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

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

TRANSCRIPT OF PROCEEDINGS  
Arcadia, California  
Friday, March 30, 2001

Reported By:  
KATHLEEN H. SCHLENZ,  
CSR No. 11956  
Job No.:  
CHBF622

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

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

TRANSCRIPT OF PROCEEDINGS, taken  
at 240 West Huntington Drive, Arcadia,  
California, commencing at 10:10 a.m.,  
on Friday, March 30, 2001, heard before  
ROBERT H. TOURTELOT, Board Chairman, reported  
by KATHLEEN H. SCHLENZ, CSR No. 11956, a  
Certified Shorthand Reporter in and for the  
State of California.

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01 APPEARANCES:

01

02 Chairman: Robert H. Tourtelot

02

03 Member: William A. Bianco

03

04 Member: Sheryl L. Granzella

04

05 Member: John C. Harris

05

06 Member: Alan W. Landsburg

06

07 Member: Roger H. Licht

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08 Member: Marie G. Moretti

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09 Executive Director: Roy C. Wood

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10 Deputy Attorney General: Thomas A. Blake

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AGENDA ITEM NUMBER:

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- 1 - Approval of the minutes of the regular meeting of February 23, 2001. 6
- 2 - Presentation of CHRB resolution to former Vice-Chairman Joseph B. Fenley. 6
- 3 - Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the San Joaquin County Fair at Stockton, commencing June 13, 2001 through June 24, 2001, inclusive. 7
- 4 - Discussion and action by the Board on the request of the Los Alamitos Quarter Horse Racing Association to add Thursday, April 26, 2001, to their 2001 allocation of race dates. 9
- 5 - Discussion and action by the Board on the proposed regulatory amendment to CHRB Rule 2049, Designation and Approval of Horsemen's Welfare Fund, to increase the required number Board members who have no financial interest in horse racing. 12
- 6 - Discussion and action by the Board on the proposed regulatory amendment to CHRB Rule 2050, Beneficiaries, Welfare Programs and Activities, to revise the definition of those eligible for benefits under this rule. 15
- 7 - Discussion and action by the Board on the request of the Del Mar Thoroughbred Club to distribute charity race day proceeds in the amount of \$172,000 to 21 beneficiaries. 19
- 8 - Report by Golden Gate Fields on the status of the construction of the equine hospital. 22
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01           Arcadia, California, Friday, March 30, 2001  
02                                   10:10 a.m.

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05           MR. WOOD: Good morning, and welcome to the  
06 regularly scheduled meeting of the California Horse  
07 Racing Board. This meeting is being conducted on  
08 Friday, March the 30th, 2001. It's at the Arcadia City  
09 Hall in Arcadia, California.

10                   Present at this morning's meeting is the  
11 Chairman of the California Horse Racing Board,  
12 Robert H. Tourtelot. Also present this morning are  
13 Commissioner William A. Bianco, Commissioner Sheryl L.  
14 Granzella, Commissioner John C. Harris, Commissioner Alan  
15 Landsburg, Commissioner Roger Licht, and Commissioner  
16 Marie Moretti.

17                   If you have business to discuss with the  
18 Board this morning, I would respectfully request that you  
19 state your name and your association so the court  
20 reporter can have that. If you have a business card to  
21 give her, it would certainly be appreciated.

22                   And with that, I will turn our meeting over  
23 to our Chairman, Bob Tourtelot.

24           MR. TOURTELOT: Good morning, and welcome to the  
25 regular March meeting of the California Horse Racing  
26 Board. Before we start, I want to welcome the two new  
27 commissioners, William Bianco, a distinguished retired  
28 chief executive, and Roger Licht, who I think all you

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01 know is a very distinguished attorney who specializes,  
02 among other things, in horse racing law. We thank you.  
03 We enjoy having you here, and hope you'll enjoy your  
04 time on the Board.

05                   I also want to recognize Annette Piccolo,  
06 who is the commissioner from the State of Michigan.  
07 Interestingly enough, in Michigan they only have one  
08 commissioner. They have seven tracks.

09                   Annette, where are you? Welcome. We run  
10 it a little differently out here. We have seven -- we  
11 should have one track and seven commissioners, but maybe  
12 someday that's what's going to happen. We won't go  
13 there, will we?

14                   The first item on the agenda is approval of  
15 the minutes of the regular meeting of February 23, 2001.  
16 Any comments from the commissioners with respect to the  
17 minutes?

18                   The Chair will entertain a motion to  
19 approve the minutes.

20           MR. LANDSBURG: So moved.

21           MR. TOURTELOT: Second?

22                   All in favor?

23                   (Motion passed)

24           MR. TOURTELOT: Next item we're going to just  
25 bypass. It's a presentation of the Resolution to former  
26 Vice-Chairman Joe Fenley, who is engaged, unfortunately,  
27 in another matter and can't be here today, and we're

28 going to put that over until next month.

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01 MR. WOOD: To July, Mr. Chairman.

02 MR. TOURTELOT: To July. Okay.

03 The third item is a discussion and action  
04 by the Board on the Application for License to Conduct a  
05 Horse Racing Meeting at the San Joaquin County Fair at  
06 Stockton commencing June 13th, 2001 through June 24,  
07 2001.

08 Jackie?

09 MS. WAGNER: Good morning, Commissioner.  
10 Jackie Wagner, CHRB Staff.

11 The application before you is from the  
12 San Joaquin County Fair. They are proposing to race from  
13 June 13th through June 24th for ten days, which is the  
14 same amount of days that they raced in the year 2000.  
15 The Fair is proposing to race a total of 104 races, which  
16 is also the same as they raced in the year 2000.

17 They will be racing five days per week,  
18 Wednesday through Sunday, with 10 races per day the first  
19 week, and the second week they will have 10 races per day  
20 on Wednesday through Friday and 12 races on Saturday and  
21 Sunday.

22 Their first post time will be 12:15 p.m.  
23 daily, with the exception of Friday, which will have a  
24 3:00 o'clock post time. The wagering program will use  
25 the CHRB rules.

26 They do have a couple of items that are  
27 still missing from the application. One of them is a  
28 fire clearance, and they have yet to name the assistant

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01 racing secretary.

02 In addition, the horsemen's agreement from  
03 the TOC was signed this morning, so we do have that. We  
04 are also missing the name of the entity that will provide  
05 the printing of the program.

06 As you will note in the analysis, we  
07 indicate that their out-of-state wagering programs that  
08 they're proposing to import have not been finalized.  
09 That has been noted in the application, because the  
10 negotiations are still pending on those contracts.

11 Staff would recommend that the Board  
12 approve the application contingent upon us receiving the  
13 missing information.

