

MEETING

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:                    )  
  )  
Regular Meeting                        )

SHERATON FAIRPLEX SUITES

601 WEST MCKINLEY AVENUE

POMONA, CALIFORNIA

THURSDAY, SEPTEMBER 23, 2010

9:41 A.M.

Reported by:  
Martha L. Nelson

APPEARANCES

COMMISSIONERS

Keith Brackpool, Chairperson

David Israel, Vice Chairperson

John Harris

Jesse H. Choper

Richard A. Rosenberg

Jerry Moss

Bo Derek

STAFF

Kirk Breed, Executive Director

Robert Miller, Staff Counsel

Rick Arthur, Equine Medical Director

Jackie Wagner

Vaughn Smith

Mike Marten

ALSO PRESENT

Laura Rosier, San Luis Rey Downs

Karen Klawitter, Southern California Equine Foundation

John Bucalo, Barona Resort & Casino

Brian Boudreau, TOC

Bob Fletcher, Winners Foundation

Eual Wyatt, Hollywood Park

Arnold Zetcher, TOC

Diane Grealish, Oak Tree Racing Association

Kevin Bolling, California Thoroughbred Horsemen's Foundation

Sherwood Chillingworth, Oak Tree Racing Association

Scott Daruty, Pacific Racing Association

Alan Balch, California Thoroughbred Trainers

Guy Lamothe, Thoroughbred Owners of California

John Alkire, CARF

Chris Korby, California Authority of Racing Fairs

Robert Hartman, Golden Gate Fields

Rick Pickering, Alameda County Fairgrounds

Stuart Titus, Humboldt County Fair

Leanne Howard, California Thoroughbred Breeders Association

Richard Castro, Pari-Mutuel Employees Guild Local 280

George Haines, Santa Anita Park Race Track

Allen Gutterman, Santa Anita Park Race Track

Gina Lavo, Santa Anita Park Race Track and Golden Gate Fields

Craig Fravel, Del Mar Thoroughbred Club

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A. The Board may convene a Closed Session to confer with and receive advice from counsel, considering pending litigation described in the attachment to the agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).	
B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).	

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PROCEEDINGS BEGIN AT 9:41 A.M.

(The meeting was called to order at 9:41 a.m.)

MR. BREED: Grab your seat and let's get started.

Ladies and gentlemen, this meeting of the California Horse Racing Board will come to order. Please, everybody, take your seats and take your conversations outside.

This is the noticed meeting of the California Horse Racing Board convening -- convening as the race -- wrong one.

CHAIR BRACKPOOL: Wrong one.

MR. BREED: The California Horse Racing Board to be held Thursday, September 23rd, 2010 commencing at 9:30 a.m., thereabout, at the Sheraton Fairplex Suites, 601 West McKinley Avenue, Pomona, California.

Present at today's meeting are: Keith Brackpool, Chairman; David Israel, Vice Chairman; Jesse Choper, Member; Bo Derek, Member; John Harris, Member; Jerry Moss, Member; and Richard Rosenberg, Member.

Before we go on to the business of the meeting I need to make a few comments. One, the Board invites public comment on the matters appearing on their meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during a public comment period if the matter concerns horse racing in California.

In order to ensure all individuals have an opportunity to speak and the meeting proceeds in a timely

1 fashion I will strictly enforce the three minute time limit  
2 rule for each speaker. The three minute time limit will be  
3 enforced during discussion of all matters on -- as stated on  
4 the agenda, as well as during the public comment period.

5           There is a public comment sign-in sheet for each  
6 agenda matter on which the Board invites comments. Also, there  
7 is a sign-in sheet for those wishing to speak during the public  
8 comment period for matters not on the Board's agenda if it  
9 concerns horse racing in California. Please print your name  
10 legibly on the public comment sign-in sheet.

11           When a matter is open for public comment your name  
12 will be called. Please come to the podium and introduce  
13 yourself by stating your name and organization clearly. This  
14 is necessary for the court reporter to have a clear record of  
15 all who speak. When your three minutes are up the Chairman  
16 will ask you to return to your seat so others can be heard.  
17 When all the names have been called the Chairman will ask if  
18 there is anyone else who would like to speak on the matter  
19 before the Board. Also, the Board may ask questions of  
20 individuals who speak.

21           If a speaker repeats himself or herself the Chairman  
22 will ask if the speaker has any new comments to make. If there  
23 are none the speaker will be asked to let others make comments  
24 to the Board.

25           And I just want to repeat myself here for your

1 benefit, and that is this room, so please, let's keep the --  
2 the -- what do they call it -- comments and conversations to a  
3 minimum. Thank you.

4 Mr. Chairman.

5 CHAIR BRACKPOOL: Good morning, everybody. Perhaps  
6 we could have that door closed at the back because we have  
7 microphones, and I don't think people in the lobby want to hear  
8 everything that we're -- we're saying.

9 Welcome, everybody. I believe we are not yet on  
10 webcast; right?

11 MR. MARTEN: Correct.

12 CHAIR BRACKPOOL: So we are struggling with -- with a  
13 technical difficulty and we're still trying to work it out?

14 MR. MARTEN: Yes.

15 CHAIR BRACKPOOL: So I -- Mike, let me know when we  
16 are on and I'll let everybody know that we have been joined by  
17 the worldwide web. Okay.

18 Item number one, approval of the minutes of the  
19 regular meeting of August 19th, 2010, which was held at Del  
20 Mar. Do we have any comments on the minutes? Do I have a  
21 motion to approve?

22 VICE CHAIR ISRAEL: Move.

23 CHAIR BRACKPOOL: Vice Chair Israel moves.

24 COMMISSIONER MOSS: Second.

25 CHAIR BRACKPOOL: Seconded, Commissioner Moss. Thank

1 you.

2 Now move straight to the public comment period. The  
3 first speaker, Laura Rosier, I believe from San Luis Rey Downs.

4 MS. ROSIER: Are we being recorded?

5 MR. MARTEN: Yeah. The transcript is.

6 MS. ROSIER: All right. Thank you. Hi. My name is  
7 Laura Rosier. I'm from San Luis Rey Downs. Can you hear me?

8 CHAIR BRACKPOOL: I can.

9 VICE CHAIR ISRAEL: Yes.

10 CHAIR BRACKPOOL: It's easier, actually, to do it  
11 from the podium where the mikes are. You can stay there. But  
12 for everybody else, please do it from the podium.

13 MS. ROSIER: Oh, I'm sorry.

14 CHAIR BRACKPOOL: It's okay.

15 MS. ROSIER: I wanted to update you on our situation  
16 at San Luis Rey Downs. I spoke to you on 7/22. And then I  
17 sent a letter out, basically stating the same facts, and  
18 received a response letter from Mr. Marten on behalf of the  
19 Board.

20 And I just wanted to say that we did go ahead and  
21 speak with TOC at the SCOTWINC meeting and asked for their  
22 assistance with our subsidy and we were flatly denied by  
23 SCOTWINC, a subsidy for San Luis Rey Downs. At the 7/22  
24 meeting I had -- and in the letter I asked the CHRB to  
25 intervene. In your letter you state that -- that that request

1 needs to come with -- from within the organization of SCOTWINC.  
2 And I -- there are a few problems with that.

3           For one, no one within the organization is going to  
4 question the organization, in my opinion.

5           And secondly, I believe that it's incorrect that the  
6 CHRB has no authority to intervene in this situation. And I  
7 believe it was '88 the CHRB intervened. From 1989 through  
8 January of this year we have received subsidies of one -- of  
9 one type or another.

10           And again in 2001 the CHRB very strongly intervened  
11 and understood that there is an issue of equality. You can not  
12 think that it's okay to have all the horsemen that are running  
13 horses participating in the fund and only certain people  
14 receiving benefits from that fund.

15           And that's my issue, that's the issue of our  
16 horsemen. It's an equality issue. The CHRB intervened in 2001  
17 and the right thing was done.

18           I do understand that in January they cut off all  
19 subsidies to both auxiliary tracks, to Pomona and San Luis Rey  
20 Downs. San Luis Rey Downs continued to participate on their  
21 own and continued to -- to raise money for the funds. Pomona  
22 did not. Know when the subsidy came up again they choose to  
23 only subsidize Pomona when they had the opportunity to  
24 subsidize both facilities, and we have an issue with that.

25           CHAIR BRACKPOOL: Thank you.

1 MS. ROSIER: Thank you.

2 CHAIR BRACKPOOL: Item number two -- speaker number  
3 two, I apologize if I struggle with the writing here, Karen  
4 Klawitter.

5 MS. KLAWITTER: It's Klawitter.

6 CHAIR BRACKPOOL: Klawitter. Yeah. Please state  
7 your name and affiliation.

8 MS. KLAWITTER: I'm with the --

9 CHAIR BRACKPOOL: Just hold on one -- one --

10 MS. KLAWITTER: Sure.

11 CHAIR BRACKPOOL: -- one second. Mike, would you  
12 please -- Commissioner Choper asks whether we have a response  
13 to the previous speaker. Just hold on one --

14 COMMISSIONER MOSS: I can clarify a few things. Back  
15 in the -- '90, whatever year, 2001, I believe, what you called  
16 the Board intervening, my recollection is that certain members  
17 expressed their preferences to the Vanning and Stabling  
18 Committee and they were persuasive. But -- but in no way did  
19 the Board, you know, intervene. We consulted with counsel  
20 and -- and the law doesn't give the Board intervention; right?  
21 Is that correct? Yeah?

22 MR. MILLER: I'm -- I wasn't here in 2001.

23 COMMISSIONER MOSS: Well, no, but --

24 MR. MILLER: Robert Miller, Counsel for the  
25 California Horse Racing Board. I wasn't here in 2001 so I

1 don't know the circumstances.

2           COMMISSIONER MOSS: But the response to their letter,  
3 which you and Kirk approved about a month ago did -- did  
4 indicate that -- that the Board had no authority in this area.

5           MR. MILLER: That's correct.

6           COMMISSIONER MOSS: Yeah.

7           COMMISSIONER HARRIS: No, I think it might be helpful  
8 if the Board could take a look at the overall issue. I don't  
9 know, you know, which is the best side to come down on as far  
10 as more subsidies or less subsidies or do we need any or --

11           CHAIR BRACKPOOL: Why don't we agendize it for -- for  
12 the next month's meeting and actually hear the pros and cons of  
13 the -- of the issue. So let's -- let's do it that way. I  
14 think that's the --

15           COMMISSIONER MOSS: Yeah.

16           CHAIR BRACKPOOL: -- the best response we can give  
17 you. Because whether or not we're allowed to intervene we can  
18 certainly hold a hearing on the issue and sunlight is the best.  
19 So let's do it that way.

20           COMMISSIONER HARRIS: I think the bigger issue, too,  
21 is -- is how many horses are going to be inventory going  
22 forward. And if -- the original concept got started because  
23 there were not adequate stalls at the operating track to take  
24 care of people that were getting ready to run, but that might  
25 not be in evidence now.

1           CHAIR BRACKPOOL: Well, and I think it further  
2 combines with the testimony we heard from Santa Anita yesterday  
3 which is that, you know, they're -- they're going to want to be  
4 reimbursed at a certain level. So I think it's -- it's an  
5 interesting agenda item to -- to -- to have at this stage  
6 anyway.

7           So, Jackie, let's make that an October agenda item.  
8 And I think that's the best response we can have to you at this  
9 stage.

10          MS. ROSIER: I appreciate it.

11          COMMISSIONER CHOPER: And -- and if we can get a  
12 fuller picture of the details as to what the consequences are,  
13 the budgetary details and so forth --

14          MS. ROSIER: I'll --

15          COMMISSIONER CHOPER: -- for the meeting.

16          MS. ROSIER: Okay. What are the exact things that  
17 you want from us?

18          COMMISSIONER CHOPER: Exactly how much money you  
19 need, for what purpose, and what are the consequences of not  
20 getting it.

21          MS. ROSIER: Okay. I can get that. And I think that  
22 the main thing that we would like to see is equality. If it  
23 goes away, that's equal. If it goes up, equally. If it goes  
24 down, equally. That's all we're asking for. We don't want  
25 above and beyond what we're participating in. We don't want to

1 be taken care of. We want -- just want to be equals, and we'll  
2 bring that information to you next month.

3 VICE CHAIR ISRAEL: We also should -- should learn  
4 who's -- who's stabling horses there and why they are stabling  
5 horses there.

6 MS. ROSIER: Would you like to know that now?

7 CHAIR BRACKPOOL: No.

8 VICE CHAIR ISRAEL: No.

9 CHAIR BRACKPOOL: No. We're not --

10 VICE CHAIR ISRAEL: Just at that time. Do that in  
11 your report.

12 MS. ROSIER: Okay.

13 VICE CHAIR ISRAEL: Okay.

14 MS. ROSIER: All right.

15 VICE CHAIR ISRAEL: Thank you.

16 MS. ROSIER: Anything else --

17 CHAIR BRACKPOOL: No. Let's --

18 MS. ROSIER: -- that would be interesting to anyone?

19 CHAIR BRACKPOOL: It's not, unfortunately, a to and  
20 fro moment.

21 MS. ROSIER: Okay.

22 CHAIR BRACKPOOL: We'll agendize it for -- for  
23 October and beyond then. Thank you.

24 MS. ROSIER: Thank you.

25 CHAIR BRACKPOOL: Next speaker I have is Karen

1 Klawitter.

2 MS. KLAWITTER: First of all, I hate this. I'm  
3 Karen. I'm at the Southern California Equine Foundation, the  
4 equine hospital for the racetracks. I'm here regarding the  
5 Financial Rule, 1876. This issue was discussed at the CHRB  
6 meeting in July this past year.

7 I would ask the Board to consider that the  
8 requirement -- the requirement would place undo hardship on all  
9 vendors if the rule is changed to require a civil suit  
10 judgment, whether small claims or civil suit.

11 I'm not really sure, but I found that this was posted  
12 on the AOL website on August 27th as public comment. On the  
13 AOL website it stated that the CHRB -- that this would also be  
14 stated on the CHRB website. I, to date, have not -- oh, god --  
15 have not found that on the -- on the CHRB website under their  
16 rules. Contrary to the July 27th CHRB package that was  
17 submitted for the intended rule change the submission to the  
18 AOL is changing the words to require a small claims judgment,  
19 contrary to what it is now which says "or with a judgment."

20 A year-and-a-half ago I contacted the OAL about this  
21 directive that was issued requiring civil judgment, and the OAL  
22 issued an opinion that it was considered an underground rule  
23 and not enforceable.

24 I understand that Mr. Harris is recused himself from  
25 this issue. I'm assuming this is because the rule allows --

1 the -- the submission is also changing the financial complaint  
2 rule to allow breeders, farms, training, lay-up farms and so on  
3 to submit financial complaints.

