

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

FAIRPLEX PARK
HIND'S PAVILLION
1101 W. MCKINLEY AVENUE
POMONA, CALIFORNIA

THURSDAY, SEPTEMBER 22, 2005

10:20 A.M.

JAMES F. PETERS, CSR, RPR
CERTIFIED SHORTHAND REPORTER
LICENSE NUMBER 10063

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

COMMISSIONERS

Mr. John C. Harris, Chairperson

Mr. Marie G. Moretti

Mr. Jerome S. Moss

Mr. Richard B. Shapiro

Mr. John C. Sperry

ATTORNEY GENERAL'S OFFICE

Mr. Derry Knight, Deputy Attorney General

STAFF

Ms. Ingrid Fermin, Executive Director

Mr. Roy Minami, Assistant Executive Director

Mr. Dick Gonzalez, Associate Governmental Program Analyst

Ms. Jacqueline Wagner, Staff Services Manager I

ALSO PRESENT

Mr. Tony Allevato, TVG

Dr. Rick Arthur

Mr. Kevin Bolling

Mr. Richard Castro, Pari-Mutuel Employees Guild Local 280

Mr. Ron Charles, Magna Entertainment Corporation

Mr. Sherwood Chillingworth, Oak Tree Racing

Mr. Marve Fortman, Scientific Games

Mr. Jerry Jamgotchian

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES CONTINUED

ALSO PRESENT

Mr. Dave Payton, Scientific Games

Mr. Norm Towne, Cal Expo

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

INDEX

	PAGE
Action Items:	
1. Discussion and action by the Board on the approval of the minutes of the regular meeting of August 18, 2005.	1
2. Report of the Race Dates Committee	2
3. Discussion and action by the Board on the race dates for 2006.	6
4. Public hearing by the Board on the repeal of CHRB Rules:	10
A. 1959.5 - Special Sweepstakes	
B. 1959.6 - Limited Sweepstakes	
C. 1959.7 - Pick Seven	
D. 1959.8 - Pick 6 One Pool	
E. 1976.5 - Special Unlimited Sweepstakes	
F. 1976.7 - Special Reserved Unlimited Sweepstakes	
5. Discussion and action by the Board on the request of the Del Mar Thoroughbred Club to distribute charity racing proceeds in the amount of \$179,100 to 23 beneficiaries.	5
6. Public hearing by the Board on the adoption of the regulatory amendment to CHRB Rule 1977 - Pick Three.	14
7. Discussion and action by the Board regarding the appropriate ownership and disposition of the Impact Fee Escrow Account held by the CHRB. The California Harness Horsemen's Association is requesting that the funds in the Escrow Account be released for use as purses.	25
8. Discussion and action by the Board on the transfer of unpaid promotional monies from the 1997 through 2000 harness meets at Los Alamitos to the California Harness Horsemen's Association for purses.	25

INDEX CONTINUED

	PAGE
9. Staff report on the following concluded race meets:	25
A. Capitol Racing at Cal-Expo from January 7 through July 30, 2005.	
B. Sonoma County Fair at Santa Rosa from July 27 through August 8, 2005.	
C. San Mateo County Fair at Bay Meadows from August 10 through August 22, 2005.	
D. Humboldt County Fair at Ferndale from August 11 through August 21, 2005.	
Other Business	
10. General Business: Communications, reports, requests for future action of the Board.	40
Adjournment	61
Reporter's Certificate	62

1 PROCEEDINGS

2 EXECUTIVE DIRECTOR FERMIN: Ladies and gentlemen,
3 will the meeting come to order.

4 This is a regular meeting of the California Horse
5 Racing Board on Thursday September 22nd, 2005, at the
6 Hinds Pavilion, Fairplex Park, 1101 W. McKinley Avenue,
7 Pomona.

8 Present for today's meeting we have Chairman John
9 Harris, Vice Chairman -- no, Vice Chairman Billy Bianco is
10 not here. Commissioner Sheryl Granzella is also absent.
11 Commissioner Marie Moretti, Commissioner Jerry Moss,
12 Commissioner Richard Shapiro, and Commissioner John
13 Sperry.

14 Before we go on I just would like to remind
15 everyone that those who are going to participate and
16 speak, please give your name clearly and in some instances
17 if it needs to be spelled, we appreciate it.

18 And I'll turn this over to Mr. Chairman.

19 CHAIRPERSON HARRIS: I'd like to welcome everyone
20 to this meeting and thank Fairplex for hosting us today.
21 I hope you all enjoy the races also here.

22 The first item is discussion and action by the
23 Board on the approval of the minutes of the regular
24 meeting of August 18.

25 Does anyone have any corrections or additions to

1 those?

2 Hearing none.

3 COMMISSIONER SPERRY: Move approval, Mr.
4 Chairman.

5 COMMISSIONER MORETTI: Second.

6 CHAIRPERSON HARRIS: So moved and seconded to
7 approve.

8 All in favor?

9 (Ayes.)

10 So moved.

11 The next report is the Racing Dates Committee.

12 Commissioner Shapiro chaired that Committee.

13 COMMISSIONER SHAPIRO: The Race dates Committee,
14 which consisted of myself and Commissioner Sperry, met
15 twice. We met at Del Mar back in September 7th -- was
16 it? -- and again yesterday. And I'm pleased to report
17 that there is agreement amongst all of the parties that
18 attended the meetings on a new -- on what the 2006 racing
19 calendar would look like.

20 The calendar for night harness racing would be at
21 Cal Expo and provides for 200 racing days, virtually
22 year-round except for the month of August.

23 The southern California industry calendar for
24 quarter horse racing is 204 racing nights at Los Alamitos.

25 The southern California thoroughbred proposal

1 has -- and I'll do this I guess by track. Santa Anita
2 would open on December 26th and would continue until April
3 23rd, with then Hollywood Park opening on April 26th and
4 continuing to July 16th; at which point Del Mar would open
5 on July 19th and continue through August 30 -- I'm
6 sorry -- September 6th. Los Angeles County Fair would
7 open on September the 8th and continue through the 25th of
8 September. Oak Tree would then open on the 27th of
9 September and continue through the 29th of October. And
10 the Hollywood Park fall meeting would open on November 1st
11 and continue through December 18th.

12 The northern California calendar -- bear with me
13 for one second. I'll pull it out. The northern
14 California and fair calendar does have some significant
15 differences than it did the prior year. But primarily the
16 dates that traditionally were run by Bay -- at Bay Meadows
17 by the Bay Meadows Land Company are now going to be run at
18 Golden Gate Fields and vice versa. Those two tracks have
19 decided to switch calendars.

20 So the calendar up north would be: Bay Meadows
21 would open on the 26th -- the 26th of December and would
22 continue until February 5th. Golden Gate would open on
23 February 8th and would continue through May 7th, at which
24 point Bay Meadows would open from May 10th through May --
25 June 18th. The Stockton Fair would operate from June 14th

1 through June 25th. On June 28th Pleasanton would open
2 from June 28th through July 9th. Vallejo would then
3 operate from July 12th through the 24th. Santa Rosa would
4 open July 26th through August 7th. Stockton would open on
5 August 9th -- well, wait a minute. Let me make sure
6 that's it. No, I'm sorry. San Mateo -- thank you. San
7 Mateo County Fair would open on August 9th and continue
8 through the 23rd of August. Humboldt Fair would open on
9 August 10th through August 20th. Golden Gate would open
10 on August 24th and continue until October 15th. Fresno
11 would open on October 4th and continue through October
12 15th. And then Bay Meadows would reopen on October 18th
13 and continue until December 18th.

14 There are no six-day racing weeks at either
15 Golden Gate or Bay Meadows. This calendar reduced some of
16 the overlap, particularly of the Big Fresno Fair, and was
17 designed to reduce overlap days, six-day weeks, some
18 five-day weeks so that we could protect the horse
19 population in the north.

20 The one asterisk to this is that this race
21 calendar assumes that the Cal Expo -- that Cal Expo will
22 continue to operate as it did in 2005 as a night harness
23 racing meeting.

24 There was an agreement among all of the parties
25 that should Cal Expo decide that it wishes to come back as

1 a thoroughbred or emerging meeting, that we would
2 reconsider this calendar only to the extent of
3 accommodating that request. It would require significant
4 changes as a result of that. We have been told that
5 within 30 days that they would report back to us what
6 their board decides, which I believe is meeting tomorrow,
7 and we would be able to make a final determination as to
8 that.

9 We did talk at both date meetings and I'd like to
10 at least put it for those that weren't here at that time,
11 that in looking at the racing calendar, it was our
12 Committee's belief and desire that we should be
13 reevaluating this calendar both earlier and looking to
14 create a calendar that will enhance horse racing business
15 throughout the State of California. For that reason, we
16 most likely will form an ad hoc committee earlier in the
17 year next year to sit down with representatives of the
18 industries and try to see if there's a calendar that could
19 reduce some additional overlap and be a more cohesive
20 calendar which also integrates racing that's taking place
21 in southern California and northern California.

22 Statistically when you look at what has happened
23 to horse racing in California since 1990 through 2004,
24 what you find is that California on-track handle has
25 decreased 58.8 percent, average daily handle likewise has

1 decreased 57.8 percent, California attendance on track has
2 decreased 34.9 percent, and the average daily handle is
3 down nearly 45 percent. It is our desire to look for ways
4 to increase on-track attendance, on-track handle. And,
5 therefore, we feel that next year at an earlier stage we
6 should be looking to turn the tide and see if there isn't
7 something we can do to rejuvenate on-track attendance and
8 interest in the horse racing.