14 MR. TOURTELOT: Thank you, Jackie.

15 Any comments or questions from the  
16 commissioners?

17 Any comments from the floor on this?

18 John?

19 MR. HARRIS: I'm not sure. The racing secretary  
20 for this meet is Greg Brent. Is he going to do this  
21 concurrently while he's racing secretary --

22 MS. WAGNER: I believe that's the case.  
23 Chris Korby will be able to comment on that.

24 MR. KORBY: Thank you. Chris Korby, California  
25 Authority of Racing Fairs.

26 Yes, sir, that's the plan.

27 MR. TOURTELOT: Any other comments?  
28 There being none, the Chair will entertain  
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01 a motion to approve that application of the San Joaquin  
02 County Fair.  
03 MS. GRANZELLA: So moved.  
04 MR. LANDSBURG: Second.  
05 MR. TOURTELOT: All in favor?  
06 (Motion passed)  
07 MR. TOURTELOT: The fourth item is discussion  
08 and action by the Board on the request of the  
09 Los Alamitos Quarter Horse Racing Association to add  
10 Thursday, April 26, 2001 to their 2001 allocation of  
11 race dates.  
12 MR. REAGAN: Good morning, Commissioners.  
13 John Reagan, R-e-a-g-a-n, CHRB staff.  
14 Yes, this is a request by Los Al to add one  
15 evening of quarter horse racing Thursday, April 26. The  
16 other night meet running at that time, the harness meet  
17 in Sacramento, has indicated they do not oppose this, and  
18 at this point we recommend you approve it.  
19 MR. TOURTELOT: Is Rick Henson here?  
20 MR. REAGAN: Yes, he is.  
21 MR. TOURTELOT: Do you have any comments, Rick?  
22 Your letter pretty much speaks to the issue.  
23 MR. HENSON: Thank you, Mr. Chairman, members of  
24 the Board. I'm Rick Henson with Los Alamitos Race  
25 Course.  
26 Mr. Chairman, our normal racing schedule  
27 has been on a four-day-a-week format, Thursday through  
28 Sunday. However, when our 2001 date allocations were  
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01 made and we ran a year-round quarter horse meet, we did  
02 not start on a four-day-week format because we weren't  
03 sure what the availability of horses would be. The  
04 horsemen -- as I stated in my letter, the horsemen have  
05 come through. I give them a lot of credit. We've  
06 averaged over eight starters per race through this time,  
07 and our two-year-olds are just about ready to hit the  
08 race track. So we would like and have requested to add  
09 this Thursday. From then on, we will be on a  
10 four-day-a-week format, from that day on.  
11 MR. TOURTELOT: If I recall, Rick, at the time  
12 you submitted the application you had indicated that it  
13 might come up and that you reserve the right to add that  
14 date; is that correct?  
15 MR. HENSON: We did discuss it, and when  
16 Dr. Allred was in front of the Board, we weren't sure at  
17 that time.  
18 MR. TOURTELOT: I have no problem with that. I  
19 would like to ask while you're at the podium, how is the  
20 energy crisis affecting Los Al? I ask that because you  
21 all had to come in and ask for a change in your -- from  
22 night to day because the charge went up to \$25 a  
23 kilowatt hour or something.  
24 MR. HENSON: It went up from six cents to  
25 nine dollars, and so during a night performance it would

26 have been in excess of \$100,000.

27 We're sort of right now waiting for PUC to  
28 make their final decisions. We thought that the

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01 interrupt -- we would be able to get out of our  
02 interruptable service. We still may be. In today's  
03 paper there was an article saying that they may put the  
04 interruptable back in. That is not good news for us or  
05 for Santa Anita and Hollywood, which all three of us are  
06 on that I-6 program.

07 We are looking into other options,  
08 generators. Unfortunately, the time to get them is way  
09 out in the future. Some of the other industries have  
10 beat us to the punch, and our KW demand is such that we  
11 need a very large generator to keep our plan under a  
12 generator system. But we are looking into those avenues.  
13 But we do plan to race at night.

14 MR. TOURTELOT: Is there a way that the tracks  
15 could all combine together to buy one generator and then  
16 transmit the electricity from that location as needed to  
17 the different tracks?

18 MR. HENSON: I can't answer that question,  
19 Mr. Chairman.

20 MR. TOURTELOT: All right.

21 Any questions from the Commissioners or the  
22 audience regarding the application to change to run on  
23 April 26th?

24 Being no questions, the Chair will  
25 entertain a motion to approve that application.

26 MR. LANDSBURG: So moved.

27 MR. TOURTELOT: Second?

28 All in favor?

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01 It will be approved.

02 (Motion passed)

03 MR. TOURTELOT: The next item is the discussion  
04 and action by the Board on the proposed regulatory  
05 amendment to CHRB Rule 2049, which is the Designation  
06 and Approval of the Horsemen's Welfare Fund to increase  
07 the required number of Board members and to increase the  
08 number of Board members who have no financial interest  
09 in horse racing.

10 Jackie?

11 MS. WAGNER: Jackie Wagner, CHRB Staff.

12 The amendment before you is for Rule 2049.  
13 Currently Rule 2049 sets the requirements for the  
14 establishment and designation of a charitable corporation  
15 to administer the Horsemen's Welfare Fund for the benefit  
16 of the horsemen.

17 Among the provisions in that rule, there is  
18 a requirement that the charitable corporation have five  
19 directors who are subject to Board approval, and that at  
20 least two of the directors must have no financial  
21 interest in horse racing.

22 The CTHF has requested that Rule 2049 be  
23 amended to provide that the required number of directors  
24 be changed from a minimum of five to a maximum of nine,

25 and that the number of directors who have no financial  
26 interest in horse racing be changed from two directors to  
27 40 percent of the total.

28 Staff would recommend that the Board

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01 approve the proposed amendment and instruct us to  
02 initiate the 45-day comment period.

03 MR. TOURTELOT: Thank you, Jackie.

04 Any comments from the commissioners?  
05 Questions?

06 MR. HARRIS: Yes. What's the reason for this?

07 MS. WAGNER: Clifford Goodrich, who represents  
08 the CTHF, will be able to articulate that.

09 MR. GOODRICH: I'm Cliff Goodrich, representing  
10 the CTHF, and the CTHF has had some problems.

11 I'm not going to say the size of the Board  
12 is a problem, but we have an aging Board, and yet we are  
13 people who have been committed to this organization from  
14 the beginning of this organization, and like most  
15 nonprofit boards, a lot of nonprofit boards are much  
16 larger than five.

17 We need to add to the breadth of our Board.  
18 We need to bring people on our Board that bring a network  
19 of people with them and financial resources. And by  
20 adding to the size of the Board while our Board is aging,  
21 they can cultivate the newer Board members, and as those  
22 older members move on, we'll be in a much better  
23 situation to provide stability through the years.

24 I would say, and Jackie touched on it, the  
25 present requirement is that two out of five members of  
26 the Board be from outside the industry, or 40 percent.  
27 That same 40 percent amount is maintained in the rule  
28 change. It's not two out of five; it just must be at

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01 least 40 percent of whatever the size of the Board is.  
02 So there's no effort there to increase or decrease  
03 representation on the Board by outside interests.

04 MR. LANDSBURG: Cliff, how long is the term of a  
05 Board member?

06 MR. GOODRICH: Two years.

07 MR. HARRIS: Clifford, could you explain the way  
08 the Horsemen's Welfare Fund works, as far as where the  
09 money comes from and how you decide where it goes?

10 MR. TOURTELOT: If you could explain sort of the  
11 funding for this fund and how distributions are made.

12 MR. GOODRICH: The main source of funds for the  
13 CTHF is from a 50-percent share of uncashed tickets  
14 wagered on the live product within the live zone. We  
15 get nothing from, for example, Bay Meadows wagering on  
16 Santa Anita horses or from wagering out of state. It's  
17 simply on the live product. That amount of money, over  
18 the years -- it used to be around \$2 million, but with  
19 the advent of simulcasting and all the intrastate and  
20 interstate wagering, that has gone down, the live  
21 portion, to where we've lost about \$500,000 a year in  
22 the last five years.

23 This organization, frankly, would have been

24 out of business in two years had it not done some things  
25 recently to change the course and the direction of the  
26 foundation.

27           As I think everybody in the audience knows,  
28 it is directly for the benefit of the backstretch workers  
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01 who care for the horses. We fund their medical and  
02 dental benefits, most of the cost of that on a  
03 preauthorized basis, and it would be a travesty to see  
04 this organization disappear or to have to cut benefits.