4 MR. BREED: Ma'am --

5 MS. KLAWITTER: Yes?

6 MR. BREED: -- your -- your time is up. But -- but  
7 if you have a complaint on this -- on this particular issue  
8 could you file that complaint with us? I think we can take  
9 care of it if you've got one.

10 MS. KLAWITTER: I would like to file a complaint.  
11 I'm unsure as to what this public comment timeframe is. If  
12 it's the same timeframe that it was publicly stated with the  
13 OAL, well, then the 45-day public comment would be up within  
14 the next 15 days, which means that you guys would be able to  
15 vote on this rule without the -- the public being notified  
16 through the CHRB website, which is what was indicated what  
17 would happen.

18 CHAIR BRACKPOOL: I don't think that's the case.  
19 But, anyway, if you would file the -- the complaint, that's the  
20 best way for us to take care of it.

21 MS. KLAWITTER: How do I file a complaint?

22 MR. BREED: Send it to me.

23 VICE CHAIR ISRAEL: The comment period if not open  
24 yet; is that right?

25 CHAIR BRACKPOOL: Right.

1 MR. BREED: No. The comment period open.

2 CHAIR BRACKPOOL: Anyway, so Mike Marten here will  
3 tell you how to file a complaint --

4 MS. KLAWITTER: Okay.

5 MR. MARTEN: -- especially against himself. Thank  
6 you.

7 MS. KLAWITTER: Okay. Thank you.

8 CHAIR BRACKPOOL: Next speaker I have is John Bucalo,  
9 who -- John has taken to printing up his own public comment  
10 cards here.

11 VICE CHAIR ISRAEL: It's pretty impressive, John.

12 CHAIR BRACKPOOL: Vice Chair Israel and I were just  
13 looking at this saying this is -- this is a new theme we've got  
14 going here.

15 COMMISSIONER DEREK: Oh, it's got a logo on it.

16 MR. BUCALO: Thank you.

17 VICE CHAIR ISRAEL: Oh, it's got a logo. It's a  
18 logo, the whole thing.

19 MR. BUCALO: Good morning --

20 CHAIR BRACKPOOL: Good morning.

21 MR. BUCALO: -- Chairman Brackpool --

22 CHAIR BRACKPOOL: Good morning.

23 MR. BUCALO: -- Vice Chairman Israel and  
24 distinguished Members of the Board.

25 I'd just like to, again, comment on the full card

1 wagering and -- and find out if there has been any -- anything  
2 that's been done so far. It does state in the Rule 19604 -- or  
3 it's the law, I'm sorry, that no satellite -- no ADW can accept  
4 wagers that is from California residents to the satellite  
5 facility in California, can not. And so far they have been  
6 accepting full card wagers, the ADWs and we're not allowed  
7 to -- to do that, and I think it's only fair that we are. And  
8 since it is the law I don't believe that they are in compliance  
9 with the law.

10           Also, I'd like to comment on the satellite promotion  
11 monies that's being withheld. I know I have commented on that  
12 before but I haven't heard anything yet. It's .97 percent.  
13 And from Barona Casino our guests are still being -- every  
14 wager they make there's still .97 percent withheld. And I  
15 think it's outrageous that in the eight years that I've been  
16 there, there has not been one promotion for our satellite  
17 facility that's been paid for. We've paid for our own  
18 promotions, and there's been over \$1.2 million held from our  
19 satellite facility guests for promotions are our satellite, and  
20 I would like to know where that money is at.

21           CHAIR BRACKPOOL: You know, John, back in January or  
22 February I remember you sent me a comprehensive letter on this  
23 issue. And at the following meeting we had a to and fro that I  
24 thought had addressed some of the issues.

25           Would you do me a favor and refresh your letter and

1 send it? And I will share it with staff and we'll decide how  
2 we respond to that, whether through a letter or whether we  
3 again have it as an agenda item.

4 MR. BUCALO: If you like.

5 CHAIR BRACKPOOL: Because I think you've raised some  
6 good points. I had thought we had cleared up one of our points  
7 in our conversation at a meeting. But --

8 MR. BUCALO: Okay. I wasn't --

9 CHAIR BRACKPOOL: -- if it's still out there it's --  
10 it's there. So maybe it's my poor recollection.

11 MR. BUCALO: Yeah.

12 CHAIR BRACKPOOL: But anyway --

13 MR. BUCALO: And --

14 CHAIR BRACKPOOL: -- so if you would refresh your  
15 letter, make it current, send it to me, I will share it with  
16 Kirk and then we will take it from there.

17 MR. BUCALO: You bet. Thank you for the time.

18 CHAIR BRACKPOOL: Thank you very much indeed.

19 COMMISSIONER ROSENBERG: Mr. Chair, on the -- the  
20 first -- there were two points that raised. I've heard that  
21 first point raised before. I don't recall any disposition on  
22 that. So if you could circulate --

23 CHAIR BRACKPOOL: That -- that's what I mean.

24 COMMISSIONER ROSENBERG: -- that letter to all of us.

25 CHAIR BRACKPOOL: I will circulate it --

1 COMMISSIONER ROSENBERG: Yeah.

2 CHAIR BRACKPOOL: -- and then we will -- Kirk and I  
3 will figure out how to --

4 COMMISSIONER ROSENBERG: On both points.

5 CHAIR BRACKPOOL: -- put that on the agenda.

6 COMMISSIONER ROSENBERG: Okay.

7 CHAIR BRACKPOOL: Because I think -- I think  
8 that's -- I think that's good.

9 Next speaker, Brian Boudreau, TOC.

10 MR. BOUDREAU: Commissioners, Brian Boudreau from the  
11 TOC, the Vice Chair. And I just want to address the item over  
12 stabling and vanning, really quickly, that has now been  
13 agendized for next week. I think the --

14 CHAIR BRACKPOOL: Next month.

15 MR. BOUDREAU: I think -- next month. I think the  
16 TOC has recognized very closely, I know I have and I am the  
17 representative on that committee, that the stabling and vanning  
18 is a broken system that isn't working properly. We've just  
19 gotten into evaluating it and hiring consultants, even in --  
20 within our own organization and outside, to evaluate the issues  
21 that need to be dealt with. The system is a subsidy that does  
22 not work. Most of the time the horses that are subsidized,  
23 many of them never even run at the racetrack or even run in the  
24 State of California by the time they start. They use our  
25 system, get the horse going, ship it East, and that's where the

1 horse starts.

2           We feel that it should be a fair program to all --  
3 all facilities, as well as farms, has been the general  
4 consensus on it. And there needs to be a reward for actually  
5 starting your horse at one of our racetracks, not subsidizing  
6 it whether it does start or doesn't start. We're right on top  
7 of this.

8           And when we agreed to moving the subsidy to Pomona  
9 the agreement was clear that was because Santa Anita would not  
10 stay open when they were resurfacing their track, and made it  
11 clear that they weren't going to be open for any off-track  
12 training -- off-meet training until their meet opened. So it's  
13 a special circumstance to do that at Pomona.

14           There is not enough money to subsidize both  
15 facilities. It was done in conjunction with what the trainers'  
16 needs are. And it seems really premature to me to be having a  
17 discussion next month on the agenda over this issue when we  
18 made it clear that we were not going to have an agreement for  
19 next year until it was completely sorted out, and it had to be  
20 based on performance at the racetracks where our money was  
21 being spent to pay for it, not a system based on subsidizing  
22 horses. We don't even know where they're from.

23           So I wanted to let you know, we're pretty much on top  
24 of it. It is a hardship, without a question, on San Luis Rey  
25 at this time. It can not get rectified prior to the Oak Tree

1 meet. It's just something that can not happen. It is clearly  
2 on the agenda for us. And we feel that anybody should have a  
3 fair shot at it.

4           So we are on top of it. I just feel it would be  
5 premature to be getting into the discussion. Everyone is at  
6 the table working on this right now, and that was the comment I  
7 wanted to make.

8           CHAIR BRACKPOOL: Thank you very much. Next speaker,  
9 Bob Fletcher from the Winners Foundation.

10           MR. FLETCHER: Good morning. Bob Fletcher, Winners  
11 Foundation. Yesterday at the CHRB meeting quite a bit of  
12 important business was presented and discussed. As -- as  
13 generally the case at Board meetings it always amazes me the  
14 numerous interlocking pieces of this trade that everyone must  
15 address, most of it way beyond my understanding.

16           One thing that was brought up that caught my  
17 attention was the recognition of the number of employees  
18 affected by the flux in venues and racing associations.

19           And then the comment by Kevin Bolling from CTHF. As  
20 Kevin pointed out, the number of charity dates has diminished  
21 in the past few years, with the likelihood of that occurring  
22 again in the near future. The reduction of charity days in  
23 turn reflects in the budget of many ancillary organizations,  
24 two being the Winners Foundation and the CTHF Medical Trailer.  
25 Our budgets could potentially be impacted to a greater degree

1 if the funding from an organization no longer existed.

2           It is spoken that the ultimate goal is to make  
3 decisions in the best interest of horse racing. And those of  
4 us in the social service sector of racing, and that encompasses  
5 both the human and the equine divisions, believe that what we  
6 do does serve the best interest of the industry.

7           I'm confident that this incredible collection of men  
8 and women, the caretakers of our industry, will ride this ship  
9 and that you will not forget the collection of service  
10 organizations founded by caring, compassionate and wise men  
11 like our originator of Winners Foundation, Lou Rowan and Noble  
12 Threewitt with the CTHF Medical Clinic.

13           Having started in this industry in 1970 I've  
14 witnessed the many changes in landscape and have no idea what  
15 it will look like, other than it will continue to change as is  
16 the nature of life. What I do know is how much Winners  
17 Foundation and its clients have appreciated the many years of  
18 support provided by the charitable contributions of Oak Tree  
19 Racing, including the initial funding and guidance which  
20 enabled us to open our doors.

21           I must also acknowledge the financial and strong  
22 logistical support by the management teams at Santa Anita and  
23 Golden Gate where our two main offices are located, as well as  
24 the welcome provided Winners by the administrators of Hollywood  
25 Park, Fairplex, Del Mar and CARF. Without the enormous support

1 of each of these entities Winners could not be successful in  
2 its mission.

3           Please know that our primary purpose is to help those  
4 in the industry who are struggling with substance abuse and  
5 mental health issues, regardless of their position in the  
6 industry or the racetracks they work at. And that is our  
7 privilege to serve every venue in association of thoroughbred  
8 horse racing in California. And we will continue our endeavor  
9 toward creating a type of safe, healthy and industrious  
10 environment that the owners, trainers, racetracks, and  
11 certainly the employees deserve. Thank you.

12           CHAIR BRACKPOOL: Thank you very much.

13           MR. BREED: Thank you very much.

14           CHAIR BRACKPOOL: There being no more public  
15 speakers, we move on to item number three.

16           Jackie, this is a public hearing and action by the  
17 Board regarding the proposed amendment to CHRB Rule 1844,  
18 authorized medication, to modify the levels permitted for  
19 procaine subsequent to procaine penicillin administration. And  
20 I see Jackie is joined by Dr. Arthur, Equine Medical Director.  
21 Good morning.

22           DR. ARTHUR: Good morning.

23           MS. WAGNER: Good morning. Jackie Wagner, CHRB  
24 staff.

25           The proposed amendment to Rule 1844 would increase

1 the amount of procaine that may be present in an official urine  
2 test sample from 10 nanograms per milliliter to 50 nanograms  
3 per milliliter. The proposed amendment also recognizes  
4 procaine following the administration of procaine penicillin as  
5 an authorized medication provided there are no more than 25  
6 nanograms per milliliter in the official blood test sample, and  
7 the procaine administration has been reported pursuant to our  
8 Board Rule 1842.

9           In addition, the procaine penicillin must not have  
10 been administered after entry to race, and the horse must have  
11 been under surveillance for a minimum of six hours prior to  
12 racing. All expenses related to the surveillance and testing  
13 of the procaine program will be paid by the owner of the horse.

14           This proposal has been noticed for the 45-day comment  
15 period. Staff has received no comments on the proposal and  
16 would recommend that the Board adopt it as presented.

17           CHAIR BRACKPOOL: Rick, can I ask you to say a couple  
18 words on this.

19           DR. ARTHUR: Yes. I want to point out that this rule  
20 change is actually being proposed, not to be liberalized  
21 regulations but actually to allow procaine penicillin to be the  
22 first choice of antibiotics in the healthcare of horses. This  
23 rule is very similar to a rule that's been in place in Canada  
24 for over 15 years. We have an additional provision where the  
25 horse has to be under surveillance.

1           Procaine is Novocain. In studies that were done by  
2 the RMTC we can show, even with epinephrine, the effect, the  
3 local anesthetic effect is only for 180 minutes, three hours.  
4 We have the six hour surveillance to eliminate any chance that  
5 an individual could use procaine to anaesthetize an injury.  
6 This is a horse health issue, and it's one that I think is long  
7 overdue.

8           CHAIR BRACKPOOL: Commissioner Derek?

9           COMMISSIONER DEREK: Yes. We'd recommend that the  
10 Board adopt this rule.

11          CHAIR BRACKPOOL: Commissioner Harris.

12          COMMISSIONER HARRIS: I support it. Obviously,  
13 prednisone has been around a long time and it's still very  
14 effective, which is amazing.

15                But what -- could you explain why the procaine has  
16 got to be part of the penicillin? I think -- I think I  
17 understand that. But it's important that people understand why  
18 we need the procaine in there to inject it.

19           DR. ARTHUR: Well, procaine is -- is administered  
20 intramuscularly. It can be a rather painful injection. And  
21 the procaine is combined with the penicillin. That's how it  
22 was originally formulated when penicillin was developed back 60  
23 years ago. And it -- it is a very effective way to prevent  
24 both the pain of injection and the release of the procaine in a  
25 relatively slow released manner.

1 COMMISSIONER HARRIS: You mean the -- the penicillin?

2 DR. ARTHUR: The procaine -- the procaine is actually  
3 combined with the penicillin more at the molecule, and there is  
4 also additional -- pre-procaine in it. There's actually more  
5 procaine in procaine penicillin than there is in Novocain  
6 injections. But it is -- it was primarily developed to prevent  
7 the pain from injection.

8 CHAIR BRACKPOOL: Okay. At this moment I would like  
9 to say that we are now live on the webcast. And so I apologize  
10 that we were slightly late. We had technical difficulty. And  
11 for those of you listening by webcast we are now on item three.  
12 We approved the minutes and we heard several speakers and  
13 public comment.

14 But with that, and there being no -- no comments on  
15 this, along with there being a recommendation from our Equine  
16 Medical Director, Chair and Vice Chair respectively of our  
17 Safety and Medication Committee, can I have a motion to approve  
18 this?

