



APPEARANCES

COMMISSIONERS

Keith Brackpool, Chairman

David Israel, Vice Chairman

Jesse Choper, Member

Bo Derek, Member

John C. Harris, Member

Jerry Moss, Member

Richard Rosenberg, Member

Kirk Breed, Executive Director

STAFF

Robert Miller, Staff Counsel

Michael Marten

Jackie Wagner

Richard Bon-Smith

ALSO PRESENT

Jerry Jamgotchian

Leigh Ann Howard

Portor Goltz

Rod Blonien

Richard Castro

Barry Broad

Jack Liebau

Douglas Kempt

Craig Fravel

APPEARANCES CONTINUED

ALSO PRESENT

Shannon McDonald

Darrell Vienna

James Allard

Chris Meany

David Stilwell

Eual Wyatte

Diane Grealish

Alan Horowitz

Greg Scoggins

Ronni Lang

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5. Discussion and action by the Board regarding the proposed amendment/addition of the following CHRB rules in compliance with the provisions of Business and Professions Code section 19510, which classifies the outrider as a racing official:	15
(a) Rule 1481, Occupational Licenses and Fees, amend to add the occupational license class of "outrider" to the list of racing officials who must obtain an occupational license;	
(b) Rule 1504.3, Qualifications for License as Outrider, add rule to provide for the testing of applicants for an original license as outrider;	
(c) Rule 1520, Racing Officials, amend to add the occupational license class of "outrider" to the list of racing officials;	
(d) Rule 1564, Duties of the Official Outrider, add rule to specify the duties of the outrider;	
(e) Rule 1693, Control of Horses and Jockeys on Entering the Track, amend to clarify the role of the outrider with regards to horses entering the track prior to a race.	

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1           Also, there is a sign-in sheet for those wishing  
2 to speak during the public comment period, for matters not  
3 on the Board's agenda, if it concerns horse racing in  
4 California.

5           Please print your name legibly on the public  
6 comment sign-in sheet. When a matter is open for public  
7 comment, your name will be called. Please come to the  
8 podium, introduce yourself by stating your name and  
9 organization clearly. This is necessary for the court  
10 reporter to have a clear record of all who speak.

11           When your three minutes are up, the Chairman will  
12 ask you to return to your seat so others can be heard.

13           When all the names have been called, the Chairman  
14 will ask if there is anyone else who would like to speak on  
15 the matter before the Board. Also, the Board may ask  
16 questions of individuals who speak.

17           If a speaker repeats himself or herself, the  
18 Chairman will ask if the speaker has any new comments to  
19 make. If there are none, the speaker will be asked to let  
20 others make comments to the Board.

21           Mr. Chairman.

22           COMMISSION CHAIRPERSON BRACKPOOL: Good morning,  
23 everybody. First order of business this morning is, by  
24 long-standing tradition, a presentation of a resolution  
25 thanking somebody for their service and extraordinary number

1 of hours, as all of us up here now know that it takes to run  
2 this organization, and we have a resolution to present to  
3 Richard Shapiro, the former Chair.

4           And just before I present that, Commissioner  
5 Harris has asked to say a few words, so I will toss it over  
6 to John.

7           COMMISSIONER HARRIS: Yeah, thank you, Keith. I  
8 just wanted to say that I first met Richard -- I first met  
9 Richard when I was Chairman, and it must be four or five  
10 years ago when he was appointed, I didn't know who is this  
11 guy, I heard he was some harness guy from L.A., and I soon  
12 found that he was a real asset to the Board. He does tend  
13 to speak out and let you know what he thinks, but he also  
14 takes the time to listen and he did devote just a tremendous  
15 amount of hours, and time, and energy to the Board in his  
16 chairmanship, and he's become a close friend. And he's got  
17 a wonderful wife, with Colleen, and his son, Riley.

18           And there's nothing in the industry that he  
19 doesn't really get involved in or want to try to help in.  
20 And this is a tough business, and it's easy to discourage  
21 people, and there's always a lot of naysayers on any  
22 decision, but Richard was a person that hung in there and  
23 really did want this industry to move forward.

24           And we've always -- we've got a lot of challenges  
25 and there's no easy solution to a lot of things we had tried

1 to do with racing.

2 But Richard has been a big asset and I think he'll  
3 continue to be and I'm just proud to endorse this  
4 resolution.

5 COMMISSION CHAIRPERSON BRACKPOOL: Okay, Richard,  
6 are you here? Step forward. I'm happy to present you with  
7 this, congratulations.

8 MR. SHAPIRO: Thank you.

9 COMMISSION CHAIRPERSON BRACKPOOL: You're welcome.  
10 (Applause.)

11 COMMISSION VICE CHAIRPERSON ISRAEL: Okay, she's  
12 the only person that doesn't actually need one of those.

13 (Laughter.)

14 COMMISSION CHAIRPERSON BRACKPOOL: Thank you. All  
15 right, moving onto public comment. Moving on, no, there's  
16 no comment on this issue.

17 Moving onto public comment period.

18 MR. JAMGOTCHIAN: Are you restricting my time to  
19 speak on that one?

20 COMMISSION CHAIRPERSON BRACKPOOL: We're moving  
21 onto a public comment period, item number two.

22 COMMISSIONER DEREK: We're going to have Happy  
23 Trails for Blonien, though.

24 COMMISSION CHAIRPERSON BRACKPOOL: We're moving  
25 on. The first speaker is Leigh Ann Howard, from San Luis

1 Rey Downs.

2 MS. HOWARD: My name's Leigh Ann Howard and you  
3 have the card where it's spelled. You got it? Okay.

4 I came up here to tell you that San Luis Rey  
5 Downs, contrary to popular belief, is still running. The  
6 horsemen there put together an arrangement with the land  
7 owners, MI Developments, and we have a two-year lease with a  
8 one-year extension every year afterwards. So we will still  
9 be alive when you all decide what's going to happen with the  
10 rest of our industry.

11 We're a one-mile dirt track and any trainers that  
12 want to train on a dirt track are certainly welcome to come  
13 and train there, especially with babies and horses that  
14 could use something else besides what they have up here.

15 Any questions?

16 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very  
17 much, thank you.

18 MS. HOWARD: Uh-hum.

19 COMMISSION CHAIRPERSON BRACKPOOL: The second  
20 speaker is Jerry Jamgotchian.

21 MR. JAMGOTCHIAN: Mr. Chairman, Members of the  
22 Board, I'd like the record to acknowledge that I was refused  
23 to speak on item one, so the three minutes that was allotted  
24 to me, I assume you're not going to provide to me. We'll  
25 address that later.

1 I'd like to offer the following comments with  
2 regards to the resolution you just presented to Mr. Shapiro.

3 I'm disappointed to do this, but I think it's right. My  
4 personal opinion, as well as many other breeders, owners,  
5 trainers, employees, racing fans, wagerers have basically  
6 required that I make these comments and make this resolution  
7 to Richard Shapiro.

8 Whereas the efforts of Richard Barry Shapiro, as a  
9 member and chairman of the California Horse Racing Board,  
10 have negatively impacted nearly all segments of the  
11 California horse racing industry; whereas Richard Barry  
12 Shapiro has assisted in the reduction of racing dates and  
13 the closing of racetracks throughout the State due to his  
14 ill-fated synthetic track mandate; whereas Richard Barry  
15 Shapiro opposed the slot machine referendum of the Bay  
16 Meadows Land Company in 2008 and supported the indians'  
17 rights to have more slot machines in California; whereas  
18 Richard Barry Shapiro's efforts and policies have created  
19 the most significant on-track handle and attendance  
20 reductions in California history; whereas Richard Barry  
21 Shapiro has destroyed the lives, dreams and the jobs of  
22 thousands of California owners, fans, horsemen, backstretch  
23 workers and racetrack employees due to his gross  
24 mismanagement while at the CHRB; whereas Richard Barry  
25 Shapiro has pandered to the interests of ADW companies,

1 racetrack associations, synthetic racetrack manufacturers,  
2 tote companies, and other companies all to the detriment of  
3 California horse racing; whereas Richard Barry Shapiro's  
4 policies have led to the mass exodus of horse owners,  
5 breeders, trainers, farms, and other industry partners out  
6 of the State of California; finally, whereas Richard Barry  
7 Shapiro will always be known effectively as the key man for  
8 his admission, malicious admission, I might add now, to  
9 keying my car at Hollywood Park Racetrack in 2009; on behalf  
10 of the California horse racing and breeding industry, and  
11 the owners and trainers, and everybody who supports this  
12 position, Richard Barry Shapiro is now awarded the golden  
13 key, with hopes that when he keys his next car he does it  
14 with more style and causes much more damage.

15 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

16 MR. JAMGOTCHIAN: No, I'm not done, that's my --

17 COMMISSION CHAIRPERSON BRACKPOOL: You are done,  
18 that's the three minutes.

19 MR. JAMGOTCHIAN: No that's -- so you're --

20 COMMISSION CHAIRPERSON BRACKPOOL: Are we not at  
21 three, yet?

22 EXECUTIVE DIRECTOR BREED: No.

23 COMMISSION CHAIRPERSON BRACKPOOL: How much  
24 longer?

25 EXECUTIVE DIRECTOR BREED: Half a minute.

1 COMMISSION CHAIRPERSON BRACKPOOL: Half a minute.

2 MR. JAMGOTCHIAN: Half a minute. Okay, well, I'll  
3 say goodbye as an owner to Hall of Fame trainer Jack  
4 VanBerg, who's moving his horses to Thistle Downs. Another  
5 trainer, more horses leaving the State.

6 Finally, I'd like to ask this Board just what they  
7 intend to do to address the Santa Anita barn situation,  
8 which clearly are substandard and the quality of life for  
9 both horses and humans needs to be improved.

10 This Board should no longer be a tool for horse  
11 racing associations, who fail to follow their obligations  
12 and do things that is right for this industry, and I ask  
13 this Board to stand up and recognize the efforts that the  
14 people in the backstretch are making in the conditions that  
15 they are forced to operate under.

16 So I know you wish to restrict my time, Mr.  
17 Brackpool, and if that's your position, maybe you'll have  
18 the opportunity to express your position in court. Thank  
19 you.

20 COMMISSION CHAIRPERSON BRACKPOOL: Thank you. The  
21 next speaker is Portor Goltz.

22 STAFF COUNSEL MILLER: Excuse me, before Mr. Goltz  
23 speaks, I'm Robert Miller, counsel for the California Horse  
24 Racing Board.

25 I would just note for the record that agenda item

1 number one stated a presentation of a resolution, and did  
2 not reflect discussion at all. Thank you.

3 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

4 MR. GOLTZ: Good morning, Mr. Chair, and Members  
5 of the Board, my name is Portor Goltz, I'm the legal  
6 representative of San Mateo County and its Jockey Club.

7 I wish to take just a moment to address you  
8 concerning minisatellites.

9 I come here with positive news. Board Members  
10 have voiced their displeasure with San Mateo County and my  
11 client has heard this Board loud and clear. You have  
12 impressed my client with your desire that minisatellites be  
13 opened, the more, the merrier, I believe is apropos.

14 You may have thought that the Jockey Club was an  
15 obstacle to minisatellites and justification for change in  
16 the statutory scheme, and my guess is that by now at least  
17 some of you have heard and aware of the agreement reached  
18 between the Jockey Club of San Mateo County and Artichoke  
19 Joe's, a card room in Northern San Mateo County, where we  
20 intend to create a new minisatellite facility.

21 I wish you to know that my client has been  
22 diligent in seeking to open minisatellites in Northern  
23 California.

24 I'm pleased to tell you, today, that on behalf of  
25 my client, the Jockey Club, that an application for a

1 license to operate a minisatellite wagering facility at  
2 Artichoke Joe's Casino Cardroom will be filed by the Jockey  
3 Club by the end of this month.

4 This is the first of several minisatellites that  
5 the Jockey Club is working to establish in the San Francisco  
6 Peninsula area.

7 Last week the interested groups in the horse  
8 racing community were advised of the agreement between the  
9 Jockey Club and Artichoke Joe's and the details of that  
10 proposed minisatellite. A copy of the agreement was  
11 circulated for their review.

12 Wednesday of this week we met with Robert Hartman,  
13 of Golden Gate Fields, to discuss their consent under the  
14 provisions of the Business and Professions Code 19605.25.

15 We're confident that Golden Gate Fields and Jockey  
16 Club can come to an arrangement and an agreement that will  
17 result in granting their consent for this minisatellite.

18 All of this is being done prior to submitting the  
19 application to your Board. We hope to present you with an  
20 application with answers to the questions that you may have  
21 and with the California horse racing community advised in  
22 advance, as well.

23 I ask you, in advance, for your favorable  
24 consideration of our application and that you request your  
25 staff to process this application on an expedited basis. It

1 is our hope to have this minisatellite up and running as  
2 soon as possible.

3 I want to reiterate, contrary to some popular  
4 beliefs, San Mateo County is not an obstacle to  
5 minisatellites in Northern California. In fact, we are  
6 taking positive steps to open a minisatellite as soon as  
7 possible.

8 Thank you for your time.

9 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

10 The next speaker, Rod Blonien, on behalf of Lucky  
11 Changes.

12 MR. BLONIEN: Mr. Chairman, good morning, Members,  
13 Rod Blonien on behalf of Lucky Changes, the largest cardroom  
14 in Northern California.

15 I wish San Mateo and Artichoke Joe's a lot of  
16 success in their satellite facility.

17 Lucky Chances first began conversations with the  
18 San Mateo County Fair 14 months ago about opening a  
19 satellite at Lucky Chances.

20 We were recently informed by Mr. Goltz that they  
21 are heading in another direction and in fact they have, they  
22 have an agreement now with Artichoke Joe's, that happens to  
23 be 10.5 street miles from their satellite facility. We're  
24 just a shade under 20 miles from their satellite facility  
25 and we would hope that in the future we could have satellite

1 waging at Lucky Chances.

2 And thank you.

3 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

4 COMMISSION VICE CHAIRPERSON ISRAEL: Rod, can I --  
5 Rod, can I ask you a question? Did you think the  
6 legislation should be amended so that the jurisdiction of a  
7 county ends at the county line, even if the radius is more  
8 distant?

9 MR. BLONIEN: Well, in some situations I think the  
10 answer is yes. And, you know, there may be a situation  
11 where someone has a satellite facility right close to the  
12 county line and, you know, two or three miles away and it  
13 may be unfair.

14 But I think it is also unfair for one county, for  
15 example, to have the ability to preclude anyone in the  
16 neighboring county, that has a million people on its own,  
17 from having satellite wagering, unless you make them part of  
18 the deal.

19 You know, I just don't -- when we did the  
20 minisatellite bill we never thought that we'd enter into the  
21 dilemma and the problem that we're facing currently.

22 COMMISSION VICE CHAIRPERSON ISRAEL: Are there any  
23 instances, in other state laws, where one county can prevent  
24 private or public interests in another county from doing as  
25 they see fit, as long as it's legal?

1 MR. BLONIEN: Not that I'm aware of.

2 COMMISSION VICE CHAIRPERSON ISRAEL: Well, why  
3 does it apply in this instance?

4 MR. BLONIEN: Well, because, you know, of the, I  
5 guess the vagaries of the law in terms of the 20 miles.  
6 When we put it together we were thinking of street miles and  
7 Mr. Goltz has argued that it means air miles. Which it  
8 gives San Mateo, for example, the ability to completely  
9 black out San Francisco City and County, part of Alameda  
10 County, and part of Santa Clara County.

11 COMMISSION VICE CHAIRPERSON ISRAEL: I understand.  
12 Can I suggest, then, that you reconsider this law, that you  
13 add language where if it defines a radius, it also says that  
14 the radius whether, regardless of whether it's met, ends at  
15 the county line?

16 MR. BLONIEN: I will take that under  
17 consideration.

18 COMMISSION VICE CHAIRPERSON ISRAEL: Thank you.

19 MR. BLONIEN: Absolutely, thank you.

20 COMMISSION CHAIRPERSON BRACKPOOL: The next  
21 speaker, Richard Castro.

22 MR. CASTRO: Chairman Brackpool, Commissioners, my  
23 name is Richard Castro, representing Pari-Mutuel Employees  
24 Guild Local 280.

25 I would just like to remind everybody that when

1 you -- and I'm pleased that you're talking about more  
2 minisatellites, but I want to avoid a battle and I hope that  
3 you do the format which was done at the Commerce Club, that  
4 there would be a satellite money room person, a terminal  
5 operator, an SST/utility person, and a tote person in all  
6 these locations to better serve the patrons. Thank you.

7 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

8 All right, moving on to Item Number 3, which is  
9 the approval of the January minutes, any comments from any  
10 of the Commissioners? Can I have a motion.

11 COMMISSIONER CHOPER: Move.

12 COMMISSIONER ROSENBERG: Second.

13 COMMISSION CHAIRPERSON BRACKPOOL: Okay, approved.

14 Item Number 4 is the approval of the February  
15 minutes, any comments?

16 COMMISSIONER MOSS: Minutes, make a motion.

17 COMMISSION CHAIRPERSON BRACKPOOL: Okay,  
18 Commissioner Moss makes a motion.

19 COMMISSIONER ROSENBERG: I'll second.

20 COMMISSION CHAIRPERSON BRACKPOOL: Second, done.

21 Moving on to Item Number 5, Jackie are you here to  
22 take us briefly through Number 5?

23 REGULATIONS/LEGISLATION MANAGER WAGNER: Briefly.

24 Jackie Wagner, CHRB staff.

25 Item Number 5 is the discussion and action by the

1 Board regarding the proposed amendments of CHRB Rules 1481,  
2 Rule 1504.3, Rule 1520, Rule 1564, and Rule 1693, in  
3 compliance with the provisions of the Business and  
4 Professions Code 19510, which classifies the outrider as a  
5 racing official.

6 In response to the passage of AB 1575, the  
7 outrider is now classified as a racing official and in  
8 response the rules that I just went through will need to be  
9 amended in order to comply with the law.

10 The first rule, Rule 1481, occupational license  
11 and fees, the proposed amendment to this rule will change  
12 the section (b)(6) to provide that the racing official, as  
13 defined in Rule 1520, is a person who must obtain an  
14 occupational license.

15 Rule 1520 is referenced because that is the rule  
16 in the book that identifies the occupational licenses that  
17 are considered to be racing officials.

18 The proposal to amend 1504.3 would be an addition  
19 to the Board's rules and this rule will set out the  
20 qualifications for an outrider. It would provide that a  
21 proposed outrider would have to take and pass a written  
22 examination administered by the Board.

23 Rule 1520, racing officials, adds outriders to the  
24 list of racing officials of a race meeting.

25 Rule 1564, the duties of an outrider, describes

1 the general duties of the outrider. Under the rule, the  
2 outrider is responsible to the stewards and has supervisory  
3 authority over the conduct of horses and all persons who are  
4 mounted or are sitting on the sulky and into the racetrack  
5 to train or participate in the race.

6 And the last rule that would be amended in this  
7 package is Rule 1693 and this will provide for the role of  
8 the outrider who is in charge of the post parade.

9 EXECUTIVE DIRECTOR BREED: Mr. Chairman -- thank  
10 you, Jackie.

11 This particular -- these particular rule changes I  
12 find less than perfect and I discussed this with certain  
13 members of the group, and what I would like, what I would  
14 recommend is that the Board approve these for the 45-day  
15 period, during which time I will sit down with the  
16 outriders, and also with the stewards, and other related  
17 groups, I think the Teamsters, and we need to iron out a  
18 couple of possible additional rule changes, i.e. in terms of  
19 other occupational license, like trainer license and owner  
20 license. Because many, if not most of the outriders, right  
21 now have dual licenses. So which there is a section in the  
22 regulations that prevent an outrider from having an owner's  
23 license, if that outrider is considered a racing official,  
24 which is what they are considered now.

25 So with --

1 COMMISSION CHAIRPERSON BRACKPOOL: So if we put  
2 these out for 45 days, now, that gives you the time to meet  
3 with everyone and then we would actually have this back on  
4 our agenda at the May meeting?

5 EXECUTIVE DIRECTOR BREED: That's correct, with a

6 --

7 COMMISSION CHAIRPERSON BRACKPOOL: With comments  
8 and perhaps a different recommendation.

9 EXECUTIVE DIRECTOR BREED: With comments and  
10 perhaps additional rule changes that will be incorporated.

11 COMMISSION CHAIRPERSON BRACKPOOL: Right. John?

12 COMMISSIONER HARRIS: I'd really rather get it  
13 right sort of the first time before we put it out and get  
14 pretty much what we think is right, rather than something  
15 we're not sure of.

16 One of the concerns is that licensing a person  
17 that's an outrider might also be a training. I mean, like  
18 Blake Keith would be an example, that why make him get a  
19 whole other license and all this.

20 I mean, I think it should be clear when we put it  
21 out what we're going to do, rather than get something out  
22 there we don't really support.

23 COMMISSION VICE CHAIRPERSON ISRAEL: Well, in  
24 defense of putting it out, that will expedite this because  
25 otherwise we have to wait another 30 days, then put it out

1 for 45 days. Now, we can put it out as it is, get it right  
2 in the 45 days and then vote to approve it in 30 days sooner  
3 than we would otherwise.

4 COMMISSIONER HARRIS: Yeah, my dispute would be  
5 that I don't think the language on outriders is a very big  
6 problem racing is facing right now. We've got, you know, a  
7 lot of problems, but I don't think the outrider section is  
8 bringing us down. A lot of other things, maybe.

9 COMMISSION CHAIRPERSON BRACKPOOL: But I think  
10 that by putting it out for public comment we get the  
11 comments, we combine those with the work that Kirk does and  
12 I think we can design a rule. And I just think it expedites  
13 the process.

14 COMMISSION VICE CHAIRPERSON ISRAEL: Yeah, I  
15 agree.

16 REGULATIONS/LEGISLATION MANAGER WAGNER: Let me  
17 make it clear, if we put these out for 45 days in the form  
18 that is presented to you, or we can go over it in the  
19 office, Kirk and I, and we put that language out and  
20 comments are received during the 45-day commentary that  
21 affect the language that is here, if the Board accepts those  
22 comments we have to put it out again. So it --

23 COMMISSION VICE CHAIRPERSON ISRAEL: I understand  
24 that, but if we were to delay putting it out, we're just  
25 waiting another month, then we're going to put it out, then

1 there are going to be comments, and this actually will  
2 expedite the process and will shorten the time between now  
3 and its approval, when it's properly written.