9 So with that, it would -- that's the report of
10 our Committee.

11 CHAIRPERSON HARRIS: I think you're right,
12 Richard.

13 I want to thank Richard and also John Sperry for
14 all the excellent work they put into these dates, because
15 getting the dates figured out for the next year is one of
16 the most trying tasks of the Board. And this is first
17 year that I remember in a long time that it's been as much
18 of a consensus as it is this year.

19 But with that, I'd like to open it up for any
20 comments by the rest of the Board or any of the audience.

21 Comments?

22 John, would you like to say something?

23 COMMISSIONER SPERRY: Just I want to thank the
24 industry for all of its efforts. It was a great deal of a
25 struggle on all of your parts, we know. And it was with

1 your cooperation that we were able to accomplish these
2 dates. Let's hope that it works and the attendance grows
3 and we have a lot of horses.

4 CHAIRPERSON HARRIS: Any comments from the
5 audience?

6 COMMISSIONER MORETTI: I would just like to add
7 my thanks to the Racing Dates Committee for the good hard
8 work that they did; and say again that I'm pleased that
9 we're working to carve away at some of the overlap and
10 still leave open the possibility for future Race Dates
11 Committees to think about the possibility of three-year
12 race calendars once we know a little bit more about what's
13 going on and who's racing in California.

14 COMMISSIONER SHAPIRO: You bring up a good point
15 there. Originally we had talked about looking at a
16 three-year calendar. But given the uncertainty that we
17 have with a number of -- a couple of our racetracks, it
18 didn't make any sense for us to really at this time to
19 look to do anything beyond 2006.

20 Hopefully we'll get more certainty in the near
21 future, at which point we could then consider a better
22 calendar which gave the industry time to plan and we could
23 solidify dates for multiple years rather than single
24 years.

25 CHAIRPERSON HARRIS: Yeah, I'd agree. I think we

1 also need to look at -- you know, we've got these dates,
2 which I think -- or a lot of these are traditional,
3 somewhat modified -- but look outside the box and see if
4 there's anything we can do to move forward to make
5 industry better by any adjustments that would really make
6 sense.

7 COMMISSIONER SHAPIRO: I totally agree with that.
8 And, you know, one thing I raised with a couple of people
9 yesterday is that we have a wonderful network of racing
10 fairs. And if you go to the fairs -- and they only have,
11 you know, a few weeks -- but you'll see a different
12 demographic or a population that are going to them. And
13 one of the things I approached a couple of the northern
14 California tracks yesterday and said was -- and this is
15 just trying to think out of the box -- you know, in the
16 wine country now it's become a very large wine festival
17 period.

18 We have a number of tracks up there. And I
19 question whether or not it wouldn't be possible to
20 transfer dates that are either from Bay Meadows or Golden
21 Gate in to some form of a wine festival meeting at one of
22 our fair tracks up there that was a boutique meeting of
23 some sort to create new interest and fan interest and in
24 connection with an event that is growing dramatically in
25 terms of the wine festivals that are being done in the

1 wine country.

2 I think that we have to think of where we can
3 take our sport to where we're not saturating the same
4 population with live horse racing. And certainly in the
5 urban areas such as Los Angeles and the Bay Area, you
6 know, everybody has a chance to go to Hollywood Park,
7 Santa Anita, Bay Meadows or Golden Gate. But in some of
8 these outlying areas there are people there that probably
9 could be attracted to our industry and we have to try to
10 reach out for them. So I think it's something that I
11 would hope the industry would look at as something that
12 may be creative and taking a chance in doing some
13 different things.

14 CHAIRPERSON HARRIS: I'd agree. We need more big
15 days and more big events.

16 Any other comments on the dates?

17 Hearing none.

18 Can I get a motion to approve?

19 COMMISSIONER MORETTI: So moved.

20 COMMISSIONER SPERRY: Second.

21 COMMISSIONER MOSS: Mr. Chairman, I just want to
22 say I have to recuse myself from any votes on the race
23 dates. I've discussed it with our DAG. By virtue of the
24 fact that we made a deal with Adena Springs for a stallion
25 situation owned by Frank Stronach, I can't vote or

1 participate in any race dates. So I just wanted to
2 mention that.

3 CHAIRPERSON HARRIS: Yeah, thank you, Jerry.
4 We'll note that.

5 We have a motion and a second to accept the
6 report of the Race Dates Committee.

7 All in favor?

8 (Ayes.)

9 CHAIRPERSON HARRIS: So moved.

10 Next is public hearing by the Board on the repeal
11 of CHRB rules.

12 Let's see, why don't we go through these one at a
13 time.

14 First is 1959.5, Special Sweepstakes.

15 STAFF SERVICES MANAGER I WAGNER: Good morning.

16 Jacqueline Wagner, CHRB staff.

17 As you know, the Board in June of this year
18 amended its Rules 1976.9, which was the Pick(n)Pool. This
19 amendment added provisions contained in several of the
20 Board's other rules governing pari-mutuel wagering; and it
21 provided the racing associations with a virtual
22 pari-mutuel wagering rule. As a result, the proposed
23 repeal represents those rules whose provisions are now
24 included in rule 1976.9 as well as those pari-mutuel
25 regulations that are not being used by the racing

1 association.

2 The repeal was sent out for the usual 45-day
3 comment period, during which time no comments were
4 received. And staff would recommend that the Board adopt
5 the proposal to repeal the rules as presented.

6 Those rules are: Rule 1959.5, Special
7 Sweepstakes. We're repealing 1959.6, Limited Sweepstakes.
8 We are repealing Rule 1959.7, Pick Seven. We are
9 proposing to repeal Rule 1959.8, which is the Pick 6 One
10 Pool. We are repealing Rule 1976.5, Special Unlimited
11 Sweepstakes, and rule 1976.7, which is the Special
12 Reserved Unlimited Sweepstakes.

13 Staff would recommend that the Board adopt the
14 proposal to repeal the rules as presented.

15 CHAIRPERSON HARRIS: I'm not sure -- what is the
16 logic of this? These are really covered by other rules or
17 these rules are redundant or --

18 STAFF SERVICES MANAGER I WAGNER: Correct. That
19 is the logic. When we amended Rule 1976.9 the provisions
20 of a number of these rules are now included in the
21 Pick(n)Pool Pool, which is the rule that the associations
22 are using primarily on their wagering program. And this
23 repeal also represents those regulations that are not
24 being utilized at all by the racing associations.

25 CHAIRPERSON HARRIS: And it makes our rule book a

1 little thinner.

2 STAFF SERVICES MANAGER I WAGNER: Yes, it does.
3 It streamlines our rule book.

4 CHAIRPERSON HARRIS: Does anyone have any
5 comments on these or any concerns by the associations or
6 fairs?

7 Do I hear a motion?

8 Any more comments?

9 COMMISSIONER SHAPIRO: I'll move that we -- well,
10 I don't have any comment. I move that we accept this,
11 adopt.

12 COMMISSIONER MORETTI: Second it.

13 CHAIRPERSON HARRIS: Okay. Motion to accept the
14 appeal as outlined by Jackie in Item 4.

15 All in favor?

16 (Ayes.)

17 CHAIRPERSON HARRIS: Any opposed?

18 STAFF SERVICES MANAGER I WAGNER: Thank you.

19 CHAIRPERSON HARRIS: Okay. The next is a
20 discussion and action by the Board on the request of the
21 Del Mar Thoroughbred Club to distribute charity racing
22 proceeds in the amount of \$179,100 to 23 beneficiaries.

23 ASSISTANT EXECUTIVE DIRECTOR MINAMI: Roy Minami,
24 Horse Racing Board staff.

25 Yes, this is a request by Del Mar Thoroughbred

1 Club to distribute charity day -- charity racing date
2 proceeds. It would go -- 179,100 would go to 23
3 beneficiaries. Seventy-five percent of the distribution
4 will go to industry-related charities.

5 The staff recommends that the Board approve this
6 request.

7 CHAIRPERSON HARRIS: Now, this request is
8 actually for the charity monies that were generated
9 through the '04 meeting, I presume.

10 Yeah, I think so, because the letter was in
11 August. It would be good if they could probably move a
12 little quicker on getting that money out to the people.
13 But --

14 COMMISSIONER SHAPIRO: Why is it so late? Why is
15 it -- I mean it's over a year. Why is it so late? Do we
16 know?

17 ASSISTANT EXECUTIVE DIRECTOR MINAMI: I don't
18 have that information at this point.

19 CHAIRPERSON HARRIS: Yeah, I think it would be if
20 we could encourage the tracks to move a little quicker on
21 this. But I do congratulate Del Mar on allocating a high
22 percent of their money to equine-related charitables.

23 Is there discussion on this item?

24 Any motion to approve?

25 COMMISSIONER SPERRY: Move adoption.

1 COMMISSIONER SHAPIRO: Second.

2 CHAIRPERSON HARRIS: It's been moved and seconded
3 to approve Item 6 -- pardon me -- Item 5 on the charity
4 distribution by Del Mar.

5 All in favor?

6 (Ayes.)

7 CHAIRPERSON HARRIS: Okay. Next is public
8 hearing by the Board on adoption of the regulatory
9 amendment to CHRB Rule 1977 - Pick(n)Pool 3.

10 STAFF SERVICES MANAGER I WAGNER: Jacqueline
11 Wagner, CHRB staff.

12 At the February meeting of the Pari-mutuel
13 Operations Committee this proposed amendment was heard.
14 And it is based on the recommendation by the NTRA Players
15 Panel, which is an advisory board that is charged with
16 making policy recommendations of importance to bettors.