19 COMMISSIONER DEREK: I'll move.

20 CHAIR BRACKPOOL: Commissioner Derek makes a motion  
21 to approve.

22 COMMISSIONER HARRIS: I'll second.

23 CHAIR BRACKPOOL: Commissioner Harris seconds. All  
24 in favor?

25 ALL COMMISSIONERS: Aye.

1           CHAIR BRACKPOOL: It then passes unanimously. Thank  
2 you.

3           Item number four, joined by Assistant Executive  
4 Director Vaughn Smith, discussion and action by the Board  
5 regarding a motion to have the will of the Board conveyed to  
6 the Governor's Office that California Horse Racing Board  
7 critical contractors, those being stewards, veterinarians and  
8 other contract personnel, receive compensation for the services  
9 rendered for monies already received from the wagering public  
10 to ensure the continuation of horse racing in California.

11           This is an issue directly related to the ongoing  
12 stalemate of the state budget. And we have a rather strange  
13 situation where we, the California Horse Racing Board, have  
14 received the funds necessary to pay all of our contractors.  
15 But under state law we don't have the authority to pay when  
16 there's no budget. So we have a situation where we have  
17 numerous contractors, including stewards, veterinarians,  
18 etcetera, that have now not been paid since July the 1st. And  
19 even though we have the money sitting in the bank account ready  
20 to pay them we're looking for a special exemption.

21           We forwarded an exhaustive, extensive letter, request  
22 letter, to the Governor's Office. And tomorrow morning I  
23 understand that Kirk is going in to meet with the cabinet  
24 secretary. I'm going to call him this afternoon in advance.  
25 And I believe this is an official motion that you can, Kirk,

1 can go into the -- to the office with tomorrow to try and see  
2 if we can get such an exemption.

3 What would you add to that, Vaughn?

4 MR. SMITH: Vaughn Smith, CHRB staff. The Chairman  
5 has accurately characterized the -- the issue and our actions  
6 to date. We have forwarded a couple of letters to both the  
7 Governor's Department of Finance and the Governor's Office in  
8 anticipation of this. We believe that we've essentially  
9 exhausted our efforts when we go tomorrow with this motion in  
10 hand.

11 CHAIR BRACKPOOL: All right. And just for those of  
12 you in the audience who are just sitting there scratching your  
13 heads saying why -- why couldn't you pay if you have the money  
14 in there? The state has taken the position that they don't  
15 want to discriminate between agencies that receive their  
16 funding from outside sources as opposed to agencies that  
17 receive their funding through the general fund. And they don't  
18 want certain vendors being paid and certain vendors not being  
19 paid, so they'd rather have everybody unhappy rather than some  
20 people unhappy. We disagree with that premise and that's  
21 the -- that's the request we're making tomorrow. So --

22 COMMISSIONER HARRIS: I mean, obviously, it's just an  
23 equity issue. I think we -- our side makes a lot of sense.

24 But how many state workers are in the similar  
25 categories? Because this is kind of unique and it -- it's

1 not --

2 CHAIR BRACKPOOL: This is not a state worker issue,  
3 because state workers have -- have a different situation where  
4 the state workers have an ability to go to a preordained credit  
5 union program that allows you to in certain circumstances draw.  
6 This is a case --

7 MR. SMITH: In fact, Mr. Chairman, the state  
8 employees have been paid --

9 CHAIR BRACKPOOL: Right.

10 MR. SMITH: -- during this period of non --

11 VICE CHAIR ISRAEL: Private contractors.

12 MR. SMITH: This is contractors.

13 CHAIR BRACKPOOL: And, unfortunately, our stewards  
14 and veterinarians, although they are almost exclusive to -- to  
15 us are independent contractors. And that's why they can't get  
16 paid.

17 MR. MARTEN: These two contractors right here have  
18 not been paid.

19 CHAIR BRACKPOOL: Right.

20 VICE CHAIR ISRAEL: Well, judging from today's  
21 performance I think --

22 COMMISSIONER DEREK: Pay back.

23 MR. SMITH: I suspect that the -- the Board's \$100  
24 per meeting stipend probably hasn't been --

25 VICE CHAIR ISRAEL: No, we've been paid.

1 MR. SMITH: -- distributed.

2 COMMISSIONER DEREK: We've been paid.

3 MR. SMITH: Oh. Okay. Yeah. It's --

4 VICE CHAIR ISRAEL: \$91.05 after taxes.

5 MR. SMITH: It's -- it's --

6 CHAIR BRACKPOOL: So I would like to ask for a motion  
7 so that when I call him this afternoon --

8 VICE CHAIR ISRAEL: Move.

9 CHAIR BRACKPOOL: -- and Kirk --

10 COMMISSIONER CHOPER: Second.

11 CHAIR BRACKPOOL: -- goes tomorrow we've got the full  
12 weight of the board. So it was moved by Vice Chair Israel,  
13 seconded by --

14 MR. SMITH: Should -- shall we read that for the  
15 record, Keith, what we're proposing the motion be?

16 VICE CHAIR ISRAEL: I think it was presented.

17 COMMISSIONER CHOPER: It was presented.

18 CHAIR BRACKPOOL: It was presented --

19 MR. SMITH: Okay.

20 CHAIR BRACKPOOL: -- and I think we'll take it as  
21 presented.

22 MR. SMITH: Thank you.

23 CHAIR BRACKPOOL: And that will be the -- the motion.  
24 So it was proposed by Vice Chair Israel, seconded by  
25 Commissioner Choper, and a unanimous vote.

1 MR. SMITH: Thank you.

2 CHAIR BRACKPOOL: Thank you. Item number five,  
3 discussion and action by the Board on an application to conduct  
4 a horse racing meeting of the Hollywood Park Racing  
5 Association, LLC at Hollywood Park commencing November the 3rd,  
6 2010 through December 19th, 2010, inclusive.

7 MS. WAGNER: Jackie Wagner, CHRB staff. The  
8 Hollywood Park Racing Association has filed their application  
9 to conduct their thoroughbred horse racing meeting. They're  
10 proposing to run from November the 3rd through December the  
11 19th. This is 31 days, and it's four more days than they ran  
12 in 2009. They are proposing to race a total of 267 races,  
13 which equates to 8.61 races per day.

14 Hollywood Park was allocated 35 races dates for 2010.  
15 This application is requesting to offer simulcast wagering only  
16 with no live racing on November the 3rd, November the 10th, and  
17 on December 17th and December 24th. These changes would reduce  
18 their live racing days to 31.

19 They will race four to five days per week, Thursday  
20 through Sunday in November and Wednesday through Sunday in  
21 December, with eight races on Wednesdays, Thursdays and  
22 Fridays, and nine or ten races on a selected basis on  
23 Saturdays, Sundays, and on Friday, November the 5th and  
24 November the 26th.

25 The first post time is 12:30 p.m. On Friday nights,

1 November the 12th and November 19th, they will have a 7:05 p.m.  
2 post. Breeder's Cup day's post is 11 o'clock in the morning.  
3 And Thanksgiving, which is November the 25th, their post time  
4 will be 11 o'clock.

5 Their wagering program mostly use our CHRB Rules and  
6 the ARCI Rules. Their advance deposit wagering providers are  
7 TVG, Youbet, XpressBet and TwinSpires.

8 The analysis indicates that there are missing items  
9 on the application. I am --

10 CHAIR BRACKPOOL: Almost everything is missing.

11 MS. WAGNER: Well, I -- I've got some good news for  
12 you. I have received the horsemen's agreement. I have a copy  
13 of the CTT agreement. The workers compensation update has been  
14 provided to me. We've also received the agreement for our  
15 XpressBet, TVG, ADW providers. So the only items that are  
16 currently missing on this application are the agreements with  
17 Youbet and TwinSpires. And I've been assured that I will  
18 receive those.

19 And then with that staff would recommend that the  
20 Board adopt the application as presented, contingent upon us  
21 getting those agreements from the ADWs.

22 CHAIR BRACKPOOL: Yeah. Except the promotional plan,  
23 and I find it on my chair as I get here this morning.

24 VICE CHAIR ISRAEL: I -- I'm hesitant to defend  
25 anybody. But in this instance, given what they've been going

1 through with the late change of Oak Tree to Hollywood, I -- I  
2 think that's somewhat understandable.

3 CHAIR BRACKPOOL: Yeah.

4 MS. WAGNER: The promotional plan was provided. But  
5 their representative is prepared to make a presentation on  
6 that --

7 CHAIR BRACKPOOL: Okay. That would be --

8 MS. WAGNER: -- promotional packet to the Board.

9 CHAIR BRACKPOOL: That would be -- that would be  
10 helpful. So why don't we -- why don't we do this, why don't we  
11 hear the presentation right now. Why don't you come forward  
12 and -- and sit, Diane, it will be easier, and do that.

13 VICE CHAIR ISRAEL: Can I ask -- before you get into  
14 the details --

15 MR. GREALISH: Absolutely.

16 VICE CHAIR ISRAEL: -- can I ask a question on -- is  
17 the first day of the Breeder's Cup still Friday?

18 CHAIR BRACKPOOL: Can you identify yourselves first  
19 for the record.

20 MR. WYATT: Equal Wyatt, Hollywood Park. That's  
21 correct.

22 VICE CHAIR ISRAEL: But are you -- do you have any  
23 special -- I noticed on Saturday you have a special post time.  
24 When did -- when did -- it doesn't -- does Breeder's Cup start  
25 early on Friday?

1           MR. WYATT: I believe there's a note on our post time  
2 schedules that says that the Breeder's Cup -- post time for  
3 Breeder's Cup will be subject to message and to change. As we  
4 speak we're working on -- I'm not sure about the first post  
5 race -- first post time. That may stay as it is. But we're  
6 trying to schedule post times that coordinate with the  
7 Breeder's Cup races. So those were generated -- submitted as a  
8 placeholder with that caveat.

9           VICE CHAIR ISRAEL: All right. And then Friday you  
10 don't have any stakes races either.

11          MR. WYATT: Right.

12          VICE CHAIR ISRAEL: Is that something you can change  
13 or --

14          MR. WYATT: No, we can't change -- we could change  
15 it. But our experience with the Kentucky Derby, for example --

16          VICE CHAIR ISRAEL: Right.

17          MR. WYATT: -- and the day before we went to Kentucky  
18 -- that Friday is the better Friday, but it's not a weekend  
19 day. And we would anticipate that the same would be true for  
20 Breeder's Cup.

21          VICE CHAIR ISRAEL: Okay. Well, thanks.

22          MR. GREALISH: Diane Grealish.

23          COMMISSIONER HARRIS: Is -- I can't remember. Is --  
24 on that Friday at Churchill, I think they're going later,  
25 perhaps. Does someone know what -- what their post time is on

1 Friday?

2 VICE CHAIR ISRAEL: No. That's -- I didn't know.  
3 It's all -- that's the -- the fillies all day, you know,  
4 fillies and mares.

5 COMMISSIONER HARRIS: Well, that's okay. But --

6 VICE CHAIR ISRAEL: Except for Zenyatta.

7 COMMISSIONER HARRIS: But -- but I didn't -- what  
8 time do they start that day, though?

9 VICE CHAIR ISRAEL: I don't -- I'm not --

10 COMMISSIONER HARRIS: Yeah.

11 VICE CHAIR ISRAEL: They started like at ten o'clock  
12 here last year so, you know --

13 MR. WYATT: I think Mr. Harris is correct. I think  
14 they do start later on --

15 COMMISSIONER HARRIS: I think they're thinking of a  
16 partial night program back there.

17 VICE CHAIR ISRAEL: Oh, because they've got lights  
18 and that's --

19 MR. ZETCHER: The Ladies' Classic is supposed to be  
20 scheduled at seven o'clock at night.

21 VICE CHAIR ISRAEL: So that's four o'clock --

22 COMMISSIONER DEREK: Four o'clock.

23 VICE CHAIR ISRAEL: -- and that's the last race?

24 MR. ZETCHER: On Friday. I'm not sure if it's the  
25 last race but that's the -- that's the big race is scheduled

1 for seven o'clock, something like that.

2 VICE CHAIR ISRAEL: Then it will be an 11 o'clock  
3 post.

4 CHAIR BRACKPOOL: Diane, please state your name  
5 and --

6 MR. GREALISH: Diane Grealish, Hollywood Park Racing  
7 Association.

8 CHAIR BRACKPOOL: Okay. Would you just give us a  
9 brief summary of the marketing and promotional --

10 MR. GREALISH: Absolutely. If you turn to the very  
11 back page we have a calendar that's quite similar to the Oak  
12 Tree calendar that we had used at the last meeting.

13 CHAIR BRACKPOOL: Uh-huh.

14 MR. GREALISH: And we are continuing with some of the  
15 initiatives that we are beginning with Oak Tree Racing at  
16 Hollywood Park, including the iPad drawing to attract the  
17 younger demographic. And that will take place on special  
18 Breeder's Cup days, along with the night racing program, which  
19 is, of course, opening night, Thursday, November the 4th, and  
20 then Friday nights, the 12th and 19th.

21 I know I went into quite a bit of detail as to how  
22 we're trying to very much not just engage -- excuse me, not  
23 just attract but engage the younger demographic. So this will  
24 follow the same plan as far as they do have to be members of  
25 the Gold Club to qualify, to win. However, they can sign up

1 immediately and it's kind of a dual entry card, along with the  
2 sign up for the club and then we mail them the cards. And that  
3 will help us to track the conversion rates quite a bit more  
4 effectively.

5           We're trying to offer as many promotions as possible.  
6 Each Sunday we have the -- we take the NFL Sunday Football  
7 ticket and we host a football pool in our Longshots Sports Bar.  
8 We have another contest on track which is called Pigskins and  
9 Ponies where they choose three winner -- three winning horses,  
10 along with three winning football teams.

11           We are bouncing back from Breeder's Cup every Sunday  
12 of the meet to attract everybody who comes to Breeder's Cup to  
13 come back and join us at their -- they get to choose, so  
14 there's not -- you know, they're not hooked into one Sunday  
15 versus another.

16           We open the weekend with the Fall Handicapping  
17 Challenge, as we have traditionally done. And the second  
18 weekend we'll have our Mystery Mutual Voucher which goes out in  
19 our direct mail piece to all of our mailing list. We also do  
20 have a television set for round two of the handicapping  
21 challenge. The winner of that challenge wins a large screen  
22 television, as well as the prize money.

23           And for our premium giveaways we have a Mike Smith  
24 bobble-head doll that's going to be given away over at the Turf  
25 Festival weekend on the Saturday. Before we give that away to

1 all of our guests that day we're going to do something a little  
2 bit special on the Saturday of Breeder's Cup in honor of  
3 Zenyatta. And we still have -- we've kept back a little bit of  
4 inventory on her bobble-head. And so we're going to have a  
5 set, both Mike and Zenyatta, and we'll hold drawings all day.  
6 So we thought that might be a little bit of an enticement for  
7 people and add a little fun to the day.