05           So we are looking, John, into legislative,  
06 foundation, and remedies that would broaden the scope of  
07 our fund-raising, because while we certainly must be  
08 dependent on the racing industry for most of our  
09 revenues, I think we have to attempt to reach outside,  
10 identify foundations who tend to give to Hispanic  
11 communities, for example, and try and reach out and  
12 broaden our scope of fund-raising, and that's one of the  
13 things we're trying to do.

14           MR. TOURTELOT: Are these Board members being  
15 compensated?

16           MR. GOODRICH: They are not.

17           MR. TOURTELOT: Any other questions?

18           The Chair will entertain a motion to  
19 approve to change the amendment to CHRB Rule 2049.

20           MS. MORETTI: I'll make the motion.

21           MR. LANDSBURG: Second.

22           MR. TOURTELOT: All in favor?

23           Approved.

24           (Motion passed)

25           MR. TOURTELOT: Next item, discussion and action  
26 by the Board on the proposed regulatory amendment to  
27 CHRB Rule 2050, Beneficiaries, Welfare Programs, and  
28 Activities to revise the definition of those eligible

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01 for benefits under this rule.

02           MS. WAGNER: Jackie Wagner, CHRB staff.

03           Rule 2050 currently establishes the  
04 appropriate uses for the funds that are paid to the CTHF.  
05 Under this section, Rule 2050 also defines who is  
06 eligible to receive benefits.

07           The CTHF has requested that Rule 2050 be  
08 amended to extend the eligibility of their benefits to  
09 persons who apply within 12 months after being laid off  
10 or within 12 months after they leave the industry. They  
11 have also requested that we clarify the definition of  
12 "dependents" to specify that the definition will be -- a  
13 dependent is defined as a dependent spouse or child of  
14 the person who is eligible to receive the benefits.

15           In addition, they have also requested that  
16 its allowable operating expense be increased from 10  
17 percent of the total expenditures for any fiscal year to  
18 15 percent.

19           Staff would recommend that the Board  
20 instruct us to initiate the 45-day comment period on this  
21 amendment.

22           MR. TOURTELOT: Any questions or comments from

23 the commissioners?

24 MR. LANDSBURG: I didn't quite understand the  
25 timing. When does a dependent worker get to have these  
26 benefits?

27 MR. GOODRICH: Commissioner Landsburg, as long  
28 as person is eligible, and under the current rules and  
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01 regulations, the applicant must be working in order for  
02 he, she, or that person's family to be eligible.

03 What we are trying to do here, we have come  
04 under some criticism, and probably validly so, for at  
05 times helping people who were technically not eligible,  
06 and by example, right now, today as we speak, we can have  
07 someone who worked for 35 years in the industry, retires,  
08 and the day after he retires he or his family member  
09 becomes ill. Technically we cannot take care of that  
10 person.

11 In the corporate world, they have COBRA  
12 guidelines, where at least an employee for 18 months can  
13 take advantage of COBRA while that individual seeks other  
14 remedies for his health care. That is not available to  
15 these people. They don't have the funds.

16 So what we are asking in this rule change  
17 is, a) Let's identify the dependents so that it's not  
18 grandfathers and uncles and nieces, but it's the  
19 immediate family, the spouse or children; b) Let's  
20 provide that applicant with a period of time to adjust to  
21 the new world of the fact he is not working any longer  
22 at the track, and we have defined that period as  
23 12 months, so that for a period as long as that person  
24 worked within the last 12 months, he would still, then,  
25 be eligible for care for his family. After that we would  
26 no longer be able to help him. And see -- and Roy or  
27 someone may know where this came from -- right now in the  
28 law we are allowed to expend up to 10 percent of our

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01 total budget for administrative expenses.

02 This is an operating foundation. We have  
03 two clinics. We have dental assistance. We have medical  
04 assistance. We have payroll. We have bookkeeping. We  
05 have myself. It is impossible, especially when we have  
06 reduced the expenses by over \$600,000 out of a budget of  
07 two-and-a-half million, to maintain that 10 percent  
08 guideline. And in my research, 15 percent is not an  
09 inordinate amount for an operating foundation as far as  
10 the percentage of administrative expenses.

11 So those are the three things we are after  
12 in this rule change.

13 MR. LANDSBURG: It's quite clear, I think --

14 MR. HARRIS: I'm not clear if this -- basically,  
15 you're sort of self-insured. You have a sum of money  
16 every year that you can spend. But is there always the  
17 risk there that there's more medical expenses than there  
18 is money to spend on it? How do you do that?

19 MR. GOODRICH: Absolutely, John, and we have  
20 been expending more than we have been taking in. Our  
21 reserves have gone from 3 million down to a million and

22 a half, and at the same time our revenues have been  
23 declining and health care costs have been going up. We  
24 can only do so much. When we get chronic cases, we have  
25 to find resources, whether it's MediCal eligibility,  
26 family planning, or whatever, to find programs to take  
27 care of these people, because we can't fund them through  
28 a long process. So we do the best we can up to a point,

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01 but we would bankrupt our whole organization if we took  
02 patients through the whole cycle of long term health  
03 care.

04 So we negotiate, we plead, we explain who  
05 we are, and it's good to see so many people in the  
06 medical community that will come to the rescue of these  
07 folks when they understand who we are.

08 We, in effect, operate as an HMO. We're  
09 not an insurance company, but we are the gatekeeper for  
10 these people.

11 MR. TOURTELOT: Any other questions?

12 The Board will entertain a motion to  
13 approve Item 6.

14 MR. LANDSBURG: So moved.

15 MR. LICHT: Second.

16 MR. TOURTELOT: In favor?

17 (Motion passed)

18 MR. TOURTELOT: I must say to the new  
19 commissioners, this is a rather benign agenda. About  
20 eight years ago at our first meeting, it was really  
21 incredible. I thought we were going to get shot. Some  
22 factions sat on that side, and there were factions on  
23 that side, and they would not only not talk to each  
24 other, we thought they were going to get in a fist  
25 fight. And it was really incredible. This is a pretty  
26 good start for both of you.

27 The next item, the discussion and action by  
28 the Board on the request of Del Mar Thoroughbred Club to

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01 distribute charity race day proceeds in the amount of  
02 \$172,000 to 21 beneficiaries. I might add that that's,  
03 according of the staff, 65 percent of those dollars are  
04 going to charities associated with the horse racing  
05 industry. As you all know, the law only requires about  
06 50 percent.

07 MR. LANDSBURG: 20 percent.

08 MR. TOURTELOT: And Mr. Nickolaw,  
09 Chairman Nickolaw, used to say that -- asking  
10 associations not to just live by the 20 percent, but to  
11 get it up to over 50, so we really want to congratulate  
12 Del Mar. 65 percent is very great.

13 MR. LANDSBURG: It seems like the message is  
14 getting out there.

15 MR. TOURTELOT: Except for Bay Meadows. Have  
16 they changed -- Bay Meadows, did they change that?

17 MR. LEIBAU: Currently Bay Meadows acts as its  
18 own foundation, but there is some kind of a contest from  
19 the old foundation about that. So right now, we're  
20 working on it.

21 Mr. Chairman, you summarized it pretty well  
22 and with the 65 percent plus going to race-related  
23 charities, we recommend approval.

24 MR. TOURTELOT: Any questions from the Board  
25 members?

26 MR. LANDSBURG: Just one comment. In view of  
27 what we just heard from CTHF, an informal recommendation  
28 to Del Mar that they might consider adding some to the  
0021 fund, because we have a lot for horses and little for  
01 people in terms of what has happened to them once they  
02 leave the track. So it's an informal recommendation.  
03 It's not law.