4 COMMISSION CHAIRPERSON BRACKPOOL: If we were  
5 certain that the work that Kirk is going to do with the  
6 outriders would be the only changes, then John's suggestion  
7 would be slightly quicker. But I think we have to allow the  
8 public to comment, so I think all in all this is probably a  
9 better way to do it.

10 COMMISSION VICE CHAIRPERSON ISRAEL: We have to  
11 allow it by law.

12 COMMISSIONER HARRIS: The problem is,  
13 historically, the public is not very aggressive about  
14 commenting until we finally get it to a meeting like this,  
15 and I just sort of hate to have something out there and we  
16 fool around with it.

17 But I don't know, really, if there is a crying  
18 need to even have this. I mean, is there a real problem  
19 we've got now, that somebody can explain what the problem  
20 is, what really the problem is?

21 COMMISSION VICE CHAIRPERSON ISRAEL: Well, I  
22 think, Leigh Ann, didn't you work -- weren't you the person  
23 who first brought this up? Am I mistaken?

24 MS. HOWARD: No, I did the provisional exercise  
25 rider licenses.

1 COMMISSION VICE CHAIRPERSON ISRAEL: Oh, that was  
2 it.

3 EXECUTIVE DIRECTOR BREED: Mr. Chairman, the  
4 reason why this requires a rule change is because the law  
5 was changed to make the outrider a racing official, and that  
6 was done for -- basically, in line with our safety standards  
7 program, and on recommendations from our stewards that the  
8 outrider be an official and, therefore, have the ability to  
9 take a jockey off of a horse at the starting gate if, in  
10 fact, that jockey wishes to jump off the horse because the  
11 horse -- he feels the horse can't ride.

12 COMMISSION CHAIRPERSON BRACKPOOL: Right. Do I  
13 have a motion to put it out at this stage?

14 COMMISSIONER DEREK: I'll make a motion.

15 COMMISSION CHAIRPERSON BRACKPOOL: Okay.

16 COMMISSION VICE CHAIRPERSON ISRAEL: I'll second.

17 EXECUTIVE DIRECTOR BREED: I think Barry has a  
18 comment.

19 MR. BROAD: Barry Broad, on behalf of the  
20 Teamsters. We represent the outriders, there's 33 of them  
21 down here and there's more in Northern California.

22 I think the issue, Kirk alluded to it, I think  
23 we'll get this worked out, but there's two basic issues and  
24 I just want to sensitize you to them. One, and part of this  
25 may have been a little bit of sort of loose talk around the

1 track between the outriders and some of the stewards  
2 speculating about this, but the outriders have -- they've  
3 been under a collective bargaining agreement for about four  
4 decades. And like all collective bargaining agreements,  
5 they bid on work or they're assigned shifts and, you know,  
6 different work based on seniority, and there seemed to be  
7 some suggestion that that was going to end and that the  
8 stewards were going to be assigning the outriders work when  
9 they're employees of the track.

10 And, of course, that would abrogate the provisions  
11 of the collective bargaining agreement, which the State  
12 can't do, and I don't think there was any intention in this  
13 for that to happen.

14 So that's just sort of like let's chill everybody  
15 out discussion, so we need to have that.

16 And then, secondly, as Kirk alluded to, most of  
17 these folks have trainer's licenses, and they're owners, and  
18 there is at least a prohibition on them being owners. So  
19 they would have to elect to sell their horses or you lose  
20 many of the most experienced and talented outriders, and I  
21 don't think anyone has any interest in that whatsoever.

22 So we may have to modify the rule to allow them to  
23 continue this because I don't think anyone believes it's a  
24 conflict of interest or there's an issue regarding the  
25 integrity of racing or there's any -- I mean, this has been

1 like this since the beginning of racing, actually, in 1934,  
2 that they've owned all this.

3           So I think it's something that we'll sit down and  
4 we'll work it out in the interim, we'll be back in, you  
5 know, 45 days. Hopefully, if things need to be modified,  
6 we'll try to do it as a consensus and, hopefully, work out  
7 all the issues. Thank you.

8           COMMISSION CHAIRPERSON BRACKPOOL: Thank you.  
9 Thank you. I mean, it sounds like there's a series of  
10 unintended consequences possibly here, so we'll work through  
11 that and do that.

12           I also have Tony Alvarado, from TVG, wishing to  
13 speak on this issue.

14           COMMISSION VICE CHAIRPERSON ISRAEL: He left.

15           COMMISSIONER MOSS: You know, that might have been  
16 the Pari-Mutuel, I apologize for that.

17           COMMISSION VICE CHAIRPERSON ISRAEL: The what?

18           COMMISSIONER MOSS: That was from the earlier  
19 meeting.

20           COMMISSION VICE CHAIRPERSON ISRAEL: Yeah, he  
21 left, I saw him leave.

22           COMMISSIONER MOSS: I apologize.

23           COMMISSION CHAIRPERSON BRACKPOOL: All right, we  
24 have a motion maker, we have a motion second. All in favor?

25           (Ayes.)

1 COMMISSION CHAIRPERSON BRACKPOOL: Motion carried.

2 COMMISSIONER HARRIS: I'll vote opposed just to --

3 COMMISSION CHAIRPERSON BRACKPOOL: John's vote --  
4 John Harris records a vote opposed.

5 COMMISSIONER HARRIS: It was on the procedure.

6 COMMISSION CHAIRPERSON BRACKPOOL: Item Number 6,  
7 we discussed this item at the last meeting, I don't think we  
8 need a complete recital of what we discussed at the last  
9 meeting, but this was the issue of jockeys being accused,  
10 perhaps, of gaming the days which they ride.

11 And this was a proposal that we arrived at to put  
12 out for public comment, which is where we are now; correct?

13 REGULATIONS/LEGISLATION MANAGER WAGNER: Exactly.  
14 Jackie Wagner, CHRB staff.

15 The rule before you is the proposal that would  
16 provide -- is a proposal to amend Rule 1766, and this will  
17 provide that a suspended jockey or driver who participates  
18 in more than one designated race in California, or in one or  
19 more designated races in another jurisdiction must complete  
20 his or her suspension on the equivalent day of the week  
21 following the day on which the jockey or driver participated  
22 in the designated race.

23 And staff would recommend that you instruct us to  
24 initiate the 45-day comment period on this rule.

25 COMMISSION CHAIRPERSON BRACKPOOL: Can I have a

1 motion for that?

2 COMMISSIONER ROSENBERG: So moved.

3 COMMISSIONER CHOPER: Second.

4 COMMISSION CHAIRPERSON BRACKPOOL: Okay, all in  
5 favor?

6 (Ayes.)

7 COMMISSION CHAIRPERSON BRACKPOOL: Motion carried,  
8 all right.

9 Item 7, we convened, on March the 4th, in  
10 Sacramento, a meeting of the Legislative, Legal and  
11 Regulations Committee and it was much more interesting than  
12 the title of the Committee sounds.

13 But it was in Sacramento, Commissioner Choper and  
14 I held the meeting, many of you in this room attended. And  
15 the sole agenda item was is there a common piece of  
16 legislation that we could ultimately agree on that would  
17 promote horse racing.

18 We were joined in the meeting by the Legislative  
19 Secretary for the Governor, Secretary Mike Prozio, who came  
20 in and gave what I thought was an excellent speech about how  
21 the Governor was very, very keen to see a bill on his desk  
22 this year that promoted horse racing.

23 I thought that he went as far as he possible could  
24 by asking this industry to dream a little, be creative, and  
25 yet we have to work within the existing constitutional and

1 current laws that are out there and face us, and I think we  
2 all understood what that meant.

3           The various ideas that were discussed ranged from  
4 introducing potentially the betting exchange idea, where the  
5 betting exchange companies would have to offer minimum cash  
6 guarantees.

7           In addition, we would have very short sunset  
8 provisions so that if we got something wrong, we would know  
9 about it very quickly.

10           And there are some follow-up meetings I understand  
11 being arranged with the betting exchange companies right  
12 now.

13           They went perhaps as far as the instant racing  
14 concept, which is currently working its way through the  
15 legislature in Kentucky and is working its way through the  
16 various court systems in Arkansas and, you know, that may or  
17 may not be a bridge too far, but that was worth discussing.

18           There was, I thought, very, very good conversation  
19 around the idea of expanding the ease with which ADW  
20 transactions could be made. They ranged from having  
21 terminals that were in different places, where you could go  
22 along and actually bet on a terminal, rather than go into a  
23 computer and sign up and do everything to, frankly, having  
24 perhaps a 24-hour exemption to where you didn't have to fill  
25 out social security numbers, et cetera, et cetera, if you

1 wanted to make a very quick bet there was quicker page to be  
2 able to go to.

3           And I thought we had good conversations around the  
4 expansion, overall, of ADW ideas.

5           There were various other ideas pushed around and,  
6 as I say, we were joined at the end by Secretary Prozio, who  
7 I thought, you know, gave a very helpful speech.

8           Part of the speech was that the Governor wants to  
9 see something that is agreed to by as many of us as  
10 possible, as many of you as possible and was, I thought,  
11 very strong in discouraging the current practice of let's  
12 have 65 pieces of legislation work their way through where  
13 there's no common goal here and no common good.

14           So I thought all in all it was a very, very  
15 productive session.

16           We are going to have a follow-up session, that  
17 session, to be fair to everybody, will be down here in the  
18 south. We will get the date of that out to everybody in the  
19 next few days, but it will be prior to the April Board  
20 meeting here.

21           And I thought it was a good session.

22           Commissioner Choper, what would you add to that?

23           COMMISSIONER CHOPER: I agree.

24           COMMISSION CHAIRPERSON BRACKPOOL: Okay. So  
25 anyway, if there's anyone who wishes to speak on that issue

1 but, if not, we will move on to the --

2 COMMISSIONER MOSS: One question I had is because  
3 I had a conversation with Mr. Prozio and I brought up the  
4 idea that it was a question that the backstretch should be  
5 converted to being agricultural, again, instead of I think  
6 entertainment, or whatever it's now termed, and it would be  
7 less tedious for trainers and people like ourselves to  
8 officiate over a situation involving agricultural than it is  
9 today, having to deal with the current restrictions.

10 Did he bring that up at all, did that come up in  
11 the conversation?

12 COMMISSION CHAIRPERSON BRACKPOOL: He didn't bring  
13 that up, but that's an interesting -- an interesting idea.  
14 Where agriculture came through was when CARF made their  
15 presentations to some of the things that they would like to  
16 see.

17 We did, by the way I should add, spend -- on the  
18 CARF issue we spent a lot of time on the boundaries of  
19 satellites and the radius of satellites, et cetera. And  
20 they, of course, were very strong in continuing to promote  
21 their agricultural heritage, and roots, and need to protect,  
22 et cetera.

23 But that's a good idea, Jerry, we'll look at that.

24 COMMISSIONER HARRIS: I think what maybe Jerry's  
25 referring to is agriculture -- I mean, the racetrack,

1 originally, the backstretch was under the Agricultural Labor  
2 Relations Act and I think something went through, I see  
3 Barry's coming up here to explain it, that basically set up  
4 a separate thing.

5           But it's one problem with racing in general is  
6 it's not under anything, really, it's not under the National  
7 Labor Relations Act, and it's kind of -- it's subject to all  
8 the California laws on overtime, and safety and all that  
9 but --

10           COMMISSION CHAIRPERSON BRACKPOOL: I do think,  
11 just before Barry gets to that point, I do think that the  
12 message we tried to convey, I think he was very supportive  
13 of, was that horse racing has far too many pieces of  
14 legislation that are there every year for minor, minor  
15 little fixes. And what we need is a piece of legislation  
16 that is crystal clear. This will not be the panacea, there  
17 is no way we can solve all of this industry's ills with one  
18 piece of legislation, but there is a chance here to move the  
19 ball forward significantly. And I think we're going to have  
20 to be very selective at the end of the day as to which one  
21 it is we all determine to get behind and move forward.

22           COMMISSIONER CHOPER: Maybe you said that I didn't  
23 quite hear it, but it's only a one-time operation, that is  
24 this Governor has one more Legislature. And if we're going  
25 to have his backing, it's not going to do any good

1 thereafter. So this is it, at least for this particular,  
2 very significant opportunity.

3 COMMISSION CHAIRPERSON BRACKPOOL: Barry?

4 MR. BROAD: Yeah, Mr. Chairman, I just wanted,  
5 since I have some very significant personal history with the  
6 question of the status of backstretch employees, I was on  
7 the Industrial Welfare Commission, which regulates wages,  
8 hours and working conditions, I changed it back. And that's  
9 because labor was adamantly opposed.

10 Originally these workers, for the history of horse  
11 racing, were in the -- were considered amusement and  
12 recreation, urban workers like zoo keepers, zoo personnel,  
13 they work with animals in an urban setting.

14 The industry came, in the 1980s, and managed to  
15 push through some deal, they were a little bit more powerful  
16 than they are now, over the objection of labor to turn them  
17 into agricultural employees after they had been raided by  
18 the INS, and they got into trouble because they weren't  
19 paying anybody any overtime.

20 Agricultural workers only get overtime after ten  
21 hours a day, as opposed to eight hours a day. And they're  
22 exempt from the Fair Labor Standards Act. So if you exempt  
23 them, you're only covered under California law.

24 That was rather a sore point with organized labor,  
25 particularly the Teamster's Union, which represents most

1 people who handle animals, in Hollywood and everywhere and,  
2 you know, frankly, a horse is a horse is a horse when it  
3 comes to, you know, their labor conditions.

4 And so when the matter was brought up and the  
5 Governor appointed me to the Industrial Welfare Commission,  
6 we changed it back.

7 So I would state, in the general political world  
8 that we now occupy, that particular dog don't hunt. So  
9 they're going to stay as workers, you would have to change  
10 the wage orders of the Industrial Welfare Commission, which  
11 are constitutional in nature, that Board is created in the  
12 constitution, it has much -- it sort of has preeminent  
13 authority over wages, hours and working conditions. And we  
14 would not -- no one in labor would support taking away the  
15 right to overtime pay of these workers.

16 So I would not, with all due respect, push that  
17 idea. I mean you can but it will be a problem.

18 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

19 MR. BROAD: Thanks.

20 COMMISSION CHAIRPERSON BRACKPOOL: All right,  
21 moving on, Item Number 8, a report on the Pari-Mutuel  
22 ADW/Simulcast Committee, from Commissioner Moss.

23 COMMISSIONER MOSS: We had a nice meeting this  
24 morning. We started with Trainer Darrell Vienna's proposal  
25 of having a -- a sort of a second chance situation with the

1 losing tickets be used as a opportunity for on-track  
2 wagering. In other words, a person who -- or somebody who  
3 made wagers and kept their tickets might be getting a prize  
4 for a later drawing. And if that was the case, you have to  
5 be on track to receive this award or this kind of reward.

6 And we're going to discuss more aspects of this.  
7 But we treated it favorably and we're going to try to see if  
8 this thing can take some -- take some guidance and perhaps  
9 become something.

10 We have to talk to the tracks and talk to  
11 everyone, and talk to the lawyers to see what affect it has  
12 on the lottery and all these other aspects. It's a little  
13 complicated right now, but it's a good idea and we're going  
14 to see how we can float it.

15 We're also -- we heard from Scientific Games in  
16 regarding the status after their forthcoming acquisition by  
17 Sportech, and how that's going to affect the industry, and  
18 Terry McWilliams gave us some information about that.

19 And he anticipates, basically, no changes that he  
20 can see.

21 We also discussed the idea of perhaps changing the  
22 totalizer odds to read more in decimals, rather than  
23 fractional.

24 And we heard from Craig Fravel on this that the  
25 Southern California tracks can do this. Eual Wyatte spoke

1 up for Hollywood Park and that they would get together and  
2 see if they can do this, so that the customer knows a more  
3 precise aspect of the wagering.

4           And we might just see fractional betting or  
5 fractional reporting very, very soon, we're going to find  
6 out about that.

7           We talked about an idea of a proposal to require  
8 host tracks to create a camera shot of the totalizer board  
9 and different people stepped up and said this was sort of  
10 unrealistic because there was a delay, anyway, and we  
11 wouldn't learn anything new on this, so we're reevaluating  
12 that as well.

13           And then that was about it. We had some comment  
14 on minisatellites and Mr. Blonien spoke, Mr. Vito Francisco  
15 spoke and we went on from there. It was generally a good  
16 meeting and we had a couple laughs and we went on.

17           COMMISSION CHAIRPERSON BRACKPOOL: That's always  
18 good.

19           COMMISSIONER MOSS: Very good.

20           COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

21           We have one speaker on this issue, Jerry  
22 Jamgotchian.

23           MR. JAMGOTCHIAN: Mr. Chairman, Members, two quick  
24 issues, the first one is Betfair. I continue to hear  
25 rumblings with regards to Betfair and I wanted to offer my

1 perspective since I've raced in Europe. And although I've  
2 never used the betting exchange, I'm aware of betting  
3 exchanges.

4           And betting exchanges give people, insiders the  
5 ability to take advantage of the people, outsiders, on horse  
6 racing. And I think that before this Board considers  
7 Betfair or any kind of exchange wagering, they should really  
8 look at what could happen to this Board in California.

9           I would think that unscrupulous owners and  
10 unscrupulous trainers who want to stiff horses or who  
11 prepare horses for races would certainly have something that  
12 most of the wagerers don't have.

13           And as an advocate for somebody that is looking  
14 for a fair wager in California, I think it's something this  
15 Board really needs to consider because you're opening up a  
16 Pandora's Box of opportunities for insiders to take  
17 advantage of outsiders to the detriment of California horse  
18 racing.

19           Also, during Mr. Moss's Committee meeting, I also  
20 requested that the Board consider the elimination of the  
21 mileage restriction by placing minimum standards on  
22 licensing. The few licensees at these locations, why can't  
23 they meet requirements like advertising and promotion, why  
24 can't they meet square footage, handle requirements,  
25 requirements that you put on where you hope to have tracks

1 like Hollywood Park, Santa Anita and Del Mar address. Why  
2 should they be any different and why should they have  
3 something that they don't have to develop from a business  
4 model perspective.

5           It seems to me that this Board needs to focus on  
6 the issue rather than asking somebody else to address it.  
7 The Legislature isn't going to address it, the only people  
8 that can address it are you.

9           The wagering public, the fans, the horse owners  
10 and trainers of California are looking to you for direction.

11          You need to provide direction. You need to eliminate the  
12 mileage restriction by some other method and I think the  
13 method that you should consider is the minimum standards for  
14 licensing. Thank you.

15           COMMISSION CHAIRPERSON BRACKPOOL: The minimum  
16 standards for licensing won't have the effect of eliminating  
17 the mileage restriction, it might have the effect of  
18 reducing the number of satellites that are out there, but  
19 the mileage restriction is set by the Legislature.

20           MR. JAMGOTCHIAN: I didn't want to say that, I'm  
21 glad you said that but, obviously, if they don't meet the  
22 minimum standard they're probably not licensed, right, so  
23 you basically backdoor them by putting them out of business  
24 if they're not meeting the standards established by the  
25 Board. That's why I'm giving you the opportunity.

1 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.  
2 Thank you for the opportunity.

3 COMMISSIONER HARRIS: On the fractional odds, I'm  
4 sort of intrigued by that. It's a good idea but the problem  
5 is the fractional odds concept, to really make it work you  
6 need to get rid of breakage because breakage will round  
7 down. So if some horse is really 3.95 to 1, you're only  
8 going to get paid 380 to 1, anyway. And I think racing  
9 needs to look at breakage more than we have.

10 It's not as big of an issue if you've got big  
11 payoffs and exotics, but on win, place and show wagering  
12 there's an effective takeout can be substantial just from  
13 the breakage.

14 COMMISSION CHAIRPERSON BRACKPOOL: Well, France  
15 went to decimal quite a long time ago and England has never  
16 gone to decimal for that particular reason, plus they don't  
17 ever want to be considered European.

18 But France went to it, so it's a pretty easy model  
19 for us to look at and have someone on staff, John, do the  
20 analysis on how they handle breakage with that.

21 COMMISSIONER HARRIS: Yeah.

22 COMMISSION CHAIRPERSON BRACKPOOL: I believe the  
23 way they do it is even though it's decimal, they don't get  
24 it down to a very exact, I think it's more rounding still  
25 going on.

1           COMMISSIONER HARRIS: Yeah, I think there would  
2 be.

3           COMMISSION CHAIRPERSON BRACKPOOL: And Kirk, maybe  
4 you can just have someone look at that for us.

5           COMMISSIONER MOSS: I would like to just go on  
6 with what Mr. Jamgotchian said. Is there -- are there any  
7 standards, now, within the CHRB rule book for these standing  
8 satellite operations or have they just been awarded these  
9 sites and left to be on their own.

10          EXECUTIVE DIRECTOR BREED: Yes. No, there's  
11 standards. In the application there are standards in which  
12 they have to comply with and those are reviewed.

13          COMMISSIONER MOSS: And we are reviewing them all  
14 the time, obviously.

15          EXECUTIVE DIRECTOR BREED: Yeah.

16          COMMISSION CHAIRPERSON BRACKPOOL: Yeah, I think  
17 the issue, though, I think the issue is whether those  
18 standards are standards that should be the standards of  
19 today. I think those were standards that historically,  
20 Jerry, probably were acceptable, but aren't today and I  
21 think he has a fair point. I think a lot of these are  
22 substandard and I think we do need to step them up.

23          COMMISSIONER MOSS: Maybe we should review that.

24          COMMISSION CHAIRPERSON BRACKPOOL: I think that's  
25 a worthwhile exercise to review them, we can bring that back

1 to -- perhaps at the April Board meeting we can have a  
2 discussion of just exactly what those standards are, what  
3 the compliance mechanism is.

4 COMMISSIONER MOSS: Ratio is, yeah.

5 COMMISSION CHAIRPERSON BRACKPOOL: Exactly, and  
6 how often we're checking them, et cetera. I think that's an  
7 excellent point.

