23 that all sides of every issue were looked at, or at least
24 most sides. And in great part because of your presence
25 and your willingness to look at all sides of the issue.
26 And for that, I would like to thank you on behalf of the
27 trainers.

28 And if you should take John up on his offer
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01 to join the T.O.C., I will certainly be most glad to help
02 you find someone to train your horses.

03 MR. TOURTELOT: I would pick you.

04 MR. LICCARDO: Ron Liccardo, Local 280.

05 Over the last several years -- I won't say
06 all eight years -- we've had a great relationship. The
07 first year was a little rocky with us, but you gave us all
08 consideration possible. And all we wanted to do was get a
09 fair shake, and that's all we asked for. And we got
10 nothing but a fair shake from you.

11 You gave us all an opportunity to speak our
12 minds and let us know where we're at in the industry. You
13 gave us all considerations -- not overwhelming in our way,
14 but just to listen to what was going on. That's what we
15 needed. We needed somebody like Bob has done just to hear
16 what we have to say so we can, at least, spread our voice
17 within this industry that I've been part of for 32 years,
18 just working here. And I was a fan for ten years before

19 that. I was old enough to come out here -- my dad was
20 taking me out to the racetrack.

21 But thank you very much for all your help.
22 And hopefully you will stay in the industry.

23 MR. WOOD: I would like to say a few words on
24 behalf of the staff.

25 Mr. Blonien explained earlier that you were
26 there that day back in October of '93 when we had the
27 interview. And from that time and this day forward we've
28 worked together for eight years over a lot of projects.

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01 And Bob came into the Board, as I did, in California. And
02 with each and every day that he served on the Board, he's
03 always done it with integrity and honesty. People may not
04 have always agreed with what Bob had to say or what he
05 felt, but he always listened to everybody's side of the
06 story.

07 He was a very good leader for the staff of
08 this Board. He was a very good member of The California
09 Horse Racing Board for the people of California.

10 It's more than sad to me today to say goodbye
11 to Bob as a member of the Board. But I know he will
12 remain with me as a friend forever because we did
13 establish that kind of a relationship.

14 His wife, Susan, was a very big part of
15 everything that happened in the Horse Racing Board. He's
16 been a great family man. We're going to miss him an awful
17 lot. But we know we're all a lot better off because Bob
18 walked these steps with us along the way. Especially in
19 his cooperation with our investigative staff when he
20 participated on a daily basis, or a weekly basis, whether
21 it's qualifying or giving support, and sometimes it's
22 never easy to give support for that.

23 He's been supportive of this staff,
24 especially me, for eight years. I can't tell you what
25 he's meant to me in my life and my family.

26 Thank you very much.

27 MR. TOURTELOT: Thank you.

28 MR. WOOD: So that you won't have to worry about

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01 someone forgetting your name, I'm going ask two things;
02 one, in October we would like to invite you back to the
03 California Board of Horse Racing Board meeting for some
04 formal presentations. But in the interim, just so you
05 won't have any problem with people remembering who you are
06 and what you have done for the racetrack, I would like to
07 present you with your official California Horse Racing
08 Board gold card credential.

09 MR. TOURTELOT: Thank you very much.

10 MR. LANDSBURG: Can he now charge anything he
11 wants?

12 MR. TOURTELOT: Number 99. Have there been
13 99 commissioners?

14 MR. WOOD: It's been a long tradition.

15 MR. TOURTELOT: Well, any old business, issues that
16 need to be raised for discussion purposes only, which have
17 already been brought before the Board?

18 All right. With that then we're going to go
19 into executive session. We will adjourn the meeting for
20 purposes of executive session but we will come back, but
21 we will not conduct any further business.

22 Does anybody have anything to say?

23 MR. WOOD: I have one thing to say.

24 I would like to let everyone in attendance to
25 know that Mr. Dwyer from Fairplex has invited everyone in
26 attendance today to attend a luncheon on the third floor
27 at 12:00 noon. So if you would like to, join them.

28 (Hearing adjourned at 12:03 p.m.)