8           And then just past the Turf Festival we have our free  
9 day on us on the following Saturday, which is December 4th.  
10 The following weekend will be the final round of the  
11 handicapping challenge. And then we move right into closing  
12 weekend where the CashCall Futurity will take place, and we are  
13 in the process of designing a giveaway for that day, as well.

14           CHAIR BRACKPOOL: So the number of night races during  
15 the entire meet is only two?

16           MR. GREALISH: No. There are three, Mr. Brackpool.  
17 There's opening --

18           CHAIR BRACKPOOL: Where are we seeing the third?

19           MR. GREALISH: It's the Thursday that we open,  
20 it's -- it's --

21           CHAIR BRACKPOOL: Oh, Thursday night.

22           MR. GREALISH: Yes.

23           CHAIR BRACKPOOL: Right. Right.

24           MR. GREALISH: That a night program --

25           CHAIR BRACKPOOL: Right. Right. Right.

1 MR. GREALISH: -- as well.

2 CHAIR BRACKPOOL: Right.

3 MR. GREALISH: Uh-huh.

4 CHAIR BRACKPOOL: So -- but there are no -- unlike  
5 the -- the Oak Tree Meet, which is the issue that concerns  
6 Commissioner Harris, there are no consecutive night races?

7 MR. GREALISH: That is correct.

8 CHAIR BRACKPOOL: Because we have an opening night,  
9 but then the next day is Breeder's Cup --

10 MR. GREALISH: Right.

11 CHAIR BRACKPOOL: -- the next day. And then we have  
12 two Friday night races?

13 MR. GREALISH: That is correct.

14 CHAIR BRACKPOOL: Okay.

15 COMMISSIONER MOSS: I just was curious, have you  
16 considered twilight instead of nighttime? I just wonder about  
17 the East Coast money and all that kind of stuff.

18 MR. GREALISH: Of course. Yes. That -- that's very  
19 legitimate. We have considered it. And the major hurdle we  
20 see there is traffic, as far as people being able to get to  
21 Hollywood Park through the traffic. And that has been the  
22 thing that's made us avoid starting earlier.

23 COMMISSIONER HARRIS: I think that should be looked  
24 at, though. I mean, I agree, traffic is bad in L.A. 24 hours a  
25 day, so maybe we should never start. But I'd like to see some

1 data on really what the traffic cams are on the Century Freeway  
2 and the San Diego Freeway and Century Boulevard and sort of --  
3 if you could show us in some graphic form really -- really what  
4 we're talking about here, because I just think we're losing a  
5 lot of East Coast audience by -- by having a 7 o'clock post  
6 where the last race is at 10:30, and we're losing a lot of  
7 California audience.

8           And -- and it just -- I realize, I think it was tried  
9 one time someplace. Occasionally there's been a twilight deal.

10           MR. GREALISH: Uh-huh.

11           COMMISSIONER HARRIS: But I know it's popular at --  
12 at Emerald Downs and -- and different places. It just seems  
13 like that's idea doesn't every have any legs. And I just hate  
14 to see it not pursued at all.

15           MR. GREALISH: Well, we could --

16           COMMISSIONER ROSENBERG: Anyone -- anyone who lives  
17 in L.A. or has lived in L.A. in the recent past would tell you  
18 that the parking -- that the 405 doesn't move at that -- the  
19 hour necessary to start twilight racing.

20           VICE CHAIR ISRAEL: Between three and six.

21           MR. WYATT: Equal Wyatt again. I -- I -- we'd be glad  
22 to look at that for you. And we'd also be glad to -- to look  
23 at the out-of-state money versus the increase in ADW that we  
24 experience on Friday night. And I think if you look at it all,  
25 it's a big package, you're going to find that a grandstand full

1 of people outweighs, you know, people that probably would not  
2 be much better in twilight, maybe worse. That's just our view.  
3 But we'll be glad to look at it and get you some numbers on it.

4 CHAIR BRACKPOOL: You know, Eual, I actually suspect  
5 you're correct. But I don't think it really matters what --  
6 what I think or you think. I think what Commissioner Harris is  
7 asking for and what he asked for at the last one, and this is  
8 not just pertinent to you, this is to everybody in the meet, it  
9 is some more data. And I think when we get the license  
10 applications from -- from now on it would be really good to  
11 have some of this data. Because these are pontifical stories  
12 that everybody tells about, well, I think it's better here or  
13 it's better there. I just don't think it's the necessary data.  
14 And I think it would be really useful to go through and see  
15 East Coast dollars versus attendance versus ADW. I mean, I  
16 just think it would be a fascinating exercise for us all to  
17 look at.

18 MR. WYATT: We'd -- we'd be glad to start putting  
19 that together for you.

20 CHAIR BRACKPOOL: That will be very helpful.

21 COMMISSIONER HARRIS: I'd like to see, for all these  
22 meets, some projection --

23 CHAIR BRACKPOOL: Well, that's what --

24 COMMISSIONER HARRIS: -- of what they really think  
25 they can do. They're going to get, you know, 5,000 people

1 there or 2,000 or --

2 CHAIR BRACKPOOL: Right.

3 COMMISSIONER HARRIS: -- how are they on different  
4 days. And just show how -- how -- different scenarios, what  
5 you think is going to work. And then we come back and -- and  
6 do a post-game assessment --

7 CHAIR BRACKPOOL: Yeah. And I think what we'll do  
8 is --

9 COMMISSIONER HARRIS: -- did that work or not work or  
10 what.

11 CHAIR BRACKPOOL: -- is perhaps give a little more  
12 direction to the applicants as to some of the additional data  
13 that we would like to see in -- in their license application.

14 VICE CHAIR ISRAEL: But included in that, though, I'd  
15 like to see some demographic data. Because what I've noticed,  
16 and I've been to Friday nights many times, and Thursday nights,  
17 is it's a much younger audience than we attract during the day.  
18 And it -- it establishes a foundation from which we can grow  
19 the industry in a really significant way. We're -- we're  
20 making new fans. And it -- so if there's some way to establish  
21 some sort of demographic identity with the different crowds  
22 that would be really important.

23 MR. WYATT: We'll -- we'll certainly attempt to do  
24 that, also.

25 VICE CHAIR ISRAEL: Thank you.

1                   COMMISSIONER HARRIS: And I agree that we're  
2 hopefully making new fans. But Hollywood Park has been doing  
3 this for 15 or 20 years, and basically the total fan base keeps  
4 going down. So maybe --

5                   MR. WYATT: You know, I ask myself --

6                   MR. GREALISH: It's going down everywhere.

7                   MR. WYATT: -- that same question, Mr. Harris. But I  
8 wonder where we'd be --

9                   CHAIR BRACKPOOL: Please.

10                  MR. WYATT: -- if we hadn't been doing it.

11                  COMMISSIONER HARRIS: Well, we'd probably -- maybe  
12 we'd be on -- in some other line of work that's doing a lot  
13 better.

14                  CHAIR BRACKPOOL: Well, on that particularly positive  
15 note --

16                  COMMISSIONER ROSENBERG: I have a question.

17                  CHAIR BRACKPOOL: Yes, Commissioner Rosenberg.

18                  COMMISSIONER ROSENBERG: Can you explain this  
19 *Tweeting From the Paddock* by Tom Quigley. Is he an employee of  
20 Hollywood Park or is he paid by Hollywood Park or is he  
21 sponsored by Hollywood Park?

22                  MR. GREALISH: Yes. Tom Quigley, Horse Player  
23 Magazine, does tweet from our paddock. And he tweets,  
24 basically, from all the paddocks. I think he takes Fairplex  
25 off. But he goes out and views the horses just prior to the

1 race and then sends a tweet out telling people who he likes  
2 visually.

3 COMMISSIONER ROSENBERG: But is he --

4 MR. GREALISH: He's a paid contractor.

5 COMMISSIONER ROSENBERG: He is? But --

6 MR. GREALISH: Yes.

7 COMMISSIONER ROSENBERG: -- could another person do  
8 the same thing --

9 MR. GREALISH: Well, I think --

10 COMMISSIONER ROSENBERG: -- without permission of  
11 Hollywood Park?

12 MR. GREALISH: Oh.

13 VICE CHAIR ISRAEL: The -- the answer to that  
14 question is, no, because our rules prohibit the use of cell  
15 phones in the paddock.

16 MR. GREALISH: Well, he's outside. He's just  
17 outside --

18 COMMISSIONER ROSENBERG: All right.

19 MR. GREALISH: -- a little bit.

20 COMMISSIONER ROSENBERG: Just outside?

21 MR. GREALISH: Yeah.

22 COMMISSIONER ROSENBERG: Well, can anyone else do it?

23

24 MR. GREALISH: He's by the -- he's by the --

25 VICE CHAIR ISRAEL: And by the way, that's a silly

1 rule. It needs to be changed.

2 COMMISSIONER HARRIS: Well --

3 MR. BREED: Well, what -- what does it count then?

4 COMMISSIONER HARRIS: I mean, I -- I could be --  
5 there could be people all over the country watching TVG,  
6 tweeting all their friends if they wanted. So I don't think we  
7 want to regulate all that, though.

8 CHAIR BRACKPOOL: Yeah.

9 MR. GREALISH: Yeah. Anybody can tweet anywhere --

10 CHAIR BRACKPOOL: Right.

11 MR. GREALISH: -- anytime, essentially.

12 CHAIR BRACKPOOL: Right. Okay. Well, on the  
13 basis -- do we have any other speakers on this -- I have no  
14 cards on this issue for anybody wishing to speak on it, Mike;  
15 correct?

16 MR. MARTEN: They're trying to resolve one issue here  
17 real quickly. Oh. Should that read November 17th and they're  
18 going through December 17th.

19 MS. WAGNER: The question is --

20 MR. MARTEN: My application says November 17th to  
21 November 24th.

22 CHAIR BRACKPOOL: Jackie, can you read the --  
23 whatever it is you're saying so that people who are listening  
24 remotely are not wondering what's going on.

25 MS. WAGNER: Jackie Wagner, CHRB staff. The -- the

1 clarification is of the simulcast only days, I think I reported  
2 to the Board that December 24th would be a simulcast only. And  
3 they are questioning that. Maybe this was a typo.

4 MR. WYATT: The -- my application, the one I have  
5 that we submitted says November the 3rd, November the 10th,  
6 November the 17th and November the 24th.

7 CHAIR BRACKPOOL: November the 24th.

8 MS. WAGNER: So it is a typo. Is it November --

9 CHAIR BRACKPOOL: It's a typo.

10 MS. WAGNER: It's a typo. November the 24th.

11 CHAIR BRACKPOOL: Good catch.

12 VICE CHAIR ISRAEL: They're not open December 24th.

13 MR. GREALISH: We're not even there. Thank you.

14 Thank you.

15 CHAIR BRACKPOOL: Okay. Well, with that -- with that  
16 change and there being no other speakers, and the fact that we  
17 do now have the -- the horsemen's agreement, CTT, the  
18 promotional plans, the workers comp, and we will make it --  
19 Jackie, it's subject to the ADW agreements that you referenced  
20 still being provided; correct?

21 MS. WAGNER: That is correct.

22 CHAIR BRACKPOOL: So I would make a motion to approve  
23 this -- this meet, subject to receiving the follow-up ADW  
24 agreements.

25 VICE CHAIR ISRAEL: Second.

1 CHAIR BRACKPOOL: Seconded by Vice Chair Israel. All  
2 in favor?

3 ALL COMMISSIONERS: Aye.

4 CHAIR BRACKPOOL: Application approved. Let's have a  
5 good meeting.

6 MR. WYATT: Thank you.

7 MR. GREALISH: Thank you.

8 CHAIR BRACKPOOL: Thank you. Item number six is the  
9 discussion and action by the Board on the application for a  
10 license to operate a simulcast wagering facility at the Fresno  
11 District Fair, submitted for the purpose of relocation of the  
12 simulcast facility.

13 MS. WAGNER: Jackie Wagner, CHRB staff. The Fresno  
14 District Fair has submitted this application to the Board for  
15 operation to -- application to operate a simulcast facility for  
16 the purpose of relocating their existing facility.

17 The Fresno District Fair at Fresno opened its  
18 simulcast wagering facility December 18th, 1985. The current  
19 facility occupies approximately 20,000 square feet. The  
20 proposed simulcast facility interior space is 3,500 square  
21 feet, and 1,200 square feet of exterior space. The facility is  
22 scheduled to be used as a primary simulcast wagering facility  
23 on November the 10th, 2010.

24 Pursuant to this request to relocate it's facility  
25 Fresno is proposing to operate two overlapping simulcast

1 wagering facilities during the period of September the 29th  
2 through October the 17th. The grandstand, which is the old  
3 simulcast facility, would continue to operate until November  
4 the 6th, 2010, and this facility would serve the public.

5 The Horsemen's Café, which is proposed as the new  
6 simulcast wagering facility, would operate September the 29th  
7 through October 17th as a café, and it will provide access to  
8 two additional Tote Terminals which would serve the licensed  
9 personnel only.

10 If the CHRB approves -- if our Board approves this  
11 plan the old grandstand will continue to operate as the primary  
12 Fresno Fair satellite facility right up until the fair begins  
13 this year on October the 6th. After the fair concludes,  
14 beginning on October the 20th the Fresno Fair satellite  
15 wagering operation will resume in the grandstand and continue  
16 in that location through Breeder's Cup on November the 5th and  
17 the 6th.

18 When the Fresno Fair ends on October 17th the  
19 facility -- the facility will close as the Horsemen's Café  
20 after Breeder's Cup on November the 10th --

21 CHAIR BRACKPOOL: How much more of this --

22 MS. WAGNER: I'm almost done.

23 CHAIR BRACKPOOL: -- do you have to read out?

24 MS. WAGNER: I'm almost done. Because I had to go  
25 through it. I have to go through it.

1           COMMISSIONER HARRIS: Basically, unless somebody's  
2 against it, this is a sound move on Fresno's part. And I don't  
3 think we need -- this is just a matter of deck chair --

4           MS. WAGNER: I just want to be sure that the --

5           COMMISSIONER HARRIS: -- rearranging.

6           VICE CHAIR ISRAEL: If John's for it I'm for it.

7           MS. WAGNER: I just want to be sure that the Board  
8 understood what --

9           CHAIR BRACKPOOL: Is this to do with --

10          MS. WAGNER: -- what was being proposed.

11          CHAIR BRACKPOOL: -- John, you weren't happy about  
12 where you sitting during simulcast times or what?

13          COMMISSIONER HARRIS: No. I'd stay at home and watch  
14 it on TV anyway. But it -- it will be a clubier feel to it. I  
15 mean, they've got a big old facility that's expensive to  
16 operate and this -- this makes sense.