8 Commissioner Rosenberg.

9 COMMISSIONER ROSENBERG: You made the point.

10 COMMISSION CHAIRPERSON BRACKPOOL: Sorry. All  
11 right, Item Number 9, we have all received the e-mail about  
12 the ratification of the amendment to the collective  
13 bargaining agreement.

14 Possibly, I could ask Jack Liebau to give us a  
15 two-minute history on exactly what happened and if there's  
16 anybody else that feels they should speak to this issue.

17 I'm only calling you up, Jack, because you were  
18 the one that sent out the e-mail.

19 MR. LIEBAU: The amendment has been ratified by  
20 the members of Local 280. It has been reduced to writing  
21 and it has been executed by the parties.

22 As I have said before, the tracks are very  
23 appreciative of the leadership of Local 280 cooperating with  
24 this initiative.

25 As all of you know, the satellite facilities have

1 been operating at huge deficits, I've sometimes mentioned  
2 that the deficit, I think of Scotwinc is \$27,000 per day  
3 over and above the revenue generated by the two and a half  
4 percent expense fund. We were at a situation where  
5 something drastic had to happen, probably the closing of the  
6 satellite facilities unless we were able to negotiate a  
7 change.

8           The labor did have a manning clause and they have  
9 decided that it's in everybody's best interest, the tracks  
10 and their members, that that staffing requirement be reduced  
11 by 22 and a half percent.

12           Hopefully, as a result of these negotiations or  
13 ratification of the contract, the satellite facilities will  
14 be operating on a more level playing field as far as revenue  
15 and expenses are concerned.

16           Again, we are very appreciative of the leadership  
17 of Local 280 in recognizing this joint problem. Thank you.

18           COMMISSION CHAIRPERSON BRACKPOOL: Thank you.  
19 Thank you for your work as well, Jack.

20           COMMISSIONER CHOPER: Could you or Mr. Castro, I'm  
21 just curious, address their rational for 22 and a half  
22 percent?

23           MR. LIEBAU: We looked at how the business had  
24 declined since the institution of that --

25           COMMISSIONER CHOPER: I mean for that number?

1 MR. LIEBAU: Oh, based on handle. What the whole  
2 objective was, was to try to match staffing with the nature  
3 of the business at this point in time and a determination  
4 was made that in order to match the business as it now  
5 exists, we needed a 22 and a half percent reduction.

6 COMMISSIONER CHOPER: So this was not an arbitrary  
7 number, which it sort of looks like if you just look at it.

8 MR. LIEBAU: No.

9 COMMISSIONER CHOPER: That makes a lot of sense.

10 MR. LIEBAU: If you look at the handle, it will  
11 come out to that.

12 COMMISSION VICE CHAIRPERSON ISRAEL: Jack, the  
13 fact that you've changed these staffing requirements is in  
14 no way going to delay the efforts to reconsider how we do  
15 the satellite business as a whole; am I correct?

16 MR. LIEBAU: You're absolutely correct. Something  
17 had to be done because --

18 COMMISSION VICE CHAIRPERSON ISRAEL: Well, this is  
19 a short term fix.

20 MR. LIEBAU: -- they were on life support and we  
21 were losing our life support.

22 COMMISSION VICE CHAIRPERSON ISRAEL: But this is a  
23 short term fix as we endeavor --

24 MR. LIEBAU: Well, as we've said, I mean the whole  
25 business model of racing has to be looked at again and we

1 have to see whether we're doing the right things as far as  
2 distributions, to whether it's a two and a half percent  
3 fund, or whether it's the stabling and vanning, or whether  
4 it's CMC or Workman's Comp related.

5 COMMISSION CHAIRPERSON BRACKPOOL: And just to be  
6 crystal clear, that at the last Board meeting we requested  
7 that Scotwinc and Notwinc go in front of Commissioner  
8 Rosenberg's Committee with their business plan, so that we  
9 have it long before the June meeting. There are two  
10 meetings before the June meeting.

11 MR. LIEBAU: And I think we are well aware of  
12 that, thank you.

13 COMMISSION VICE CHAIRPERSON ISRAEL: And so I just  
14 don't want these Band-aids to keep being attached quarter to  
15 quarter to quarter, we need a long range plan.

16 MR. LIEBAU: We all are in total agreement.

17 COMMISSION VICE CHAIRPERSON ISRAEL: Okay.

18 COMMISSION CHAIRPERSON BRACKPOOL: Richard, did  
19 you wish to speak on this issue?

20 MR. CASTRO: I was hoping that Doug Kempt spoke  
21 first.

22 COMMISSION CHAIRPERSON BRACKPOOL: Okay.

23 MR. KEMPT: Good morning, Doug Kempt, with Local  
24 280, once again.

25 I want to make just a couple of comments and I

1 appreciate Mr. Liebau's comments. We didn't have a ticker  
2 tape parade after this agreement was ratified by our  
3 membership, this is a very, very tough pill for our  
4 organization to swallow.

5           And while we've heard from a lot of groups, and  
6 committees, and legislatures about giving up things for the  
7 greater good, I will say that from Local 280's behalf, I  
8 believe we have given up quite a bit for the greater good.  
9 And our hope is that this 22 and a half percent layoff of  
10 people that have been working, making a living, being a part  
11 of this industry, being the face of the wagering platforms  
12 does not go unnoticed in the future.

13           There's a lot of talk, Mr. Brackpool, about other  
14 types of wagering formats and we have a workforce that is  
15 experienced in those things and we hope that as we go  
16 forward in other directions that our members, who have been  
17 displaced by this agreement, are considered the first in  
18 line for those types of jobs and we want to be a part of  
19 this industry going forward.

20           And I'll answer any questions, if I can, but I  
21 want to make sure that everybody in this room understands  
22 that Local 280, while we're pleased to have an extension to  
23 our agreement, we did not have a parade when this happened,  
24 this is not a happy day for Local 280.

25           COMMISSION CHAIRPERSON BRACKPOOL: We understand.

1 These are difficult times for everybody. Thank you.

2 Richard?

3 MR. CASTRO: Chairman Brackpool, Commissioners,  
4 Richard Castro representing Local 280.

5 I'd like to call attention to one person, who was  
6 also on the negotiating team, he's in the far right corner,  
7 way in the back, back there, Jack Cascio, he was also part  
8 of our team. That's spelled C-a-s-c-i-o.

9 What I'd like to say in regards to what  
10 Commissioner Choper mentioned, we looked very diligently at  
11 handle and we went from 2001 all the way to 2009 and we  
12 tried to project what 2010 would be. And when you follow  
13 the figures down the California handle, brick and mortar and  
14 ADW, one of the things our members felt that there was just  
15 a major shift going to ADW. Well, we found in 2009 there  
16 was actually a decrease of two percent in the handle. That  
17 was surprising to us.

18 What was also surprising to us was the steep  
19 decline, when you compare 2007 to 2008, 2008 to 2009 and it  
20 really becomes exaggerated when you look at 2007 compared to  
21 2009.

22 Basically, we were looking in an area, for many  
23 locations, of 40 percent. So, yes, 22 percent really hurts  
24 and it hurts a lot, it means about 80 to 100 people  
25 potentially lose their job, one-fifth of the workforce. It

1 hurts.

2 But on the other hand, when you look at what it  
3 could have been, especially if we were not able to settle  
4 this agreement with Santa Anita, and the judge ruled on it,  
5 without the manning things could have been a whole lot  
6 worse.

7 COMMISSION CHAIRPERSON BRACKPOOL: May I ask you  
8 one -- may I ask you one question? Was the layoff  
9 proportional geographically or was it based more  
10 specifically on handle geographically?

11 MR. CASTRO: We looked -- what we did was we  
12 looked, we took the handle figure and then the mutuel  
13 manager, working with the union, tries to figure out where  
14 the cuts should be without compromising on service. But the  
15 bottom line, it's the mutuel manager that gets the choice.

16 In some situations, you know, we do have a voice.

17 But there's something else that's important that  
18 Jack Liebau didn't answer as fully as he could have, we  
19 looked at your business model, we also heard of what you  
20 want to see, progress, not just short term, but long term.

21 This agreement goes to 2014 and there are  
22 provisions in this agreement to where we can be subject to  
23 further cuts. There's also provisions in there where we can  
24 be subject to increases based on handle.

25 So we didn't look at it for just a three-month, or

1 a six-month or a year fix, this is a four-year, it goes to  
2 2014, so we looked at it long term. I consider that long  
3 term, trying to address your concerns as well.

4 COMMISSION VICE CHAIRPERSON ISRAEL: But, Richard,  
5 some of these jobs may come back if the union and the  
6 industry work together to alter the way in which  
7 minisatellites are created and where they can be opened,  
8 that will help create new jobs and earn back some of the  
9 opportunities for the employees that have been laid off, I  
10 think, so --

11 MR. CASTRO: The only part that I'm concerned with  
12 and it goes to your mission statement here, if you look to  
13 when racing was put on the ballot, it was very clear one of  
14 the provisions was to promote labor.

15 And my gripe with this Commission and previous  
16 Commissions have been that I don't think you pay enough  
17 attention to promoting labor, not only union, but non-union  
18 as well. And that's why I got up earlier, when we talked  
19 about minisatellites, I'm into customer service. I realize  
20 it's dollars and cents and profit, but we need --

21 COMMISSION VICE CHAIRPERSON ISRAEL: Well, I'm  
22 saying the same thing you're saying, but there's going to be  
23 legislation in order to enable this to occur.

24 MR. CASTRO: And all I'm saying --

25 COMMISSION VICE CHAIRPERSON ISRAEL: And for that

1 legislation to pass it would be helpful to have the support  
2 of labor. In Sacramento, that's an important thing.

3 MR. CASTRO: Okay, well we've -- we have supported  
4 things like that.

5 COMMISSION VICE CHAIRPERSON ISRAEL: Okay.

6 MR. CASTRO: But I just want to make it clear that  
7 in these minisatellites, as we open, I don't want to see  
8 like what goes on in Arizona, where there's a lot of self-  
9 serve terminals and no people. That's what I'm concerned  
10 about, that's why I keep reiterating over, and over again,  
11 and I thought I had an agreement with one of your staff  
12 people and found out, no, I didn't.

13 I need a satellite money room manager, I need a  
14 terminal operator -- I should actually have two because in  
15 California you're allowed 15-minute breaks. Why do we want  
16 to take a break and not have anybody serve the patron.

17 COMMISSION CHAIRPERSON BRACKPOOL: Well, Richard,  
18 let me shortcut this a little and keep this meeting moving  
19 along.

20 I'm going to ask Kirk, that when he comes back to  
21 us with the terms and conditions of the existing satellites,  
22 that we also look at the labor requirements because I don't  
23 know -- I don't know that the labor requirement for a  
24 minisatellite should be equivalent to that of an existing,  
25 full satellite.

1           So we need to take a look at that and I'm going to  
2 have that on the agenda item for next meeting because we do  
3 care and we are thankful for the shared sacrifice.

4           MR. CASTRO: And you're making it very difficult  
5 for me to vote for something that's going to be all self-  
6 serve or automated, you understand that?

7           COMMISSION CHAIRPERSON BRACKPOOL: I didn't ask  
8 you to vote for anything, I didn't know there was anything  
9 to vote on.

10          MR. CASTRO: I thought David Israel wanted our  
11 support on labor legislation.

12          COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
13 Israel made a point, I believe, that as we move forward to  
14 introduce legislation that promotes horse racing in general,  
15 we would very much hope to have the support of labor and  
16 this will be an ongoing discussion. Thank you.

17          MR. CASTRO: I think you can count on that.

18          COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

19          COMMISSIONER HARRIS: Yeah, I think, obviously, we  
20 want jobs, but at some level it may make it untenable to  
21 operate a satellite if the labor requirements are more than  
22 the gross numbers.

23          COMMISSION CHAIRPERSON BRACKPOOL: So let's have  
24 staff come back, give us the numbers that we can actually  
25 see and we can be discussing something that has specific

1 detail.

2 I have one speaker on this issue, Jerry  
3 Jamgotchian.

4 MR. JAMGOTCHIAN: You know, Mr. Chairman, I sit  
5 here and now I hear that you guys are going to consider  
6 minimum standards, which is improving or updating of minimum  
7 standards, which is refreshing. Maybe a few years too late,  
8 but refreshing.

9 I'll give you another one that might assist you in  
10 your goal, because I don't believe the legislative answer's  
11 going to work, I don't think --

12 COMMISSION CHAIRPERSON BRACKPOOL: Sorry, is this  
13 on this issue?

14 MR. JAMGOTCHIAN: Yeah, if I can get to it.

15 COMMISSION CHAIRPERSON BRACKPOOL: Well, yeah,  
16 please.

17 MR. JAMGOTCHIAN: Yes. I don't believe the  
18 legislative issue's going to work with regards -- with  
19 regards to what we're talking about, with what Mr. Israel  
20 said.

21 But the answer is clear to me, if you're asking  
22 the unions and the people to take the hit for working in  
23 these satellite locations that's benefitting the satellite  
24 locations, who you want to essentially eliminate if they're  
25 not pulling their weight and they're not doing the business.

1           So by hurting these people, by reducing their  
2 salaries, by reducing their ability to make money, you're  
3 allowing these satellites who aren't doing anything to grow  
4 the business in California to exist.

5           If I was in charge, I'd probably tell the  
6 satellites, hey, you've got to pay the people that run this  
7 because customer service is critical. If you go to the  
8 satellite and there's nobody there, it not only hurts the  
9 satellite, it hurts the whole sport of horse racing.

10          So why don't you guys step back and look at the  
11 real facts here and say to yourself if the satellites can't  
12 be profitable, put them out of business, because that just  
13 might eliminate the 20-mile issue, which is impeding the  
14 progress of this sport.

15          I mean, I see it, it's pretty obvious to me, maybe  
16 some of you see it. But that's the way to do it, put them  
17 out of business.

18          COMMISSION CHAIRPERSON BRACKPOOL: Thank you.  
19 Jack?

20          MR. LIEBAU: There might be a misunderstanding as  
21 to exactly what Scotwinc and Notwinc do. Scotwinc and  
22 Notwinc operate the pari-mutuel activities at these  
23 satellites. The front of the satellite so to speak,  
24 concessions, customer service and all of that is operated by  
25 the individual satellite.

1           So you have two issues. And when we talk about  
2 standards for satellites, I have to say that in my 18 years  
3 here, I don't know where they are. And as far as the  
4 licensing of the satellites are concerned, I think the  
5 satellites if, in fact, they do get licensed it is via the  
6 application that is filed by the host track, that is where  
7 it's mentioned who your satellite facilities are.

8           COMMISSION CHAIRPERSON BRACKPOOL: Well, we're  
9 going to have that on the agenda for next month. Thank you.

10          COMMISSIONER CHOPER: Yeah, I guess the question  
11 is not the initial standards but whether there ought to be  
12 additional ongoing standards.

13          COMMISSION CHAIRPERSON BRACKPOOL: Right,  
14 continuing.

15          EXECUTIVE DIRECTOR BREED: Well, Mr. Chairman,  
16 just to clarify. There are standards and the standards are  
17 part of the application. The problem, Jack, is that it's  
18 been longer than 18 years since we actually filed an  
19 application for a satellite.

20                 So when you go back to the original application,  
21 the last satellite application that was filed I think was  
22 San Mateo, if I'm not for sure. And anyway, modify those  
23 standards for the minisatellites.

24                 So there are standards and those are applied to  
25 all satellites. In fact, we just got through inspecting one

1 of the satellites that you requested an inspection be made,  
2 to inspect that satellite against those standards.

3 COMMISSION CHAIRPERSON BRACKPOOL: Good. That  
4 will be on the agenda next month.

5 EXECUTIVE DIRECTOR BREED: Okay.

6 ASSISTANT EXECUTIVE DIRECTOR SMITH: Mr. Chairman?

7 COMMISSION CHAIRPERSON BRACKPOOL: Yes.

8 ASSISTANT EXECUTIVE DIRECTOR SMITH: Bon Smith,  
9 CHRB staff. Anecdotally, you asked about the allocation of  
10 cuts relative to this new agreement. Yesterday, Mike Marten  
11 and I were in mutuels at Santa Anita and the mutuel manager  
12 there made a point of showing, at post time, scans of the  
13 various wagering sites and there were no lines, nobody was  
14 being shut out, everybody had been able to get their bets  
15 in. So for whatever purpose or benefit that is, there was  
16 no negative effect on wagering as a result of --

17 COMMISSION CHAIRPERSON BRACKPOOL: It's good to  
18 hear on a Wednesday afternoon in March you can still make a  
19 bet. I'll take that as Thursday, I'll take that as  
20 progress.

21 ASSISTANT EXECUTIVE DIRECTOR SMITH: There you go.

22 COMMISSION VICE CHAIRPERSON ISRAEL: Thursday's  
23 the slowest day.

24 COMMISSION CHAIRPERSON BRACKPOOL: Okay, moving on  
25 to Item Number 10, we're going to hear -- Craig, are you

1 presenting on this, Craig Fravel, reporting on the  
2 California Marketing Committee.

3           Just before you do start, Craig, there has been  
4 discussion, you know, in the Board about continued need for  
5 promotion within the industry. One of the things that the  
6 Legislature, the Governor's office, in particular, are very  
7 keen to see is we already have a slice of the bet that's  
8 taken out to go towards the marketing of the sport, and our  
9 concern is that the information that has not been coming to  
10 this Board should be coming to this Board, and are those  
11 decisions actually being made in the best interest of  
12 marketing this sport.

13           And so that is the purpose of having this on the  
14 agenda. I know that a great deal of additional detail is  
15 going to be required when you go to Commissioner Rosenberg's  
16 Committee, and I know your staff and him have been working  
17 through that.

18           But this is the report on the budget for 2010-11  
19 on the marketing and promotion plans.

20           MR. FRAVEL: Thank you, Mr. Chairman. Craig  
21 Fravel, I'm the Chair of the California Marketing Committee.  
22 Just a little history on the California Marketing Committee.  
23 It was established in conjunction with some legislation, I  
24 believe about eight or nine years ago, that modified the  
25 original one percent fund, which when satellite wagering was

1 started in California each wager, at a satellite wagering  
2 facility, generated a one percent promotional fund that was  
3 controlled, in those days, by the host tracks.

4           So when Hollywood Park ended and Del Mar started  
5 up, each host track conducted its own separate marketing  
6 campaign using its one percent money at various satellite  
7 location facilities around the State.

8           I think there was a great deal of frustration with  
9 that program, in those days, because it was kind of hurky-  
10 jerky, uncoordinated, and so the concept was incorporated in  
11 some legislation eight or nine years ago, as I mentioned, to  
12 create the California Marketing Committee, which is  
13 comprised of two representatives of racetracks, being  
14 Northern and Southern, two representatives of the  
15 Thoroughbred Owners of California, and two representatives  
16 of the California Fairs.

17           So every year the California Marketing Committee  
18 convenes and conducts planning for the following year to  
19 create an upcoming year's budget. I believe you've all been  
20 provided with the budget for 2010 that was finalized in  
21 January of this year.

22           And unlike what's indicated on the materials,  
23 there is no budget for 2011 and that's -- we typically have  
24 not done budgets two years out. Part of the reason for that  
25 is that we have a sunset provision on the statutory

1 authorization for the deduction and the Committee, in any  
2 case, which they may not be there in 2011 unless we're all  
3 in consensus on extending that provision.

4           And secondarily, particularly in more recent  
5 years, as the fund generation has declined, we find  
6 ourselves, I think, being more and more intensive each year  
7 in terms of examining programs and whether they should  
8 continue, be modified, changed, reduced and the like.

9           So I'd be happy to go through the budget or simply  
10 respond to any questions that you have. I think that may be  
11 the more useful approach.

12           COMMISSION CHAIRPERSON BRACKPOOL: Well, I think  
13 we've got a lot of questions. Commissioner Rosenberg, would  
14 you like to start?

15           COMMISSIONER ROSENBERG: Yes, I'd like to ask a  
16 question. In your presentation explaining the Marketing  
17 Plan, under the category of the track media match, there's a  
18 sentence that says "new for 2010, tracks will also be able  
19 to use their allocation of CMC funds to strengthen their  
20 purse schedules."

21           Now, the track media match refers to a matching  
22 that the tracks have to make in terms of promotional dollars  
23 if they receive one dollar from the CMC, in Southern  
24 California it's 3 to 1 and I believe it's 2 to 1 in Northern  
25 California; correct?

1 MR. FRAVEL: Correct.

2 COMMISSIONER ROSENBERG: How does that fit into  
3 the issue of purses, helping purses, if it's supposed to be  
4 used for promotional?

5 MR. FRAVEL: Well, those are probably two  
6 different concepts entirely. And as you mentioned, the  
7 original concept behind the track media match was to create  
8 an incentive for host tracks to increase their marketing  
9 spend. And when we created that, we had some concerns with  
10 tracks that were either owned by outside corporate entities  
11 that maybe didn't have the same interest in California or  
12 didn't have the same interest in racing that everyone else  
13 did, that there would be a good reason to encourage them to  
14 spend money on marketing by having a matching program that  
15 would create a leveraging problem -- a leveraging  
16 opportunity.

17 And by -- I believe ever track has taken advantage  
18 of that in recent years.

19 To be honest with you, this year we were  
20 approached by Martin Panzler, originally with Hollywood  
21 Park, with concerns about the competitiveness of purse  
22 money, particularly lower ends on the purse schedule. And  
23 Martin, who's very persuasive on the subject, thought that  
24 it would be a good idea to allow the use of these funds to  
25 supplement purses in certain categories.

1           And so the -- I believe the actual approval on  
2 that line item was for to allow tracks to utilize a portion  
3 of that amount subject to agreement with the Thoroughbred  
4 Owners of California and come back to the Committee with a  
5 plan for how that would be utilized to supplement purses.

6           And we're in a -- as everyone knows, we're in a  
7 tough competitive situation nationally, particularly with  
8 jurisdictions whose purses are supplemented by slot machine  
9 revenues.