17 The proposed amendment to Rule 1977 would
18 eliminate the practice of substituting the off-time
19 favorite for a horse scratched from any leg of the
20 Pick(n)Pool 3 prior to the running of the first leg.
21 Instead, all wagers containing such horses shall be
22 refunded.

23 The rule was put out for 45 days -- for the
24 45-day comment period. Staff received no comments on the
25 rule.

1 And we would recommend that the Board adopt the
2 proposed amendment to the rule as presented.

3 CHAIRPERSON HARRIS: So if, for instance, a horse
4 is scratched in leg 2 that you had -- every -- any kind of
5 a ticket in leg 2 would be at all? Or just if you had --
6 how would that work?

7 STAFF SERVICES MANAGER I WAGNER: My
8 understanding is if a horse is scratched from the second
9 leg after the start of the first leg or from the third leg
10 after the start of the second, a consolation payout is
11 paid to holders of tickets that combine the winners of the
12 completed legs and the scratched wagering interests. So
13 they get a consolation.

14 In addition, a consolation payout is provided if
15 the wagering interests are scratched from the second and
16 third leg of the Pick(n)Pool 3 after the start of the
17 first one -- the first leg.

18 COMMISSIONER SHAPIRO: I don't think I
19 understand. I mean is it where the horse becomes --
20 everybody wins? It's an all?

21 CHAIRPERSON HARRIS: No, it's not an all. I
22 think it's like a consolation.

23 STAFF SERVICES MANAGER I WAGNER: It is like a
24 consolation.

25 CHAIRPERSON HARRIS: If you're horse scratched in

1 the second leg but you did have the winner of the first
2 leg and the third leg, you would share -- I'm not sure
3 what percent you'd share with everybody else that had that
4 same selection, versus the people that had the three
5 right.

6 COMMISSIONER SHAPIRO: Oh, it becomes a separate
7 pool?

8 CHAIRPERSON HARRIS: Well, as I say, I'm not
9 clear, if it becomes a separate pool, how you allocate the
10 total pool between the people that had three and the
11 people had two with the consolation.

12 STAFF SERVICES MANAGER I WAGNER: And that I'm
13 not sure of. But I know that the consolation is paid out
14 to the holders of the tickets that have the winners of
15 completed leg and the scratch leg interest.

16 CHAIRPERSON HARRIS: Does anyone understand how
17 the percentages are getting divided?

18 COMMISSIONER SHAPIRO: Jerry might.

19 COMMISSIONER MOSS: Yeah, it's basically to get
20 rid of the idea of substituting the favorite, you know,
21 when a horse is scratched. The NTRA panel felt that this
22 was basically unfair, because most people bet against the
23 favorite and like that opportunity. And to be placed by
24 having to have the favorite, well, they felt was very
25 unfair.

1 CHAIRPERSON HARRIS: Yeah. No, I think there's a
2 fairness to it. I'm just not sure how the mechanics work
3 as far as --

4 COMMISSIONER SHAPIRO: -- what percentage --

5 CHAIRPERSON HARRIS: -- because you've got --
6 some people had three winners. How do you separate those
7 people from the people that had two winners plus a
8 scratched horse?

9 COMMISSIONER MOSS: I think it's all figured out
10 in a reasonable way basically.

11 CHAIRPERSON HARRIS: I don't know if that's going
12 to please some guy that is not --

13 COMMISSIONER SHAPIRO: Do we not have the
14 capacity to have alternate selections on -- I've never --

15 COMMISSIONER MOSS: I don't think that exists for
16 the Pick(n)Pool 3.

17 COMMISSIONER SHAPIRO: Does anybody know if
18 the -- I know we're now finally doing it on Pick(n)Pool 6.
19 Do we not -- oh, great.

20 Help us.

21 MR. PAYTON: I'm Dave Payton with Scientific
22 Games.

23 The Pick 3 is a different type of a pool in the
24 system. And when we looked to doing the alternate runner
25 selection on Pick(n)Pool 3's versus the Pick(n)Pool was a

1 much larger project and we never actually were able to --
2 we just -- it was too extensive to be able to do in the
3 time frame that we talked about, and it would create a lot
4 of problems with the way the system would interface.
5 There's -- the ITSP issue would come up into play with it
6 as well.

7 So Pick(n)Pool 3 was just something that we
8 hadn't addressed yet. It was a very large programming
9 job.

10 COMMISSIONER SHAPIRO: Well, could it be done?
11 Could we do it where people are able to have an alternate
12 selection?

13 MR. PAYTON: We could go back and look at it
14 again. It still would be a very long process.

15 CHAIRPERSON HARRIS: How does it work -- just
16 back to the mechanics. On the double where there's a
17 scratch, and we're -- consolation doubles, how do we
18 determine how much of the pool goes to the consolation
19 double versus the actual double?

20 MR. PAYTON: Marv, you might be better at that?

21 MR. FORTMAN: My name is Marv Fortman. I'm with
22 Scientific Games.

23 This new rule for the Pick(n)Pool basically is
24 the same methodology that we'd use for the double to
25 calculate a consolation. There are three or four

1 different ways to calculate a consolation with a Daily
2 Double.

3 I would have to get my technical notes to review
4 how we handle it here in California. But it is a
5 percentage of the pool. It's based on a number of winners
6 on the scratch runner divided into the gross pool,
7 essentially.

8 COMMISSIONER SHAPIRO: So it's not just 25
9 percent of the pool is allocated to consolation or some --

10 MR. FORTMAN: It would vary based on the ratio.
11 If it was a favorite horse that had been scratched, the
12 larger percentage of the pool would be allocated to the
13 consolation.

14 CHAIRPERSON HARRIS: You know, I'd sort of like
15 to see all of us understand how it works before we approve
16 it, because --

17 MR. FORTMAN: I could probably get with John
18 Reagan and we could work out some formula samples.

19 CHAIRPERSON HARRIS: Yeah, because -- I mean I
20 agree with the idea that we scratch a horse sometimes, you
21 don't necessarily want the favorite. But, then again, I
22 hate to create a consolation if people don't really
23 understand either. So if we could -- maybe at the next
24 meeting come back and show us some examples of how it
25 actually works.

1 MR. FORTMAN: Doug just -- Doug Campos just
2 showed me a Paragraph I of the proposed regulation spells
3 out how it's going to be done.

4 Essentially it says that if a wagering interest
5 is scratched from the second leg after the start of the
6 first leg, the payout shall be computed for those wagers
7 combining the winners of the first and third legs with
8 such scratched horses as follows: The amount represented
9 by wagers on combinations involving horses scratched from
10 the second leg shall be deducted from the gross pool.

11 So anything -- all scratched wagers are then
12 deducted from the gross pool, forming a subpool.

13 CHAIRPERSON HARRIS: Oh, okay. So you would
14 have -- you would be -- in that final leg it would just be
15 you and the people that had exactly what you had, but
16 they --

17 MR. FORTMAN: The people holding -- yeah, the
18 people holding the two winning horses with the scratched
19 horse would be entitled to the consolation.

20 CHAIRPERSON HARRIS: Yeah, yeah, that's a whole
21 separate pool on that. You just pool that one out.

22 MR. FORTMAN: Yeah, it's very similar to the way
23 the Daily Double works.

24 CHAIRPERSON HARRIS: Well, that makes sense. I
25 was concerned if it was just some arbitrary percentage

1 going into it. But it's based on -- it's really a new
2 pool, just that category of wagers.

3 MR. FORTMAN: Yeah. And as I said before, there
4 are -- depending from state to state, there is some
5 variations to how these pools are calculated.

6 COMMISSIONER SHAPIRO: So what would happen --
7 there's two scratches. There's a scratch in the second
8 leg and a scratch in the third leg. Essentially somebody
9 that had three winners, no scratches, that's one pool.
10 Then somebody had, let's call it, a win, a scratch and
11 another win, that becomes another pool. And somebody that
12 had a win, scratch, scratch, that would be a third pool.
13 And the scratched money goes to create the consolation
14 pools for each of those situations, correct?

15 MR. FORTMAN: We can form multiple consolation
16 pools, yes. It would depend how this rule's interpreted.
17 You could also lump them all together and form one
18 combined consolation --

19 COMMISSIONER SHAPIRO: Well, I'm just looking at
20 the language here.

21 Isn't that what would happen? I mean isn't that
22 what happens then?

23 CHAIRPERSON HARRIS: Yeah. It seems like it
24 would have to have a multiple consolation pool.

25 COMMISSIONER SHAPIRO: You'd have multiple

1 consolation pools. So how would the -- how would you tell
2 the public that you'd have Consolation A or Consolation B
3 pool? How do you tell the public that?

4 MR. FORTMAN: Well, you'd have the potential, I
5 would imagine, to have consolation pools in first, second
6 and third legs. So you have a potential for at least
7 three consolations just based on the number of races
8 you're handling.

9 CHAIRPERSON HARRIS: Yeah, everybody that had the
10 ticket -- it would be a winning ticket except for the fact
11 that there a scratch. But because of that it's a smaller
12 pool.

13 COMMISSIONER SHAPIRO: I understand that. But
14 what I think is going to happen is there would be
15 different consolation payoffs.

16 CHAIRPERSON HARRIS: Yeah.

17 COMMISSIONER SHAPIRO: Right?

18 CHAIRPERSON HARRIS: Yes.

19 MR. FORTMAN: Yeah, because the consolation
20 payoff is determined by how much money was bet on the
21 scratched horse that gets removed from the main pool.