04 MR. TOURTELOT: I can't agree, Alan. But the  
05 thing is, that's like, "Can I borrow five dollars?" and  
06 as soon as you say okay, "Can I have ten?" I mean,  
07 they're above and beyond the call of duty with  
08 65 percent. I know some are lower, and we just probably  
09 should push a little bit.

10 MR. HARPER: May I respond briefly? Joe Harper  
11 representing Del Mar.

12 We actually do, but this is just charity  
13 money. Out of operational funds, we also help.

14 MR. LANDSBURG: Thank you. I'm glad to hear it.  
15 I had not been aware of just how dire the straits seemed  
16 to be based on Cliff's presentation of CTHF funding of  
17 our people.

18 MR. TOURTELOT: Well, it was a lot more dire  
19 before Cliff came along. It was not only dire, but  
20 dying. As I recall, it used to be like a foundation.  
21 It was sort of intermediary, but now with new  
22 legislation it would be the racing association itself  
23 can designate the charities.

24 MR. HARPER: Yes, that is true. Given certain  
25 conditions -- in Del Mar's case, it's nonprofit, and the  
26 Board of Directors receives no compensation, so  
27 therefore they are allowed to act as their own  
0022 foundation, which they've been doing for a few years.

01 There are additional sections that allow  
02 the for-profit organizations to act as their own  
03 foundation, given certain conditions. They meet certain  
04 minimums in terms of the contributions and so forth.  
05 It's all in the law.

06 MR. TOURTELOT: Any other questions? Comments?  
07 The Chair will entertain a motion to  
08 approve the Del Mar Thoroughbred Club charity race day  
09 proceeds.

10 MR. LANDSBURG: Moved and seconded, quietly.

11 MR. TOURTELOT: All in favor?

12 Approved.

13 (Motion passed)

14 MR. TOURTELOT: The last item on the agenda,  
15 the report by Golden Gate Fields on the status of the  
16 construction of the equine hospital.

17 MR. MINAMI: Roy Minami, Horse Racing Board  
18 staff.  
19

20 As the Board will recall at the last Board  
21 meeting at Golden Gate Fields, during the discussion of  
22 the Golden Gate Fields application, the matter was raised  
23 concerning the construction of the equine hospital at  
24 Golden Gate Fields. A brief discussion concerning that  
25 followed, and the Chairman directed that this item be  
26 placed on the agenda at the next Board meeting for  
27 further discussion.

28 I had contacted Mr. Peter Tunney to  
0023 indicate that this item is going to be on the agenda. I  
01 believe he's out of town and indicated to me that  
02 Mr. Liebau will respond and provide a report.

03 MR. TOURTELOT: I don't see the gentleman here  
04 who raised the issue at the last meeting.

05 MR. MINAMI: The gentleman who raised the issue,  
06 I believe, was Jim Ghidella, who represents TOC, and I  
07 think -- well, he's not here. Mr. Van De Kamp probably  
08 might be able to respond to that, too.

09 MR. TOURTELOT: We'll let Mr. Liebau go first.

10 MR. LIEBAU: My name is Jack Liebau,  
11 representing Golden Gate Fields. I've met with the  
12 veterinarians at Golden Gate Fields this last week. A  
13 site has been picked that's inside Albany, and for the  
14 benefit of those that are unfamiliar with the situation,  
15 the equine hospital was originally going to be built on  
16 the Berkeley side. Golden Gate Fields has the distinct  
17 pleasure, maybe, of being both located inside the city  
18 of Albany and inside the city of Berkeley.  
19 The City of Berkeley did not look favorably  
20 on the building of the equine facility, so we found a  
21 site that's on the Albany side. We have every reason to  
22 believe that Albany will approve a facility at this site.  
23 Demolition has commenced on the site. The veterinarians  
24 at Golden Gate are going to be meeting with the architect  
25 in the next week or so to work out the interior of the  
26 facility. The facility will be about the size of the  
27 Santa Anita facility. So I think that everything's on

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01 track.

02 Also at the meeting was Jim Ghidella of the  
03 Thoroughbred Owners of California that brought the issue  
04 to you last meeting. So I think we're proceeding. It  
05 doesn't seem to be a problem.

06 MR. TOURTELOT: I have a few questions. Is  
07 there a timetable?

08 MR. LIEBAU: There's a timetable as far as the  
09 veterinarians and the architect getting together.

10 MR. TOURTELOT: The first part of it, is there a  
11 timetable for the --

12 MR. LIEBAU: We will proceed with all deliberate  
13 speed in this thing as far as processing the plans  
14 through the City of Albany.

15 MR. TOURTELOT: The second question is with  
16 respect to your company's plan to build a track in  
17 Dixon. Is that still going forward?

18 MR. LIEBAU: We are continuing to look at that

19 site, yes.

20 MR. TOURTELOT: And if that site came to  
21 fruition in terms of your plans, how would that affect  
22 the plan to put a hospital, equine hospital, at Golden  
23 Gate?

24 MR. LIEBAU: I think I could assure you that the  
25 equine hospital would be built at Golden Gate prior to  
26 any track being built in Dixon.

27 MR. TOURTELOT: I understand that, but if you  
28 know you're going to move, you don't decorate the  
0025 apartment.

02 MR. LIEBAU: Well, the Golden Gate site is still  
03 going to be used. It's a race track, even if the Dixon  
04 site comes to fruition.

05 MR. TOURTELOT: I would suggest you have enough  
06 money to do it, because when we first started with the  
07 application of Magnum to purchase Golden Gate, there was  
08 a well-publicized agreement that Magnum would spend  
09 \$5 million on the backstretch -- you weren't involved  
10 back then -- to improve all of the things that the TOC  
11 and everyone else complained about, and I believe you've  
12 done a great job doing that. It cost three-and-a-half  
13 million.

14 MR. LIEBAU: I think the equine hospital will  
15 put us over the \$5 million mark.

16 MR. TOURTELOT: I was just saying -- I said at  
17 the last meeting, we're not going to ask you to spend a  
18 million and a half more, when you spent three and a half  
19 and everybody appears to be happy other than for the  
20 hospital. So there's still that in there.

21 MR. LIEBAU: I'm not quite sure where the  
22 three-and-a-half-million-dollar number came from, but I  
23 can assure you that we've gone well past that. Whether  
24 that's good or bad, I don't know, but we've gone well  
25 past the three-and-a-half million mark. I can assure  
26 you of that.

27 MR. TOURTELOT: Like Will Rogers said, I only  
28 know what I read in the paper, and that's what I read  
0026 somewhere.

02 Any questions from the commissioners?  
03 Mr. Van De Kamp?

04 MR. VAN DE KAMP: Mr. Chairman,  
05 John Van De Kamp, President of T.O.C.

06 I talked to Jim Ghidella this morning, and  
07 he regrets he's not able to be here, but he's taking his  
08 son into the hospital this morning.

09 What Jack said is true. They've had  
10 meetings and this appears to be on track. And what I  
11 would simply suggest this morning is that we place this  
12 on the agenda, let's say at a meeting after next, 60 days  
13 roughly, to get a status report on how this is  
14 progressing, because I just think we have to keep  
15 everyone's feet to the fire on this.

16 MR. TOURTELOT: Any Board members have any  
17 questions of Mr. Van De Kamp?

18 MR. LANDSBURG: Just to say that I'm delighted  
19 to hear that there will be that kind of facility even on  
20 the planning board now and moving forward.