10           And, you know, when you're having tough economic  
11 times frequently, unfortunately, marketing --

12           COMMISSION CHAIRPERSON BRACKPOOL: Let's stay on  
13 the question, what was the follow up to that?

14           COMMISSIONER ROSENBERG: Well, on that question,  
15 so are you saying that there is a formula that is being used  
16 or can the tracks just take --

17           MR. FRAVEL: I don't believe there's been any  
18 money distributed under that particular request, yet,  
19 because it's required that the tracks that are interested in  
20 doing it come back to the Committee with a proposal, that's  
21 been agreed to by TOC, for how those funds would be  
22 allocated.

23           COMMISSIONER ROSENBERG: But in terms of that  
24 agreement, if they reached a dollar amount that would go  
25 towards purses, you get into the issue of how you calculate

1 the media match and how much comes out -- if it's a million  
2 -- if Hollywood Park gets \$500,000 from CMC based upon the  
3 formula that's in your materials you provided us with, they  
4 get a half a million dollars, they're supposed to spend 1.5  
5 million on promotion.

6 Let's say the TOC agrees that Hollywood Park  
7 should put in -- let's make up a number, \$200,000 to  
8 increase purses, is that considered to be promotion money?

9 MR. FRAVEL: They're going to have to spend their  
10 own media match money to create the match, then their  
11 portion of the match they can use for either purses or --  
12 no?

13 Let somebody smarter get up and answer this  
14 question.

15 MS. MC DONALD: Definitely not smarter. Shannon  
16 McDonald, California Marketing Committee.

17 If Hollywood Park had, hypothetically, \$500,000,  
18 they could use all of it toward purse enhancement. They  
19 would still have to come back to the CMC, after working with  
20 the TOC, with a proposal.

21 But if they were to use half towards track media  
22 match, that half would have to be matched on a 3 to 1 basis.  
23 The purse enhancement does not have a matching requirement.

24 COMMISSION CHAIRPERSON BRACKPOOL: Right, there's  
25 no requirement for a match on the --

1 MS. MC DONALD: On the purse enhancement portion.

2 COMMISSION VICE CHAIRPERSON ISRAEL: So when you  
3 allocate 300,000, I think -- Martin, is your purse  
4 allocation from this 300 and something thousand for this --

5 COMMISSION CHAIRPERSON BRACKPOOL: Let's just try  
6 and keep it on --

7 COMMISSION VICE CHAIRPERSON ISRAEL: Okay. So he  
8 doesn't have to match it, so we're not getting \$600,000  
9 worth of bang for the buck?

10 COMMISSION CHAIRPERSON BRACKPOOL: Correct.  
11 Correct, that's the point.

12 So the real problem, I think, that this Commission  
13 has here is that what this marketing fund has become is a  
14 pot of cash that there is a food fight over on an irregular  
15 basis. And what I don't see in any of the materials is the  
16 process with which these issues are being debated and the  
17 grants are being made, because there's a different grant  
18 every year. Last year it was the CTBA, this year it's to  
19 purses.

20 But Santa Anita's not getting it, Hollywood Park  
21 is. I mean, I'm just not understanding what the theory is  
22 behind the process that you go through.

23 MR. FRAVEL: Well, the theory and process, I  
24 guess, are two different things. But let me explain, the  
25 way the Committee typically operates is we have had,

1 typically, numerous subcommittees.

2           And in the case of the CTBA contribution, let's  
3 use that one, that was a program that the racing secretaries  
4 of the racetracks, the CTBA got together, along with the  
5 TOC, and there was a clear need in California to promote the  
6 breeding program.

7           We've seen, as you all know, dramatic declines in  
8 the number of horses bred every year.

9           CTBA, working with our racing department, said  
10 come up with a program to enhance purses. And Doug could  
11 answer better about when they particularly started working  
12 on the program, but the process isn't document to the  
13 degree, for example, that your proceedings are documented.  
14 These aren't public, you know, Brown Act kind of meetings,  
15 but there are numerous meetings amongst industry  
16 representatives, everybody's represented.

17           I don't think we've really had that many food  
18 fights, to be honest with you, it's been pretty peaceful.

19           COMMISSION CHAIRPERSON BRACKPOOL: Well, it has  
20 the feel, if there's no food fight, because everybody's just  
21 dividing up the pool and that's the food fight.

22           COMMISSIONER ROSENBERG: And is it going to  
23 promotion, you see that's to the question, is it really  
24 going to promotion? Not that I'm opposed to helping to  
25 raise purses, but is that really promotion money for the

1 good of horse racing?

2 COMMISSION VICE CHAIRPERSON ISRAEL: I can even  
3 state it's a question of definition. What's marketing? I  
4 mean, to the outside person marketing is outreach to the  
5 public in order to expand and enhance the opportunities to  
6 get people to come into the game.

7 And viewing it from where I sit, the definitions  
8 are -- it's turned into a purse supplement, to a large  
9 extent.

10 MR. FRAVEL: Well, let me just say one thing to  
11 that, and I'm not debating you in the last sense that the  
12 purse alternative in this year's budget is clearly a purse  
13 supplementation option.

14 COMMISSION CHAIRPERSON BRACKPOOL: As well as last  
15 year's.

16 MR. FRAVEL: Last year's was an attempt to jump  
17 start a promotional program on the breeders' side of the  
18 equation.

19 Now, you know, we can -- there's always  
20 definitional issues in marketing, is it pure advertising, is  
21 a rebate program marketing is -- you know, I'll hearken back  
22 to the 1930s when Doc Stroub made the Santa Anita Handicap a  
23 Hundred Grander, as they used to call it, and that clearly  
24 was a promotional activity.

25 So and I mean we could probably debate that back

1 and forth and, you know, your input is most welcome, I'm not  
2 trying to dismiss it out of hand. I just think that those  
3 are things that reasonable people can differ over.

4 And are these, do they appear that they are new  
5 and different? Certainly, a lot of deliberation, and time,  
6 and effort went into the creation of them.

7 But in terms of this year's effort to supplement  
8 purses, you know, I think that was just an item that we all  
9 believed in the current environment was the necessary and  
10 proper thing to do to help with a crisis situation.

11 COMMISSION VICE CHAIRPERSON ISRAEL: I don't want  
12 to debate the merits of that because, you know, it may  
13 completely be warranted. The question is should there be a  
14 Marketing Committee even in existence to distribute that  
15 money or should there be some other method and some other  
16 legislation considered that will accomplish that? Is there  
17 any point in having this Marketing Committee if it isn't  
18 engaging in a coherent, concerted marketing effort that cuts  
19 across all seasons and helps all tracks and all satellite  
20 facilities equally?

21 Why kick that one percent into the fund, let the  
22 tracks just keep the money and use it as they sit because  
23 they're --

24 MR. FRAVEL: No, it's now .4 percent but --

25 COMMISSION VICE CHAIRPERSON ISRAEL: Whatever.

1 But do you see what I'm saying, there's --

2 MR. FRAVEL: I understand what you're saying and I  
3 think, you know, first of all we've always, if there are any  
4 members or if you'd like to appoint a member to attend our  
5 meetings and participate in the discussions and the  
6 planning, and Mr. Rosenberg and I had one brief meeting, you  
7 know, we're more than open to that issue.

8 I would say that, you know, one problem with  
9 marketing is everybody is an expert at it and I'm not  
10 suggesting anybody's second guessing here. So there are --  
11 well, no, I think it's very legitimate. I second guess what  
12 we do all the time and I think that that conversation is  
13 appropriate, particularly in tough times with, you know, the  
14 need for -- if somebody has a brilliant idea and, you know,  
15 we had to --

16 COMMISSION CHAIRPERSON BRACKPOOL: Well, Craig,  
17 let's get to Hollywood. I don't think this is an issue  
18 about whether we're welcome to attend one of your divvying  
19 up meetings or not; right?

20 I think the issue is this is legislation that  
21 sunsets this year, right. I can tell you that I don't  
22 believe that this Board, in listening to everybody, would be  
23 supportive of continuing the program on a go forward basis  
24 where you have an expense allocated for staff, for  
25 marketing, you have all of this, but the money is going to

1 things that aren't directly marketing.

2           So we should either have a debate about whether  
3 this is, from now on, an additional amount of money that's  
4 going to purses or whether it's actually going to go to what  
5 people believe it was going to when they voted for it in the  
6 Legislature, which was to market this sport.

7           Because the way this is being run at the moment,  
8 this is the equivalent of General Motors spending their R&D  
9 money to pay off their last month's losses. We know how  
10 this movie ends, right.

11           Commissioner Rosenberg.

12           COMMISSIONER ROSENBERG: Mr. Chairman. I think  
13 one of the problems here is that the process, which the  
14 Chairman alluded to, is the problem. The statutory section  
15 which authorizes this Committee uses language that the  
16 Marketing and Promotion plan should be submitted -- should  
17 be submitted to the Board, annually, before the year takes  
18 place.

19           So that, for example last year, 2009, when the  
20 \$500,000 was allocated to the California Breeder's Fund to  
21 jump start this special campaign that was not in the budget,  
22 because the budget wasn't submitted.

23           So I think part of the problem we're having is not  
24 knowing, not having disclosure of what the plans are. This  
25 is the first year, I believe, even though it's a little bit

1 late this year, that we're actually doing this. The process  
2 is my point.

3 MR. FRAVEL: Well, again, I understand what you're  
4 saying and I will take that back to the Committee. And if,  
5 you know, as I said the legislation is up for renewal this  
6 year. If the Board doesn't think that we should use the  
7 money to supplement purses, as I said we haven't started  
8 doing that and I should take that back --

9 COMMISSION CHAIRPERSON BRACKPOOL: Craig, I really  
10 don't think you're listening to the thing that's being said  
11 by both Commissioner Israel, and Commissioner Rosenberg, and  
12 myself, which is we're not sitting here debating at the  
13 money how the money should be used. We're expressing  
14 unhappiness as to the process by which the Committee has not  
15 come to this Board and submitted the budgets and there is no  
16 backup for this. Right.

17 You know, when we get told this is how money was  
18 spent, that is in direct violation of what the authorizing  
19 legislation said, so that is the issue. This has to be  
20 taken seriously.

21 COMMISSION VICE CHAIRPERSON ISRAEL: And then,  
22 given that the legislation sunsets, the question before us  
23 and before the Legislature is going to be is there any  
24 purpose for the California Marketing Committee to exist?  
25 Would the money, what, your budget was between \$4 and \$5

1 million; is that correct?

2 MR. FRAVEL: That's correct.

3 COMMISSION VICE CHAIRPERSON ISRAEL: Would that  
4 money be better spent in some other way? Would it be more  
5 honest and direct to call it a purse allocation or  
6 supplement allocation, a purse supplementary fund and not  
7 have all the overhead necessary to determine how the money  
8 gets spent, and just use the money for purses.

9 I understand what the problem is with Hollywood  
10 Park and why that's going to help them in this next meet,  
11 it's clear to me. But what do we need an infrastructure of  
12 six committee members, and meetings, and all of that to  
13 allocate that money. There probably would be more money to  
14 allocate if the Committee didn't exist.

15 I mean, you know, do you understand what I'm  
16 saying?

17 MR. FRAVEL: I understand what you're saying.

18 COMMISSION VICE CHAIRPERSON ISRAEL: Yeah. You  
19 know, it's sort of counter intuitive that you're spending  
20 money to spend money, instead of spending money to figure  
21 out what a marketing plan might be.

22 COMMISSION CHAIRPERSON BRACKPOOL: Any other  
23 Commissioners wish to speak?

24 COMMISSIONER HARRIS: I think, clearly, if the  
25 Legislature is going to revisit this, which is time for it,

1 it's been sort of passed on to the next group every time, I  
2 was around when it was originally written by Ken Maddy. At  
3 that point the issue was that the satellites were under-  
4 promoted, you know, and the thing is that was before ADW and  
5 before the decline of racing in general, really.

6           And I mean, the whole idea was we were going to  
7 get some money -- because all this money really comes from  
8 satellite wagering, on bricks and mortar satellites, and  
9 none of it comes from the bricks and mortar racetracks or  
10 ADW, and so the funding availability has gone down and the  
11 needs of racing has turned into kind of a slush fund.

12           So I think we just need to reinvent the whole  
13 thing and see what to do with it.

14           COMMISSION CHAIRPERSON BRACKPOOL: Exactly.  
15 Exactly. And that's what I hope with the Committee meeting  
16 that Commissioner Rosenberg's going to hold, you can get  
17 into more detail about this and let's hope we can all try  
18 and come up with an agreed upon plan that goes the  
19 Legislature this year.

20           COMMISSIONER HARRIS: I think one of the issues is  
21 do we believe that marketing -- I think, just intuitively,  
22 there may be some way to market racing to, you know, make  
23 the pie bigger, which is what we all want to do. And the  
24 group that's worked on it has, you know, had great  
25 intentions, it's just we need some way to really get our

1 arms around how that can best be done.

2 COMMISSION VICE CHAIRPERSON ISRAEL: Well, I got  
3 to say I would be much more supportive of this if I could  
4 see, and if I had seen over the years, that there was a  
5 coherent, ongoing marketing plan.

6 Just to take, for example, Southern California  
7 thoroughbred racing that went from one season into the next  
8 seamlessly, so that Del Mar, and Pomona, and Oak Tree, and  
9 Hollywood, and Santa Anita, and then Hollywood, again, were  
10 all sort of operating with this plan in mind and that the  
11 promotional and marketing activity were coherent and  
12 seamless.

13 But it's not, it's every man for himself at the  
14 end of the day and there doesn't seem to be one coherent,  
15 concerted effort to attract fans to the game in the same way  
16 as the NFL might do it, or major league baseball might do  
17 it.

18 Yet, you're operating with those same seasonal  
19 monopolies that are approved, you know, in other sports. So  
20 you're not competing against each other for the dollar,  
21 Santa Anita's not competing against Hollywood, you don't run  
22 in opposition with each other. Hollywood's not competing  
23 against Del Mar, you don't run at the same time.

24 So there should be a way to have that money spent  
25 in a way that benefits the whole, instead of the individual

1 tracks, that's my concern.

2 COMMISSION CHAIRPERSON BRACKPOOL: Okay, we have  
3 several speakers who --

4 COMMISSIONER ROSENBERG: Commissioner Rosenberg,  
5 just one quick comment. So don't end this on a negative  
6 vote, on the materials that Ms. McDonald has furnished me  
7 with, and some of the other Commissioners, it's clear that a  
8 lot of time and effort has gone into evaluating these things  
9 and I was actually impressed at the fair part, the \$250,000  
10 to the fairs and the money that went last year. There's a  
11 clear plan that's been developed as to how to spend that  
12 money, it's just the process we're talking about it, we  
13 should have known about it in advance. Thank you.

14 MR. FRAVEL: All right, your points are well  
15 taken, thank you.

16 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

17 I have several speakers on this issue, the first  
18 is Darrell Vienna.

19 MR. VIENNA: Darrell Vienna, on behalf of the  
20 California Thoroughbred Trainers. Chairman Brackpool, I  
21 just want to address the issue of the enabling legislation.  
22 I'm in complete agreement with the discussion about  
23 process, but if one just looks at the enabling legislation,  
24 arguably, it does not provide for purse supplementation and  
25 it does specifically provide for the -- a mandate that the

1 CMC, or the agencies that are -- or the entities that are  
2 handling these funds submit two things to the Board.

3 One, a statewide marketing and promotion plan, and  
4 supplementing purses at an individual racetrack doesn't seem  
5 to be fitting that category and, secondly, a Thoroughbred  
6 Trainers Workman Compensation Deferral Plan, which hasn't  
7 been included in this allocation since 2005. That's my  
8 point.

9 COMMISSION VICE CHAIRPERSON ISRAEL: Well, why  
10 hasn't it been included and where the trainers in --

11 MR. VIENNA: The trainers have no vote. This is,  
12 if you'll look at the composition of the Committee, it's two  
13 Northern California racetracks, two Southern California  
14 racetracks, and two members of the TOC.

15 COMMISSION VICE CHAIRPERSON ISRAEL: Did you file  
16 a grievance?

17 MR. VIENNA: Sir, I've just been with --

18 COMMISSION VICE CHAIRPERSON ISRAEL: I know,  
19 Darrell.

20 MR. VIENNA: Right, okay.

21 COMMISSION VICE CHAIRPERSON ISRAEL: So you're  
22 okay, you don't --

23 MR. VIENNA: I'm starting today. Okay, thank you.

24 COMMISSION CHAIRPERSON BRACKPOOL: All right. I  
25 want to hear from James Allard. I can't read your writing,

1 Mike, it's terrible.

2 COMMISSION VICE CHAIRPERSON ISRAEL: Where's your  
3 hat?

4 MR. ALLARD: Back upstairs.

5 COMMISSION VICE CHAIRPERSON ISRAEL: Okay.

6 MR. ALLARD: Good morning, everybody, Mr.  
7 Chairman, thank you for having me here.

8 I'm very concerned about thoroughbred horse racing  
9 in California, I think we're at a crossroads of survival.

10 EXECUTIVE DIRECTOR BREED: Your name, sir?

11 MR. ALLARD: My name is James Allard, aka Jimmy  
12 the Hat.

13 I've been gambling professionally on horse racing  
14 since 1986, I've put many, many millions of dollars through  
15 the windows, I've seen the decline in our sport, and I'm  
16 extremely concerned about a lot of things that are going on  
17 right now, particularly our getting into a partnership with  
18 the California Horse Racing lottery, where we actually have  
19 lottery machines at the racetracks, as well as currently  
20 supporting and promoting indian casinos, both of which, in  
21 my opinion, are absolutely, categorically our enemies.

22 Every gambling dollar is precious and if we start  
23 sending our gamblers to other facilities, to those lottery  
24 machines, to indian casinos, they're not going to be  
25 gambling on horse racing.

1 I think the big problem with thoroughbred horse  
2 racing in many, many senses is that for many, many years now  
3 an awful lot of the young people that have been involved in  
4 horse racing have been educated in the entertainment  
5 business, and the restaurant, and bar or hotel industries.

6 Both of these things must be viewed as ancillary  
7 products that we provide to the gambler to get them to the  
8 window to gamble.

9 Watching horses run around in circles all day is  
10 not entertainment, it is athletic endeavor. People come to  
11 the racetrack to gamble on athletic endeavor.

12 I'm going to say something right now that's going  
13 to alienate a lot of people, our product is a psychological  
14 drug, the name of that drug is action. That actually takes  
15 on the physical manifestations of an accelerated heartbeat  
16 and an adrenaline rush. If you don't understand that,  
17 you're in the wrong business. That is our business, that is  
18 the product.

19 There are so many things going on right now in  
20 terms of -- that we are not using, that we are not  
21 utilizing.

22 The World Tournament of Poker has shown us the  
23 greatest phenomenon in the history of gambling. What it has  
24 done in the last seven or eight years is beyond all  
25 comprehension.

1           We have a thing in Southern California that  
2 eclipses every other racetrack in America, it's called the  
3 Pick Six. The numbers that we put up are absolutely  
4 phenomenal and we do not utilize this, we don't utilize it  
5 for either advertising and marketing, and we don't utilize  
6 it as a tournament to really make something out of it, like  
7 the World Tournament of Poker.

8           We need -- we need creative and young people to  
9 come in and help us put together mindless bets, the kind of  
10 bets that people that do want to play the lottery, and that  
11 do want to go to the casino and play slots machines, maybe  
12 an odd/even bet, whatever, we need to facilitate gamblers.

13           And we need to create huge carryover pools.  
14 Darrell Vienna's idea about creating a huge carryover pool  
15 is a great idea. I don't like the idea that we pay it out  
16 once a week, I want to see giant numbers.

17           We had, a Breeders' Cup this last year, a \$1.8  
18 million payoff. During the Oak Tree meet we had a \$900,000  
19 payoff. And so far this meet we've had multi-million dollar  
20 payoffs on the Pick Six, we don't use any of those things to  
21 get out to the public and to really advertise and market  
22 these things.

23           COMMISSION CHAIRPERSON BRACKPOOL: One minute.

24           MR. ALLARD: Okay. One other thing that's going  
25 on right now, the biggest thing that's going on right now is

1 NASCAR. We used to be NASCAR, we're not NASCAR anymore.

2           There's a young lady by the name of Danika  
3 Patrick, who is taking on all the press from NASCAR. We've  
4 got a young lady over here called Chantal Sutherland, who's  
5 as beautiful as anybody you've ever seen in your life, she's  
6 winning races in bunches, and we're not utilizing, we're not  
7 giving this out to the public.

8           COMMISSION VICE CHAIRPERSON ISRAEL: Can I  
9 introduce you to Bo Derek?

10           COMMISSIONER DEREK: No, no, no, I feel for  
11 Chantal.

12           MR. ALLARD: Absolutely. You know, we need to get  
13 out to those kind of people. Another thing is we're in a  
14 neighborhood here full of Asian people, we have nothing at  
15 the racetrack that really is good for the Asian gambler. We  
16 don't have interpreters there that we don't speak their  
17 language and we don't facilitate them the way that we should  
18 be.

19           I've got a whole list of things here that I gave  
20 to the CTT Board a couple of weeks ago, I'd be happy to get  
21 into detail with all of those things. The bottom line here  
22 is if we don't make some serious, fundamental changes about  
23 the way we facilitate the two financial entities that take  
24 all the financial risk here, the owners and the gamblers,  
25 horse racing will cease to exist in California.

1           COMMISSION CHAIRPERSON BRACKPOOL: Jimmy, thank  
2 you very much, I would like to -- Commissioner Choper?

3           COMMISSIONER CHOPER: No, go ahead.

4           COMMISSION CHAIRPERSON BRACKPOOL: I was going to  
5 say what I would really like to do is to make sure that when  
6 Commissioner Rosenberg has his Marketing and Promotion  
7 Committee very shortly, with Commissioner Derek, that you  
8 attend that because I think that you bring up some very  
9 salient points.

10          COMMISSIONER ROSENBERG: And if you could send --

11          COMMISSIONER CHOPER: That's exactly what I was  
12 going to say.

13          COMMISSION VICE CHAIRPERSON ISRAEL: And Jimmy,  
14 when you meet with them, can you bring up the Pick Six  
15 Quinella, that they run in Hong Kong, where they have these  
16 huge carryovers?

17          MR. ALLARD: Sure.

18          COMMISSION VICE CHAIRPERSON ISRAEL: You know  
19 which one I'm talking about?

20          MR. ALLARD: Sure.

21          COMMISSION VICE CHAIRPERSON ISRAEL: I mean,  
22 that's the greatest bet in the world. So, okay, thank you.

23          COMMISSIONER ROSENBERG: And could you circulate  
24 the material that you sent to the CTT, is that in written  
25 form?