17          MS. WAGNER: It -- it does make sense.

18          COMMISSIONER HARRIS: But I don't know. I mean, I  
19 don't think government needs to regulate it, period, really.  
20 But --

21          VICE CHAIR ISRAEL: Are they selling your hamburgers?

22          COMMISSIONER HARRIS: Probably not.

23          MS. WAGNER: It does make sense. And the  
24 representatives from Fresno Fair did meet with -- with staff in  
25 Sacramento to outline their proposal. And based on what they

1 have presented staff would recommend that the Board approve the  
2 application.

3 CHAIR BRACKPOOL: Good. Well, with that, everybody  
4 can wake up again now.

5 MS. WAGNER: I went through the same thing.

6 CHAIR BRACKPOOL: We'll take the --

7 MS. WAGNER: I went through the same thing.

8 CHAIR BRACKPOOL: We'll take -- we'll take a vote  
9 on -- on this. I'm going to ask Commissioner Harris to make  
10 the motion.

11 COMMISSIONER HARRIS: Yeah. Moved.

12 COMMISSIONER ROSENBERG: Second.

13 CHAIR BRACKPOOL: Commissioner Rosenberg seconds.

14 All in favor?

15 ALL COMMISSIONERS: Aye.

16 CHAIR BRACKPOOL: Commissioner Derek, you in favor?

17 COMMISSIONER DEREK: Aye.

18 CHAIR BRACKPOOL: Aye. All in favor. Approved.

19 Thank you.

20 VICE CHAIR ISRAEL: She needs more coffee, though,  
21 after that.

22 CHAIR BRACKPOOL: Yeah. We all do after that. Thank  
23 you, Jackie.

24 MS. WAGNER: You're welcome.

25 CHAIR BRACKPOOL: Item number seven, a discussion by

1 the Board regarding a summary of the 2010 chaptered, meaning  
2 already signed, and enrolled, meaning approved by the  
3 legislature, awaiting the Governor's signature, horse racing  
4 legislation.

5 I don't -- I don't intend to do what Jackie just did  
6 and read you every one of these bills because I don't think  
7 that would -- that would be the way to -- to -- the way to --  
8 the way to go. But we had some, what I would consider small  
9 cleanup, pieces of legislation that -- that were approved. And  
10 we had the -- the first one was the issue we talked about  
11 yesterday which was making sure we had enough ability to be  
12 able to move meet -- the Del Mar meet to a longer period of  
13 time or race more at Del Mar if we -- if we wanted to. We had  
14 the -- the license fee reduction for quarter horse racing that  
15 had been discussed previously. We have the Arlington Million  
16 race. I mean, it's unbelievable to think that the legislature  
17 of a state is actually unless you're dealing with issues as  
18 specific as which race you can import on which day. I mean,  
19 it's mind blowing. It shows you why nothing gets done.

20 MR. BREED: It is the longest, as it is.

21 CHAIR BRACKPOOL: Yeah. And also had the -- the  
22 backstretch and jockey fee issue that was, again, frankly,  
23 clean-up language that didn't warrant, as far as that went.

24 We had the Harness Racing Association are allowed to  
25 accept wagers on full card races. We had the mini-satellite

1 wagering facility that just allows the Board to collect any  
2 costs it's expended on this. And we had the out-of-country  
3 thoroughbred races, which deletes the total number of imported  
4 races that can come in.

5           And then we had the -- the main bout of the evening  
6 which was the -- the bill to adjust the take-out to be more  
7 comparable with the other major racing states, which is the one  
8 that, I believe, will allow tracks to increase purses by 20 to  
9 25 percent for overnight purses starting January the 1st. I  
10 think this is the biggest possible boost we could have had to  
11 the -- to the -- the sport, to be able to get the purse money  
12 up at the -- at the lower levels. We did not change the  
13 win/place/show money at all. We did adjust the -- the exotics  
14 to -- to be, as I say, more comparable with the other states.

15           And -- but we put on, I think what we all in this  
16 room agree, is the -- the premium product in the country. We  
17 put it on almost year-round. And the idea that we shouldn't be  
18 competitive in our pricing with the other states for putting on  
19 that type of product was certainly, to me, just wrong. If --  
20 if we do a like-for-like comparison of last year this could  
21 raise over \$30 million, which will supplement overnight purses  
22 starting immediately.

23           We have to do something. The state in the -- in the  
24 short and medium term is not going to be able to compete with  
25 other states as far as alternate forms of supplemental

1 gambling, such as slots. So we have to do something. And I  
2 think this is -- that this is -- this is really an excellent  
3 move.

4           This -- this was hard work by many, many people in  
5 this room. A couple of people who I would like to single out  
6 for special thanks because they spent the -- the time doing the  
7 really dull work of -- of drafting the legislation and making  
8 sure it complied with every code there was and didn't do  
9 anything else was Jack Liebau and Bernie Thurman from Hollywood  
10 Park who really did a lot of the heavy lifting on the drafting  
11 to make sure that this was good.

12           But this was -- this was really a cohesive effort. I  
13 was fortunate to lead a meeting in the Governor's Office with  
14 several people from the industry here. Vice Chair Israel and I  
15 were at that meeting when the Governor came in and said, "I  
16 really want to make something happen for horse racing, let's  
17 try and get it done." I think it was terrific to be able to  
18 bring everybody together on that.

19           And, you know, I think that all this talk of, you  
20 know, California increasing take-out and making itself  
21 uncompetitive, etcetera, I just think is wrong. We do put on  
22 the premium product. And the idea that we should offer  
23 discounted pricing for the premium product is, to me, just --  
24 just wrong. And we should be proud of the product we put on.  
25 We should continue to keep that quality going. And I think

1 this -- this purse money is going to be, really, a great thing  
2 and a great, great increase to be able to do that.

3           So it will be in effect for the Santa Anita meeting.  
4 I know that all of the tracks are going to try and get together  
5 and have conversations about how best to handle it, etcetera.  
6 But I think this is an enormous boost.

7           And I think it's something that we are awaiting the  
8 Governor's signature on, so it's not absolute yet. But I'm  
9 hopeful we're going to get that in the next few days. And he  
10 has 756 bills on his desk and has nine days left, so he's busy  
11 working his way through signing or vetoing 756 pieces of  
12 legislation. So -- but hopefully we'll have it soon and -- and  
13 get that out.

14           COMMISSIONER HARRIS: You might want to explain on  
15 the exchange --

16           CHAIR BRACKPOOL: Yeah.

17           COMMISSIONER HARRIS: -- because it's important.  
18 Yeah.

19           CHAIR BRACKPOOL: The -- the part of the bill that  
20 appeared to generate some extensive controversy was the --  
21 the -- the enabling legislation for exchange wagering. And I  
22 just think that this was one that -- one of those where urban  
23 legends were -- were developed overnight.

24           We have had speaker after speaker in the last year  
25 stand in front of us saying we need to get the legislature out

1 of the way of our business. And you see with the sort of bills  
2 I just read you the things that we're going to the legislature  
3 for, the ability to import the Arlington Million race on the  
4 day, the ability for -- for harness people to be able to show  
5 live racing. I mean, this is not what I think any of us as  
6 citizens of the state believe our elected officials should be  
7 spending their time doing. They should be spending their time  
8 trying to fix the state. So the -- the request from everyone  
9 is let's get the legislature out of the way and make our own  
10 rules and deal with our own issues.

11 All the exchange wagering legislation did was hand  
12 the power to regulate exchange wagering to the very people in  
13 this room. It has to be approved by this Board after and  
14 exhaustive period of analysis. It can't take effect before  
15 March of -- of 2012. It can't take effect without the approval  
16 of any of the tracks. The TOC has an absolute veto that they  
17 negotiated to be able to go. And it has a four year sunset.

18 We have to do something. Every single speaker that  
19 stands in front of us implores this Board to do something. We  
20 have to do something. Everything is going to have an element  
21 of risk. But in this particular case we were able to assert a  
22 level of control that is unprecedented.

23 Because the way traditionally important horse racing  
24 legislation has been passed has been people running up to  
25 Sacramento and in the last 24 hours a deal gets cut. And when

1 a deal gets cut inside of 24 hours is invariably is a bad deal  
2 for a lot of people because you just can't concentrate on that  
3 many details in 24 hours. There are too many lever points.

4           So I think that rather than take the argument that  
5 this was a last minute ram through the legislature, I happen to  
6 think it's completely the opposite. I think what we did was  
7 manage to take the ability to regulate the exchange wagering,  
8 bring it to this Board, bring it to the tracks, bring it to the  
9 TOC, all of whom have a veto on how this is going to work. And  
10 to me this is a much, much better model to be able to regulate  
11 our sport and improve our sport than allowing, frankly, the  
12 state legislators who have no knowledge of our business en  
13 masse to be able to do the same. And I think we've all enjoyed  
14 the irony of certain people pleading for the legislature to get  
15 out of the way and then opposing the ability of the industry to  
16 regulate itself.

17           So I, for one, think this is a tremendous step  
18 forward. We got the price -- price increase necessary to  
19 continue to put on the premium product. We have absolute  
20 ability to control this, and I think it's a great step forward.  
21 And I personally want to thank everybody that worked with us on  
22 this. There were just vast, vast amount of time put into this.  
23 And I think that would be what I have to say.

24           David, would you add something?

25           VICE CHAIR ISRAEL: The only thing I would add is on

1 the issue of pricing. People often say, well, we're competing  
2 with the casinos. And I think that's shortsighted and wrong.  
3 We're not competing with casinos. We're in the entertainment  
4 business. We're competing with the Dodgers and the Giants and  
5 the Angels and the Lakers, and we're putting on a show. And  
6 there's some expenses to be incurred putting on a show.

7           And we need to do a better job of selling the concept  
8 that going to the racetrack and experiencing racing has real  
9 entertainment value and that there's -- that it's something  
10 that everybody is willing to pay for. It is not just a  
11 gambling experience, it is also a gambling experience.

12           And I think the pricing reflects the concept that the  
13 people who put on this show need to be compensated for putting  
14 on a show. Jockeys are great athletes, they need to be paid.  
15 The trainers are great, essentially, coaches, they need to be  
16 paid.

17           And, frankly, jockeys and trainers make the kind of  
18 money that ball players used to make, and managers and coaches,  
19 40 years ago. They're not compensated -- they don't make \$25  
20 million a year like Alex Rodriguez, or \$18 million a year like  
21 Derek Jeter, or \$20 million a year like Kobe Bryant. They're  
22 kind of working class, athletic heroes. And we need to do a  
23 better job. And we need to consider that as part of what our  
24 mission is.

25           We need to do a better job conveying that this is

1 entertainment, these are great athletes, and you're paying for  
2 the experience of being there when you bet. Because, frankly,  
3 getting into the ballpark costs virtually nothing. It's a  
4 really great deal for the consumer. And I think part of  
5 this -- what this bill accomplished was it recognized that  
6 fact, that these people need to be compensated and we need to  
7 take care of them.

8 CHAIR BRACKPOOL: I'd also like to thank Commissioner  
9 Choper for working with me on all of those legislative  
10 committee hearings we had initially trying to whittle this down  
11 and do that. So, Jesse, would you like to --

12 COMMISSIONER CHOPER: Well, I just wanted to make a  
13 comment on the exchange wagering, which you've said it very  
14 clearly, so -- but that never stops me from saying things  
15 again. Nothing, no detail is going to -- no detail of any  
16 authorized exchange wagering is going to be put into place  
17 until it's been fully considered. Now I would imagine,  
18 although with all these vetoes it's very unlikely that you're  
19 going -- a bunch of controversy by the time it gets here. And  
20 I'm not at all sure that that's a good idea, but that's part of  
21 the legislation.

22 As the Chairman said, you know, no -- no new venture  
23 is without risk. And I think people have been very plain and,  
24 hopefully, to show what the potential risks are of it. On the  
25 other hand, it has substantial potential.

1           And as -- as a consequence I -- I just -- I would --  
2 I would hope that people understanding that will keep an open  
3 mind to considering each particular detailed proposal as it --  
4 as it comes up.

5           CHAIR BRACKPOOL: Do I have comments from any other  
6 Commissioners? Commissioner Moss?

7           COMMISSIONER MOSS: No. I just -- I think the  
8 Chairman and the Vice Chairman and the Board and everybody  
9 connected with this should be congratulated.

10           I know that the Governor has always said whenever we  
11 wanted anything he says, "You have to give me one voice," you  
12 know? And I do -- I do a bad impersonation of Arnold.

13           And I said, "Well, I'm the voice."

14           He says, "No, you're not the voice."

15           So, anyway, we had one voice and we got something  
16 done, and I'm -- I'm really proud of all of us for getting this  
17 done. Thank you.

18           CHAIR BRACKPOOL: I have one speaker on this issue,  
19 Kevin Bolling from CTHF.

20           MR. BOLLING: Kevin Bolling, Executive Director of  
21 the California Thoroughbred Horsemen's Foundation.

22           In reading the legislation, especially concerning  
23 1072, the CTHF Board of Directors, one, recognizes the -- the  
24 importance of the increasing handle to the horsemen and -- and  
25 understands the importance of that in the industry.

1           Our funding comes from the unclaimed prize winnings,  
2 the majority of it is still in our budget, and there's really  
3 not a direct relationship between handle and unclaimed prize  
4 winnings. So for us, still a majority of our income, we're not  
5 sure about how that is going to effect us and we'll be  
6 monitoring that as it goes into the future.

7           The second part of that is the exchange wagering,  
8 recognizing the impact that exchange wagering has no  
9 possibility with ADW and even the -- the betting on-tracks  
10 where, again, our income comes from. It poses a greater  
11 concern for us.

12           We do recognize that the CHRB has the ability to put  
13 those rules into place as that comes into effect. And we ask  
14 that, considering that CTHF, the -- the backstretch welfare is  
15 not part of the law, that if and when that does come to  
16 fruition that rules be put in place for funding that will be  
17 effected for us is put back in so we receive the funding that  
18 we need as a foundation to provide for the care and the health  
19 of the backstretch works. TOC has a vested interest in this,  
20 CTT, the racetracks and the CHRB all have a vested interest in  
21 what happens to the health of the -- and the welfare of the  
22 backstretch workers.

23           So as that comes to fruition, if it comes to  
24 fruition, we ask that we not be left out.

25           CHAIR BRACKPOOL: Thank you.

1 MR. BOLLING: Thank you.

2 CHAIR BRACKPOOL: I've just received an email from  
3 the Governor's legislative secretary saying that ten minutes  
4 ago the Governor signed SB1072 and AB2414. The official  
5 announcement will go out tomorrow morning because he is still  
6 at his house in Los Angeles. The bills are going back up to  
7 Sacramento. But they said please go ahead and announce that  
8 Governor has signed the legislation. So there we are. Okay.