22 CHAIRPERSON HARRIS: You can do that now. In a
23 Daily Double you could have multiple --

24 MR. FORTMAN: So different horses will have
25 different amount of monies entered on them.

1 EXECUTIVE DIRECTOR FERMIN: They announce them.

2 They announce them separate.

3 COMMISSIONER SHAPIRO: Are there instances where
4 there are different consolation payoffs in a Daily Double?

5 CHAIRPERSON HARRIS: Yes.

6 MR. FORTMAN: Yes.

7 COMMISSIONER SHAPIRO: There are?

8 MR. FORTMAN: Yes.

9 COMMISSIONER SHAPIRO: I better stop betting.

10 (Laughter.)

11 CHAIRPERSON HARRIS: The tricky part about this
12 would be that you made -- before the bets are -- before
13 the first race goes, whatever's there, the bet is there.
14 It's just after that race goes, then if there's a scratch.
15 So it would be tricky if there's a scratch at the morning
16 of the race. That one doesn't get into the consolation
17 because that --

18 COMMISSIONER SHAPIRO: Well, I have no problem
19 with making the change except I'd like to understand it.
20 And I'm wondering if we -- if it's not a burden or a
21 hardship on anybody, if we couldn't perhaps have a few
22 examples given to us in dumb dumb -- betting for dummies
23 that could kind of lay it out so that we could understand
24 what a payoff could look like.

25 Is it possible for you to do some --

1 MR. FORTMAN: We're in the process of setting up
2 for Oak Tree. We'll need to do some of these calculations
3 anyway. So, yeah, we could just spend an hour and
4 generate off some samples.

5 CHAIRPERSON HARRIS: Yeah. Why don't we just put
6 that off till October, and we'll still have time to
7 approve it. And we'll have a -- mainly we just need every
8 racetrack manager to be able to explain when some irate
9 fans comes in his office, so he can explain it well.

10 And Chili would volunteer to handle that.

11 COMMISSIONER SHAPIRO: Maybe Chili wants to
12 explain it to us.

13 CHAIRPERSON HARRIS: So we'll come back. I mean
14 I think it's a good rule. But we've had -- you know, it's
15 changing something that's been in effect for a long time.
16 And it would be just good to make sure we all understand
17 exactly how it works.

18 MR. FORTMAN: The rule that you're proposing to
19 go to has been in effect in other states for quite awhile
20 too. For instance, New York uses it. So that also is --
21 it is a proven calculation.

22 CHAIRPERSON HARRIS: Actually, I guess -- how
23 does it work if I were to bet on an out-of-state race
24 where it is in effect? So I'd be paid off in California
25 based on that rule?

1 MR. FORTMAN: Yes. Yeah, you'd be based on the
2 rule that the host track calculated a price under.

3 CHAIRPERSON HARRIS: So we should receive that --
4 We're going to have to pay closer attention.

5 MR. FORTMAN: Yeah.

6 CHAIRPERSON HARRIS: Okay. What's the pleasure
7 of the Board? I think we'll table it for the next
8 meeting?

9 COMMISSIONER SHAPIRO: Yes.

10 COMMISSIONER MORETTI: Yes.

11 STAFF SERVICES MANAGER I WAGNER: Thank you.

12 CHAIRPERSON HARRIS: Okay. Items 7 and 8.

13 Richard, do you want to comment on those?

14 COMMISSIONER SHAPIRO: Yes. These are two items
15 that I placed -- I asked to be placed on the agenda. But
16 at this time I would like to withdraw both items from the
17 agenda and not discuss them, please, if that's okay with
18 you.

19 CHAIRPERSON HARRIS: Okay. Withdraw 7 and 8 from
20 the agenda.

21 We'll go on to Item 9, is staff report on the
22 concluded race meetings.

23 ASSOCIATE GOVERNMENTAL PROGRAM ANALYST GONZALEZ:
24 Dick Gonzalez, CHRB staff.

25 This report is for the following race meetings:

1 Capitol racing at Cal Expo, Sonoma County Fair, San Mateo
2 County Fair, and the Humboldt County Fair.

3 Capitol Racing at Cal Expo, the spring meet, from
4 January 7 through July 30th, 2005; number of race days,
5 122. The average daily handle was down 13.85 percent.
6 The average on track was down 25.44 percent. The average
7 off track was down 14.82 percent. The average interstate
8 exported racing was down 21.69 percent. The average ADW
9 was up 9.61 percent. Average daily handle for California
10 was down 11.16 percent. The average on track was down
11 24.57 percent. And the average off track was down 9.63
12 percent.

13 For the Sonoma County Fair, July 27th to August
14 8th, 2005; number of race days, 12. The average daily
15 handle was up 3.44 percent. Average on track was up 3.41
16 percent. The average interstate -- I'm sorry -- the
17 average off track was down 2.71 percent. The average
18 interstate exported was up 37.64 percent -- or 4.01
19 percent. Sorry. The average interstate exported was up
20 4.01 percent. The average ADW was up 37.64 percent. The
21 average daily attendance in California was down 2.36
22 percent. The average on track was up 1.33 percent. The
23 average off track was down 6.89 percent.

24 For the San Mateo County Fair, August 10th to
25 August 25th, 2005. Number of race days was 14, but

1 actually there was only 12 live race days. The other two
2 were simulcast. The average daily handle was up 11.59
3 percent.

4 CHAIRPERSON HARRIS: How did you do the -- what,
5 did you divide the days? I mean would that handle include
6 the simulcast handle on their dark days?

7 ASSOCIATE GOVERNMENTAL PROGRAM ANALYST GONZALEZ:
8 Yes, sir.

9 The average on track was 5. -- was up 5.39
10 percent. The average off track was up 16.43 percent. The
11 average interstate exported was up 2.59 percent. The
12 average ADW was up 37.59 percent. The average daily
13 attendance for California was up 5.81 percent. The
14 average on track was down 1.51 percent. The average off
15 track was up 11.13 percent.

16 For the Humboldt County Fair, August 11th through
17 August 21st, 2005; number of race days, 10. Average daily
18 handle was up 10.54 percent. Average on track was up
19 10.88 percent. Average off track was down 5.06 percent.
20 The average interstate exported was up 99.33 percent.
21 Average ADW was up 26.04 percent. The average daily
22 attendance for California was up 1 percent. The average
23 on track was up 4.83 percent. The average off track was
24 down 1.71 percent.

25 CHAIRPERSON HARRIS: Okay. The numbers are

1 encouraging in some respects.

2 First of all, let me see if we got any comments
3 from the Board or the audience on -- we'll start off with
4 the harness meet at Cal Expo. Any observations anyone had
5 on that? I wasn't sure -- I mean those numbers were down
6 fairly significantly.

7 Do we have any numbers developing from the Cal
8 Expo harness since they restarted in August, how that is
9 going relative to the previous year?

10 ASSOCIATE GOVERNMENTAL PROGRAM ANALYST GONZALEZ:
11 Cal Expo?

12 CHAIRPERSON HARRIS: Yes.

13 ASSOCIATE GOVERNMENTAL PROGRAM ANALYST GONZALEZ:
14 The experiment?

15 CHAIRPERSON HARRIS: Yeah.

16 ASSOCIATE GOVERNMENTAL PROGRAM ANALYST GONZALEZ:
17 Right. I ran a projection that they were going to do
18 about 60 percent of what they would do over the 26 days,
19 compared that to what they would normally do over 12 days.

20 CHAIRPERSON HARRIS: You mean day by day or in
21 total?

22 ASSOCIATE GOVERNMENTAL PROGRAM ANALYST GONZALEZ:
23 Day by day. When I ran it, they were going to be down
24 approximately \$5 million in the handle over the full
25 length of their 26 days, as compared to what they were

1 going to be doing -- what they did last year over 12 days.

2 They ran about -- they did about 19.6, 19.8.

3 COMMISSIONER SHAPIRO: You're comparing it to a
4 2004 thoroughbred meet, correct?

5 ASSOCIATE GOVERNMENTAL PROGRAM ANALYST GONZALEZ:
6 2004 fair, mixed breed.

7 COMMISSIONER SHAPIRO: Mixed breed.

8 CHAIRPERSON HARRIS: For how many days?

9 ASSOCIATE GOVERNMENTAL PROGRAM ANALYST GONZALEZ:
10 For 12 days.

11 CHAIRPERSON HARRIS: For 12 -- It's not going to
12 be down that much. I mean 5 million --

13 ASSOCIATE GOVERNMENTAL PROGRAM ANALYST GONZALEZ:
14 They did 19.6, 19.8 million. I projected 14. something
15 million. Yesterday they commented, I believe to us, that
16 they actually did 16. something million over the 26 days.

17 COMMISSIONER SHAPIRO: I believe they had some
18 problems the first week with their simulcasting and their
19 off-track wagering hookups and things -- is somebody here?

20 CHAIRPERSON HARRIS: That's a pretty dramatic
21 drop though for that --

22 COMMISSIONER SHAPIRO: Maybe Norm can enlighten
23 us.

24 CHAIRPERSON HARRIS: The hope was that they would
25 be somewhat similar during what was traditionally their

1 fair meet. It looks like they were off a lot.

2 MR. TOWNE: Norm Towne representing Cal Expo.

3 Richard is right. They did 16.6 million for the
4 entire -- these are round numbers obviously in their first
5 cut. But they did 16.6 million versus what I think -- 19
6 something last year in the thoroughbreds.