1 MR. ALLARD: It's just a list of things that I  
2 have, that I think can be implemented pretty simply and,  
3 actually, without a lot of cost to horse racing. Most of  
4 what I'm talking about here is pretty much common sense,  
5 it's not real complicated stuff.

6 COMMISSIONER ROSENBERG: Could you e-mail that to  
7 us?

8 MR. ALLARD: Sure.

9 COMMISSIONER ROSENBERG: Thank you.

10 MR. ALLARD: Okay, thank you.

11 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very  
12 much, Jimmy.

13 Okay, the next one I have is John Bucalo, who I  
14 hope won't prefer to -- we don't think you're the enemy.

15 MR. BUCALO: Thank you. No, we're not.

16 COMMISSION VICE CHAIRPERSON ISRAEL: Don't talk  
17 about free parking today, John.

18 MR. BUCALO: No, we're not. Thank you. John  
19 Bucalo, Barona Casino, off track betting.

20 The promotional part of the -- the piece of  
21 the -- the slice of the pie that's taken out from the bets,  
22 which is almost one percent, in the almost eight years that  
23 I've worked at Barona we've never seen a promotion, yet. So  
24 there should be some accountability for those monies and  
25 where they're going.

1 I mean, with the satellites struggling so badly,  
2 we do have promotions in our off track betting, we've got  
3 one coming up for the Santa Anita Derby, we're giving away  
4 hats. But I'm allocated some money by the casino and we  
5 promote racing with our own money because we've never seen  
6 this money that's been set aside and taken out of the monies  
7 that are bet.

8 I mean, that money certainly must have added up to  
9 a considerable amount, so there should be some  
10 accountability there.

11 And as far as Jimmy the Hat's just mentioned, and  
12 with all due respect to him, the indian casinos, I can't  
13 speak for all of them, I can speak for us, we had a \$1.5  
14 million sponsorship deal with Del Mar, continue to have a  
15 suite there where we bring our highest end players to the  
16 track. So we are big supporters of horse racing and I've  
17 said it before, as long as I'm at Barona, I will continue to  
18 work my heart out for the racing industry.

19 COMMISSION CHAIRPERSON BRACKPOOL: Well, we  
20 appreciate that and we appreciate the cooperation.

21 MR. BUCALO: Thank you very much.

22 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

23 Jerry Jamgotchian.

24 MR. JAMGOTCHIAN: Mr. Chairman, even though  
25 Jimmy's comments were really no germane to the topic that

1 we're on, I'm actually pleased that you guys listened.  
2 Because if this Board is going to be successful, and I hope  
3 it is obviously, because I'd like to eventually return to  
4 California, you're going to have to take a lot of what he  
5 says and a lot less of what Craig Fravel says to turn this  
6 industry around.

7           Now, with regards to this, and Craig's filibuster,  
8 and I guess the evidence that he desired not to listen to  
9 you, the theory behind the process has always been that this  
10 was a slush fund for the racetracks. I mean, I knew that  
11 three years ago but, obviously, the Board, let by Mr.  
12 Shapiro at that time, failed to listen and heed that  
13 direction.

14           You're allowing the tracks to take this money and  
15 essentially do with it what they please, not promote the  
16 sport and not do really anything, other than to spend it.

17           Santa Anita takes the marketing money, they might  
18 put it in marketing.

19           Hollywood Park, now, is going to take the  
20 marketing money and maybe put it into purses.

21           And Del Mar isn't going to put their marketing  
22 money into purses because they believe their purse levels  
23 are high enough.

24           Well, the leadership that this Board has to  
25 address now, at least -- I mean, I might have to retract my

1 statement that I believe that you guys are tools of the  
2 racetrack association. I'm not prepared to do that, yet,  
3 but may be reconsidering.

4 I think the leadership now that you have in your  
5 hand to be able to say 2011 sunset, lights out, turn off the  
6 California Marketing Council because what do they actually  
7 do?

8 In fact, a few years ago I was going to bring ten  
9 horses to California, I called the California Marketing  
10 Council because they paid Cody Autry, I think it was 27,000  
11 to relocate his horses, and I said I'll bring them into  
12 California, from Kentucky, and they told me, no, no, no,  
13 we're not going to give it to you because you already race  
14 here. But we'll give it to Cody Autry because he doesn't  
15 race here. I'm saying to myself, well, that's not a very  
16 beneficial use of the money if, in fact, the whole intent is  
17 to bring horses.

18 I called Fravel and it was like no response to  
19 that issue.

20 So there's four and a half, four to five million  
21 dollars that these racetracks have split up for all these  
22 years and they're taking the money and they're not doing  
23 anything with it, and they're not required to do anything  
24 with it.

25 It seems to me that you have two options here.

1 One option is just to stop it and eliminate it because it  
2 serves no purpose. You can watch race replays now on  
3 YouBet, Twinspires, we don't need to watch the California  
4 Marketing Council site.

5 What you need to do is you need to tell the  
6 racetracks -- you need to tell the racetracks to put  
7 together their own association, fund their own marketing  
8 association and run it like any other business, or  
9 association or cooperative in the United States.

10 One last thing, if you're going to clean up the  
11 mess which is the California Marketing Council, the next  
12 mess you need to clean up to improve purses in California,  
13 to make -- make it an opportunity for owners, like me, to  
14 come back, you've got another mechanism that's even more  
15 valuable to the purse structure and that is four initials,  
16 CTBA.

17 I don't breed horses in California any longer,  
18 most people don't breed horses in California any longer,  
19 what the hell do you need the CTBA for. Thank you.

20 COMMISSION CHAIRPERSON BRACKPOOL: Thank you. All  
21 right, good discussion.

22 Moving on, Item Number 11, a discussion and action  
23 by this Board, a report by a representative of the ownership  
24 of Hollywood Park as to its future status as a racing  
25 entity.

1           And I believe we have somebody from Hollywood Park  
2 prepared to address this issue or not.

3           MR. BLONIEN: Good morning, Mr. Chairman and  
4 Members, Rod Blonien on behalf of Hollywood Park. And also  
5 with me, and that you'll hear from him shortly, is Mr. Chris  
6 Meany, who's the Senior Vice President with Stockbridge.

7           Before we look forward, though, we need to look  
8 backward and see where we have come from. In 1998, I stood  
9 before the Senate Governmental Organizations Committee, when  
10 they were considering ratification of numerous tribal  
11 compacts and asked that they stop and first have California  
12 put together a gaming policy for the State of California,  
13 which would include the lottery, card clubs, horse racing  
14 and tribal casinos.

15           They were in a hurry to pass the measures and they  
16 went out.

17           The President of the Senate came up to me  
18 afterward and he said, Rod, next year we're going to put  
19 together a gaming policy --

20           COMMISSION CHAIRPERSON BRACKPOOL: Let's keep this  
21 moving along, all right, I don't want too many stories about  
22 what happened 10, 15 years ago.

23           MR. BLONIEN: Okay. We're going to put together a  
24 gaming policy. I stood in the Assembly and made the same  
25 argument and I was told the same thing.

1           A year later Hollywood Park Operating Company sold  
2 the racetrack because they were concerned about the future  
3 of racing in California.

4           Churchill Downs bought the racetrack, they  
5 operated for a number of years, and in 2004 they joined with  
6 some of the other tracks, and some of the card clubs and  
7 tried to pass a gaming initiative that would give racetracks  
8 slot machines. We know that went down in abysmal failure  
9 and shortly thereafter they sold the racetrack. And they  
10 sold it to Stockbridge Partners.

11           Stockbridge Partners was not the highest bidder  
12 for that property, there was an auction conducted by Lazard  
13 Frere, and there were conditions attached to the sale of the  
14 racetrack.

15           One was that horse racing had to be continued for  
16 at least three years and, two, Churchill reserved the right  
17 to come back in if someday, somehow -- or excuse me, if  
18 within that three-year period somehow, somehow slot machines  
19 could be made possible at the racetrack. That didn't occur.

20           The day that Stockbridge Partners took possession  
21 of Hollywood Park there was a press conference held, and Mr.  
22 Terry Fancher, the head of Stockbridge, announced that he  
23 was going to have two management companies, one for real  
24 estate and one for horse racing.

25           The company for real estate was headed by Mr.

1 Meany, the company headed by horse racing was headed by Mr.  
2 Jack Liebau, whom you all know.

3 Mr. Fancher also indicated that he remained  
4 dedicated to seeing if there was a way that horse racing  
5 could continue at Hollywood Park. He also said that the  
6 business model for horse racing was broken and we needed  
7 somehow to find another, new business model for horse racing  
8 because we could not compete with the racinos that were then  
9 beginning to crop up around the country.

10 COMMISSION CHAIRPERSON BRACKPOOL: Are we getting  
11 somewhere here? Honestly, what we want to hear from  
12 Hollywood Park is what are the current thoughts, what are  
13 the current development plans, what are the timelines, what  
14 are the conditions, that's where we want to go.

15 MR. BLONIEN: And that's where we're going, sir.

16 COMMISSION CHAIRPERSON BRACKPOOL: Okay.

17 MR. BLONIEN: Thank you. And so in --

18 COMMISSION CHAIRPERSON BRACKPOOL: So don't carry  
19 on the story, let's get to where we are.

20 MR. BLONIEN: Okay. So we recognized the model  
21 was broken and had to be fixed and so we looked for ways to  
22 fix it. One way to fix it was a thing called instant  
23 racing, which Hollywood Park came forward with.

24 Another thing that we came forward with was  
25 minisatellites.

1           We also went back to the Legislature when more  
2 compacts were being approved and asked that those compacts  
3 not be approved and, instead, the State put together a  
4 gaming policy.

5           When that didn't occur, we spent over \$10 million  
6 taking the case to the public. We were unsuccessful, again.

7           COMMISSION CHAIRPERSON BRACKPOOL: The old, bald  
8 members are familiar with the history.

9           MR. BLONIEN: And as a result of the fact that we  
10 don't have a gaming policy, we continue to see trainers  
11 leaving the State, we continue to see handle decline, and  
12 with that as a backdrop, we looked forward to the future in  
13 terms of what's going to be the future of Hollywood Park.

14          COMMISSION CHAIRPERSON BRACKPOOL: Right.

15          MR. BLONIEN: And here to discuss some of that  
16 with you is the Senior Vice President of Stockbridge  
17 Partners, and the individual who's heading the real estate  
18 team, Mr. Chris Meany.

19          COMMISSION CHAIRPERSON BRACKPOOL: This sounds  
20 like an awards ceremony.

21          (Laughter.)

22          COMMISSION VICE CHAIRPERSON ISRAEL: Well, we got  
23 a gold key, if you'd like one.

24          COMMISSION CHAIRPERSON BRACKPOOL: All right,  
25 thank you, Rod. Rod, thank you. Please take a seat, Rod,

1 thank you.

2 MR. BLONIEN: I thought Kanye West was here for a  
3 moment.

4 MR. MEANY: Board Members, I'm here before you,  
5 actually with the Hollywood Park Land Company. And I'd like  
6 to share three points with you and make myself available to  
7 answer any questions you have.

8 First, we have always worked very hard to run the  
9 horse racing business at our tracks. But, and this has not  
10 always been popular, we do so with the stated point of view  
11 that the industry model is broken and needs to be fixed.  
12 And that while we will operate our racetracks to the best  
13 extent we can, at the very same time we will work to prepare  
14 for a future if the industry isn't fixed.

15 Now, that has shown itself by the fact that we  
16 actually have set up two separate businesses, one headed by  
17 Jack, one headed by me. The business that is operated by  
18 Jack Liebau has always been instructed to operate the  
19 racetracks for the long term, and the investments that we  
20 have made have never been limited by the notion that we  
21 would be closing down the business in the short term.

22 But we have also invested very heavily in  
23 preparing for a future if the industry solutions do not come  
24 in place.

25 And at the risk of irritating you by repeating

1 some of the things that Rod said, I will just point out that  
2 at Hollywood Park we -- I do not believe we evidenced any  
3 short term point of view when we invested millions of  
4 dollars in putting in a new horse racing surface, and when  
5 we have invested heavily in industry initiatives.

6           Secondly, the second point I'd ask you to bear in  
7 mind, it is one hundred percent appropriate for this Board  
8 to be very narrowly focused on the interests of this  
9 industry, that is what your job is.

10           Hollywood Park is relevant not just to the horse  
11 racing industry, Hollywood Park is the largest piece of land  
12 in the City of Inglewood and it has important stakeholders  
13 in terms of the city and the various community members.

14           And to not prepare for a future in which -- to not  
15 address the fact that this community has been adversely  
16 impacted by the decline in racing would be inappropriate.  
17 So, too, we have investors, we represent public pension  
18 funds, and we have fiduciary duties to make sure that we  
19 appropriately handle their investments in this property.

20           The third point of view, and I think this is  
21 something that I understand you're particularly interested  
22 in, what's our view of the market and where is our status of  
23 our project?

24           So we have been engaged since September of 2005,  
25 as we announced at the time, to obtain entitlements for the

1 Hollywood Park Racetrack.

2 Last summer we were successful in having a master  
3 plan, a specific plan approved and entering into a long-term  
4 development agreement with the City of Inglewood that allows  
5 us to develop the property as we have proposed, as long as  
6 we start within 15 years. If we start within 15 years, our  
7 development agreement is extended for another five years.

8 As part of that development agreement we have said  
9 to the City of Inglewood that we plan to continue racing  
10 until the day that we --

11 COMMISSION CHAIRPERSON BRACKPOOL: Decide not to.

12 MR. MEANY: Until the day that we decide not to.  
13 That's actually not true, until the day that we actually  
14 begin construction.

15 COMMISSION CHAIRPERSON BRACKPOOL: Let me ask you  
16 a couple of questions, if I may, and I'm sure the other  
17 Commissioners will have some, as well.

18 MR. MEANY: Sure.

19 COMMISSION CHAIRPERSON BRACKPOOL: In addition to  
20 the track surface, which was a mandate, what other  
21 investments could you point to, that you have made, that  
22 would indicate this -- that you're in it for the long term,  
23 as opposed to season by season?

24 MR. MEANY: I would just submit comparatively, and  
25 we should ask other horse racing people to answer this, I

1 believe that compared to the other racetracks in California,  
2 we're probably spending more on our surface improvements  
3 than others.

4 MR. LIEBAU: Maybe I can help. Jack Liebau. One  
5 of the things that we did right away, as far as the horses  
6 were concerned, was the paddock. When we took over, there  
7 was only two or three stalls there. There's now ability for  
8 all horses to be saddled in stalls.

9 We've done improvements in the clubhouse as far as  
10 bars, and things of that nature. You know, I didn't want to  
11 get up and get involved in this, but we have made  
12 improvements over and above the track, which was an eight to  
13 ten million dollar commitment, and that was mandated, I  
14 might say.

15 COMMISSION VICE CHAIRPERSON ISRAEL: Okay, can I  
16 pursue something in more of a forward looking nature? It's  
17 very clear from what you said that you have a very clear  
18 five, 15, even 20-year plan and that -- okay, and that, you  
19 know, you made it clear, it's a real estate proposition and  
20 that's what you're going to do.

21 The problem for the industry is while you have  
22 this really clear plan, no one else who owns a racetrack can  
23 make a plan because they don't know if they're going to be  
24 running the same schedule that they have now, or schedule  
25 absent Hollywood Park and when that occurs.

1           So while you have the benefit of being able to  
2 budget and plan out a half a decade, a full decade, a decade  
3 and a half, two decades, no one here can go more than two  
4 meets at a time because the sword hanging over everybody's  
5 head is Hollywood Park is going to close in six months, or  
6 maybe the next six months, or maybe six months after that.

7           Because all anybody's ever agreed is to give the  
8 industry six months' warning. Well, you can't run an  
9 industry that way and you can't run a business that way.

10          And so while it's working for you, it doesn't work  
11 for anybody else.

12          If Santa Anita, as it emerges from bankruptcy, if  
13 they wanted to find a buyer, they can't tell that buyer  
14 whether he's going to have 100 days of racing or 180 days of  
15 racing, and that affects how much they can charge for the  
16 piece of property they're selling.

17          COMMISSION CHAIRPERSON BRACKPOOL: Well, let me  
18 see if I can ask Chris a specific question based on that.  
19 What is the lead time that you need to make your  
20 determination that, okay, we are going to start  
21 construction?

22          MR. MEANY: We have always been on record saying  
23 two things, that the market needs to be appropriate to go  
24 forward and that we need to have all of the pieces in place  
25 to go forward. While that is true on the one hand, we've

1 always said we will look at the status of the industry at  
2 the same.

3 COMMISSION CHAIRPERSON BRACKPOOL: I understand.  
4 So we're trying to get a specific answer. So is it -- are  
5 you standing here saying we will never commit to more than  
6 one race meet at a time?

7 MR. MEANY: Correct, yes.

8 COMMISSIONER CHOPER: Well, let me say this, I  
9 certainly appreciate your continued efforts to run the  
10 racetrack there in a first class fashion, okay.

11 On the other hand, it's clear that there are  
12 certain discrete elements that are going to enter into your  
13 decision as to when you're going to develop.

14 Now, I'm not in your business, but it does seem to  
15 me that it is not unreasonable for the Board to ask you to  
16 give a different answer to the question that you were just  
17 asked, and that is to give us a plan. You know, you can ask  
18 for modifications in the plan, subsequently, if there's some  
19 radical change in the nature of the economy and the  
20 consensus of the particulars is wrong as to when it's going  
21 to turn around.

22 But in the meantime, it just does not strike me as  
23 unreasonable to say you can do better than what you've done  
24 by answering the question of a one-meet-at-a-time.

25 COMMISSION CHAIRPERSON BRACKPOOL: Can I ask the

1 others to sit down so that people can see behind? Thank  
2 you, sir.

3 COMMISSIONER CHOPER: How much better? I mean, I  
4 really, I don't have a specific number in mind. I guess  
5 what I do have in mind is that it ought to be more than what  
6 you're giving us now.

7 MR. MEANY: Sir, Commissioners, I want to be clear  
8 and ask you to step back and look at the situation that we  
9 have right now.

10 I appreciate that you have to keep your meeting on  
11 an agenda. I came here, today, prepared to share with you  
12 all of our thinking. You've made it very clear that this is  
13 an adversarial proceeding since Rod began speaking, and  
14 you've led me to answer questions in that way.

15 If you'd like me to share with you our thinking, I  
16 am prepared to do that, but I don't feel very welcome at the  
17 moment.

18 COMMISSION CHAIRPERSON BRACKPOOL: Well, I'm sorry  
19 for your feelings, but why don't you share with us then  
20 exactly what your plans are, because that's what we've been  
21 trying to get to.

22 MR. MEANY: Well, as I said, what we need to do is  
23 we need to balance on the one hand our efforts to run the  
24 horse track in the best possible ways we can, with the  
25 reality that the continued decline in the revenues from the

1 racetrack are adversely impacting our investors and the city  
2 community holders.

3           And I cannot, at the moment in time that the  
4 industry has an answer -- for example, we have always  
5 invested heavily, and this is a point I'd like you to  
6 understand, we have always invested heavily in what we  
7 thought -- you might disagree, but we thought were  
8 initiatives to enhance gambling so that the industry could  
9 be done.

10           And at any moment we have always been very clear,  
11 if something like that happened, we could change our plans  
12 and we could keep it open.

13           But we can't do it alone and we have yet to see  
14 that answer come forward.

15           So to answer the question about where our plans  
16 are, we have a development agreement in place. We are  
17 actively drawing our infrastructure plans, actively drawing  
18 our infrastructure plans and working with the City of  
19 Inglewood to process our vesting tentative tract maps. And  
20 we will not start construction until all of that is done.

21           But there is a second, and this is the part where  
22 it's very difficult to give you the specific answer; what is  
23 the prospect for the economy? We commission tons of market  
24 reports.

25           I'll give you two extremes. I have a noted land

1 economist in California who says land is of dear supply --  
2 land is in very short supply in Coastal California,  
3 notwithstanding the headlines, that as soon as we get some  
4 normalization of the economy shortages in residential real  
5 estate in Coastal California should be apparent at the end  
6 of 2011, into 2012 and 2013, and that the time frame to  
7 redevelop Hollywood Park is near.

8           On the other hand, I have also gotten economic  
9 forecasts that say that California, because of its  
10 continuing budget problems, is likely to endure a decade of  
11 bad market conditions.

12           I am being honest with you when I say I don't know  
13 which of those forecasts is going to be true. We would like  
14 to not -- we would like to not start our project until we  
15 had clear evidence that the world was getting better.

16           And so what we have suggested to you is we do not  
17 -- right now I would tell you that it will be into 2011  
18 before I think we're going to see signs that the world is  
19 getting better, and we aren't going to give you notice until  
20 that time. It's always within your power to shut us down,  
21 but we would like to keep operating as long as we can and  
22 until we see the signs of that recovery.

23           I can also tell you that at yesterday's City of  
24 Inglewood State of the City Address, the City said given the  
25 current performance of the property, their highest priority

1 was getting Hollywood Park redeveloped as soon as possible.

2 I can't do that, though, until we see signs of  
3 economic recovery.

4 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
5 Choper?

6 COMMISSIONER CHOPER: Can I say this, this is  
7 inherently, in part, an adversarial discussion, we can't  
8 help that, have to be, you know, foolish to deny it. On the  
9 one hand.

10 On the other hand, I think this Board accepts your  
11 position that ultimately it appears very, very likely you're  
12 going to develop the property and end racing at Hollywood  
13 Park, okay.

14 I certainly respect your desire to maintain and I  
15 think I'm using this term thoughtfully, a hundred percent  
16 flexibility in determining when you make that decision.

17 Okay, now, I don't think it's at all unreasonable  
18 for us to ask that into your calculus you add the notion  
19 that Commissioner Israel described, of our need also to make  
20 future plans, that's not unreasonable.