21 MR. TOURTELOT: And I'm happy to hear that the  
22 veterinarians are going to work with the architect. I  
23 assume the TOC is going to be watching and attending the  
24 meeting.

25 MR. HARRIS: Something like this has got to be a  
26 cooperative effort because the hospital doesn't really  
27 mean too much if you don't have the vets and the staff  
28 cooperating. I know at one point, too, at the Golden

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01 Gate meeting, that there was some interest expressed by  
02 the UC Vet School being involved in it in some way, too,  
03 so that would be helpful.

04 MR. VAN DE KAMP: Well, on top of that, last  
05 year TOC set aside some money for equipment purchases,  
06 and I would expect that this year we'll add to that, so  
07 that there will be some money to help with that side of  
08 it.

09 MR. TOURTELOT: Any other questions or comments?

10 DR. JENSEN: Dr. Ron Jensen, equine medical  
11 director for the California Horse Racing Board.

12 As Commissioner Harris indicated, there was  
13 some discussion about the role of UC Davis in the equine  
14 hospital, and I'm standing here before you not as a  
15 representative of the university, but I have had some  
16 discussion with Dr. Greg Ferraro, the director of the  
17 Center for Equine Health at UC Davis on this matter, and  
18 it's my understanding that the university is prepared to  
19 assist in whatever way they might in developing the  
20 hospital and helping in the planning and organization of  
21 the hospital.

22 MR. TOURTELOT: Thank you, Dr. Jensen.

23 MR. LANDSBURG: One of the comments that I had  
24 made and asked about, and I wonder if anybody who is  
25 here can relate to, and that is we have organizations  
26 representing almost everybody, but never a formal  
27 organization available to the Board representing the  
28 vets, and I hope we can get some kind of action on it,

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01 because we really should be speaking to them as a unit.

02 MR. TOURTELOT: Any other questions?

03 The Chair will entertain a motion to  
04 approve -- well, that's the report.

05 Next item, other business, refers to  
06 general. I want to report that the Board has received a  
07 letter from Hollywood Park requesting a change on the  
08 Friday dates. The first Friday is April 27th, and -- but  
09 Hollywood Park proposes that they would start at 7:15, I  
10 believe.

11 MR. WOOD: Hollywood Park is requesting --

12 MR. TOURTELOT: Is it 7:15 the first day?

13 MR. WOOD: The first day is 7:15.

14 MR. TOURTELOT: 7:15, and then because of the  
15 energy crisis, they propose to then switch over to  
16 twilight racing for the Friday days, and start at

17 3:30 p.m.

18 Last year, I believe it was, the Board  
19 authorized the Chairman to authorize the Executive  
20 Director to deal with a request such as this, which is a  
21 change not in the race dates necessarily, but in the  
22 time, to deal with that, and unless the Board -- any of  
23 the Board members have any objection, what I propose is  
24 that I authorize Mr. Wood to go ahead and to approve that  
25 request by Hollywood Park.

26 It might be the Board wanted to ask some  
27 questions, not of me but of Hollywood Park or anyone  
28 else.

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01 MR. LICHT: I have a question for Roy on that.  
02 How about in Northern California? I think they race --  
03 they start about the same time. They start in the  
04 middle of the afternoon; right? So it's probably  
05 beneficial to them.

06 MR. WOOD: We can let Mr. Liebau speak to that,  
07 he's here, and give you some comments about this.

08 MR. LICHT: Is it Golden Gate or Bay Meadows --

09 MR. LIEBAU: Jack Liebau representing  
10 Bay Meadows.

11 We run Friday nights, have historically run  
12 Friday nights for many, many years, and plan to continue  
13 to run on Friday nights. We're disappointed that  
14 Hollywood Park isn't going to be able to join us, because  
15 if they had, we would have had concurrent racing for the  
16 first time on Friday night, which we haven't had before,  
17 because Bay Meadows overlapped Santa Anita prior to this.  
18 But we intend to continue to run on Friday nights, and  
19 have probably 8- to 10,000 people booked as far as groups  
20 on various Friday nights.

21 MR. LICHT: Any idea of the impact on handle and  
22 attendance that you think this may have on you?

23 MR. LIEBAU: It would be pure conjecture. I  
24 don't think it's a huge problem to the extent that we  
25 certainly don't oppose Hollywood Park changing their  
26 post time.

27 MR. LICHT: What about the energy crisis? To  
28 you, it's got to be just as crucial as it is to

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01 Hollywood Park.

02 MR. LIEBAU: I think all the tracks are  
03 interested in saving and conserving as much electricity  
04 as they can, but there is a very important difference in  
05 that Bay Meadows is not signed up under the I-6 program,  
06 which is interruptable electricity that when you run to  
07 a Stage III, you incur huge penalties. So we don't have  
08 that economic exposure. And also I would point out that  
09 the peak hours, so I understand from the paper, are  
10 about up to 6:00 p.m., and after that, the demand drops  
11 off.

12 We definitely intend to continue to go on  
13 Friday nights.

14 MR. HARRIS: Actually, when you get into the  
15 spring, when do you turn the lights on? It doesn't get

16 dark until 8:00 o'clock anyway, does it?

17 MR. LIEBAU: I would suspect you're right.

18 MR. LICHT: That would be the same here; right?

19 MR. HARRIS: Yeah. I think the problem is the  
20 type of --

21 MR. LIEBAU: I think the distinction is really  
22 that Bay Meadows, unlike the tracks in the south, which  
23 include Santa Anita, are not party to the I-6 contracts.

24 MR. TOURTELOT: Well, with the threat of --  
25 maybe it's not a threat, but the possibility of  
26 blackouts and interruptions, this is what I call a  
27 no-brainer. I don't think the Board has any option.  
28 Unless there's any questions, I don't think we need any

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01 presentation on it.

02 MR. BAEDEKER: Rick Baedeker, Hollywood Park. I  
03 just wanted to add some comments that are relevant to  
04 Commissioner Licht's question.

05 We're going to do everything we can to  
06 bridge the gap from live Hollywood Park racing to the  
07 simulcast from Bay Meadows. We really -- I think we'll  
08 be pretty effective in doing that with some promotional  
09 things, like happy-hour type offers. But our last race,  
10 given eight races, will occur about 15 minutes before  
11 Bay Meadows' first race, and if we run nine races on a  
12 Friday night, we would actually overlap their first race.

13 So I think we'll have a good healthy  
14 transition into the nighttime program, and I'm hoping  
15 that many of the individuals that are not able to come to  
16 Hollywood Park for a twilight program that used to come  
17 for evening racing will still come and play the Bay  
18 Meadows cards.

19 MR. TOURTELOT: But the only thing is that I  
20 remember when there was picketing by certain factions  
21 because of the Friday night racing suggested at  
22 Hollywood Park, and I've been a big fan of it because I  
23 believe the proof is in the pudding. Just go there and  
24 observe. It brings in a much younger crowd. I don't  
25 know how much they spend on the handle, but they drink a  
26 lot of beer and smoke a lot of Cohibas, and they all  
27 have a great time. It's refreshing to see a younger  
28 crowd come out there, and maybe some will come back.

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01 You can't have every day of racing be a  
02 Friday night, but with a band playing and a dollar hot  
03 dog and a dollar beer and a dollar parking -- I said when  
04 I went before the Rules Committee, my second confirmation  
05 of John Burden (phonetic) that -- we were talking about  
06 the problems with racing. I said, "You know, it proves  
07 to me Friday night racing at Hollywood Park, opening  
08 night proves to me the people will come if you give them  
09 an event." With 35,000 young people -- not only young,  
10 but over 35,000 people, a lot of young people.