9 Moving on for the moment, I am going to adjust the  
10 agenda slightly, as Jackie and I had talked about, and I am  
11 going to go to the items nine and ten which are interrelated,  
12 which are the race dates committee, and then go to the waiver  
13 on -- on Magna, just because I have a number of people that are  
14 on a very tight schedule and have asked to -- to do that.

15 I think most of you were here yesterday when we had  
16 the race dates meeting. I just want to say something on a  
17 general note about the applications and the conversation  
18 yesterday and then perhaps open it up to some specifics and  
19 some -- some comments. And it really goes to, substantially,  
20 what Vice Chair Israel just said about promoting this sport and  
21 about being in this sport.

22 And when I reflected on the drive home yesterday on  
23 the meeting I reflected that almost every application for dates  
24 where there was a dispute or an argument or a contest over the  
25 dates the applicant was -- institutionally, the applicant made

1 the application based on their needs, we need this for  
2 financial reasons, we need this to be profitable, we need this  
3 to build a new thing, we need this to pay off some debt.  
4 That's no way to run a successful business.

5           We should have applicants standing here saying  
6 horsemen should want to race at our meet on these dates  
7 because, and here's what we're going to do. We've got to be  
8 far more positive about how we look at this. If any of us ever  
9 went out to raise money for our businesses it doesn't work very  
10 successfully to go out and say, look, I just need some money.  
11 I've got to pay people, and if I don't get the money it's not  
12 going to work. I've got all this inventory. I don't know what  
13 to do with -- you don't do that when you go out to raise money  
14 for -- for a business or a venture. You go out and explain to  
15 the person who might be investing in it why it's a good thing  
16 for them. And we need more of that in horse racing.

17           This notion that every date is set in concrete and  
18 has been that way and will be that way, and we hear how this  
19 has always been the case and this has always been the case,  
20 that would be a great argument if this industry was comparable  
21 to a bull market. We're the opposite of a bull market right  
22 now.

23           And so we need change. We need to hear innovation.  
24 We need hear why something should happen. And certainly  
25 speaking only for myself, telling me I need it to happen

1 because I need it to happen financially is not a justification.

2           So when we get to hearing all of these I would just  
3 like the spirit of this to be why we should be racing  
4 somewhere, why it's good for horsemen, why it's good for  
5 trainers, why it's good for employees, why it's good for  
6 promotion of the sport, and why we're going to maximize  
7 revenues by racing a certain place, certain venue, certain  
8 association at a prescribed time. So that's my two pennies  
9 worth on that particular issue.

10           David, what would you like to say before we get to  
11 specifics? And then I'm going to ask each of them to come up  
12 and summarize where I think we have still overlaps or disputes  
13 on the calendar.

14           VICE CHAIR ISRAEL: What I -- yesterday I heard  
15 clearly said that the dates belong to the State of California  
16 and the people of California. That said, I don't think it  
17 should be our responsibility to fashion this calendar and  
18 dictate it to you. I think you need to find a way to  
19 collaborate as a single entity, the entity of horse racing, and  
20 come up with a schedule, essentially, that makes sense, just  
21 the way they do in every other sport. And this bickering over  
22 dates, this competition over one weekend or this weekend is  
23 essentially, as -- as the Chairman said, counterproductive.

24           And -- and rather than us to sit here and declare  
25 that you must run these dates, I think you all need to get in a

1 room, the North in one room, the South in another room, and  
2 work this out in a sensible way among yourselves so that when  
3 we have the race dates meeting you don't come to us with six  
4 calendars for the same dates. It makes no damn sense at all.  
5 You should present us with a calendar that we can say this  
6 makes sense for horse racing, this is the best thing that's  
7 going to happen to this sport. And if you don't do that you're  
8 killing yourselves and you deserve whatever results occur. And  
9 from that --

10 CHAIR BRACKPOOL: All right.

11 VICE CHAIR ISRAEL: -- we'll go on.

12 CHAIR BRACKPOOL: Commissioner Derek.

13 COMMISSIONER DEREK: Yeah. For the record, this  
14 attitude that you'd like to see the tracks come to the meetings  
15 with on this discussion, there was one example of that that  
16 I -- that just sticks in my head, and that was Golden Gate  
17 Fields. And they were there to work with everybody and were --  
18 and they were actually giving up some valuable dates, I  
19 thought.

20 CHAIR BRACKPOOL: Right. Right. I think that's a  
21 good point.

22 John?

23 COMMISSIONER HARRIS: I think there's always going to  
24 be bickering on dates, though. Because the problem is the --  
25 the financial aspects get so complicated. It's not a matter of

1 just someone racing at one sport.

2           Like in the old -- 50 years ago the live track was  
3 it. There was no simulcast, no ADW. Now being a host is a bid  
4 deal as far as the revenues. And so it's -- it's a lot more  
5 complicated than just who's -- who's racing. And I think we --  
6 I mean, some of these tracks, we do need to keep them there. I  
7 mean, it's sort of a poker game. They'll stay regardless of  
8 how well or badly they'll do.

9           But I think there is a fabric of California racing  
10 that we want to preserve, more than just say, well, let's find  
11 some track and just race there year-round and not even have all  
12 this stuff.

13           CHAIR BRACKPOOL: I agree. We don't want a single  
14 casino type of a track. Okay.

15           If I don't have comments from other Commissioners at  
16 this stage then I will go -- I want a brief presentation from  
17 the areas where we still have some level of resolution to  
18 reach.

19           In the South, we'll start with the South, I believe  
20 the simple summary is that we agreed the winter meet dates at  
21 Santa Anita. We agreed the spring dates at Hollywood Park. We  
22 agreed the summer dates at Del Mar. And we agreed the --  
23 the -- well, we agreed the Fairplex dates. We also agreed the  
24 Hollywood Park winter meet dates, the issue for next year, the  
25 Oak Tree dates. We have an application from Oak Tree to run at

1 Hollywood Park for 2011. And we have a competing application  
2 from -- from the Pacific Racing Association to run dates at  
3 Santa Anita at that time.

4           So what I would -- I believe, Jackie, that was an  
5 accurate summary of the South?

6           MS. WAGNER: That's correct.

7           CHAIR BRACKPOOL: So what I would ask now is Oak Tree  
8 to step forward and just talk to the meeting about their plans  
9 for 2011 and what they would like to see.

10           MR. CHILLINGWORTH: Sherwood Chillingworth, Oak Tree  
11 Racing. As we presented our case yesterday, as some of the  
12 speakers, public speakers have said, if Oak Tree goes away who  
13 fills the void, providing all the monies we've provided to  
14 charities and to other equine institutions? Who's going to  
15 make that up?

16           We -- we felt that we've run a very good meet for 41  
17 years. It was -- we were asked by TOC and CTT, based on the  
18 fact they thought Santa Anita track was unsafe, that we move to  
19 some other venue. So we suggested we go to Hollywood Park  
20 because it's most convenient for the trainers who are at Santa  
21 Anita to make that adjustment. We've now asked to do it again  
22 in 2011.

23           And the issue is what benefit are we to the good of  
24 horse racing that somebody else wouldn't provide? And I think,  
25 basically, we've always been -- we've met our obligations

1 consistently for 41 years. We've tried to do the best we can  
2 by helping other institutions. For example, let's talk about  
3 the 2010 meet. When Bernie Thurman who -- who we, I think  
4 we've taken judicial notice of, and Barbara Helm and Gina Lavo  
5 from our organization, we even brought in our outside auditors  
6 to make sure that the budget we were preparing was reasonable,  
7 when that occurred, based upon their very conservative outlook  
8 we could only take \$189,000 a week in -- in overnight purse  
9 money.

10           We were approached by TOC. I met -- unfortunately,  
11 Arnold was out of town at the time. I met with Madeline  
12 Auerbach and Guy Lamothe, and we agreed to a \$227,000 weekly  
13 overnight -- daily overnight.

14           The fact of the matter is we're hoping, and we're  
15 trying to be very optimistic about this that we can do that,  
16 the fact of the matter is if you looked at our initial  
17 projections we're going to lose over 500,000 -- we overpaid  
18 \$500,000 in our purse account for this being audited. We're  
19 already overpaid \$127,000 from last year. And with the Cal Cup  
20 we've overpaid \$367,000. So at the end of this meet if things  
21 don't go smashingly well we're going to be overpaid \$1 million.  
22 And somebody came up to me and said, well, it's a good thing  
23 you guys know how to be shareholders. You can tolerate that.  
24 That's the service we provide for the industry. We're willing  
25 to stick our necks out and take a chance for the benefit of the

1 industry.

2           And I've been approached by -- somebody called me and  
3 told me the story that I hadn't responded to your request by  
4 the TOC to get together with them. I talked to Mary Forney  
5 this morning who is Director of Operations, said I'd be  
6 happy -- it's the first time I've ever heard about a meeting  
7 with TOC on Thursday at Hollywood. I'd be glad to be there.

8           The problem is to -- to tell them what we're going  
9 to -- what we -- we are able to do in 2011 has to be predicated  
10 on what we do in 2010. And we've gone over to Hollywood and we  
11 have listened to their suggestions, which would not be always  
12 ours if we were at Santa Anita, our methodology or our program,  
13 but they're in the area, they know what their market is. They  
14 feel it's very difficult to draw people there Thursday and  
15 Friday afternoons. So they suggested the six evening concert  
16 schedule. And we said, okay, you guys know your territory. If  
17 I go to a strange town and want to find a place to eat I ask  
18 somebody who knows their way around.

19           So bottom line is we are now experimenting this year  
20 with a program that is based on a lot of concerts for Thursdays  
21 and Fridays. And we think that it could be very successful.  
22 If it isn't we're going to pay those purses anyway.

23           And I think that I'd be very happy to meet with --  
24 with TOC on Thursday. But until we know what happens this  
25 year, this is an experimental year, everybody admits this,

1 we're trying something new. It's been a real -- people don't  
2 realize how much work goes into moving a meet from one place to  
3 another, cancel the contracts, refunding money, getting our  
4 marketing departments to -- well, they're kind of a little  
5 jealous of each other, getting them to cooperate to get this  
6 thing done.

7           And we've done it in a month. And I want to thank  
8 Hollywood Park for the fact that it's done a tremendous job in  
9 accepting us and listening to our suggestions. And I think  
10 we're going to have a great, great meet. But for us to project  
11 what is going to happen in 2011, it's not going to be possible  
12 until we get -- we get through 2010.

13           One of the other things I want to make -- a statement  
14 I want to make, I think it's a great idea to have, after the  
15 2011 dates are set, that we go to an industry-wide initiative  
16 to come with -- with a calendar for 2012 and thereafter where  
17 you might have things like Santa Anita gets maybe -- I don't  
18 know whether Hollywood Park is going to be here in 2012 or not.  
19 But if they're not there -- there are a lot of Hollywood Park  
20 dates that they can acquire.

21           CHAIR BRACKPOOL: Everybody's always happy to give  
22 away somebody else's dates.

23           MR. CHILLINGWORTH: Yeah. But my point is by the end  
24 of this year we may have more feel as to how we should  
25 reprogram our racing schedule. And we're working on,

1 obviously, doing something at -- down at Del Mar for 2012, but  
2 it may not be acceptable. But we're willing to try and make it  
3 reasonable for horsemen, I think.

4           So that's my reason for saying that I think we've  
5 tried to cooperate with the industry. We're putting our money  
6 on the line to make it successful. And we also -- I don't want  
7 to put all of the onus on TOC for asking for more purse money  
8 because they're entitled to that. But even as Oak Tree we want  
9 to have a good meet. We want to have purses that bring good  
10 horses here. Thank you.

11           CHAIR BRACKPOOL: Thank you.

12           COMMISSIONER HARRIS: Just to clarify, as I  
13 understand it part of the issue is that you have made a two  
14 year deal with Hollywood Park. So even the option racing Oak  
15 Tree at Santa Anita in 2011 is off the table. You -- you can't  
16 do that?

17           MR. CHILLINGWORTH: We have a contract with Hollywood  
18 for two years.

19           VICE CHAIR ISRAEL: But are there any conditions  
20 under which it's voidable?

21           MR. CHILLINGWORTH: I guess if they go out of  
22 business or we go out of business.

23           COMMISSIONER ROSENBERG: I thought Santa Anita didn't  
24 want Oak Tree to race at Santa Anita?

25           COMMISSIONER HARRIS: No. I think that Santa Anita

1 would prefer --

2 COMMISSIONER ROSENBERG: For themselves anyway.

3 COMMISSIONER HARRIS: -- that they would race there,  
4 but I don't know if that is an option that Oak Tree races --

5 CHAIR BRACKPOOL: Well, let's -- let's -- let's --  
6 let's --

7 VICE CHAIR ISRAEL: No. Wait. Wait. Just to be  
8 clear, Frank very clearly in -- in a meeting in June at  
9 Hollywood Park said that under no conditions did he want Oak  
10 Tree at -- at Santa Anita in 2011.

11 COMMISSIONER ROSENBERG: Correct.

12 VICE CHAIR ISRAEL: He -- he -- you know, so that --

13 COMMISSIONER HARRIS: Okay. Well, that's clear.  
14 Just so long as that's clear. Yeah.

15 CHAIR BRACKPOOL: Let me now hear from the MID people  
16 who, I guess, are appearing as Pacific Racing Association for  
17 this moment or whatever.

18 Scott, why don't you state your name and just -- but  
19 just explain the PRA situation, as well.

20 MR. DARUTY: Sure. Scott Daruty on behalf of MID  
21 and -- and its racing asset, Santa Anita Park and Golden Gate  
22 Fields.

23 As we discussed yesterday, the current legislation  
24 sets out a maximum number of racing weeks any one racing  
25 association can run in the Central Zone, we think of it as

1 Southern California but it's the Central Zone, basically  
2 Hollywood Park or Santa Anita. That maximum is 17 weeks if you  
3 run in a single meet. It's 20 weeks if you run a split meet,  
4 as does Hollywood Park.

5 So the purpose for the application for the six weeks  
6 in the fall being submitted under the name of the Pacific  
7 Racing Association is because that is the racing association  
8 that would be running at Santa Anita Park if we were to be  
9 awarded those dates.

10 VICE CHAIR ISRAEL: What individuals constitute the  
11 board of PRA, the responsible -- who signs for --

12 MR. DARUTY: Yeah. That -- that's submitted in  
13 their -- off the top of my head, I apologize, I don't -- I  
14 don't know.

15 COMMISSIONER HARRIS: The ownership is the same,  
16 though, really; isn't it?

17 MR. DARUTY: Ultimately, at the top of the chain,  
18 yes, the ownership is the same. I will point out, this is  
19 exactly what's taken place this year at Golden Gate Fields. In  
20 other words, there's a maximum number in the north, and LATC is  
21 running a meet at Golden Gate Fields in order to make sure we  
22 have enough racing dates to keep them running.