21 And so I would ask you to go back, because I think  
22 it's clear we can't get a different answer today from the  
23 way you've answered the question that it's meet to meet, but  
24 that you go back and say it's only right, under the  
25 circumstances, it may not be perfect, but it's only right

1 that we give some consideration to the needs of the industry  
2 which will limit somewhat -- somewhat, I want to underline  
3 the somewhat, the flexibility that we have sought to  
4 preserve on the other side.

5 COMMISSION CHAIRPERSON BRACKPOOL: Can I ask  
6 Commissioner Moss?

7 COMMISSIONER MOSS: Well, I just wanted to ask a  
8 question because I'm aware, I attended the meeting for part-  
9 time, last summer in Inglewood, and I know you got your  
10 entitlements, et cetera, and I believe there was a price tag  
11 of something like \$2 billion to have a complete  
12 redevelopment.

13 Is it in your scope, are you thinking of doing  
14 that all at once or is it on the board that maybe you could  
15 do that partially? Because I know that Hollywood Park has  
16 vast property, there's 238 acres, or something, and I just  
17 wondered?

18 MR. MEANY: Great, great question. The issue is  
19 it's got a good part and a bad part and, unfortunately, the  
20 bad part -- and first of all, to be very clear, when people  
21 oftentimes use these numbers that they apply to development,  
22 they're talking about the combined cost of both the  
23 horizontal and vertical. Meaning the horizontal means the  
24 construction of the roads and parks, and the vertical means  
25 the buildings.

1           And we will not -- we, Hollywood Park Land  
2 Company, will build all of the horizontal part of the  
3 project, all of the streets, make all of the obligations  
4 with the city. We will not be building all of the  
5 individual buildings ourselves, we will be selling sites to  
6 others, so that amount of capital will be coming partly from  
7 us but, actually, partly from others.

8           And it is also true that a project, as was in all  
9 of our materials, will be built out over time and phased out  
10 over time, so it will be built in chunks.

11           The unfortunate part of this is that the city  
12 needs very important infrastructure improvements and to put  
13 those infrastructure improvements in they need some sewer  
14 lines and water lines relocated. It's not -- it would  
15 seriously impact the parts of the track.

16           Now, let me tell you what we have said, that we  
17 have some experience where it's been hard -- I mean, one of  
18 the observations I'll just make is, you know, we faced  
19 similar situations at another racetrack and we found it very  
20 difficult to work together to accomplish some things and we  
21 kept coming under assault, and that ultimately led us to  
22 conclude that keeping the track open in Northern California  
23 was not possible in light of how people were attacking us.

24           We have a plan to redo the casino building and to  
25 rebuild the pavilion because of certain infrastructure work

1 that has to go there. That work has to take place in  
2 advance of the demolition of the grandstand and racetracks  
3 begin.

4 If it turns out that the industry hasn't changed,  
5 you know, in a fundamental way before then.

6 It is possible -- it is possible that, you know,  
7 we could work together. What we've found, though, is that  
8 oftentimes the constraints that get put on working on a  
9 site, where valuable racehorses are, is pretty problematic,  
10 too.

11 So, yes, there's a certain amount of phasing, it's  
12 not easy and it's proven to be difficult in the past.

13 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
14 Rosenberg.

15 COMMISSIONER ROSENBERG: Yes, the point you made  
16 about being attacked, isn't the real issue here, and you're  
17 entitled to this being the major issue on your side, is the  
18 economic issue. The issue is are you making money, losing  
19 money, or how much money are you making or how much money  
20 are you losing to continue to operate the track.

21 So the attacking part in your decision to close, I  
22 assume you're referencing Bay Meadows, it's hard to believe  
23 it's because you were attacked, it's probably because you  
24 made a business decision for economic reasons to close it;  
25 correct?

1 MR. MEANY: I would disagree with that, but I  
2 understand what you're saying.

3 COMMISSIONER ROSENBERG: It was because you were  
4 being attacked?

5 MR. MEANY: If you had followed any of the  
6 hearings that we have taken place in, we are in -- our  
7 business, our interests would -- if we're economic animals,  
8 where our business interests would be best served is that we  
9 go and we go through a lengthy public process, because we  
10 actually are interested in trying to do, in a thoughtful  
11 way, bring the community together, to have the development  
12 plan put into a long-term development agreement so everybody  
13 knows what's happening and then to get the ideal conditions  
14 to go forward.

15 Now, I have to tell you that with respect to this  
16 Board, please understand that I don't -- I don't know all of  
17 the people within the Horse Racing Board, what I -- within  
18 that industry. I'm now told that a lot of the people that  
19 represented themselves to be representatives of you and your  
20 industry were in fact not, that they were making false  
21 representations.

22 But we had lawsuits filed against us, seeking to  
23 blow up our entitlements, seeking to declare Bay Meadows an  
24 historic racetrack, which would have lost me 100 percent of  
25 our investment in the property, and they said they were

1 making those things so that they could keep racing going on,  
2 on behalf of the racing industry. Now, I do understand --

3 COMMISSIONER CHOPER: Well, we can't litigate the  
4 past.

5 COMMISSION CHAIRPERSON BRACKPOOL: One second.  
6 Jerry.

7 COMMISSION VICE CHAIRPERSON ISRAEL: That was Bay  
8 Meadows.

9 COMMISSIONER MOSS: That was community protest,  
10 that was the neighborhood wanting to keep the racetrack  
11 alive, you know.

12 MR. MEANY: Again, I'm admitting that when people  
13 say they represent the racing industry, I don't always know.

14 With respect to Hollywood Park, I think there are  
15 ways in which we can all learn from the process we went  
16 through on Bay Meadows. I mean, one of the issue at Bay  
17 Meadows is we faced this big mandate to also invest in the  
18 track.

19 You know, at Hollywood Park it is not just -- we  
20 make most of our money off of the casino, not off of the  
21 racetrack. We're actually trying to keep the racetrack  
22 alive frankly because we want to give every opportunity to  
23 see if there isn't an industry solution.

24 Remember, we've spent tens of millions of dollars  
25 on it.

1           COMMISSIONER MOSS: Can I just suggest that for  
2 one second, because I was in the room when the mandate was  
3 passed, there was not a spark of protest from Hollywood  
4 Park, from Santa Anita, from Del Mar, everybody was in lock  
5 step.

6           So the mandate, for whatever it's worth, was self-  
7 propelled. There was absolutely not a spark of protest over  
8 spending the 10 million, or 12 million, or whatever it was  
9 at the time.

10           And for me to sit here and hear, well, gee, they  
11 forced us to spend the money as if we forced that to happen,  
12 I think it's kind of ridiculous. I'm just saying that right  
13 now.

14           COMMISSION CHAIRPERSON BRACKPOOL: Jack, not yet,  
15 not yet. Commissioner Israel.

16           No, Jack, Jack. It's my meeting. Commissioner  
17 Israel.

18           COMMISSION VICE CHAIRPERSON ISRAEL: Yeah, I'd  
19 just like to bring us back to Hollywood Park and I want you  
20 to -- you said that you work with the best interests of the  
21 community in mind. I want you to understand that to us  
22 Inglewood is a community, but it's not the community that we  
23 represent. We represent the community of thoroughbred horse  
24 racing.

25           And for lack of a better term, it's a permanent

1 floating crap game, and it moves from racetrack, to  
2 racetrack, to racetrack, and it employs thousands of people,  
3 some of whom take up residence at the racetrack. You know,  
4 it's a little housing project, as well as a backstretch.

5 And improvements can be made in these facilities,  
6 at all of them, not just yours, if people have a certain  
7 economic incentive to do it.

8 And, you know, obviously, your long-term goal is  
9 to not be in the horse racing business, that's why you  
10 bought the property, you're a land development company, I  
11 can completely understand that.

12 So what we'd like to see is improvements made in  
13 the facilities that are going to be here for the long term,  
14 that are going to be home to this community, that will  
15 enable us to attract more customers, that will enable our  
16 people to have a better quality of life and earn more money.

17 And to that end, we need some definitive answers  
18 from you. Obviously, you're not going to give them to us  
19 today, but we need them in some relatively short period of  
20 time so we can make sense of what to do with Del Mar, and  
21 Pomona, and Santa Anita.

22 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
23 Derek?

24 COMMISSIONER DEREK: Yeah, you talked about if you  
25 were to start developing now you would still need the city

1 to provide some infrastructure?

2 MR. MEANY: We have to have the plans permitted.

3 COMMISSIONER DEREK: How long a procedure is that  
4 and to get the infrastructure that you need before you can  
5 begin?

6 MR. MEANY: Oh, we have to build --

7 COMMISSIONER DEREK: It's more than six months,  
8 isn't it?

9 MR. MEANY: Oh, about a -- right now, probably the  
10 fastest it could be done would be in a year.

11 COMMISSIONER HARRIS: So I don't see why it's a  
12 problem for you to give racing, say, a year's notice that  
13 you might be going away. I realize you can't give us a ten-  
14 year notice or something, but it seems like this just meet-  
15 to-meet notice is what is the bothersome thing.

16 MR. MEANY: Well, to be honest with you, what I  
17 have understood and it might just be in the background, that  
18 your request was for a minimum of five years and that would  
19 be impossible.

20 COMMISSION CHAIRPERSON BRACKPOOL: I don't think  
21 anyone on this Board has said such a thing, so I don't know  
22 where you're hearing that.

23 Let me bring you back to what you said and  
24 conclude with this, because there is obviously not a  
25 solution to this conversation today.

1           You said, if the industry improves, maybe we'd  
2 stay in it. I like to think of myself as an outlandish  
3 optimist, but the idea that this industry could improve  
4 within the next 12 months to a degree where it would make  
5 more sense for you to run horse racing there, than it would  
6 for you to develop the entire property, is hard for me to  
7 see.

8           So ultimately we understand redevelopment is your  
9 goal and you are, understandably, trying to pick the optimum  
10 time to commence that.

11           What we have responsibility for on this Board, as  
12 Commissioner Israel was just saying, is the family of  
13 thoroughbred interests in this particular issue, because  
14 there's no quarter horse or harness running at Hollywood  
15 Park.

16           When we go this year as a common group to the  
17 Legislature to improve, one of the things we're going to  
18 have to look at is the allocation of monies, be it the  
19 marketing fund, be it the stabling, whatever it is, if we're  
20 going to improve this.

21           If we generate a new source of cash by one of  
22 these ideas, proposals that we have, we have to say if  
23 Hollywood Park could be gone next summer, then should we not  
24 take a large sum of that money and put it over here to where  
25 we start working on plan B, because we know we need a backup

1 at this stage.

2           So you're standing here saying we would like 100  
3 percent flexibility and that's the way it is. Frankly, if  
4 we want to be adversarial, I would think that was somewhat  
5 adversarial.

6           But if what we're trying to do is figure out a  
7 solution amongst ourselves here what I would like to try and  
8 explore, not today because we're going to move on, but what  
9 I would like to try and explore is, is there a time limit  
10 that you can give us, that as Commissioner Choper says has  
11 various conditions attached to it, maybe you have a buyout,  
12 maybe there are some different things that are in there, but  
13 that we all have some sense of security that as we move  
14 forward and you get to share in whatever new revenue source  
15 is being generated that you're not sharing in it for six  
16 months and then leaving town.

17           So that's where we're coming from and I think  
18 that's where we would like to be able to move forward on.  
19 So think about that, reflect on it, and we will continue our  
20 discussions as we move forward.

21           MR. MEANY: That's fine. There are -- there is, I  
22 would like your indulgence to just respond to one thing  
23 you've said, because it's been said now by a couple of  
24 Commissioners, and I understand why -- there's actually two  
25 things I'd like to say.

1           Commissioner Israel, this is what I tried to say  
2 in my opening comments, I 100 percent get that I have  
3 multiple constituencies and yours is the thoroughbred. I  
4 get that and I understand why you need to be looking out at  
5 those interests and that is one of the constituencies, among  
6 others, that we have to do.

7           Secondly, it's been said, and this is the point,  
8 some of you, I think, have this conviction when you say --  
9 and I think there is a lot of truth to it when you say, you  
10 know, today, with where things stand, it's more likely than  
11 not that we're going to proceed with a real estate  
12 development here. But that implies that that's how we came  
13 into this property and that's actually not true.

14           We came in 100 percent agnostic as to whether we  
15 would redevelop the property or -- and, frankly, our  
16 expectations was we would have done if some of the things  
17 that we could have done in the racing business, and we  
18 invested tens of millions of dollars in trying to get those  
19 fixes.

20           COMMISSION CHAIRPERSON BRACKPOOL: Good. Well, on  
21 that basis I look forward to all of you working with us on  
22 the legislation over the course of the coming month so that  
23 you can remain agnostic.

24           MR. BLONIEN: I've heard the different people talk  
25 about we need to put together a plan, it's really the

1 industry that needs to put together a plan. And Pomona  
2 spent \$500,000 looking at a plan, Dr. Allred has put forward  
3 a couple of plans, and the TOC had a plan to do something  
4 with an indian tribe in the desert, and it really is the  
5 industry that has to come together and decide whether they  
6 want to do the Pomona plan, the Los Al plan, or something  
7 else.

8           And the industry has to be more active and get  
9 energized on this.

10           COMMISSION CHAIRPERSON BRACKPOOL: Thank you,  
11 thank you.

12           COMMISSIONER CHOPER: I just want to say that may  
13 be true, that your point is well taken on the one hand. On  
14 the other hand, I'm not at all convinced that the point that  
15 I made is not well taken, and that is we think, I think that  
16 we're entitled to greater flexibility on your part with  
17 respect to making a time prediction, a conditional  
18 commitment, whatever you want to call it.

19           MR. LIEBAU: We understand that. Just to clear  
20 the record and say something about what Mr. Moss said, I  
21 very well remember the meeting at Los Alamitos, when the  
22 synthetic tracks were mandated, and if you look at the  
23 transcript, you will find that there were two tracks that  
24 remained silent and did not speak in behalf of synthetic  
25 tracks, that was Hollywood Park and Bay Meadows.

1           And I think, Mr. Moss, I was in the same position  
2 that you were, there was this locomotive that was just  
3 running over us. There was nobody else that opposed the  
4 synthetic tracks, whether it was the jockeys, or trainers,  
5 you name it, they were there.

6           COMMISSION CHAIRPERSON BRACKPOOL: All right, we  
7 understand.

8           MR. LIEBAU: I would just say so, the transcript  
9 will show that, you know, Commissioner Moss and, to some  
10 extent Liebau, we couldn't have stopped the train.

11          COMMISSION CHAIRPERSON BRACKPOOL: We understand.  
12 All right, moving on.

13          No, I have two cards, three cards, four cards.  
14 Pick a card, David Stilwell, SEIU.

15          MR. STILWELL: Thank you. My name's David  
16 Stilwell, I'm the Director of the Allied Entertainment  
17 Division for our union, United Service Workers West, with  
18 Service Employees International Union.

19          We understand all the issues that are involved  
20 here and the interplay between these different interests.  
21 I'm not sure why there is a -- you know, why the issue is  
22 urgent right now, as long as the track is open, keeping in  
23 mind that while that track is open the people -- I don't  
24 want to say poorest, but the most endangered species of the  
25 racetrack workers will be the ones who disappear.

1 Obviously, the jockeys won't, they'll be able to move where  
2 the horses go.

3 The higher paid classifications in the racing  
4 industry, the receiving barn and the assistant starters,  
5 they'll be able to go. Our members will not, and those  
6 other racetracks will not be able to absorb them.

7 So at this time, and the state of the economy in  
8 California there are -- you know, I'm not necessarily  
9 commenting on your concerns about Hollywood Park giving you  
10 notice, I can understand that, I think it probably is  
11 reasonable that six months -- more than six months could be  
12 given.

13 Our concern is on dates being transferred --

14 COMMISSION CHAIRPERSON BRACKPOOL: Okay, the  
15 agenda item on dates is the next agenda item. The agenda  
16 item we're talking about here is the future of Hollywood  
17 Park.

18 MR. STILWELL: Is the future of Hollywood Park,  
19 right. And the future, as long as there -- hey, any future  
20 of Hollywood Park, whether it's six days, six months or a  
21 year, our position is that it's important that that future  
22 be maintained. Because as long as Hollywood Park operates  
23 as a racetrack, there will be people employed who actually  
24 make a living wage in the type of work that you almost see  
25 nowhere in California at a living wage, people with paid

1 retirements, paid health and welfare and a fairly decent  
2 standard of living.

3           And yes, there is a big community of horse racing  
4 in California, one aspect of that community are the folks  
5 that we represent and that needs to be -- you know, in our  
6 opinion, obviously it needs to be right at the top of the  
7 list with everything else.

8           COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

9           Richard Castro.

10          MR. CASTRO: Commissioner Brackpool,  
11 Commissioners, you've got guts, you're asking for two labor  
12 leaders in a row, I like that.

13          I have a question, how did this item, who put this  
14 item on the agenda, who asked for it?

15          COMMISSION CHAIRPERSON BRACKPOOL: This is a  
16 public comment, carry on.

17          MR. CASTRO: I can't get an answer to the  
18 question?

19          I mentioned, earlier, that I negotiated an  
20 agreement that went to 2014, Hollywood Park was a part of  
21 that agreement. Are you suggesting that Hollywood Park  
22 fraudulently sat at the table, that they had no intention of  
23 fulfilling that obligation running to 2014?

24          I was left with the impression that they would  
25 run.

1           COMMISSION VICE CHAIRPERSON ISRAEL: Well, that's  
2 question's better directed to them.

3           COMMISSION CHAIRPERSON BRACKPOOL: I don't think  
4 anybody here has accused Hollywood Park of doing anything  
5 fraudulently, I think they were very open in what they said.

6 I just don't think the Board happened to agree with what  
7 they said, but they were very open in what they said.

8           MR. CASTRO: Okay. Well, when I sat across the  
9 bargaining table with them, I was led to believe that they  
10 would fulfill their obligation.

11           COMMISSIONER CHOPER: They will so long as they  
12 operate the track, I mean, I think that's the --

13           MR. CASTRO: Well, we don't have a clause in our  
14 contract that says anyone has to open the door. But I  
15 believed, when I sat across the table with Hollywood Park,  
16 they led me to believe that they would run until 2014, and  
17 I'm very appreciative of that and I hope it doesn't get  
18 disturbed.

19           COMMISSION VICE CHAIRPERSON ISRAEL: Richard, this  
20 is a discussion better held with them, though.

21           COMMISSION CHAIRPERSON BRACKPOOL: It's a  
22 contractual issue between you and them.

23           COMMISSION VICE CHAIRPERSON ISRAEL: It's a  
24 contractual issue between you, we're not a party to the  
25 contract.

1 MR. CASTRO: Well, I'm telling you what my  
2 experience was at the table, I'm sharing it with you.

3 COMMISSION VICE CHAIRPERSON ISRAEL: Okay, thank  
4 you.

5 COMMISSION CHAIRPERSON BRACKPOOL: And it may well  
6 be that they're open until then.

7 MR. CASTRO: I hope a lot longer.

8 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

9 All right, Jerry Jamgotchian.

10 MR. JAMGOTCHIAN: Chairman Brackpool, Members of  
11 the Board, I'm kind of in an interesting situation here  
12 because being a shopping center developer and attending the  
13 Inglewood hearings that Mr. Meany presided at, I kind of  
14 know what's going on from the development perspective. And  
15 from the horse racing side, I kind of have a feeling of  
16 what's going on, too.

17 But I think this Board better step back and listen  
18 a little bit. Mr. Meany gave you the answers that I think  
19 that you know, but don't want to hear, and you need to  
20 listen.

21 And here are the facts. As a shopping center  
22 developer or a developer of this property, and I'm speaking  
23 strictly from that perspective, not horse racing, because  
24 this is not a horse racing issue, Mr. Choper can't tell them  
25 what to do and they don't have to listen to anything this

1 Board says.

2 But what's going to happen in this development is  
3 Bay Meadows Land Company is going to demolish this facility  
4 as soon as it can. The date of demolition, when that  
5 commences, they're going to submit drawings.

6 Now, it's going to take a certain period of time,  
7 six months or a year to demolish the improvements, at which  
8 time their plans are approved and then they just build out  
9 what they're going to build out.

10 I think Mr. Meany actually dropped something that  
11 maybe you didn't pick up, that I did, is that he's going to  
12 be parcelizing and selling off parcels, so he's going to be  
13 very motivated to demolish this track immediately.

14 Now, there is one constraint that Mr. Meany didn't  
15 tell you, that I'll tell you, that once they demolish the  
16 track, they also then have an obligation to pay the City of  
17 Inglewood millions of dollars to make up for the negative  
18 flow that the City of Inglewood loses when the racetrack  
19 ceases to operate.

20 So from the developer's perspective, I'm giving  
21 you what you need to know, because once the demolition  
22 commences, it's over.

23 It's a different deal than at San Mateo, where  
24 that project is still kind of waiting to start.

25 With regards to Bay Meadows Land Company, I think

1 that Fancher and his group have been the whipping boys by  
2 the CHRB, the whipping dog by the CHRB for many years.  
3 Unfortunately, that's now coming back to roost against you.

4           Because they did put up a lot of money to try to  
5 get the slots, the slot issue resolved, but this Board,  
6 including members of this Board, and including Mr. Shapiro,  
7 in the back, were totally against it and actually were  
8 against Hollywood Park, a member of the industry, who was  
9 trying to help this industry out.

10           COMMISSION CHAIRPERSON BRACKPOOL: Okay, on point,  
11 please, stay on point.

12           MR. JAMGOTCHIAN: This is -- this is on point.  
13 Now, wait a second, don't cut me off, you let Mr. Blonien,  
14 who's got multiple hats now speaking, the courtesy to speak  
15 and I have some cogent comments.

16           COMMISSION CHAIRPERSON BRACKPOOL: No, he's  
17 speaking on behalf of the person I asked him to speak on  
18 behalf of, so let's keep it going.

19           MR. JAMGOTCHIAN: So with regards to Mr. Meany and  
20 his closure, I sure hope you listened to the plan that I  
21 just told you because once the demolition commences, this  
22 project's over. And that demolition could even start next  
23 month or next week, depending on if they want to do the  
24 offsite improvements to be able to parcelize this property  
25 and sell it.