11 You can get people out there. They're not  
12 going to come every night, but it shows that if you put  
13 on the right opportunity, the people will come to the  
14 track. So I'm sorry that we're going to miss some of

15 that. Del Mar does quite well, but that's a different  
16 situation, a lot of people on vacation. I wonder how  
17 many you're going to lose because they can't get off  
18 work.

19 MR. BAEDEKER: We'll have the ability to study  
20 it over the course of 12 Fridays, so we'll have some  
21 good data at the end of the season, and we fully intend  
22 to race Friday nights next year, given a reasonable  
23 energy environment.

24 MR. TOURTELOT: How much of the pressure from  
25 the backstretch people is there? Let's say we didn't  
26 have the energy crisis. We still have pressures from  
27 the people that get up at 5:00 in the morning, who have  
28 to be there at night and then come back at 5:00 in the  
0033 morning.

02 MR. BAEDEKER: We've all heard from horsemen and  
03 other employees that find racing at night inconvenient.  
04 We've also heard from a number of employees that  
05 believe, as you just described, that this is the right  
06 thing to do for the business, and so they're willing to  
07 make that sacrifice, and I think any other business  
08 defines its product and its hours of operation according  
09 to the convenience of the customer as opposed to the  
10 convenience of the employee.

11 MR. TOURTELOT: Thank you.

12 Any other questions? Comments?

13 Then with that, the Chair would instruct  
14 the Executive Director to approve in writing, approve the  
15 letter to Hollywood Park that Mr. Wyatt requested.

16 MR. WOOD: So noted.

17 MR. TOURTELOT: Any other general business?

18 MR. HARRIS: Is it -- it's clear, too, that  
19 there is some discretion on the part of the Chairman and  
20 the Director to move these post times around if things  
21 come up where --

22 MR. TOURTELOT: Now, let me say this. That's a  
23 good question. The Board could revoke that anytime. I  
24 am not the Board. You are the Board. You all are the  
25 Board, and I tried to say when we had the request from  
26 Los Alamitos, it's not my decision. The Board operates  
27 as the Board, and it just happened to be that there was  
28 something that came up a year ago where the Board voted

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01 that the Chairperson could deal with an issue like this,  
02 the Executive Director. But I want to point out that  
03 that's not something that's carved in stone or has some  
04 term to it.

05 MR. BLAKE: Let me point out that this matter is  
06 not on the agenda for action. So what's being discussed  
07 is a continuation of the standing policy that these  
08 kinds of changes are to be administered the way --  
09 performed by the Executive Director, and it is -- the  
10 Chairman pointed out that the Board could at any point  
11 change the policy in that regard.

12 MR. TOURTELOT: Yes, sir?

13 MR. NEWELL: My name is Roger Newell, sports

14 consultant.

15 I stand before the Board today as a friend  
16 and a fan of California racing. I have some creative  
17 proposals that I'd like the Board and the California  
18 tracks to review and consider to keep our fan base  
19 interested and to grow as well. I left some copies with  
20 John Reagan, and I'd like to enter this into the record,  
21 and then maybe next meeting we can discuss it and not  
22 take up the time now.

23 MR. TOURTELOT: Well, let me say I've read it,  
24 Mr. Newell, and I really appreciate your interest, and  
25 we as a board always have the fans in mind, because  
26 without the fans, it's going to be a pretty dull game  
27 out there. And I appreciate the effort that you put  
28 into this. It's obviously some really good ideas, and I

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01 will certainly read it. I know the other commissioners  
02 will as well.

03 MR. NEWELL: Thank you.

04 MR. TOURTELOT: And then we will deal with it  
05 accordingly, whenever. But I just want you to know how  
06 much we appreciate the time and effort you put into  
07 this.

08 MR. NEWELL: Thank you.

09 MR. HARRIS: I think it's important that we keep  
10 open-minded on what sort of bets we could do. Years ago  
11 people thought -- you know, the Trifecta bet came along.  
12 We got about a five-page paper saying that was the worst  
13 bet that ever could be, and it has since been one of the  
14 most popular bets. But I think we need to always be  
15 thinking of how we can better satisfy the patrons of  
16 California and what nuances would be popular.

17 MR. TOURTELOT: I've also just been informed  
18 that Lonnie Powell has a new position.

19 Hi, Lonnie.

20 MR. POWELL: Good morning, Mr. Chairman, members  
21 of the Board. It's nice to be up at the podium again.  
22 I wanted to give you a quick update. My name is  
23 Lonnie Powell. This morning I'm here on behalf of the  
24 National Thoroughbred Racing Association, and would like  
25 to give the Board and the California industry  
26 representatives in attendance a quick update on some  
27 regulatory and legislative issues that are going on.

28 I was just retained a little over a week

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01 ago by the NTRA to be their advisor on legislative and  
02 regulatory affairs. And very early in this process,  
03 starting, actually, as of tomorrow, I'll be going back to  
04 Washington, D.C., and we'll be putting our initial level  
05 of focus on some of the Federal issues that are  
06 definitely going to be impacting our industry.

07 The NTRA, since its formation, even though  
08 it started out as a marketing promotional arm, very  
09 quickly realized, as you all know quite well, that our  
10 industry is very much a political one, and it's hard to  
11 get good marketing programs out and effected if your race  
12 tracks are and your horsemen's organizations and your

13 industry is shackled by unnecessary or unfair, from a  
14 competitive standpoint, regulatory and legislative  
15 issues.

16 I have been asked to be one of our point  
17 people, particularly in the Washington, D.C. arena, but  
18 also as things evolve in the helping our various members  
19 in the different states with different state packages  
20 that might be of interest and in pursuing.

21 Real quickly, on the Federal level, which  
22 are priorities for us right now, it's very important that  
23 we make everybody aware that the EPA, which we here in  
24 California have been quite familiar with, has initiated  
25 proposals that will actually tighten the water runoff  
26 situation into a more severe situation than it is even  
27 now.

28 And as you know, the race tracks are  
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01 basically treated like feed lots. They're going to be  
02 tightening the restrictions on those feed lots, and one  
03 of the extreme parts of their proposal is that not only  
04 will the tracks and the breeding farms and the training  
05 centers be under even tighter control, but the individual  
06 horse owner and/or trainer may, in fact, be held liable  
07 and accountable and considered a permittee that would  
08 have to process permits for each and every one of their  
09 horses they have stabled at a track, a training center,  
10 or a breeding farm.

11 Obviously, this is not acceptable. This is  
12 an example of regulation gone mad. If our industry  
13 doesn't get out there and let our perspective be known,  
14 it's going to be very counterproductive.

15 There's a May 2nd comment deadline to the  
16 EPA. A number of industry individuals and organizations  
17 have submitted their comments. We as the NTRA and the  
18 American Horse Council are going to also fold those into  
19 our own general comments and retain environmental legal  
20 counsel to help us with that.

21 I just encourage individuals in the  
22 industry as well as organizations in the industry that if  
23 you haven't made comments on the EPA guidelines that are  
24 proposed, that you get those comments in before May 2nd.  
25 Ideally copy myself, the American Horse Council, and we  
26 can orchestrate that effort, because it is very serious.  
27 As we the tracks and horsemen here in California know,  
28 it's a very expensive issue, and it can be a crippling  
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01 one if it gets out of hand.