23 COMMISSIONER HARRIS: But with a waiver. Yeah.

24 CHAIR BRACKPOOL: All right. Now -- now you've --  
25 right. Now you've clarified that.

1 Explain to this Board why you would be the better  
2 recipient of those -- of those dates.

3 MR. DARUTY: Well, I spoke at length yesterday with  
4 my colleague, George Haines. And -- and I think the covered a  
5 lot of issues I don't intend to rehash today. I'm happy to  
6 answer specific questions.

7 I think taking the advice of the Chairman that was  
8 given a few minutes ago, which is we need to be focused on  
9 what's best for the industry, what's best for the consumer, not  
10 on each of us just standing up here and saying what's best for  
11 ourselves, also taking the advice of the Vice Chairman which  
12 was given a few minutes ago, we are in an entertainment  
13 business, not purely a gambling business, I think taking those  
14 two pieces of advice my response would be Santa Anita Park is  
15 one of the most fantastic racing and entertainment facilities  
16 in the country. We've produced racing that is at the highest  
17 quality.

18 And as I spoke yesterday, I know other in this room  
19 will debate it, but I believe very strongly that the product we  
20 put on is superior to the product that Hollywood Park puts on.  
21 And I think the notion that we as an industry would go forward  
22 next year and tell our consumers we're going to deliver to you  
23 16-and-a-half weeks of our premier product and 26 weeks of our  
24 lesser product, I think is a mistake.

25 Now with that said, I've also heard the Board

1 clearly, both yesterday and today, say the industry needs to  
2 get together and talk. The associations need to see if they  
3 can work things out. We're fully prepared to sit down and talk  
4 with Hollywood Park, with Oak Tree, with others in the  
5 industry, with the horsemen, of course. We're prepared to do  
6 that.

7           The one thing that we do not believe makes sense is  
8 to come up with some agreed upon structure for 2011 and we all  
9 follow a transition year and it's 2011 and let's cut a deal but  
10 we'll leave 2012 and beyond for later, I mean, if -- if we're  
11 being asked to be patient and to cooperate we can certainly do  
12 that, but there needs to be an end game here. Every year we  
13 talk about is Hollywood going to be here or not and what are we  
14 going to do when it's gone? We think the time has come to have  
15 this discussion and reach a conclusion.

16           CHAIR BRACKPOOL: I think we would -- we would concur  
17 with that -- that.

18           David, do you have anything specific?

19           VICE CHAIR ISRAEL: Yeah. I think perhaps in lieu  
20 of -- of voting on this now we can make arrangements for this  
21 meeting to occur involving all the relative parties. I'd be  
22 happy to participate in the meeting, perhaps the Chairman  
23 would, to, if that's helpful to you. I'm not going to speak  
24 for his time. But -- and -- and I think that -- that that  
25 meeting can consider not just 2011 but beyond. And perhaps we

1 can work through some of the 2011 issues by looking further  
2 into the future.

3 CHAIR BRACKPOOL: Commissioner Derek.

4 COMMISSIONER DEREK: Yes. I'm still curious. I  
5 didn't get quite the answer yesterday from you why you want  
6 those specific dates belonging to Oak Tree and why not say  
7 Hollywood Park, Del Mar, Fairplex some other dates.

8 MR. DARUTY: Well, it's a good question. And, again,  
9 when we put forth our application we realized it was going to  
10 cause a lot of anxiety. But we also were hopeful that it was  
11 going to lead to this kind of dialogue that it sounds like  
12 we're going to have.

13 We thought -- felt as though it were more in line  
14 with the historical calendar to run those six weeks at Santa  
15 Anita than for us to have, say, for six weeks during the spring  
16 which has traditionally been run by Hollywood Park. Now if  
17 Hollywood Park didn't exist, if the bulldozers were moving it  
18 and it was gone, there's no reason at all that we would be  
19 looking necessarily for six weeks in the fall.

20 And we're not looking to put Oak Tree out of business  
21 either. That's not why we're here. As we said yesterday, Oak  
22 Tree is a wonderful organization and we -- we acknowledge that.

23 We just want a racing calendar that -- that makes  
24 sense, both for the -- the tracks and horsemen who are going to  
25 be part of this industry in the long term, and also make sense

1 for the -- the consumers, the fans, the racing fans across the  
2 country and across the world who want to watch California  
3 racing and bet on it.

4           So I am hopeful that when these discussion take place  
5 maybe we can come back with a plan for 2012 that more clearly  
6 answers your question.

7           CHAIR BRACKPOOL: Okay. Commissioner Rosenberg.

8           COMMISSIONER ROSENBERG: Clarify what you said. Do  
9 you -- are you suggesting that we postpone all -- assign all  
10 race dates for 2011 until another meeting or just the specific  
11 Oak Tree things?

12           CHAIR BRACKPOOL: No. And I -- I had said yesterday  
13 that given where we are on this and given where we are on the  
14 North that it may be that if we don't actually take an action  
15 item until October -- last year we didn't take it until January  
16 or February -- so we -- we may -- we may take it today, we may  
17 not, but I'll come to that in a moment. But that is -- that is  
18 Commissioner Israel's suggestion.

19           COMMISSIONER ROSENBERG: All dates?

20           CHAIR BRACKPOOL: All dates, yes.

21           VICE CHAIR ISRAEL: Well, for the -- I was speaking  
22 directly for the South.

23           COMMISSIONER CHOPER: For the South.

24           CHAIR BRACKPOOL: For the South.

25           VICE CHAIR ISRAEL: The North, hopefully, maybe

1 they've -- they've reached some sort of compromise.

2 CHAIR BRACKPOOL: But if not then the -- Commissioner  
3 Choper.

4 COMMISSIONER CHOPER: Well, that's what I was going  
5 to say. I mean, I would leave everything open for the South,  
6 including the question that -- that Commissioner Derek -- and  
7 your response. But I -- I don't know how we're going to  
8 resolve that in the next ten minutes or the next hour.

9 So you -- you folks have just got to get -- go to get  
10 together and under the -- under the criteria that the Chairman  
11 set out and that have been seconded is give us something. And  
12 I don't know if it -- you can -- I don't know why it shouldn't  
13 be a month from now but --

14 CHAIR BRACKPOOL: Right. Commissioner Harris --

15 COMMISSIONER CHOPER: -- maybe it should.

16 CHAIR BRACKPOOL: -- and then Commissioner Moss.

17 COMMISSIONER HARRIS: I'm not quite clear, though, if  
18 this is in fact a policy of -- of Magna that you do not want  
19 anyone racing at Santa Anita, other than -- than your own  
20 company or subsidiaries thereof. If that's the situation, I  
21 mean, how can Oak Tree survive unless they're racing someplace  
22 else? I just -- I can't reconcile that.

23 MR. DARUTY: Well, if we're -- if we're talking about  
24 cutting a deal for 2011 and we go with the model, which we've  
25 had for decades and decades, is every year you talk about the

1 race dates for the next year, but each time you have one of  
2 those discussions it always comes to the conclusion, we're  
3 going to do the same thing we did last year, it makes it very  
4 difficult to -- to every break out of the mold we're in.

5           If -- if what we're saying today is the associations  
6 and the horsemen should get together and lay out a calendar,  
7 not just for 2011, wherein there will be some compromise in  
8 2011, but also it will cover 2012 and perhaps beyond, it's a  
9 lot easier to address the sorts of issues that you've raised  
10 and that Commissioner Derek has raised when you're looking over  
11 a longer time for us.

12           COMMISSIONER CHOPER: I'd sure look -- I'd sure look  
13 to not the perhaps beyond but probably --

14           CHAIR BRACKPOOL: Yeah.

15           COMMISSIONER CHOPER: -- beyond at a minimum.

16           COMMISSIONER HARRIS: But it doesn't really -- well,  
17 I mean, it doesn't help to look a long -- if you've got a  
18 policy that no one can race at Santa Anita except Santa Anita  
19 then that needs to be the policy going in and coming out of the  
20 meeting. But I don't know if you're going to accomplish too  
21 much in the meeting if --

22           CHAIR BRACKPOOL: Well, I think what -- I think what  
23 the -- the unspoken part here is, is there a final  
24 determination as to whether we have three tracks in -- in  
25 Southern California or whether we have two tracks in Southern

1 California. And so I think part of that comes into play, as  
2 well.

3 Commissioner Moss has a question.

4 COMMISSIONER MOSS: When you're going through these  
5 discussion, because I understand what you're saying, you're  
6 saying that it's the same thing every year and everybody  
7 getting these same dates, and I agree with you, it's -- is it  
8 in the best interest, you know?

9 And I -- I look at this and I remember, just to take  
10 a page from Chairman Stronach's suggestion, perhaps if maybe we  
11 had a period of the year where two tracks are operating at the  
12 same time, perhaps one is operating on a three-day weekend kind  
13 of situation, the other one has, perhaps, a fuller schedule.

14 The other aspect I'd like to present is maybe --  
15 maybe Fairplex, we should perhaps have a look at those dates.  
16 Because those dates don't prepare us for the Breeder's Cup very  
17 well out here. You know, we have one weekend, usually at the  
18 opening of Oak Tree, when everybody -- those are the  
19 preparations, those are the Grade 1 races. But what if you  
20 don't feel like you can enter a Grade 1 race? There's no other  
21 place to run because Fairplex isn't where we're going to train  
22 to get into the Breeder's Cup.

23 So I think that maybe this is a chance that we can  
24 have a really good look at the calendar and see what is best  
25 for the horsemen and best for the fans and try some new things.

1 And maybe that should come into these conversations and -- and  
2 these negotiations. Because I agree with you, we seem to come  
3 up with the same thing every year. And because of that people  
4 feel that those dates belong to them. And I think, as the Vice  
5 Chairman said, those dates belong to the -- the State of  
6 California. They don't belong to anybody else. And we should  
7 review all of these things and see where it really makes sense.

8 VICE CHAIR ISRAEL: Look, I concur with -- with  
9 Commissioner Moss. And -- and, I mean, yesterday I said we  
10 need a radical reconsideration of the calendar. And this  
11 conversation just now is leading us in that direction.

12 I also said yesterday, and I'll repeat it, I don't  
13 think it's something we can accomplish in 2011, but we can use  
14 2011 as the fulcrum and -- and the tipping point and move  
15 forward from there. And -- and -- but we've got to have some  
16 serious and some hard conversations about it and understand how  
17 it affects everybody, the horsemen, the racing associations  
18 and, frankly, the public. You know, we've got to consider the  
19 public interest here, what's best for the consumer.

20 CHAIR BRACKPOOL: Scott, thank you.

21 I'm now going to ask -- Arnold, could I ask you to  
22 speak on behalf of the TOC as to this -- this issue and where  
23 the TOC is on this particular issue? Name and affiliation for  
24 the record, please.

25 MR. ZETCHER: Arnold Zetcher, Chairman of the TOC.

1 I've been chairman for seven weeks, although it feels like  
2 seven years. There's a lot of issues to deal with, and we're  
3 trying to address each of the issues in -- in an orderly  
4 manner.

5           Relative to this -- this particular subject, just the  
6 timeframe of what's taken place, I think we heard Friday,  
7 officially, that Santa Anita was looking for those -- those  
8 fall dates. And here we are about four or five days later. I  
9 totally support the thinking here that this vote should not be  
10 taken today, that we need more time.

11           We have asked or we're asking the Oak Tree group, and  
12 also the Santa Anita group, to come meet with our full board  
13 next Thursday so that we can dedicate time to have a full  
14 understanding of what it means, not just from a financial point  
15 of view but from a fans point of view and an owners point of  
16 view, and that's -- that's what we hope to do. We're going to  
17 dedicate adequate time next Thursday to make that happen.

18           So I think there's no reason to bring this to a vote  
19 today. I mean, we just -- you just agreed to vote on something  
20 that's going to happen a month from now. This is still a year  
21 away. And it's the kind of subject that needs adequate time  
22 for us to understand. We want to get the numbers together. We  
23 want to understand what the purse, you know, thinking would be  
24 from under -- under each of the programs. And we want them to  
25 come to us and -- and present that.

1           On the bigger picture we are overwhelmingly  
2 supportive of getting 2011 behind us in the next month or two,  
3 and then thinking of 2012 with a clean slate. You may have to  
4 start 2012 thinking that it's going to be similar to what it's  
5 been in the past, but it doesn't have to be. And I -- I think  
6 our whole group has -- very much believe that we should start  
7 over and take a look at what -- what is the right calendar for  
8 the year? Why are we always just gerrymandering everything  
9 that's -- that's -- that's already in place.

10           So I think once we get 2011 behind us, and that,  
11 hopefully, will be in the next month or two, we should really  
12 seriously sit down and get the groups together and talk about a  
13 clean slate for -- for what's best for -- for everybody, the  
14 horsemen, the fans, everybody else for 2012.

15           CHAIR BRACKPOOL: Thank you, Arnold. Can I ask CTT  
16 to speak to this issue, as well?

17           MR. BALCH: Alan Balch, California Thoroughbred  
18 Trainers. We heartily agree with Mr. Zetcher. We've been  
19 invited to attend the TOC Board meeting, as well, as we are  
20 customarily. And -- and they are invited to attend ours. As I  
21 said yesterday, we had brief presentations at our meeting just  
22 a couple of days ago so we -- we heartily endorse this idea.  
23 And we certainly welcome the participation of Vice Chairman  
24 Israel or -- or anyone because we do think we should look at  
25 2011 in the context, obviously, of what follows. Thank you for

1 your consideration.

2 CHAIR BRACKPOOL: Thank you.

3 COMMISSIONER ROSENBERG: Mr. Chairman, just an  
4 interesting observation that we're postponing this for good  
5 reason with the hope that something will come out of these  
6 meetings that will enable us to plan for the future and  
7 solve -- and, I assume, to solve this specific problem with Oak  
8 Tree. But it seems as if we're treating Oak Tree unfairly as  
9 compared to other entities. The assignment of race dates with  
10 respect to Oak Tree, Oak Tree seems to demand more of them than  
11 any other entity. And I think that's unfair to do that. But  
12 if there's -- but if Oak Tree doesn't -- doesn't feel that  
13 there is an urgent need to resolve that specific issue today, I  
14 guess it's okay. But --

15 CHAIR BRACKPOOL: Well, I don't view it quite that  
16 way. Because what we're not going to do is make -- have a vote  
17 that votes certain dates and -- and not other dates. So while  
18 I started this by saying the calendar didn't get disputed until  
19 X period of time, right, the calendar has to be looked at as a  
20 whole. So what we're not going to do is sit here and approve  
21 all the other dates and then go -- and then just leave Oak Tree  
22 out there. So this would be, if we -- if we do defer this item  
23 for a month, which I would probably be inclined to recommend,  
24 then we would have the entire conversation.