7 CHAIRPERSON HARRIS: But that's all sources?

8 MR. TOWNE: That's all sources. On track they
9 did about a million and a half. Off track they did 10 1/2
10 million. Out of state they bet 1.8 million. And the ADW
11 was 2.9 million. I don't know how each one of those
12 compares with what they did last year. But that's -- that
13 was the whole picture. And I think they generated a
14 little over a million dollars in purses and a little over
15 a million dollars in commissions.

16 There was an overpayment in the purse account of
17 roughly 200,000. And they -- one thing they did note was
18 that the satellite location fees at night were up about 18
19 percent with the two signals in the air.

20 COMMISSIONER SHAPIRO: And, Norm, do you know how
21 they did as compared to immediately preceding them when
22 the races were being done -- did they see any bump that --
23 it was at the county fair is what I'm trying to find
24 out -- over what they were doing prior to the county fair?

25 MR. TOWNE: I don't know, to be honest with you,

1 Commissioner. I think initially, as you pointed out, the
2 meet didn't get off to a real good start. It built
3 momentum toward the end. And I think -- you know, whether
4 that was the fault of not getting the word out that it was
5 part of the State Fair now or something else, but the
6 first part of the meet wasn't as good. It picked up
7 momentum toward the end. And I think overall they were
8 fairly well satisfied with what happened.

9 The Cal Expo Board, as somebody indicated
10 earlier, meets tomorrow and will for their first time go
11 over these numbers as a group. I'll be there. We'll see
12 what kind of comments they have. And then they'll be in a
13 decision-making mode and come back to you.

14 CHAIRPERSON HARRIS: Yeah, it's bothersome. If
15 they only handled 16.6 million all sources at 26 days,
16 that's not very much per day at all, especially if
17 they're -- I mean their on track -- if their on track was
18 only 1.5 million for 26 days, that's -- a hundred thousand
19 would be 2.6 million. So it would be like 65,000 on
20 track, is pretty low for -- well, it would be -- the State
21 Fair, you know, represents the whole state.

22 COMMISSIONER SHAPIRO: It's very clear that this
23 segment of the industry and in Sacramento, something has
24 to turn around, it would seem, to make it viable and do
25 well. And hopefully the new group that will be operating

1 the race meeting, and if Cal Expo will stay as a harness
2 meet, they'll bring new energy, because the numbers are
3 not very encouraging.

4 CHAIRPERSON HARRIS: Well, one thing I'm
5 concerned about is that Cal Expo -- I wish they'd
6 decide -- I mean their board I think has to decide what
7 they want. But it makes it tough on the Racing Board if
8 all of a sudden they show up two or three months down the
9 line and they want to completely redo the 2006 racing
10 dates because they finally figured out it wasn't working.
11 I mean --

12 COMMISSIONER SHAPIRO: Well, first of all, that
13 won't happen because we have -- that they'd guaranteed to
14 us that they will let us know well within 30 days.

15 I know that there was some discussion where
16 they've considered looking at a mixed breed meet -- a true
17 mixed breed meet possibly, which I think is fabulous if
18 they put in an inner track and went to some form of having
19 all the breeds that we race in California, including
20 harness, at that -- during the fair, which would really be
21 the only place where there was a true mixed breed meeting.
22 And maybe there would be synergy of having some
23 thoroughbred races and harness races at the same place,
24 and that might help, you know, boost the harness industry
25 and give it a push.

1 So I know that, in my conversations with Mr.
2 Towne and Mr. Bartosik, that they're looking at it closely
3 and they're working very hard to do it. So hopefully
4 we'll get somewhere.

5 CHAIRPERSON HARRIS: No, I think a mixed breed
6 would be -- that was originally somewhat the norm at all
7 the fairs. I remember 50 years ago basically.

8 COMMISSIONER SHAPIRO: That was the concept of
9 it. It was done here for years, you know. But the
10 problem there is you have different track surface and you
11 just can't race harness horses on a track that's, you
12 know, got three inches of fill on the top of it. They
13 don't fluff. You just can't do it.

14 MR. TOWNE: They did do it, but they went
15 about --

16 COMMISSIONER SHAPIRO: -- 220?

17 MR. TOWNE: -- 232 or something, yeah.

18 CHAIRPERSON HARRIS: How did they do that
19 originally? I thought they had part of the track was --
20 it was all the same thing?

21 COMMISSIONER SHAPIRO: Yeah, it was all the same
22 track and they went real slow. It wasn't very exciting to
23 watch.

24 CHAIRPERSON HARRIS: Okay.

25 COMMISSIONER SHAPIRO: And if they were really

1 fat guys, then it was really bad.

2 (Laughter.)

3 COMMISSIONER SHAPIRO: Don't put that on the
4 record.

5 CHAIRPERSON HARRIS: Okay. Anything else on --
6 well, basically we're just looking at the Cal Expo
7 meeting.

8 Let's go on to the Sonoma Fair. I was glad to
9 see them up in both handle and attendance.

10 Also, I noticed that both -- all of these fairs
11 the ADW was up significantly, which should be pretty
12 apples and apples, I would think, because I think all of
13 them used all providers last year and all providers this
14 year. It was basically U -- all the licensed provider,
15 YOUBET, Xpressbet and TVG, which was encouraging. It
16 didn't look like the fact that they were up created
17 significantly canalization either. It was encouraging
18 that they were up, but there wasn't some big hole created
19 someplace else. So that is a good sign.

20 And I personally really applaud the fairs for
21 using all the providers. And I think the numbers may well
22 show that that's the way to go. And I hope all the tracks
23 look at that as something that they need to compare how
24 their numbers compare to the ups in the fairs we're
25 seeing.

1 COMMISSIONER SHAPIRO: Well, I think that, you
2 know, for the first time we're starting to see some
3 pluses, which is extremely encouraging because I think all
4 year we've been looking at pure negatives. So I think
5 it's great and I think the fairs do a great job. But, you
6 know, if we read these numbers -- and you're right, the
7 ADW continues to show, you know, marked increases at every
8 race meet that we have, which means that, you know, more
9 people are staying home and wagering. And, you know,
10 that's -- that doesn't bode well for our retaining our
11 racetracks and seeing capital investment to improve the
12 racetracks.

13 So while I'm fanned that ADW is growing, I'm
14 also -- it raises a big red flag that we have to do
15 something to get people back at a racetrack. But it is
16 certainly encouraging to see that Sonoma, San Mateo and
17 Humboldt all had increases. So I mean that's terrific.
18 And I know that, you know, Del Mar and this meet here at
19 Fairplex is doing terrific. So I mean those are all
20 encouraging signs.

21 CHAIRPERSON HARRIS: Yeah. I think it helped too
22 where both Humboldt and -- the Humboldt-San Mateo
23 combination, that they included no overlap a couple days
24 or just -- basically San Mateo brought in races a couple
25 days they didn't race. And that probably enabled them to

1 generate better average daily handle, which I think is one
2 way to do that.

3 COMMISSIONER SHAPIRO: You brought up the point
4 about having all of the ADW providers. And I know that
5 maybe there's no basis for us to get in the middle of it,
6 but I would surely hope to see if we can do anything so
7 that all of our tracks are offering all the signals.
8 It's -- frankly, it's ludicrous that when -- and I'm here
9 in southern California. But, you know, if I can watch
10 races on TVG, but when it goes to Santa Anita during the
11 Santa Anita meeting, not the Oak Tree meeting, I can't see
12 the races and I don't have access to it. And I don't know
13 why -- I would hope to see if the Board has any power that
14 we can bring some leverage to -- so that YOUBET and
15 Xpressbet and TVG are made available at all the tracks.

16 CHAIRPERSON HARRIS: Yeah, that's a tough issue.
17 I'd rather see it happen through economic self-interest
18 where the tracks feel that, you know, a different model
19 will make everybody more money. But I kind of hesitate to
20 see us mandate a private company's how they're going to do
21 it, because you've got HR TV and TVG, and to a certain
22 extent YOUBET, have big investments and they, you know,
23 need to protect their investments. But I would like to
24 see it at some point.

25 COMMISSIONER SHAPIRO: But we have to protect the

1 industry and the betting public. And it's clear that, you
2 know, it's not enhancing horse racing.

3 CHAIRPERSON HARRIS: No. But if you start -- you
4 know, if you start trampling on somebody that's made a big
5 investment, they might not keep making it.

6 Mr. Chillingworth.

7 MR. CHILLINGWORTH: Yeah. Sherwood
8 Chillingworth, Oak Tree Racing Association.

9 We've made one small good step in this direction.
10 TVG is now going to allow us to show our replay shows on
11 HR TV, and HR TV is going to show the other way around.
12 TVG is now going to show the Santa Anita races. So we're
13 beginning to have a little commonality, a reciprocity, and
14 this may lead to other developments, I hope.

15 COMMISSIONER SHAPIRO: Will you negotiate for
16 everybody then? Because that's great.

17 MR. CHILLINGWORTH: I'm very expensive.

18 Yeah, we're just talking about the replay show.

19 I excited Ron Charles back here, I guess.

20 COMMISSIONER SHAPIRO: He got up fast too, let me
21 tell you. If you'd seen him, he was like a bullet behind
22 you.

23 MR. CHILLINGWORTH: He has a special buzzer from
24 Toronto.

25 CHAIRPERSON HARRIS: It really comes down to just

1 how does the industry make the most money.

2 Any other comments on -- usually we're always
3 running late now. We've got plenty of time.

4 MR. CHARLES: Ron Charles, MEC.

5 We totally agree with the Board with regards to
6 sharing the signal. We had that position last year. We
7 made every attempt to try to work with TVG so that the
8 racing fan would be entitled to see the races from either
9 signal, and will continue to do that. We'd like to
10 schedule meetings. And we agree with you 100 percent. It
11 should be done.