02 On the second front from a Federal level,  
03 we're going to try to work with the Department of  
04 Immigration to streamline and make more user-friendly  
05 some of the current immigration requirements that really  
06 have the race track and farm worker as a tough fit right  
07 now. Hopefully, we can get some things done like that  
08 through administrative versus a legislative arena, but  
09 that's something else we'll be speaking to you on, and  
10 you should be getting, all those of you that are members  
11 of NTRA, you'll be getting an update from me in the very

12 near future.

13           Beyond that, we hope to get to the point of  
14 dealing with some other Federal issues to help our  
15 industry out from an economic and deregulation  
16 standpoint. Certainly California is going to be a key  
17 player. The race tracks, the TOC, are members. The  
18 Board is considered to be a leader in the industry, and  
19 we will be coming to California quite often to solicit  
20 your input and comments, and as things evolve, we also  
21 look forward to working with the states where we have  
22 memberships and pursuing things and acting as a resource  
23 and as an able hand in pursuing things such as account  
24 wagering and lessening the tightening grip of some of the  
25 economic regulations that are just either no longer valid  
26 or just are not playing fair to our industry so we can  
27 let race tracks, horsemen, and our membership and  
28 industry as a whole prosper.

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01           So that's an update on what we're up to,  
02 and we look forward to working with the California  
03 industry, and I thank you for the time. I can take any  
04 questions.

05           MR. TOURTELOT: Thank you, Lonnie. That was  
06 very informative. You're a good man, and I'm happy to  
07 see that you and the NTRA have come together and you're  
08 going to be working in the role that you've taken, and  
09 we appreciate future updates.

10           MR. POWELL: Thank you very much, Mr. Chairman.

11           MR. LANDSBURG: Lonnie, you mentioned responding  
12 by May 2nd to the EPA. Do you happen to have an e-mail  
13 address, which makes it a lot easier for individuals to  
14 respond?

15           MR. POWELL: I do not have an e-mail address for  
16 them, but I could get an e-mail address. And what I'll  
17 do is I'll distribute it to the associations and to Roy  
18 and so forth so that the head person within the  
19 organizations has that.

20           MR. LANDSBURG: And kindly send a plea, if you'd  
21 like, because you have all of the details.

22           MR. POWELL: Sure.

23           MR. LANDSBURG: Second question. I read, and  
24 I'm not sure where now, it just ran around in my head,  
25 that Goodlad (phonetic) is still trying to press forward  
26 Federal legislation. Do you know what that is and/or  
27 what shape it's taken?

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01           MR. POWELL: Goodlad on the one side and Kyle on  
02 the other side are still active and still hopeful that  
03 they can get their internet-related wagering bills along  
04 the way, and obviously they are still sympathetic to our  
05 situation. They are friends, and we will work with them  
06 whenever reasonable and appropriate. But both gentlemen  
07 do plan on still pushing their agendas forward. I'll  
08 know a lot more after this week.

09           MS. MORETTI: Would it help if the Board were to  
10 send a letter?

11           MR. WOOD: We certainly can do that if the Board

11 instructs me to do so. We can send a letter to the EPA.

12 MR. POWELL: It would be very helpful.

13 MR. HARRIS: I think it's important that we  
14 analyze the issues involved in the feed lots. I think  
15 no one wants to pollute the waterways of America, and  
16 that sort of allegation that we've got waste going into  
17 a river or something like that, so there's some  
18 regulations that don't take some of the things we're  
19 doing now into consideration.

20 MR. POWELL: Exactly. I mean, we're not saying  
21 that we're not for clean water, obviously. We're  
22 looking at some of the restrictions that just get too  
23 cumbersome for an industry as specific as our own racing  
24 industry.

25 Thank very much.

26 MR. WOOD: If you would indulge us just one  
27 second, I would like for Mr. Reagan and Mr. Liebau to  
28 give the Board a quick overview of the computer betting

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01 from North Dakota and the actions taken by Santa Anita  
02 and the Horse Racing Board staff as to what we did at  
03 the time this conflict was raised.

04 So Mr. Reagan and Mr. Liebau, perhaps you  
05 can discuss that. It's an ongoing type of investigation,  
06 but I thought you'd be interested in hearing about it.

07 MR. REAGAN: Good morning, Commissioners.  
08 John Reagan, R-e-a-g-a-n.

09 For a couple of years now the parimutual  
10 departments within California have worked with me and my  
11 staff in tracking certain out-of-state simulcast  
12 locations -- I guess you could kind of say remote  
13 locations -- that seem to have unusually large handles,  
14 and also related to some of those handles, a fairly  
15 consistent and noticeable winning percentage.

16 Our first concern, of course, was that  
17 there was somebody that was manipulating the pools or the  
18 timing of the transmission of those pools; in other  
19 words, past posting or something of that nature.  
20 Numerous tests were done between the totes, and we were  
21 satisfied that there was no past posting. We chatted  
22 with the people at those simulcast locations, were  
23 notified that there were some large players, some very  
24 professional players, qualified players, and that's how  
25 they had their edge. We continued to monitor that for  
26 some time, and were satisfied that there were no  
27 technical problems.

28 As you know, a couple of months ago there  
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01 was further allegations about a location in North Dakota  
02 about certain accommodations given to one of their large  
03 players. It first came across my desk as a concern about  
04 whether or not this person had undue advantage because of  
05 an ownership in that organization, rebates, and other  
06 such matters. Those were beginning to be sorted out when  
07 the folks at Gulfstream, also pursuing the same kind of  
08 questions, ran across the fact that this person had a  
09 direct link into the tote system in North Dakota.

10 This direct link allowed that person to get  
11 standard odds information, but those odds information  
12 were directly loaded into his system, which then allowed  
13 the computer to manipulate and calculate that information  
14 much faster than someone doing it manually or at the  
15 track or whatever.

16 That came to our attention. When we  
17 verified that in fact was happening, we spoke with  
18 Mr. Liebau and other race track folks in California. We  
19 were very concerned about that. They shared the same  
20 concern, and information -- or a letter, actually, was  
21 sent to North Dakota to Racing Services indicating that  
22 if they persisted in this special service to this special  
23 individual, that the California signal would probably be  
24 dropped. And that type of conversation was taking place,  
25 had taken place, and it did take place, and, in fact, we  
26 are told now that that special link for that person has,  
27 at least at this time, been suspended.

28 We will continue to monitor the situation  
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01 for a while. The volume of wagers did decrease, but they  
02 apparently adjusted to the new situation, and the person  
03 is -- at least Racing Services is continuing to bet  
04 again, especially on Northern California.

05 So we will continue to monitor the  
06 situation, and if you have any questions, I'll certainly  
07 be willing to entertain them.

08 MR. HARRIS: Part of the publicity on this with  
09 Gulfstream Park betting -- as I understand it, this is  
10 going on at other tracks other than just Gulfstream  
11 Park.

12 MR. REAGAN: Absolutely.

13 MR. LICHT: I just think, as a comment, not a  
14 question, that it's something that the Board really  
15 needs to look into further and reassure the public that  
16 we're doing everything possible to maintain the  
17 integrity of the mutual pool.

18 MR. REAGAN: Absolutely.

19 MR. LIEBAU: This really came to our attention  
20 via Gulfstream, and at that point in time Gulfstream was  
21 running, as was Santa Anita and Bay Meadows, and there  
22 is a certain commonality in that all three tracks are  
23 own by Magnum.

24 There were some steps that were taken.  
25 First of all, the totalizator company that was involved  
26 with Racing Services was Amtote, and Amtote also happens  
27 to be the totalizator provider for Gulfstream Park.  
28 Gulfstream Park immediately sent a letter to Ted Mudge

0044  
01 (phonetic), who is president of Amtote, demanding that  
02 whatever accommodation had been made for this patron  
03 cease, and was told that it had.