1           Hollywood Park, that facility's probably the most  
2 fan-friendly facility in the Southern California circuit,  
3 it's got the best stable area, it's got an incredible  
4 grandstand, and it really is the best real estate. It's  
5 close to Santa Anita, but I think it's comparable, if not  
6 better. But the key --

7           EXECUTIVE DIRECTOR BREED: You have 30 seconds,  
8 Mr. Jamgotchian.

9           MR. JAMGOTCHIAN: There's no three-minute limit  
10 when you've allowed these guys to talk for 20.

11          COMMISSION CHAIRPERSON BRACKPOOL: There's a  
12 three-minute limit. He was speaking on behalf of the issue.

13          MR. JAMGOTCHIAN: That's fine, that's fine, if you  
14 want to get another action against you, that's fine.

15          So the racetrack and the stabling facilities at  
16 Hollywood Park has always been their hole card. If you  
17 close down Hollywood Park, where are you going to house the  
18 horses.

19          If you actually make that decision to close them  
20 down, which I believe you should do, close them down now,  
21 let the industry see if they can get the industry to work in  
22 California.

23          Mr. Meany, Bay Meadows Land Company, don't care  
24 about horse racing, they don't care about Mr. Choper's  
25 feelings about fairness, it's over and the quicker you

1 listen to that, what he told you, the better. Thank you.

2 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.  
3 Thank you for making us aware.

4 Okay, moving on, Item Number 12 is the application  
5 to conduct a horse racing meeting at Hollywood Park,  
6 commencing April 21st, 2010 through July 18th, 2010.

7 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie  
8 Wagner, CHRB staff. Hollywood Park has filed their  
9 application to run from April 21st to July 18th, this is 60  
10 days. The allocation originally given to Hollywood Park was  
11 for 65 days, the application represents 60 days.

12 They are requesting to eliminate live racing on  
13 Thursday, April 22nd, Thursday, April 29th, June 3rd, July  
14 1st, July 8th, and July 15th, and they are adding Wednesday,  
15 July 7th.

16 They are racing five days per week, Wednesday  
17 through Sunday, with eight races on Wednesday, Thursdays,  
18 Fridays, and nine or ten races on selected Saturdays,  
19 Sundays and holidays.

20 They will be racing nine races on April 23rd, the  
21 11th, May 1st, 15th, and June 5th, which is the Triple  
22 Crown.

23 The post time proposed is a 1:00 p.m. post time  
24 daily. They are proposing a 7:05 post on Friday, with the  
25 exception of April the 30th. On Kentucky Derby Day, which

1 is May 1st, the post will be eleven o'clock in the morning.

2 The Preakness, May 15th, and June 5th, the Belmont  
3 Day, will also have an 11:00 a.m. post.

4 They're going to be coordinating on May 1st, 15th,  
5 and June 5th the post times to incorporate the Triple Crown.

6 The application indicates there's several items  
7 that are missing. I am pleased to report we do have the  
8 promotional plans, I think those were forwarded to the  
9 Commissioners. We have received the fire clearance.

10 Their ADW providers are TVG, YouBet, Xpressbet and  
11 Twinspires. We are still missing a couple of documents from  
12 YouBet, Xpressbet and Twinspires.

13 Staff would recommend that the application be  
14 approved contingent upon the submission of the outstanding  
15 items, and we recommend also that the applicant be required  
16 to again come before the Board to address the status of the  
17 outstanding documents, and to remove the contingency status  
18 from the Board's approval.

19 We do have representatives from Hollywood Park.

20 COMMISSION VICE CHAIRPERSON ISRAEL: Thank you.

21 COMMISSIONER CHOPER: Could you repeat the  
22 contingencies again, are they unchanged from what's in the  
23 materials?

24 REGULATIONS/LEGISLATION MANAGER WAGNER: Yes. We  
25 have received the promotional plans, I believe those were

1 forwarded to the Commissioners.

2 COMMISSIONER CHOPER: There's no agreement with  
3 ADW providers?

4 REGULATIONS/LEGISLATION MANAGER WAGNER: The ADW  
5 providers I have -- I'm missing a document from YouBet,  
6 Xpressbet and Twinspires, and I've been in contact with --  
7 oh, I'm sorry, only -- that's my fault, thank you.

8 We're missing a document from Twinspires and  
9 Xpressbet.

10 And Eual and I have been in contact and we're  
11 going to be getting that document.

12 COMMISSIONER CHOPER: And so they're done with  
13 those? You're done with those?

14 REGULATIONS/LEGISLATION MANAGER WAGNER: There are  
15 no problems, as I understand, we're just waiting for the  
16 piece of paper.

17 COMMISSION VICE CHAIRPERSON ISRAEL: You have the  
18 agreements, Eual?

19 MR. WYATTE: Well, we do not have written,  
20 executed agreements.

21 COMMISSION VICE CHAIRPERSON ISRAEL: Not executed,  
22 but you've made the agreement?

23 MR. WYATTE: It is my understanding there is no  
24 disagreement.

25 COMMISSION VICE CHAIRPERSON ISRAEL: Okay, so

1 we're not facing the same prospect as last year?

2 MR. WYATTE: That's correct.

3 COMMISSION VICE CHAIRPERSON ISRAEL: Okay.

4 REGULATIONS/LEGISLATION MANAGER WAGNER: No, we're  
5 just looking for the actual document, piece of paper.

6 COMMISSION VICE CHAIRPERSON ISRAEL: Okay.

7 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
8 Rosenberg had a question?

9 COMMISSIONER ROSENBERG: No, no.

10 COMMISSION VICE CHAIRPERSON ISRAEL: Equal, do  
11 whatever you got to do.

12 REGULATIONS/LEGISLATION MANAGER WAGNER: He's  
13 available for any questions that the Commission may have.

14 COMMISSION VICE CHAIRPERSON ISRAEL: Well, how do  
15 you project the horse population's going to be, what -- are  
16 there any adverse effects we're going to start feeling here,  
17 with your meet, because we don't have the Breeders' Cup next  
18 year to attract -- or next fall to attract people here all  
19 summer?

20 MR. WYATTE: I, frankly, don't know that that's a  
21 consideration during our race meeting. I think the  
22 consideration in our race meeting is, one, the significant  
23 decrease in the horse inventory in Southern California,  
24 which has been talked about for months now, in front of the  
25 Board and elsewhere.

1           And I think, two, the continued exodus from  
2 Southern California for racing and now, the new Monmouth  
3 Park project this summer, it's at least theoretically  
4 possible that we would stand a chance to lose more horses.

5           COMMISSION VICE CHAIRPERSON ISRAEL: When does  
6 Monmouth open relative to you?

7           MR. WYATTE: I think they open in May sometime.

8           COMMISSION VICE CHAIRPERSON ISRAEL: Okay. It may  
9 help your off track business.

10          COMMISSION CHAIRPERSON BRACKPOOL: The main  
11 question I had with this report, it's an area that I'm  
12 fascinated with, is the ability to bring in the number of  
13 young people that you have consistently been able to attract  
14 on a Friday evening to this concert series, which I think  
15 you should be commended for. But the inability to convert  
16 any decent number of those people, and I'm probably talking  
17 in single numbers of people, now, as opposed to the tens of  
18 thousands, into either handle and/or repeat racing fans.

19          And the one thing I didn't see in this marketing  
20 plan was any attempt to be able to do that. And to me, the  
21 idea that you can successfully pull in 10 or 15 thousand  
22 people on a Friday night to watch rock stars, be them aging  
23 or young, the ability to be able to bring in that many  
24 people, but not convert it into handle.

25          Are there any new plans, any new thoughts as to

1 how you try and convert those attendees?

2 MR. WYATTE: Let me -- Diane can answer that  
3 question directly, but let me just give you just a little  
4 history. We started night racing in Hollywood Park in 1993,  
5 and we did it because we thought it was one of the better  
6 marketing tools that we had come up and the theory being  
7 exactly as you said, Chairman, we would get young people to  
8 the track, and when they became of an age or a status in  
9 life where they had discretionary income, they would just  
10 sort of become horse players.

11 I think the one thing that, at least in my mind,  
12 that is very difficult for people in this industry, who love  
13 this industry so much, and I include myself in that  
14 category, is to recognize that that feeling is not  
15 universal.

16 And if you have any ideas about how we can do what  
17 you suggested, I'm for it. We always thought that just  
18 exposure to this business would sort of turn people onto it,  
19 but that's not --

20 COMMISSION CHAIRPERSON BRACKPOOL: But plainly,  
21 over the last 15 years, you've seen that just exposure  
22 doesn't do it and there are -- and there aren't any other  
23 ideas in here. That's why I just wondered whether you had  
24 any new ideas?

25 MR. WYATTE: I'm not sure that it hasn't been

1 successful in some unmeasurable way. I don't know where we  
2 would be now if we hadn't done that. But -- and I don't  
3 disagree with you. Yeah, I'd like to know how we could --  
4 we've tried, we've had handicapping seminars, we've catered  
5 to them, we've tried to educate them, and it just hasn't  
6 worked because basically they're not there for the racing,  
7 they're there for the societal event of the evening, people  
8 their own and the opposite sex, obviously, and other  
9 attractions.

10           It's not the racing that gets it, it's the  
11 entertainment aspect.

12           COMMISSIONER CHOPER: Can I add -- I had one point  
13 I wanted to ask this today, in the marketing aspect of it,  
14 Kirk Breed and I had a talk last night, in which it occurred  
15 to -- he mentioned, and it seemed to me this was a really  
16 good point, is to try to appeal in a more straight forward  
17 way, I'm not criticizing at all the concerts, but I'm not  
18 surprised with the outcome, to people who are at or near  
19 retirement, at in particular, who have no real commitments  
20 during the -- you get the point.

21           People are living -- you can say, well, they're  
22 over the hill. I don't like to hear that, but that's  
23 neither here nor there.

24           They're living longer, they're looking for things  
25 to do, it's great entertainment. Other people like them

1 there, et cetera.

2 MR. WYATTE: No, I -- I mean, I think if I said to  
3 you that you're correct, I mean we do try to appeal to  
4 seniors, we have a reduced admission price, there's probably  
5 other things we could do that we haven't done. And there's  
6 certainly other avenues that we haven't thought of, that we  
7 could probably do on Friday nights. And I'd like -- I think  
8 we'd like to hear them and we're willing to try anything.

9 COMMISSIONER CHOPER: I don't know that it has to  
10 be on Friday night, but I'd be more aggressive with them  
11 than just say you get in for two bucks.

12 COMMISSION CHAIRPERSON BRACKPOOL: You need to  
13 lean back from your microphone a little bit, it's giving  
14 backfeed.

15 Commissioner Rosenberg?

16 COMMISSIONER ROSENBERG: Just in terms of what  
17 Commissioner -- Chairman Brackpool said before, I do believe  
18 that the marketing plan does discuss this issue on the  
19 Generation Y, et cetera.

20 But getting back to the Friday night thing, the  
21 concerts, you have the \$350,000 allocated towards talent,  
22 and I'm sure that doesn't translate into an increased  
23 handle, but I'm sure it does make some money for the track  
24 in terms of sales of beer and et cetera. Am I correct on  
25 that?

1 MS. GREALISH: Absolutely, yes.

2 COMMISSIONER ROSENBERG: Okay. But in terms of  
3 the Generation Y, I think that the page, number 2.1, the  
4 marketing demographics, you do address that and how hopeful  
5 are you that this will work?

6 MS. GREALISH: Well, we are venturing into some  
7 new areas and I know that we went in -- is it too close?

8 EXECUTIVE DIRECTOR BREED: State your name?

9 MS. GREALISH: Oh, I'm sorry, Diane Grealish,  
10 Hollywood Park.

11 And so we are venturing into some new areas,  
12 primarily the SMS, which is the short message services,  
13 where we actually reach out to people via their phones,  
14 their mobile platforms.

15 That is something that we're just trying out for  
16 the very first time, and we are launching it with our first  
17 night, our opening night, where Joan Jett will be  
18 performing. We will be advertising it across all mediums,  
19 radio, TV and print, and it will say something essentially  
20 along the lines of text Joan Jett for half off admission to  
21 her concert. So it's kind of like that text Haiti to make a  
22 donation type of thing.

23 And then we segment the various -- we have source  
24 codes for each one of the publications, or radio, or TV that  
25 we're using, so we know what's pulling and we can adjust the

1 media spend, if we need to, based on what actual area it's  
2 coming from.

3 COMMISSION VICE CHAIRPERSON ISRAEL: Diane, have  
4 you given any thought to having the performers play one or  
5 two numbers before the racing begins, so that there isn't --  
6 most of the crowd that comes for the music comes late, it's  
7 a late arrival crowd, it arrives at -- I've seen them coming  
8 in when I'm walking out kind of thing.

9 MS. GREALISH: Sure, sure, we kind of do that.

10 COMMISSION VICE CHAIRPERSON ISRAEL: So if you get  
11 them there earlier, then they're going to be sitting there  
12 for three hours waiting for the bulk of the concert and  
13 you're going to just accidentally increase the handle.

14 MS. GREALISH: Well, what we tried to do is  
15 disincenent them from doing that by charging -- after 10:00  
16 p.m. we charged \$20, so that they will come in for the \$8  
17 general admission.

18 COMMISSION VICE CHAIRPERSON ISRAEL: Right.

19 MS. GREALISH: And, you know, the bulk of the  
20 arrivals are before that, are before the 10:00 p.m. But  
21 like if it's a Reggae group then they do come really late,  
22 that's definitely --

23 COMMISSION VICE CHAIRPERSON ISRAEL: Yeah, I've  
24 been walking out and seeing them come.

25 MS. GREALISH: Right, right. And then the issue

1 with playing before the races is that we're right on the  
2 horse path. We moved to a much larger area and it's the  
3 best spot we have on track to accommodate the largest crowd,  
4 and it's gone over very well. We've really improved the  
5 sound, and staging and everything of that nature, and we can  
6 handle a lot larger crowd there. But we're on the horse  
7 path so that's, you know, kind of scary, because people  
8 don't come that much before racing begins.

9           But then in addition to that, I did want you to  
10 know that we do also run a lot of different contests and  
11 drawings to gather the data and continue to market to the  
12 new people that come to the track.

13           For example, on our opening night, our whole  
14 opening weekend is the spring handicapping contest, so it's  
15 very simple, you know, it's just pick a show horse, pick a  
16 place horse, you know, and it goes into three rounds.

17           And so for the entire weekend, all three days of  
18 the weekend we're collecting that.

19           In addition to that, we have a premium giveaway,  
20 which as I had mentioned in the plan, the Snuggies, which  
21 are kind of "oober" popular right now in the pop culture,  
22 and we are doing a drawing for 500 giveaways that evening,  
23 when the actual premium giveaway is Saturday morning, for  
24 Gold Rush.

25           And that way we feel we can entice people a couple

1 of ways, a lot of entries into the contest to get that small  
2 quantity of, you know, possible prize that night and then  
3 beyond that, hopefully, it's a little bit of a teaser for  
4 the next morning, for anybody that didn't win the drawing  
5 that night, hopefully, if they wanted to get a Snuggie,  
6 they'd come back the next day for it.

7 COMMISSION VICE CHAIRPERSON ISRAEL: I just want  
8 to ask, for the record, Eual or Diane, can you explain -- I  
9 mean, I know the answer, but I want it to be on the record,  
10 why you want to be dark on Thursdays instead of running four  
11 consecutive days in the four-day week?

12 MR. WYATTE: Sure. All of the Churchill Downs  
13 properties are going dark on Wednesdays. Belmont Park is  
14 going -- or excuse me, not Belmont Park. So there will be  
15 Arlington, Churchill Downs, Calder, and now Monmouth who  
16 will not be racing on Wednesdays.

17 We think it's worth a shot for an experiment or a  
18 try to be one of the only two major signals on Wednesdays  
19 would be us and Belmont Park, and grab a bigger share of  
20 that market.

21 And then when we simulcast only on those  
22 Thursdays, there would be an abundance of product that  
23 wouldn't be there on Wednesdays for a simulcast only  
24 program.

25 COMMISSION VICE CHAIRPERSON ISRAEL: Okay.

1 COMMISSION CHAIRPERSON BRACKPOOL: I believe  
2 Commissioner Rosenberg has a question.

3 COMMISSIONER ROSENBERG: Just a quick question.  
4 You have an item on your budget that pay the NTRA \$111,000  
5 during this meeting. Exactly what -- is that a mandated  
6 amount or is it by agreement, is voluntary or involuntary in  
7 terms of --

8 MR. WYATTE: That's a mandated amount to the NTR.

9 COMMISSIONER ROSENBERG: Mandated by membership?

10 MR. WYATTE: Well, I shouldn't say mandated, it's  
11 an agreed amount.

12 COMMISSIONER ROSENBERG: Is it negotiated or is it  
13 agreed by --

14 MR. WYATTE: I think it's somewhat negotiated,  
15 yes.

16 COMMISSIONER ROSENBERG: Somewhat. And that's  
17 negotiated as part of your membership in the NTRA?

18 MR. WYATTE: Mr. Liebau, I think, is going to  
19 speak to that since he's an NTRA important member.

20 MR. LIEBAU: That is the dues payable by being  
21 reason of being a member of the NTRA and the dues are  
22 payable based upon the purses that you generate. And so the  
23 formula is the same for all of the tracks except for New  
24 York, Churchill, and Magna in the past, in that they had a  
25 maximum dues of \$400,000.

1           Interestingly enough, under that formula,  
2 Hollywood Park is the highest paid.

3           Now, Mr. Rosenberg, please don't ask me whether  
4 that's a good investment, please.

5           (Laughter.)

6           MR. LIEBAU: I do not want to speak to that.

7           COMMISSIONER DEREK: That was my question, what do  
8 you get for it?

9           COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
10 Derek's question is?

11          COMMISSIONER DEREK: And what do you think you get  
12 for this?

13          MR. LIEBAU: Well, I think the NTRA is extremely  
14 helpful as far as legislation on a national basis is  
15 concerned, there's no question about that. For instance,  
16 they've helped us with withholding and a number of other  
17 issues. They've served as a -- and probably the biggest  
18 initiative they have going now is the Safety Alliance, which  
19 I think is a very important thing as far as improving the  
20 safety that came out of various injuries to horses and  
21 things of that nature, so that is what I would say is their  
22 primary function along with the thing.

23          They also have a national communication to fans.

24          COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

25          MR. LIEBAU: It's a big expenditure.

1 COMMISSION CHAIRPERSON BRACKPOOL: All right.

2 COMMISSIONER MOSS: I make a motion and I'm  
3 approved with that --

4 COMMISSION VICE CHAIRPERSON ISRAEL: Second.

5 COMMISSION CHAIRPERSON BRACKPOOL: All in favor?

6 (Ayes.)

7 COMMISSION CHAIRPERSON BRACKPOOL: Okay. All  
8 right.

9 EXECUTIVE DIRECTOR BREED: Mr. Chairman, on this  
10 particular application I just wanted to note that the night  
11 industry, those days when -- Wednesdays, Thursdays, when  
12 Hollywood Park is dark, the night industry is applying to be  
13 dark, also.

14 COMMISSION CHAIRPERSON BRACKPOOL: Okay. By the  
15 way, I have two speakers on this -- on this issue. I have  
16 two speakers as -- let's do this in a minute. Two speakers,  
17 there's Alan Horowitz, from the California Harness  
18 Association.

19 MR. HOROWITZ: Thank you, Mr. Chairman, Members of  
20 the Board.

21 This item is really only tangentially related, as  
22 Mr. Breed pointed out. Since Hollywood Park's application,  
23 during the weeks in April, they're not racing on Thursday,  
24 they're moving to Wednesday, and we had scheduled some  
25 racing days in -- on Thursdays, that we'd like to move, two

1 in particular, to Wednesdays. And so we are requesting that  
2 we be able to move those dates to Wednesdays and then we  
3 would be dark --

4 COMMISSION CHAIRPERSON BRACKPOOL: But that's an  
5 application that they'll make to you?

6 EXECUTIVE DIRECTOR BREED: No, we'll just do that  
7 administratively.

8 COMMISSION CHAIRPERSON BRACKPOOL: Yeah,  
9 administratively.

10 MR. HOROWITZ: Thank you.

11 COMMISSION CHAIRPERSON BRACKPOOL: Thank you for  
12 that update.

13 Barry Broad? He appears to have gone.

14 I don't have a card for you.

15 MR. JAMGOTCHIAN: Yeah, it was with 11, it was 11  
16 and 12.

17 COMMISSION CHAIRPERSON BRACKPOOL: Oh, you're  
18 right, I'm wrong.

19 MR. JAMGOTCHIAN: Yeah, although, you know, under  
20 the State law you really don't need to have a card to speak,  
21 but I'll address that issue.

22 COMMISSION CHAIRPERSON BRACKPOOL: I'm a stickler  
23 for regulation.

24 MR. JAMGOTCHIAN: Right, which is good. You know,  
25 with regards to this, and I'll keep my comments short, with

1 regard to this application it's not about marketing, Members  
2 of the Commission, what this is about is a license, as  
3 you've just granted, and the problem that you have is you  
4 really don't have an alternative not to grant it, and that's  
5 what I -- that's what I'm just so sternly against is that  
6 many of the Board that have sat here have never created an  
7 alternative plan.

8           You have no cards against Hollywood Park, except  
9 one, but nobody ever wants to ask me what that card is so I  
10 won't tell you.

11           I think that this Board needs to consider  
12 eventually, and I know I've said it for five years that you  
13 need to at least have an operating covenant, and at all  
14 racetracks, not just the whipping boy, Hollywood Park. You  
15 need to have it on Santa Anita, you need to have it on Del  
16 Mar, you need to have operating covenants, with letters of  
17 credit and tangible assets behind each racing meet.

18           If not, you're going to be in the dilemma that  
19 you're in.

20           In fact, the State of California has given these  
21 racing associations \$144 million dollars a year, as of this  
22 year, in license relief. This was granted in 1998. Not 144  
23 million, I think it was like 90 million in 1998, and none of  
24 that money has gone into really anything to improve horse  
25 racing, other than the bottom line when Hollywood Park was

1 sold to Churchill Downs.

2           So the State's contributed \$144 million this year  
3 in license relief, which none of these tracks pay and you're  
4 getting nothing for it.