12 COMMISSIONER SHAPIRO: So can you just tell us
13 then what it will take in your opinion, without getting
14 into, you know, private issues, what's it going to take
15 for us to get there?

16 MR. CHARLES: I think the first step would be
17 that they would be willing to sit down to the table and
18 talk with us. We tried to talk last year, and those talks
19 never came. And so we opened those talks up again this
20 year. And we'd love to sit down and talk to them. We'd
21 love to try to work out an arrangement where we could
22 share the signal.

23 CHAIRPERSON HARRIS: Okay. Mr. Castro.

24 MR. CASTRO: Richard Castro with Local 280.

25 I kind of support Ron Charles on that. Maybe you

1 should rehear their licenses. Maybe now's the time to
2 rehear their license, you set the conditions, and we'll
3 all go away happy.

4 MR. ALLEVATO: Tony Allevato, TVG.

5 I just want to point out we're bringing up the
6 numbers from the different fairs and talking about how
7 each of the fairs uses all the ADW providers. It should
8 be noted that Fairplex is the only fair that is an
9 exclusive partner of TVG's, and currently they're up 46
10 percent on ADW handles. So if you look at the statistics
11 and you really analyze it, you'll find that the tracks
12 that are exclusive to TVG are the ones that are showing
13 the most growth and the most successful.

14 COMMISSIONER SHAPIRO: Were they not exclusive
15 last year?

16 MR. ALLEVATO: No, they are exclusive. But
17 they're growing faster than the ones that are not
18 exclusive with us. Forty-six percent's a pretty big
19 number. George Bradvica, sitting behind me, he can talk
20 about the success they've had at this meet.

21 CHAIRPERSON HARRIS: But basically they're
22 exclusive with you and you have shared that with YOUBET --
23 basically YOUBET and TVG can bet on Fairplex?

24 MR. ALLEVATO: Right. We share all of our
25 content with YOUBET.

1 CHAIRPERSON HARRIS: Okay. Any other issues on
2 this end-of-meet report?

3 Commissioners have anything?

4 DR. ARTHUR: Are we on 10, short communications,
5 yet?

6 CHAIRPERSON HARRIS: Yeah, I guess so. Unless
7 there's anything else on 9, let's go on to 10, General
8 Business: Communications.

9 DR. ARTHUR: Yeah, I'd like to address the Board
10 very quickly as Chairman of the Board of the California
11 Thoroughbred Horsemen's Foundation, which operates clinics
12 in northern and southern California. George Nickalau, a
13 former commissioner, is Vice Chairman. And I'd like
14 introduce our new Executive Director, Kevin Bolling.

15 Mr. Shapiro noted that on-track handle is down 58
16 percent over whatever period of time. And the CTA Chap
17 gets the bulk of its funding from on-track uncashed
18 tickets. So if you'd just indulge us, in a minute or two
19 I'd like to introduce Kevin and tell you what he's going
20 to try to do to make this work even better for the racing
21 industry.

22 COMMISSIONER MORETTI: Just for the benefit of
23 our recorder, that was Dr. Rick Arthur.

24 CHAIRPERSON HARRIS: Yeah, could we also, I mean
25 as part of Kevin's presentation, explain where you're --

1 kind of what you do with the funds and sort of the whole
2 purpose proof of the organization.

3 DR. ARTHUR: Certainly I think Kevin can.

4 MR. BOLLING: I'll be happy to.

5 The California Thoroughbred Horsemen's Foundation
6 is a -- my name is Kevin Bolling -- is a 501C3 nonprofit
7 corporation that's dedicated to assisting eligible
8 backstretch workers and their family primarily in the area
9 of dental and medical care. We have two clinics. The
10 main one is here in Santa Anita, also with our
11 administrative office. And there is another in northern
12 California at Bay Meadows.

13 In addition to that, we offer seasonal satellite
14 services at Del Mar, Hollywood Park, Golden Gate Fields
15 and San Luis Rey Downs.

16 We serve about 10,000 clients in our clinic each
17 year. In addition to that we do many referrals to service
18 providers for more extensive medical and dental needs. We
19 have a budget about \$2.3 million. About 74 percent of
20 that comes from a percentage of the unclaimed prize
21 winnings from the racetracks and the fairs, and then some
22 additional -- a small percentage comes from the account
23 wagering.

24 About 14 percent of our budget is donations and
25 funds from the charity days. And then about 7 percent are

1 from copayments and user fees.

2 For about the last five years we've noticed a 3
3 to 4 percent decrease each year in the funds that we're
4 receiving from the unclaimed prize winnings. So that
5 obviously affects our budget.

6 At the same time we've also -- and if you look in
7 the State of California, the average medical costs has
8 been increasing each year about 10 to 15 percent. So we
9 do a lot of work in keeping our costs as low as possible.

10 About a third of our budget is dedicated to the
11 cost of referring clients to outside services. And I'll
12 give you an example of some of our expenses in the
13 negotiating lower fees. A simple thing is Xrays last year
14 we were told billed for a total about \$270,000. Of that,
15 because of our contact and our negotiations, we paid about
16 51,000? One.

17 Client last year has an operation. The costs
18 were over \$150,000. So through our negotiated contract we
19 paid 10. So we were very diligent in making our costs as
20 low as possible for ourselves as well as for our clients.

21 Our doctors and dentists care deeply about our
22 population that we serve. And we try to find the highest
23 quality of service that we can to the backstretch
24 community.

25 So it's been nice being here today. And this is

1 my first introduction to this group.

2 DR. ARTHUR: Thank you, Kevin.

3 We're very excited. George Nickalau was going to
4 try to be here, a former commission.

5 CHAIRPERSON HARRIS:

6 DR. ARTHUR: He is somewhere in the back.

7 George was on the Search Committee and identified
8 Kevin, who has experience in nonprofits.

9 If you ever want to see a heartwarming day, you
10 should come out to the clinic on Thursdays, which are the
11 pediatricians day, where our backside people are able to
12 bring their children, which ordinarily they wouldn't have
13 an opportunity to see a pediatrician at no cost. And it's
14 really a very positive use of uncashed tickets.

15 But as Kevin noted, ten years ago we were getting
16 \$3 1/2 million for uncashed tickets, and now we're down to
17 2.2. So we've obviously had to cut back services and --
18 but we have been able to be much, much more efficient than
19 we were before. And I think it's a real positive aspect
20 of this industry that's not well publicized.

21 Thank you.

22 CHAIRPERSON HARRIS: No, it's an excellent
23 program. I wish Kevin well, to say that I could see that
24 you -- I think it's great that you're, you know, trying to
25 be as -- run it as well as you can and conserve costs.

1 But maybe you have to look for other sources of revenue.
2 Because the backstretch is one area that basically the
3 employers aren't paying health insurance, and that --
4 there might be -- it's going to trickle back to the owners
5 and all that at some point anyway. There might be some
6 creative way to have a fee per starter or something or
7 another that would help fund what is effectively a
8 worthwhile program.

9 Go ahead.

10 MR. JAMGOTCHIAN: Mr. Chairman, members of the
11 Board. My name is Jerry Jamgotchian. I'd like to speak
12 to you with regards to an incident that occurred on August
13 14th at Del Mar Racetrack.

14 As a horse owner with 88 horses in the State of
15 California and Kentucky, as well as in England, I was
16 quite disappointed by the events which occurred on this
17 date. And I'd like to give you a quick synopsis of them.

18 My only goal really as a horse owner is to
19 advance horse racing. And one of the things that concerns
20 me about the events of August 14th was the integrity, or
21 the lack of same, that was shown by the CHRB officials as
22 well as the Del Mar Racetrack.

23 And my concerns are that if in fact this matter
24 is important to the Board, that the Board has the
25 regulatory opportunities to correct an abuse to an owner,

1 to a trainer, and, more importantly, to the betting public
2 that occurred this date.

3 The mission statement of the Board obviously is
4 to promote and regulate pari-mutuel wagering, to protect
5 the betting interests, to promote horse racing and the
6 breeding industry, and maximize state revenues. And the
7 Board has rules and regulations that it must follow to
8 regulate this industry. The Board certainly has
9 jurisdiction -- and unfortunately I wasn't able to have
10 Neil Papiano here to speak on my behalf because he's in a
11 trainer administrative hearing right now. And since the
12 next meeting is in Fresno, he couldn't make that meeting.
13 But I felt that it was important for me to attend this
14 meeting, because there was a report that was completed by
15 Investigator Moore that -- it should be provided to you.
16 And I have concerns that that report was provided to two
17 participants in the regulatory scheme here that clearly
18 had involvement in this activity.

19 What I'd liked to do initially is just to read
20 you quickly the events of that date.

21 California Horse Racing Board officials took
22 possession and knowingly raced, against the written
23 objection of the owner, a thoroughbred filly named John's
24 Kind of Girl in the seventh race at Del Mar on Sunday,
25 August 14th.

1 The four-year-old filly, owned by Jerry
2 Jamgotchian and formerly trained by Mark Glatt, was forced
3 to race by CHRB oh officials George Slender, Kim Sawyer,
4 Dennis Nevin, and with the full knowledge and approval of
5 Assistant CHRB Director Roy Minami and CHRB Director
6 Ingrid Fermin, even though the filly was not prepared to
7 race and had physical ailments which compromised her
8 ability to race competitively.