04 From the California perspective, I called  
05 Susan Ballard, who is the head of Racing Services in  
06 North Dakota, and told her that we were going to  
07 discontinue her -- the extending of the signal to Racing  
08 Services in North Dakota. She asked that we not do that,

09 and there was an agreement reached pending an  
10 investigation by the California Horse Racing Board. We  
11 would not cease sending the signal provided that she  
12 assured us and represented to us three things: 1, that  
13 the patron was not getting information that was not  
14 available to the betting public as a whole; 2, that the  
15 information wasn't being given to that person on a more  
16 timely basis than it was being given to our other  
17 patrons; and the third thing was that this patron did not  
18 have the ability to wager faster than -- through a remote  
19 location or through a PC than someone would using a SAM  
20 or a Tellard thing.

21 She made that representation to us in  
22 writing. We forwarded that to the California Horse  
23 Racing Board. I think there has been some investigations  
24 going on by the North Dakota Racing Commission. I also  
25 know that the TRPB is investigating the matter, and in  
26 fact is paying a visit to the Racing Services next week.

27 There is a meeting of some of the race  
28 tracks scheduled April 19, with all of the totalizator

0045

01 companies -- there are at least three of them, being  
02 United Tote, Amtote, and Autotote -- to get a better  
03 handle on this situation.

04 MR. HARRIS: As I understand it now, would those  
05 computerized records be able to show every bet that was  
06 being made and the timing? Could you pretty well verify  
07 that --

08 MR. LIEBAU: Yes, we are, and as John said, we  
09 were assured that all the bets and the machines are  
10 being locked prior to the horses leaving the gate. The  
11 problem is the ability that this person had to bet, to  
12 make multiple bets at the same time. I don't remember  
13 exactly how many bets he was able to make within  
14 60 seconds, but it was an unbelievable number.

15 MR. HARRIS: That was one of the stipulations  
16 that North Dakota said they would do, though. Can we  
17 continue to tell if that, in fact, is not happening now?

18 MR. LIEBAU: My understanding is that they had  
19 something like 15 tellers now taking bets from this  
20 individual, where before he was able to do it through a  
21 P.C. But I think -- in hindsight, I think that  
22 Santa Anita, more particularly myself, probably should  
23 have put out some press release as to what steps the  
24 California tracks had taken to protect the wagering  
25 public on this, which we didn't do.

26 MR. TOURTELOT: Thank you, Jack.

27 Any old business?

28 MR. LANDSBURG: One piece of old business.

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01 There was a comment made that there is an  
02 effort underway to find a Workers' Compensation  
03 internalized -- that is, racing industry Workers'  
04 Compensation, and I don't know whether there's been any  
05 forward progress on it. I was wondering --

06 MR. TOURTELOT: We brought that up at the Golden  
07 Gate meeting, and Mr. Ghidella was going to look into

08 that.

09 John, do you know anything about that?

10 MR. VAN DE KAMP: I'm sorry. I missed the  
11 question.

12 MR. TOURTELOT: At the last meeting which was at  
13 Golden Gate, there was a -- I believe it was Charlie or  
14 Mr. Ghidella -- brought up the idea of a cooperative  
15 Workers' Compensation program so that all the tracks or  
16 owners save premiums. Do you know anything about the  
17 progress on that?

18 MR. VAN DE KAMP: I'm told that we're going to  
19 have a report at our TOC Board meeting next Wednesday.  
20 I've not seen it, but I'm told also we've had good  
21 cooperation from the tracks, and that we hope to come up  
22 with something, and Jim is very optimistic about what  
23 he's been able to put together. He's been working with  
24 some people in the industry as well as with the tracks,  
25 and I'm not in a position to give you a final report  
26 today. It may be something we talk about again, just as  
27 I hope -- I did hear it, that we agendize that hospital  
28 thing in 60 days or so, because I'd like to see that

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01 done, just as we'd like to see some progress on the  
02 Workers' Comp front.

03 MR. TOURTELOT: Actually, we'll put both of  
04 those on the agenda for discussion and report for the  
05 meeting following the next one.

06 MR. VAN DE KAMP: Thank you.

07 MR. HARRIS: And on the Workers' Comp issue, I  
08 think we wanted to encourage it. I don't know if the  
09 Racing Board itself is really the vehicle do that. I  
10 think it's really something that the trainers and the  
11 horsemen --

12 MR. VAN DE KAMP: I think it's of interest to  
13 the Horse Racing Board because I think you can certainly  
14 be cheerleaders and prod, and I think that's entirely  
15 appropriate, because it is one of the factors that's  
16 hurting us right now. The costs that Charlie referred  
17 to at that last meeting are just astronomical, and if we  
18 can somehow develop larger pools, and that's bringing in  
19 the front side and the back side together, I think it's  
20 going to be in everyone's best interest, and how we get  
21 there is going to be the tough problem. But I think  
22 that there -- from what I've been told, that there are  
23 some proposals that will be given to us Wednesday.

24 MR. TOURTELOT: Commissioner Harris is  
25 absolutely right. We have no control whatsoever or  
26 involvement in that, but we do like to have you report  
27 to us so that we can be kept abreast of how this cost is  
28 not going to get involved in that process other than --

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01 MR. FRAVEL: Mr. Chairman, Craig Fravel, Del Mar  
02 Race Track.

03 I just wanted to mention to you that there  
04 may be a role in here somewhere for the Board. As you  
05 know, the Board has regulations that mandate trainers to  
06 provide evidence of Workers' Compensation for licensure.

07 We have, along with Oak Tree on occasion, retained  
08 John Russell, a former trainer, to go back to the East  
09 coast and Texas tracks and talk to horsemen about some of  
10 the barriers to entry, if you will, of shipping horses  
11 out here, and one of the reports that came last week from  
12 John was that a lot of trainers just thinking about  
13 shipping horses in on a temporary basis are deterred by  
14 the requirements that might be out there for posting  
15 certain levels of bond or -- I'm not sure what the  
16 requirements are, but -- and I'm not sure that's accurate  
17 information.

18 I think it would be helpful for the Board  
19 to make sure that whatever we can do -- I know we have  
20 rules we can't get around with respect to Workmen's Comp,  
21 but however we can ease the process for horsemen  
22 elsewhere to ship horses in here and make that easier --  
23 I know the National Licensure Project is part of that --  
24 but if we can make clear what those rules are and what  
25 the requirements are for trainers shipping horses in in  
26 terms of workmen's comp, I think that would help us all  
27 in terms of alleviating the problems on horses shortages.

28 MR. TOURTELOT: Any other old business?  
0049

01 Then the Board is going to adjourn.

02 MR. LANDSBURG: I have one. I just wanted to  
03 make -- informally make all of the attendees aware that  
04 there is a new book out called -- in which I have  
05 absolutely no interest in a financial or in nothing but  
06 a personal feeling -- that the book called "Sea Biscuit,  
07 An American Legend," should read by everybody in racing,  
08 only because it is the very best book that puts forward  
09 the very best image of racing, and a much worthwhile  
10 read. I just suggest it to you as part of this  
11 industry. Read it, because it's a wonderful book. And  
12 there is a movie being made on it, so I said that I  
13 would try to help the studio just to facilitate their  
14 getting what they need to make it as good a movie as  
15 they can possibly make. I recommend it. "Sea Biscuit,  
16 An American Legend."

17 MR. TOURTELOT: Thank you very much.

18 The Board is going to adjourn now for an  
19 executive session. We'll come back.

20 (Meeting adjourned at 11:14 a.m.)  
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