5           More importantly, you're not even getting an  
6 operational covenant.

7           So billions of dollars since 1998 have been  
8 wasted. They haven't gone to purses, they haven't gone to  
9 marketing, they haven't gone anywhere but to the bottom  
10 line. You have no control over these racing associations.  
11 Keep issuing the licenses because that's all you have to do,  
12 that's all you can do.

13           But you do have one bullet in your holster. If  
14 anybody's ever interested in that bullet, you actually have  
15 something that's strong enough to go after to get their  
16 attention. But then, again, I'm hopeful this Board will  
17 listen. Thank you.

18           COMMISSION CHAIRPERSON BRACKPOOL: Thank you very  
19 much.

20           Okay, the next issue is the discussion and action  
21 by the Board on the update on the Magna situation. And if  
22 the last speaker thought we were adversarial -- how are you?

23           MR. SCOGGINS: I'm well. How are you?

24           COMMISSION CHAIRPERSON BRACKPOOL: I'm very well.

25           MR. SCOGGINS: Good. Greg Scoggins on behalf of

1 Magna Entertainment and the various subsidiaries that this  
2 Board regulates, good morning, good afternoon, whatever the  
3 appropriate time is, I'm a little jet-lagged.

4 I've been hearing a very distinct message from the  
5 Board today and that is keep it short, make it meaty, and so  
6 I will seek to obtain that goal.

7 First off, we have provided you since the last  
8 meeting various --

9 COMMISSIONER CHOPER: Make it good. Make it good,  
10 also.

11 MR. SCOGGINS: Pithy, right. Good news or good in  
12 terms of informative?

13 We have provided information to the Board that was  
14 requested at the last meeting relative to the claims that  
15 are California based. If there's any additional information  
16 regarding that, that you need, please let me know.

17 We also provided an executive summary of the plan  
18 that was issued. It's my understanding there will probably  
19 be an amended plan issued probably within the next week, I  
20 would anticipate, that would update the plan that was  
21 currently before the court.

22 COMMISSION CHAIRPERSON BRACKPOOL: Hopefully, it  
23 will reflect the changes to the plan that we suggested.

24 MR. SCOGGINS: I saw that and I commend you for  
25 doing that, and I hope that there will be a -- something

1 will happen that will render that unnecessary.

2 COMMISSION CHAIRPERSON BRACKPOOL: Well, when you  
3 say you commend us for doing it, does that mean that we can  
4 safely assume that you support our motion?

5 MR. SCOGGINS: No, I'm afraid I can't do that.

6 COMMISSION CHAIRPERSON BRACKPOOL: Well, I'm  
7 confused by the word "commend" then.

8 MR. SCOGGINS: Well, I guess maybe I spoke a  
9 little hasty in my effort to choose my words. I guess it's  
10 going back to the motion that was discussed at the last  
11 meeting, as well as in the past, which is the CHRB has a  
12 role to play, and it wanted to play a role and it has chosen  
13 to play a role by participating in the bankruptcy proceeding  
14 and for that I commend you for pursuing that role.

15 I can't guarantee you success, failure or  
16 otherwise, and I can't comment as to whether MEC agrees with  
17 the role that you are playing, but I can commend you for the  
18 action you did take.

19 Does that help you better understand my comment?

20 COMMISSION CHAIRPERSON BRACKPOOL: Just keep  
21 going.

22 MR. SCOGGINS: Yes, sir. On page 5 of the  
23 materials that Mike handed out, so as to jump forward,  
24 because the first four pages is history, there's a current  
25 ownership structure that reflects where we are right now in

1 terms of what companies and what individuals are -- have  
2 ownership responsibilities for MEC and the various sites  
3 here.

4 Frank Stronach and the Stronach Trust is at the  
5 top and you follow it down to MI Developments, Magna  
6 Entertainment, and you see the various subsidiaries of Magna  
7 Entertainment, and that's what today's looks like.

8 As of April 30th, if that effective date is  
9 attained and the necessary regulatory approvals have been  
10 obtained, the proposed ownership structure is on the next  
11 page.

12 And that will be that the Frank Stronach and the  
13 Stronach Trust will continue to have the same voting  
14 interest that it has in MI Developments, and then MI  
15 Developments' plan is to create a subsidiary called MI  
16 Developments US Holdings, Inc. It would be a hundred  
17 percent wholly owned subsidiary of MI Developments.

18 That entity, in turn, will have a wholly owned  
19 subsidiary, MI Developments US Financing, Inc. It is that  
20 entity that will have two wholly owned subsidiaries, one is  
21 MI Developments Investments, Inc., and one is MI  
22 Developments Land Holdings, Inc.

23 And if you turn to the next page, I'll give you  
24 the breakdown on how those entities will have their -- how  
25 their ownerships will break down.

1 MI Developments Investments, Inc. is the entity  
2 that will be receiving the stock in the reorganized Los  
3 Angeles Turf Club, the reorganized Pacific Racing,  
4 Xpressbet, which will be converted into an LLC from a  
5 corporation, and the reorganized Amtote International stock.

6 It would also receive other assets, but these are  
7 the four entities that are currently licensed by the Board.

8 COMMISSION CHAIRPERSON BRACKPOOL: Okay, but  
9 what's down here is down here. What is the purpose of the  
10 multiple subsidiary treatment and what is it you're trying  
11 to protect and/or avoid paying by having this structure?

12 MR. SCOGGINS: I am not in a position to give you  
13 that answer because it is not my role to make those kinds of  
14 decisions. I know that it's a common thing within the  
15 corporate family that I work for to have multiple  
16 subsidiaries, and the tax attorneys and the tax advisers say  
17 that this is the way to structure it, and this is the way  
18 they've chosen to structure it.

19 COMMISSION CHAIRPERSON BRACKPOOL: Well, I don't  
20 think that's sufficient for this Board.

21 MR. SCOGGINS: I understand.

22 COMMISSION CHAIRPERSON BRACKPOOL: So I think that  
23 what we need, supplemental to this meeting for sure, at a  
24 minimum, is an explanation as to why this structure is what  
25 it is and how does this affect the fact that the two

1 racetracks, the things we're concerned about in California  
2 have been put into a subsidiary of a subsidiary, of  
3 subsidiary, of one five removed.

4 COMMISSIONER ROSENBERG: And I might add, the  
5 separation from the land from the operation of the track.

6 COMMISSION CHAIRPERSON BRACKPOOL: Right. So I  
7 don't think just telling us it is what it is and I don't  
8 know why gets us there.

9 MR. SCOGGINS: That's my best answer today, but I  
10 will get you a more precise answer for the future.

11 COMMISSION CHAIRPERSON BRACKPOOL: Well, not for  
12 the future.

13 MR. SCOGGINS: As soon as I can.

14 COMMISSION CHAIRPERSON BRACKPOOL: Because the way  
15 this speed is moving along, when will you get us the answer?

16 MR. SCOGGINS: As soon as I can. If I can get it  
17 by the end of the day today, I will try to obtain that. If  
18 it's early next week, you know, I'm moving with all due  
19 speed, I hear your message and I'll pursue getting it as  
20 quick as possible.

21 COMMISSION CHAIRPERSON BRACKPOOL: No later than a  
22 week, though, so that we can have this to review.

23 MR. SCOGGINS: Right.

24 COMMISSIONER HARRIS: I think one issue, though,  
25 is as we move forward and license these organizations going

1 forward, it may be some corporate structure, but what we  
2 need is who is guaranteeing that? Is Frank Stronach  
3 executing a personal guarantee of whoever is being licensed  
4 or not?

5 COMMISSION CHAIRPERSON BRACKPOOL: Well, and under  
6 this structure they both remain public companies, so I would  
7 doubt that's on offer at this stage.

8 MR. SCOGGINS: I would suggest that you wouldn't  
9 expect any change from where things are now because MID is  
10 currently the owner of MEC and there's nothing in that  
11 regard in the current structure.

12 COMMISSIONER HARRIS: Yeah, I mean, the first time  
13 you get bit by the dog, it's the dog's fault, the second  
14 time is your fault.

15 And we just want to be sure that we don't get into  
16 the same situation. Which maybe everyone's going to be made  
17 whole but, as I understand it, the previous bankruptcy there  
18 were numerous parties that were not made whole and we don't  
19 want to perpetuate that.

20 MR. SCOGGINS: I understand your point.

21 COMMISSION VICE CHAIRPERSON ISRAEL: Could I --  
22 HRTV appears nowhere in this organizational structure.

23 MR. SCOGGINS: It is in there. I did not include  
24 it in this chart because it's not an entity regulated.

25 COMMISSION VICE CHAIRPERSON ISRAEL: I know, but

1 it's important to us.

2 MR. SCOGGINS: I understand that. HRTV, as I  
3 understand it, will fall under the MI Developments  
4 Investments, Inc., the ownership share of -- MEC's 50  
5 percent ownership share in TrackNet Media and HRTV will be  
6 converted over to an MID subsidiary. My understanding is  
7 that it's the MI Developments Investments, Inc. entity.

8 COMMISSION CHAIRPERSON BRACKPOOL: It just doesn't  
9 mean anything without understanding the ring fenced purpose  
10 of these subsidiaries.

11 MR. SCOGGINS: Okay.

12 COMMISSION CHAIRPERSON BRACKPOOL: But we may have  
13 further questions depending on what they --

14 COMMISSION VICE CHAIRPERSON ISRAEL: Well, the  
15 TrackNet as an entity, I mean, you're asking us to know what  
16 you've done in the past, it's twice since Xpressbet, so  
17 Xpressbet seems to be some sort of entity that's subservient  
18 to some larger entity, which is TrackNet, which doesn't get  
19 licensed, which has confused us in the past.

20 MR. SCOGGINS: Well, TrackNet is a -- and there  
21 are people here, present today, who can explain it in  
22 greater detail, but TrackNet is a content acquisition,  
23 content seller, and it is a joint venture between Churchill  
24 Downs, Inc. and currently Magna Entertainment Corp., and  
25 it's purpose is to buy and sell content.

1 Xpressbet is affiliated with TrackNet for purposes  
2 of buying content that's available through Xpressbet.

3 And once the Board decides, if it does, that it  
4 wants to start regulating content buyers and sellers, then  
5 there you have it.

6 COMMISSION VICE CHAIRPERSON ISRAEL: Well, it's if  
7 who makes good on whatever debts are accumulated.

8 COMMISSIONER HARRIS: Yeah, because I know when  
9 Frank was out and he spoke with a lot of people, one of his  
10 big thesis's is that what this racing needs, and everybody  
11 needs is more free enterprise. But it seems to me that  
12 hiding behind the bankruptcy laws to avoid paying people is  
13 not the greatest execution of free enterprise, so I just  
14 hope we don't go there again.

15 COMMISSION VICE CHAIRPERSON ISRAEL: I'd like to  
16 agree with that. I'd like to also say he was very much in  
17 favor of -- his other way of saying that was deregulation,  
18 and he didn't see any reason why this Board, this regulatory  
19 Board, should interfere with his business decisions.

20 And we're duly empowered by the State of  
21 California and the people of California elected the  
22 officials who appoint us. So my answer, if you want to  
23 overturn that decision, you should come, become a citizen,  
24 and cast your vote. That's the way we do things here, not  
25 by fiat.

1           So that message needs to get back there.

2           COMMISSION CHAIRPERSON BRACKPOOL: Let me ask you,  
3 you say here that there will be officer changes, but no  
4 management changes.

5           MR. SCOGGINS: Correct.

6           COMMISSION CHAIRPERSON BRACKPOOL: And it feels  
7 like you have a foot in both boats there, so what does that  
8 actually mean?

9           MR. SCOGGINS: Well, the -- under the current  
10 structure, Magna Entertainment officers serve as directors  
11 of and executive officers of the various subsidiaries that  
12 Magna Entertainment currently owns.

13           That practice will continue with the new entity  
14 that will be acquiring the MEC assets. So MID, essentially,  
15 will be appointing the persons to serve as the directors of  
16 LATC, and PRA, et cetera, and they will also appoint to  
17 additional officers, Jane Lin and Scott Fisher have been  
18 identified, although they're subject to finalization and  
19 formalization, those individuals have been identified to  
20 serve in those capacities.

21           But Ron Charles will still remain the COO of L.A.  
22 Turf Club, George Haines will still remain the General  
23 Manager.

24           So when I'm talking about no change in day-to-day  
25 management, I'm talking about the folks who are here in

1 L.A., who are in Arcadia, who are making the day-to-day  
2 decisions about how they want to operate the track will  
3 remain in places.

4 COMMISSION CHAIRPERSON BRACKPOOL: But Mr. Mills  
5 told me that he was going to be the new sheriff in town, so  
6 where does he fit into this structure?

7 MR. SCOGGINS: He's the CEO of MI Developments.

8 COMMISSION CHAIRPERSON BRACKPOOL: So it's who  
9 they -- it's who the people in L.A. were reporting to that  
10 is really changing?

11 MR. SCOGGINS: I think that's probably a correct  
12 statement.

13 COMMISSION VICE CHAIRPERSON ISRAEL: Who's going  
14 to be licensed?

15 MR. SCOGGINS: Well, there will be LATC, the  
16 reorganized LATC will be requesting a license for the 2011 -  
17 - 2010-2011 meet. Golden Gate Fields, the reorganized PRA,  
18 will be asking for a continuation of its license.

19 And then to the extent there are background checks  
20 required of the officers and directors of the various  
21 entities that will be asking for a license, those people  
22 will be subject to those background checks.

23 COMMISSION VICE CHAIRPERSON ISRAEL: I understand  
24 the law and I learned this from listening to Mr. Liebau,  
25 individuals who are duly licensed as members of the Board of

1 the organization that's licensed are responsible for its  
2 debts at some point. Is that right, Jack? Something like  
3 that.

4 COMMISSIONER HARRIS: Not really.

5 MR. LIEBAU: It's your rule.

6 COMMISSION VICE CHAIRPERSON ISRAEL: Oh, that's  
7 our rule, okay. So these people will all have to be  
8 licensed; is that right?

9 MR. SCOGGINS: Well, these people will have to go  
10 through the process that California defines. If that's  
11 licensing, yes. If it's not, it's not.

12 COMMISSION CHAIRPERSON BRACKPOOL: Did I have any  
13 other questions on this issue?

14 Okay, so we'll get this information.

15 MR. SCOGGINS: Yes.

16 COMMISSION CHAIRPERSON BRACKPOOL: And we look  
17 forward to you supporting our motion. Thank you.

18 Yes, I've got cards, don't worry. Don't worry,  
19 I've got cards.

20 The first speaker is Ronni Lang. Let's let these  
21 last two people speak.

22 MS. LANG: Thank you for letting me speak. My  
23 name is Ronnie Lang and I've come 300 miles to speak to you.  
24 I live in Los Vegas --

25 EXECUTIVE DIRECTOR BREED: Can I have your

1 attention, please?

2 MS. LANG: -- and I am representing the customer.  
3 Now, some of you call it spins, bettors, gamblers, patrons.  
4 But make no mistake about it, we are your customer and we  
5 want to shop in your store and some of you, Magna, are not  
6 allowing us to do it in an easy way.

7 I don't know what business model will say -- I  
8 mean, imagine Coca-Cola, or Kimberly-Clarke, or Budweiser  
9 saying we want to sell more product, we need to improve our  
10 bottom line and, therefore, we're going to make it really  
11 difficult for people to get it, we're only going to sell our  
12 product in one store.

13 Now, that's really not even a fair analogy because  
14 you could stop up on Coke, and Bud and Kleenex, you can't  
15 stock up on the races, it's a current event.

16 But I have had ongoing correspondence with Magna  
17 management for four years now. In Nevada, we are not  
18 permitted to bet through a lot of your ADWs, we can't do  
19 TVG, we can't do Xpressbet through HRTV, we have to use the  
20 local things.

21 But we still prefer, most of us, to do that than  
22 to spend five, six hours in a casino, especially the people  
23 who are still ambulatory and working.

24 So this Board spent 45 minutes last August  
25 defining and redefining the word "radius" in an attempt to

1 get more places to wager. I'm not going to bet races I  
2 can't see. And Magna keeps all of their tracks -- now,  
3 we're only talking about Santa Anita and Golden Gate and I,  
4 personally, only care about Santa Anita, I'm sorry, but they  
5 keep their signal exclusively on HRTV, on Xpressbet, HRTV,  
6 they do not permit HRTV to go on cable, which most of us are  
7 on cable, and they will not allow TVG to broadcast it.

8 I don't know about you guys, maybe there's an  
9 occasion, but most of the time we're not going to bet races  
10 we can't see. The paddock and the post parade is far more  
11 important, if not as important, as the handicapping you do  
12 on paper.

13 It saddens me because even last week, Santa  
14 Margarita, I knew I was going to see the race, I knew the  
15 race was going to be played over and over and over, but  
16 notwithstanding the one to nine I was not going to -- I  
17 couldn't see the paddock, I couldn't see the post parade, I  
18 couldn't enjoy Zenyatta's walk.

19 COMMISSION CHAIRPERSON BRACKPOOL: I could have  
20 told you should have still done the bet at one to nine.

21 MS. LANG: Yeah, and I'm not disagreeing with you,  
22 but I'm saying that's the fan part, not the customer part.

23 I know that your limitations, somewhat you're  
24 constrained by the government and laws, but you also have a  
25 very strong power of persuasion. And just as you were able

1 to persuade other things for tracks to do and so on.

2 We wager from home, we want to see the races.  
3 I've been told for four years, if you want to get Santa  
4 Anita, get Dish. I don't want to go into the reasons why I  
5 won't, if anybody's interested, if you want it short, there  
6 are a lot of reasons why we don't want to do business with  
7 Dish.

8 But we've given them some options, we've had radio  
9 campaigns in Las Vegas, all just blowing in the wind. We  
10 were told if we had a hundred signatures, they would put it  
11 on cable. We got a hundred signatures through a local radio  
12 show. Then we were told we needed 200, we got 200. Then we  
13 were told we had to wait until the bankruptcy's over.

14 Now, we're being told it's not going to happen, if  
15 you want to see Santa Anita, get Dish.

16 I'm pleading with you, we want to shop in your  
17 store. Vegas is 90 percent Southern California. The only  
18 way we get to play is if the casinos have a local house bet.

19 That money does not go to you, that money stays in the  
20 casino. Okay.

21 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very  
22 much for your time. You echo the comments made by lots of  
23 people at this Board at the last two meetings. And I thank  
24 you for driving under 300 miles, it's very --

25 MS. LANG: And I could have done this under Number

1 2 or Number 6, but I didn't know they were going to go in  
2 that direction.

3 COMMISSION CHAIRPERSON BRACKPOOL: Oh, no, you did  
4 it on the right one.

5 MS. LANG: Without customers you guys are out of  
6 business, and everybody in this room is out of business.  
7 You can talk about horse population, track surface, ADWs, it  
8 doesn't matter. I have the time, I have the money, I'm  
9 dying to buy your product and you're really making it  
10 difficult.

11 COMMISSION CHAIRPERSON BRACKPOOL: Well, the one  
12 bonus today is that the product is on live just across the  
13 road.

14 MS. LANG: I won't give them my money.

15 (Laughter.)

16 MS. LANG: They won't let me see it, they don't  
17 get my money.

18 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

19 The last speaker, Jerry Jamgotchian.

20 MR. JAMGOTCHIAN: I ought to get a cot and sit up  
21 here. With regards to this issue what's --

22 COMMISSION CHAIRPERSON BRACKPOOL: I didn't hear  
23 what you said?

24 MR. JAMGOTCHIAN: I said I should get a cot and  
25 sit up here.

1           With regards to this issue the Board has really no  
2 authority at all or any ability to do anything in this  
3 particular case because the bankruptcy judge, who is  
4 essentially controlled by Magna, I must tell you, because  
5 Stronach has funded his own plan, the judge is just really  
6 going to do whatever Magna wants to do because the judge  
7 wants to pass this case along.

8           So, unfortunately, your objection will be noted,  
9 but it will be rejected and the bankruptcy will move on to  
10 finalization.

11           The funds that are in there are going to be  
12 unsecured, they're always going to be unsecured creditor  
13 funds so they might get pennies on the dollar.

14           But I think that this Board needs to focus on the  
15 future and how this won't happen again. And I hope this  
16 learning experience is listened to and has been addressed by  
17 the Board. I think you need to look at these racetracks and  
18 put all these racetracks under an operational covenant, with  
19 real guarantees to provide you some kind of protection.

20           Because you've got the biggest game players in the  
21 racetracks in the world because they control everything, and  
22 you don't control anything except dates, and when they come  
23 up here you've got to default to give them the dates because  
24 you don't have an alternative plan.

25           Interestingly enough, something that's just popped

1 up, now Stronach's going to break out the land, it gives him  
2 an opportunity to spin the land and do development deals on  
3 his own, which is obviously what he's done. This guy is a  
4 very smart guy and on a radio show he talked about this.  
5 This guy funded his own plan. He really has used the free  
6 enterprise system to wash away hundreds of million of  
7 dollars worth of debt, as well as the shareholders.

8           These guys certainly aren't going to listen to  
9 anything you say and it's time you recognized that. You've  
10 got to show leadership to put these guys in their place to  
11 require substantial financial investments and guarantees to  
12 get dates.

13           And until you have an alternative plan to do that,  
14 you're going to be granting it to Hollywood Park for another  
15 year, Santa Anita for another year, and Del Mar for another  
16 year, and you will not have a consistent racing schedule in  
17 California. Thank you.

18           COMMISSION CHAIRPERSON BRACKPOOL: Thank you.  
19 Okay, with that we will adjourn this meeting and go into  
20 closed --

21           MR. JAMGOTCHIAN: Oh, oh, oh, I have ten seconds,  
22 I have ten seconds, and I forgot the most important thing.  
23 The most important thing and this is the worst thing, what's  
24 going to happen when the bankruptcy judge authorizes the  
25 rejection of the Oak Tree lease?

1           If you aren't thinking about that right now, I can  
2 tell you my little birdy in the bankruptcy court says the  
3 lease rejection of the Oak Tree lease will soon occur.

4 Thank you.

5           COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

6           With that, we will adjourn the meeting to Closed  
7 Session. And I thank you all for your time.

8           (Thereupon the California Horse Racing Board

9           Regular Meeting adjourned into Closed

10          Session at 1:45 p.m.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of March, 2010.

s/s Troy A. Ray  
Troy A. Ray