9 She finished seventh in a field of eight at odds
10 of 28 to 1 and sustained a minor injury in that race.

11 In a telephone conversation Steward Slender
12 boldly threatened both myself and Trainer Glatt with
13 immediate license suspension if we didn't race the filly
14 in this race. And we refused to grant Slender any
15 approval to race the filly.

16 CHRB officials then took physical control of the
17 filly by placing a CHRB watchman at the Mr. Glatt's barn
18 and refused to allow me to remove my filly from the
19 grounds, thus effectively holding the filly hostage by the
20 CHRB.

21 Glatt, after being threatened by Slender with a
22 30 to 60 day trainer's license suspension, refused to then
23 even enter the barn and prepare the filly for the race.

24 The filly was then brought to the paddock and
25 raced without CHRB or the Del Mar Thoroughbred Club ever

1 making any public announcement to bettors disclosing the
2 outrageous events surrounding what occurred.

3 Including the fact that the filly was not
4 properly prepared to race by her former trainer, who was
5 removed five hours before the race as the trainer, the
6 CHRB and Del Mar Thoroughbred Club also knowingly failed
7 to disclose to the bettors that this filly was actually
8 being raced by the CHRB against the written objection of
9 her owner, thus outright defrauding bettors who wagered
10 money on the filly.

11 CHAIRPERSON HARRIS: Jerry, we've got --

12 MR. JAMGOTCHIAN: Excuse me. I'm almost
13 finished. I another couple paragraphs.

14 CHAIRPERSON HARRIS: Okay.

15 MR. JAMGOTCHIAN: The filly was provisionally
16 entered in the August 15th race at Del Mar by trainer
17 Glatt, with the advanced knowledge and approval of the Del
18 Mar Racing Secretary's office. But Steward Slender stated
19 that provisional entries are illegal and refused to
20 acknowledge that they even exist.

21 Slender --

22 COMMISSIONER SHAPIRO: Excuse me. I need to ask
23 a question of the Chairman.

24 If this is an ongoing investigation there's an
25 investigation is it proper that we are listening to this

1 as a board at this time?

2 MR. JAMGOTCHIAN: This is a public comment and --

3 COMMISSIONER SHAPIRO: Excuse me. I'm asking him
4 a question.

5 CHAIRPERSON HARRIS: Well, I think he could
6 comment -- I think to be effective what we'd need to do
7 is -- we've launched an investigation, which I think it's
8 just about completed. We need to have that and then -- I
9 mean give you your forum at that point. But --

10 MR. JAMGOTCHIAN: Well, I'm asking the Board for
11 any action.

12 COMMISSIONER SHAPIRO: But understand that you're
13 telling us things that we as a board may have to decide
14 upon. And if you do that, then you are compromising our
15 ability to hear the matter that I think you may want us to
16 hear. So there's some procedural issues here that, to the
17 extent that if you want to tell us -- if you want to tell
18 us about something in the abstract or generally. But to
19 the extent that you're talking about a specific situation
20 or incident that may come before this Board, I don't think
21 that we are able to listen to that at this time.

22 MR. JAMGOTCHIAN: Well, I have a recommendation
23 with regards to that.

24 COMMISSIONER SHAPIRO: Well, can I ask our
25 Attorney General.

1 DEPUTY ATTORNEY GENERAL KNIGHT: Yeah, there is a
2 requirement that you separate your functions. And I was
3 just alerted to the fact that there's an investigation
4 ongoing. My recommendation would be that you cut off this
5 input, because this matter may ultimately come before you
6 in the form of some action and you can't be prejudging the
7 matter --

8 MR. JAMGOTCHIAN: Well, I don't think --

9 DEPUTY ATTORNEY GENERAL KNIGHT: -- and receiving
10 information that may not be part of the record.

11 COMMISSIONER SHAPIRO: Well, I don't think you
12 want us to cut -- to not be in the position to take action
13 if an action should be taken.

14 MR. JAMGOTCHIAN: Well, I don't believe -- to be
15 honest with you, I don't believe that this Board is going
16 to take the necessary and appropriate action because of
17 the issues associated with Mrs. Fermin as well as Mr.
18 Minami. So what I'd like to do --

19 COMMISSIONER SHAPIRO: Well, now, wait a minute.

20 I don't think it's your position to prejudge what
21 we as a board are going to do, frankly. Okay?

22 MR. JAMGOTCHIAN: No, I accept that.

23 COMMISSIONER SHAPIRO: We stand here to do what
24 is appropriate in the best interests of horse racing.

25 Okay? So your personal opinions don't matter there. What

1 we're hearing from our Deputy Attorney General is that
2 there are procedures that we must follow to perform our
3 duties. And, therefore, if it's not appropriate for us to
4 hear this, I don't think we should be hearing anything
5 that deals with an active investigation that will or could
6 come before this Board.

7 DEPUTY ATTORNEY GENERAL KNIGHT: Right.

8 MR. JAMGOTCHIAN: Well, the investigation is
9 complete; is that correct?

10 COMMISSIONER SHAPIRO: Not to my knowledge it's
11 not complete.

12 MR. JAMGOTCHIAN: Well, I've been told by
13 Investigator Moore that his report was tendered to Mr.
14 Minami or to Mrs. Fermin.

15 COMMISSIONER SHAPIRO: That doesn't mean it's
16 complete.

17 MR. JAMGOTCHIAN: Well, how can they sit -- Mrs.
18 Fermin or Mr. Minami, how can they sit in regards to any
19 review of that report when they're a participant in it?

20 COMMISSIONER SHAPIRO: It is their job -- since
21 they are the superiors and represent us at the executive
22 level, it's their job to filter through and bring things
23 to the Board's attention as they deem necessary. If this
24 is an investigation, it should be handled in the normal
25 course just like any other investigation.

1 MR. JAMGOTCHIAN: Okay.

2 COMMISSIONER SHAPIRO: And that's what's being
3 done. There is not a complete investigation, to my
4 knowledge or anybody else's knowledge, at this point.
5 Therefore, it's improper for us to hear this matter.

6 MR. JAMGOTCHIAN: Well, there's nothing in front
7 of you other than my oral comments. So if you choose --

8 COMMISSIONER SHAPIRO: Well, but your comments
9 are going to the extent where they are compromising our
10 position. And, therefore, I urge you to recognize that
11 you can not put us in that position and it's not in your
12 best interests to put us in that position. Therefore, let
13 the investigation be concluded. And at the proper time
14 then we will deal in due course.

15 CHAIRPERSON HARRIS: Yeah, I think -- as I
16 understand, your concern is that the Board look at your
17 issue and be aware of some of the things you laid out
18 here. But I think we -- this is not really the time for
19 us to do that. And, first of all, it's not on our agenda.
20 We couldn't do it in an open meeting anyway.

21 MR. JAMGOTCHIAN: Well, that's why I'm in the
22 open comments.

23 CHAIRPERSON HARRIS: So I think what you really
24 need to do at this point is you request the Board to
25 thoroughly review your concerns.

1 MR. JAMGOTCHIAN: Well, I've already requested
2 that. That's why we had the investigation. But --

3 CHAIRPERSON HARRIS: Well, but it's not completed
4 yet.

5 MR. JAMGOTCHIAN: But my concern is that maybe
6 this investigation should be done by an independent
7 authority, like an administrative judge, versus the Board,
8 who has to accept essentially participants' viewpoints on
9 this issue. And I think --

10 COMMISSIONER SHAPIRO: Mr. Jamgotchian, does Mr.
11 Papiano represent you?

12 MR. JAMGOTCHIAN: Yes, he does.

13 COMMISSIONER SHAPIRO: Fine. I have a hunch that
14 he's pretty capable and would know how to best advise you
15 in terms of what the proper procedures are to follow. And
16 if this Board doesn't act appropriately, I'm sure he will
17 also know what recourse is available to you to bring it
18 before another board. But at this point there is a
19 procedure --

20 MR. JAMGOTCHIAN: And that's exactly why I'm
21 here. Mr. Papiano sent me here to request the Board to
22 send this out to an Administrative Law Judge for an
23 independent hearing and not have it sit in front of the
24 California Horse Racing Board.

25 COMMISSIONER SHAPIRO: Fine. Then if that's what

1 you're asking, then -- if you're making that request,
2 great. Make the request.

3 CHAIRPERSON HARRIS: Well, usually administrative
4 hearings are if there's some -- there's no charge involved
5 here. The stewards have not taken any action against the
6 owner or the trainer.

7 MR. JAMGOTCHIAN: No, there's no charge. That's
8 exactly right. They took possession of my horse and raced
9 it against my will. I mean if they took Mr. Moss' horse
10 and raced one of Mr. Moss' horses, he wouldn't stand by
11 and allow that to occur. In fact, there's no CHRB
12 regulation that I read that allows Mrs. Fermin or Mr.
13 Minami or any of the stewards to take possession of a
14 horse, to race a horse against --

15 COMMISSIONER SHAPIRO: Mr. Jamgotchian, if your
16 request -- if I understand your purpose, your purpose is
17 to request that we forward this matter to another body to
18 hear it; is that correct?

19 MR. JAMGOTCHIAN: That's request number one, yes.

20 COMMISSIONER SHAPIRO: Okay. Thank you. I've
21 heard it. I think the other Board members heard it.
22 Okay, we've heard that request and we can consider that.

23 Is there another request that is not pertinent to
24 the investigation?

25 MR. JAMGOTCHIAN: Yes, the request with regards

1 to integrity of the sport.

2 With regards to the integrity of the sport, I
3 believe that Del Mar -- the Del Mar Thoroughbred Club and
4 the CHRB officials essentially defrauded on August 14th
5 the bettors of the -- I believe the seventh race at Del
6 Mar by not disclosing some significant factors. One
7 factor was that the trainer was no longer the trainer.
8 Secondly, that the horse was not prepared to race.
9 Thirdly, that it was running --

10 COMMISSIONER SHAPIRO: Sir, what is your request?
11 You're going back to the incident. What is it you're
12 requesting? You've made a request that we defer this to
13 another agency. Is there another request that is not
14 specific to the investigation?

15 MR. JAMGOTCHIAN: Yes, the second request is that
16 you make the investigation report of Frank Moore public.

17 Those are my two requests.

18 COMMISSIONER SHAPIRO: Thank you.

19 MR. JAMGOTCHIAN: Well, is there any kind or
20 motion or position of the Board?

21 CHAIRPERSON HARRIS: Well, we couldn't take a
22 position if we wanted to. It's not on the agenda. But I
23 think -- would you like to comment?

24 EXECUTIVE DIRECTOR FERMIN: Yeah. Well, my only
25 comment is that I haven't seen the report, nor has Mr.

1 Minami seen the report. So --

2 MR. JAMGOTCHIAN: Well, I spoke with Mr. Moore 15
3 minutes ago. He's sitting right here. Would you like to
4 ask him where the report is?

5 EXECUTIVE DIRECTOR FERMIN: Well, you just said
6 that I've seen the report and Mr. Minami's seen the
7 report. And I just happen to know that that hasn't
8 happened. I don't know where it is at this point. And --

9 MR. JAMGOTCHIAN: Well, would you like to find
10 out where the report is?

11 EXECUTIVE DIRECTOR FERMIN: This isn't the proper
12 venue for that.

13 COMMISSIONER SHAPIRO: This is not the proper
14 venue, okay? You've made two requests. If you read what
15 the definition of "New Business" is -- or "General
16 Business," it says, "Communications, reports, requests for
17 future action of the Board."

18 You have now made two requests for future action.
19 Okay? That's all that this agenda item permits.

20 MR. JAMGOTCHIAN: This agenda item is not for
21 oral communications or open communications to the Board;
22 is that correct?

23 COMMISSIONER SHAPIRO: Yes, but it is not for --
24 it is not to deal with investigations that are ongoing by
25 the staff of the California Horse Racing Board.

1 CHAIRPERSON HARRIS: Yeah, clearly, we can't take
2 any action --

3 COMMISSIONER SHAPIRO: Mr. Chairman, I don't
4 think we should hear any more of this.

5 CHAIRPERSON HARRIS: I think we've heard your
6 requests, and we can move, you know, forward on that. But
7 I don't think -- there's no way we're really going to
8 resolve anything on this today.

9 MR. JAMGOTCHIAN: Okay. Well, then will my two
10 requests then with regard to the administrative hearing
11 and the release of the investigation report be acted upon
12 at the next meeting in Fresno, either way, either in
13 opposition or in support? Can I ask that?

14 CHAIRPERSON HARRIS: It might be the pleasure of
15 the Board.

16 COMMISSIONER SHAPIRO: I'd have no problem on our
17 considering that and looking into whether or not we want
18 to grant those two requests. I have no problem with our
19 considering it.

20 MR. JAMGOTCHIAN: Because as a supporter of the
21 industry, the last thing I want to do is file litigation
22 to take depositions of Ms. Fermin and the other people
23 involved with this incident and do essentially my own
24 investigation. I'm willing to do that. I'm financially
25 capable of doing that. But that's not in the best

1 interests of horse racing.

2 And I'm trying to address the Board to make the
3 Board aware that both Ms. Fermin and Mr. Minami were
4 involved in this process. So how can they be a reviewing
5 entity on behalf of the Board? That's why I believe we
6 need an independent board to review the facts. And if
7 suspension, termination or other actions are necessary for
8 the people involved in this activity, then it should be
9 done.

10 Thank you.

11 COMMISSIONER SHAPIRO: Thank you.

12 CHAIRPERSON HARRIS: Thank you.

13 Any other general business?

14 MR. BRADVICA: George Bradvica with Fairplex.

15 I just want to remind everyone we have lunch for
16 everyone here inside after the meeting. And if anyone
17 wishes to go to the races today, please drive down this
18 street to the horsemen's valet lot, down this street right
19 here next to the building, turn right, turn left, and
20 we'll take you to the racetrack on a golf cart and provide
21 you --

22 CHAIRPERSON HARRIS: Do we tell them we know you
23 or something?

24 (Laughter.)

25 MR. BRADVICA: Yeah, tell them you know me.

1 Everyone knows Pepi. Pepi will be there to do
2 that. And then if you want box seats for today, see Neil
3 O'Dwyer. And he'll be at the lunch for that.

4 And we'll give you Pepi's phone number, and you
5 can call him when you're ready to come back. He'll
6 Pick(n)Pool you up.

7 CHAIRPERSON HARRIS: I would like to announce
8 that next meeting of the Racing Board, it will be a first.
9 I think they've never -- we've never had a meeting in
10 Fresno. Where Jerry and I were born actually. And we're
11 having that on Thursday, October the 6th, at the Big
12 Fresno Fair. I think they're going to go all out to put
13 on a nice program for everyone. At least they open their
14 meet on the 5th, so it should be a nice venue.

15 Any other general business?

16 Any old business?

17 COMMISSIONER SHAPIRO: I would just like to
18 report that in the past two weeks I've participated in a
19 conference call and meeting that was held at Keeneland
20 pertaining to the jockey health study that has come before
21 the Board. And I'm pleased to report that on the call
22 were a number of scientists that are working with us to
23 get this study off the ground, as well as representatives
24 of TRA, Keeneland and some other jurisdictions.

25 So I'm pleased to report that I think we're

1 making progress there. And I think that in the
2 not-to-distant future we'll be able to look to get Phase 1
3 of the study underway. So It is moving forward.

4 CHAIRPERSON HARRIS: Yeah, it is bothersome that
5 we don't really have a timetable on that, because when we
6 originally started that, you know, it was going to be -- I
7 was under the impression it was a period of more like
8 months. But it seems like months has turned into years.

9 COMMISSIONER SHAPIRO: Well, it hasn't turned
10 into years. But we are working and the Jockeys' Guild
11 representative was on the phone with us and participated
12 in the call. And I'm pleased to say that they're very
13 happy as well.

14 The key to this is to come up with a study that
15 has some medical findings and foundation so that it truly
16 is a health assessment that can be useful to assist the
17 industry in guidance on a number of health practices that
18 are being used by our jockey colony and the jockey colony
19 throughout the country.

20 This thing is not just a California issue. And
21 so it is good that we're getting some cooperation from
22 other tracks and national organizations so that whatever
23 the outcome of this study is can be used nationally and
24 not disadvantage any state.

25 So while it may take a little longer, we have a

1 number of, you know, really expert people that are willing
2 to work on it. And I think that it's going to prove to be
3 very worthwhile.

4 As you'll also recall, there was I think some
5 legislation that mandated that a study like this be done
6 within a time frame. And it appears that we are well
7 within that time frame.

8 CHAIRPERSON HARRIS: Yeah. Apparently there's an
9 article -- I haven't even it yet -- it was in U.S.A.
10 Today -- about the New York situation that is
11 apparently -- investigation there has shown severe -- I
12 don't know if it's errors or purposeful overweights by
13 some of their jockeys.

14 COMMISSIONER SHAPIRO: It was in the Times this
15 morning too.

16 CHAIRPERSON HARRIS: That is one way to approach
17 the problem, but not the right way to approach it.

18 COMMISSIONER SHAPIRO: We had spoken to a number
19 of tracks. And I would encourage the tracks to consider
20 this in advance of any study being completed, which is --
21 the article we're referring to was that there was cheating
22 with the terms of what riders were really weighing on the
23 scales or they weren't even weighing on the scales. We
24 had discussed in some of these meetings moving the scale
25 to be in a location that's more in the public view. And I

1 think it would be great if we could move the scale out to
2 just outside the jockeys' room, which in some locales like
3 Santa Anita and Del Mar and other areas can in fact be in
4 the public view. And perhaps that would mandate that
5 every jockey's getting on a scale and you can't go by it.

6 And they also don't have the opportunity to go
7 weigh and then go back to their locker and change into
8 cheater boots and some of the other stuff that has gone
9 on.

10 So I would encourage the tracks to look at doing
11 that.

12 CHAIRPERSON HARRIS: Yeah, I think anything we
13 can do to improve confidence of our wagers, we need to do.
14 And I think we've urged our investigators to be sure that
15 the California weights are the correct weights.

16 Any other old business?

17 Well, thanks again for attending the meeting.

18 And good racing.

19 (Thereupon the California Horse Racing
20 Board meeting adjourned at 11:45 a.m.)

21

22

23

24

25

1 CERTIFICATE OF REPORTER

2 I, JAMES F. PETERS, a Certified Shorthand
3 Reporter of the State of California, and Registered
4 Professional Reporter, do hereby certify:

5 That I am a disinterested person herein; that the
6 foregoing California Horse Racing Board meeting was
7 reported in shorthand by me, James F. Peters, a Certified
8 Shorthand Reporter of the State of California, and
9 thereafter transcribed into typewriting.

10 I further certify that I am not of counsel or
11 attorney for any of the parties to said meeting nor in any
12 way interested in the outcome of said meeting.

13 IN WITNESS WHEREOF, I have hereunto set my hand
14 this 29th day of September, 2005.

15

16

17

18

19

20

21

22

JAMES F. PETERS, CSR, RPR

23

Certified Shorthand Reporter

24

License No. 10063

25