25 And I think what's important to -- to note from both

1 David's comments, as well as Santa Anita's comments, I'm not  
2 sure this -- this really is a 2011 issue. I -- my personal  
3 belief is that 2011 is -- is going to look not dissimilar to  
4 2010. But unless we start this conversation now about how this  
5 is going to look then there's no point in having 2011 look like  
6 2010.

7           So I don't view this as being particular to -- to Oak  
8 Tree. I think there's a much, much bigger issue at stake here,  
9 which is the overall calendar.

10           COMMISSIONER HARRIS: Yeah. The problem is we've  
11 been doing this for ten years. Every time we have these date's  
12 committees --

13           CHAIR BRACKPOOL: I haven't been here during that  
14 time.

15           COMMISSIONER HARRIS: Yeah. But, I mean, somebody  
16 has, I have, and I'm getting tired of it. I mean, this notice  
17 went out ten days ago. I mean, my frustration is no one ever  
18 talks until we have two or three meetings and we delay it two  
19 or three times. Then -- then finally we -- we do something.  
20 But I'd like to see the industry, you know, all factions of it,  
21 be more proactive in -- in meeting them. This -- this went  
22 out, you know, a couple weeks ago --

23           CHAIR BRACKPOOL: I agree. It was what I said  
24 yesterday.

25           COMMISSIONER HARRIS: -- and nobody does anything.

1 CHAIR BRACKPOOL: Right.

2 COMMISSIONER HARRIS: And they say, oh, yeah, we're  
3 going to meet sometimes.

4 CHAIR BRACKPOOL: Yeah.

5 COMMISSIONER HARRIS: It's sort of like -- like a  
6 funeral or something where you --

7 CHAIR BRACKPOOL: I agree. This should not be the  
8 only meeting place. This -- this should be decision place,  
9 not -- not that.

10 Commissioner Derek.

11 COMMISSIONER DEREK: I'm wondering if this would be a  
12 case where we could set up a committee of just two members,  
13 like our others, and work on it.

14 CHAIR BRACKPOOL: It is. The reason I at this time  
15 wanted the race dates to be the full Board, because I thought  
16 yesterday was a really interesting day to hear all of the  
17 issues. And what I didn't want was just two people hearing it  
18 and then reporting back.

19 VICE CHAIR ISRAEL: Right.

20 CHAIR BRACKPOOL: I thought it was a very useful  
21 function. But I may be now that it's a good idea.

22 COMMISSIONER DEREK: For the future.

23 CHAIR BRACKPOOL: But for the future we can -- we  
24 can -- we can do that and -- and do that.

25 Guy, you wanted to say something before I move to the

1 North?

2 MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of  
3 California. We agree with the approach you were mentioning,  
4 just consider the Northern California. If you're postponing or  
5 doing stuff for the South we have to coordinate the -- you  
6 know, our signal, as well. Thanks.

7 CHAIR BRACKPOOL: That was a comment about telling us  
8 how to do --

9 MR. LAMOTHE: Just to consider --

10 CHAIR BRACKPOOL: -- our job?

11 MR. LAMOTHE: No.

12 CHAIR BRACKPOOL: I wasn't -- I wasn't sure what  
13 you're saying. We should do what? We should --

14 COMMISSIONER HARRIS: Coordinate the signal?

15 VICE CHAIR ISRAEL: I kind of know what it means.

16 COMMISSIONER CHOPER: You're not -- you're not clear.

17 MR. LAMOTHE: The simulcast signal needs to  
18 correspond.

19 VICE CHAIR ISRAEL: There's an interlocking aspect to  
20 the whole thing.

21 CHAIR BRACKPOOL: Right. We're not going to approve  
22 one without the --

23 VICE CHAIR ISRAEL: Yeah. Without consideration to  
24 the North.

25 CHAIR BRACKPOOL: Okay. I thought you were saying

1 something different.

2 MR. LAMOTHE: No.

3 CHAIR BRACKPOOL: Oh.

4 COMMISSIONER HARRIS: You're saying Golden Gate  
5 should have raced yesterday because Fairplex was racing.

6 CHAIR BRACKPOOL: Right. Now let's go to -- let's go  
7 the North. I won't do this in the level of detail that we did  
8 this yesterday. But I'm going to ask three people to come  
9 forth and sit up here, Chris Korby of CARF, Robert Hartman of  
10 Golden Gate, and Stuart Titus of Ferndale. Oh, and John is  
11 here, as well.

12 VICE CHAIR ISRAEL: John Alkire is here.

13 CHAIR BRACKPOOL: John, could you come up, as well.

14 VICE CHAIR ISRAEL: He didn't get to appear on the  
15 Fresno issue because we rolled over so quickly.

16 See, John, I wanted you to get some reason for being  
17 here.

18 MR. ALKIRE: Commissioner Israel, I appreciate that  
19 very much.

20 CHAIR BRACKPOOL: We're also joined by John Alkire,  
21 Chairman of CARF, as well.

22 Yesterday we spent a lot of time going through the  
23 Northern calendar. And let me do the easy part first. We  
24 agreed the Golden Gate dates for the winter-spring, whatever  
25 the end of April is -- is April spring in San Francisco? It's

1 close.

2 VICE CHAIR ISRAEL: That's the nice weather.

3 CHAIR BRACKPOOL: Exactly.

4 VICE CHAIR ISRAEL: Summer is winter.

5 CHAIR BRACKPOOL: There is a proposal that three  
6 weeks of that Golden Gate meet be run -- excuse me, three weeks  
7 in March would be run at Pleasanton. And it is an offer that  
8 Golden Gate, which Commissioner Derek is referring to, it's an  
9 offer that Golden Gate are prepared to see to. As of yesterday  
10 Pleasanton were not in a position to decide whether they wish  
11 to accept that offer or not accept that offer.

12 I think what the feeling from this Board was that if  
13 we go with the calendar then Pleasanton doesn't have a long  
14 period of time to determine whether it wishes to exercise that  
15 option or not. Okay. That's just unfair on Golden Gate,  
16 unfair on horsemen, unfair on trainers and etcetera, etcetera.

17 I would prefer that CARF and Golden Gate and  
18 Pleasanton come back to us and tell us what that drop-dead date  
19 is, rather than us impose some arbitrary, you know, decision on  
20 you. But please don't make it a long date. It's just wrong to  
21 have someone with an option of a date to -- to do that.

22 MR. KORBY: Christopher Korby, California Authority  
23 of Racing Fairs, responding to the Chairman. We'd be glad to  
24 do that and expedite a decision on that, get it back to the  
25 Board as soon as possible.

1           VICE CHAIR ISRAEL: Okay. What kind of deadline do  
2 you want to put on it?

3           MR. KORBY: Well --

4           MR. HARTMAN: Robert Hartman, Golden Gate Fields. I  
5 learned this morning from staff that our application for that  
6 meet, for the 12/26 meet, is due September 28th. So that  
7 includes our stakes' schedule, our horsemen's agreement, all of  
8 that. So I'm asking the Board, maybe they can delay that  
9 application being due because we can not provide that no  
10 knowing what days we're going to run.

11           CHAIR BRACKPOOL: But here's what I think we  
12 should -- when do you think Pleasanton would be in a position,  
13 realistically, to make it? I mean, we could set a deadline  
14 tomorrow, but it's not a realistic deadline. So when is a  
15 realistic deadline?

16           MR. KORBY: A representative is here. I --

17           VICE CHAIR ISRAEL: Yeah. There's --

18           MR. KORBY: -- from CARF.

19           VICE CHAIR ISRAEL: I didn't see anybody.

20           COMMISSIONER CHOPER: In the back there.

21           CHAIR BRACKPOOL: Oh, Rick.

22           MR. KORBY: From CARF's perspective we would --

23           CHAIR BRACKPOOL: Yeah.

24           MR. KORBY: -- we would make every effort to do that  
25 within a week or two.

1 CHAIR BRACKPOOL: All right. Rick, would you stand  
2 up to the podium for a moment, please, identify yourself, and  
3 let's just try and get this -- this is supposed to be the easy  
4 part of my conversation.

5 MR. PICKERING: Rick Pickering representing the  
6 Alameda County Fairgrounds in Pleasanton. I'm almost afraid to  
7 come to the podium sometimes. But now that I'm here, Robert  
8 Hartman and I did have a conversation this morning that we  
9 though within the next 30 days we certainly would be able to  
10 look at the numbers and decide if it financially makes sense  
11 for the industry to run in Pleasanton in March or April of  
12 2011.

13 VICE CHAIR ISRAEL: How about the October 1st?

14 COMMISSIONER CHOPER: That's a week.

15 VICE CHAIR ISRAEL: I know. It's a week.

16 COMMISSIONER DEREK: A week, yeah.

17 MR. PICKERING: We -- we haven't seen a purse  
18 schedule. I mean, there's -- there's moving pieces that we  
19 don't have the information on.

20 CHAIR BRACKPOOL: Well, let me -- let me ask Jackie a  
21 question. If -- if we have a vote on race dates at the -- this  
22 is an assumption -- at the October meeting could we delay by 30  
23 days Golden Gate's deadline to apply for their license, which  
24 would then be heard at the November meeting, not the October  
25 meeting?

1 MS. WAGNER: We -- we certainly could give them a  
2 reprieve. The -- the rule requires that they submit the  
3 application 90 days before the start of the -- of the race  
4 meeting. If they're unable to make that 90 days we can give  
5 them a -- it will cut down on our -- our time to review, but I  
6 think we can get it done. So if the Board would give us the  
7 flexibility to work with Golden Gate Fields in terms of  
8 determining when they can submit that application we would be  
9 happy to work with them.

10 CHAIR BRACKPOOL: I'm not one who's shy to beat up on  
11 someone if I think they've done something wrong. To call it a  
12 reprieve when they're the ones making the gracious offer is a  
13 little rough on -- on Golden Gate. That's the last time I'm  
14 going to be nice to you today. But that -- but that -- that  
15 is -- so let's not call it a reprieve. But it's -- it's a  
16 necessary extension of time.

17 MS. WAGNER: Absolutely.

18 CHAIR BRACKPOOL: Okay.

19 MS. WAGNER: We can work with Golden Gate in terms of  
20 determining time for submission if need be.

21 COMMISSIONER CHOPER: Can I --

22 CHAIR BRACKPOOL: Please.

23 COMMISSIONER CHOPER: If everything is resolved we  
24 can all -- and -- and the application for Golden Gate becomes  
25 more or less a formality --

1 CHAIR BRACKPOOL: Right.

2 COMMISSIONER CHOPER: -- then we can do the same  
3 thing that we did with Oak Tree. We can have a telephone  
4 meeting. And --

5 CHAIR BRACKPOOL: We can. Hopefully, we won't have  
6 to go there.

7 COMMISSIONER CHOPER: So, no. Maybe. But, I mea,  
8 if --

9 CHAIR BRACKPOOL: Right.

10 COMMISSIONER CHOPER: -- if the times -- let's -- I  
11 think we ought to --

12 CHAIR BRACKPOOL: So let's do this, what --

13 COMMISSIONER CHOPER: -- move to get it done fast.

14 CHAIR BRACKPOOL: -- what was the date, Rick, that  
15 you volunteered to --

16 COMMISSIONER CHOPER: Thirty days, he said.

17 CHAIR BRACKPOOL: -- to have this done by?

18 MR. PICKERING: Thirty days.

19 CHAIR BRACKPOOL: So why don't we say October 15th.

20 MR. PICKERING: In -- in advance of your next  
21 meeting.

22 CHAIR BRACKPOOL: Well, October 15th is in advance of  
23 our next meeting. Our next meeting is the 14th. So let's say  
24 October the 10th.

25 MR. PICKERING: Yeah. I don't think it behooves any

1 of us to go beyond --

2 CHAIR BRACKPOOL: Right.

3 MR. PICKERING: -- the next meeting.

4 CHAIR BRACKPOOL: Well, is that -- so October the  
5 10th, so we would know when we come back. October the 10th, if  
6 that's not a weekend. Is that a weekend? Anyway, whatever the  
7 Friday is that's closest to October the 10th.

8 VICE CHAIR ISRAEL: It's a Sunday, though.

9 CHAIR BRACKPOOL: It's a Sunday?

10 COMMISSIONER ROSENBERG: The 7th.

11 VICE CHAIR ISRAEL: Yes.

12 CHAIR BRACKPOOL: So make it the 7th.

13 COMMISSIONER DEREK: Correct.

14 CHAIR BRACKPOOL: Right. The 7th or the 8th,  
15 whatever that Friday is. Okay.

16 MR. BREED: It's the calendar merry-go-round.

17 CHAIR BRACKPOOL: Right. We then had -- we then  
18 had -- actually, let me go to my -- here -- a proposal that we  
19 run the Stockton meet June 15th through June 19th. And I think  
20 the direction of the Race Dates Commissioner yesterday was --  
21 that was a preferred date for a lot of reasons. So that's  
22 our -- that's -- that's this Board's --

23 MR. KORBY: That's our understand.

24 CHAIR BRACKPOOL: -- preference.

25 We then had the issue of the overlap, is really the

1 next -- the next issue. And, again, I don't want to rehash  
2 everything that happened yesterday because so many people  
3 were -- were here yesterday. But for those who weren't and  
4 those who are listening let me perhaps try and give an unbiased  
5 summary of the different positions.

6           Last year we voted -- earlier this year we voted to  
7 have an experimental one year situation where Ferndale would  
8 not be overlapped so as to allow Ferndale the chance to improve  
9 its finances and stay in business as a viable horse racing  
10 entity.

11           I was privileged to go up there this year and witness  
12 a just quite wonderful country atmosphere, incredible  
13 enthusiasm from the -- the fans. And it was just -- it's a  
14 wonderful place to go and do.

15           And I think that there is a feeling, you know,  
16 generally on this Board that we have to do whatever we can to  
17 try and continue to promote the sport wherever. You know, one  
18 of our responsibilities certainly is to promote fairs and --  
19 and racing at fairs. So I think there's a will to try and see  
20 something work.

21           The concerns that came out were that this was a very  
22 expensive way of trying to do this. Because Ferndale earned  
23 \$250,000, approximately made a profit of \$250,000, and yet, you  
24 know, we heard numbers ranging from 800,000 to almost \$1  
25 million of lost revenue around the state. And I think, really

1 using Commissioner Choper's argument, there has to be a better  
2 way to get 250,000 for somebody than by spending 800,000 to get  
3 it.

4 I think, you know, we've all had some chance to talk  
5 in between the meetings. I think there are some suggestions  
6 out there as to, perhaps, how this should go. And I would like  
7 to ask CARF to take, you know, the lead on trying to, you know,  
8 resolve this situation of -- you know, I think there is a  
9 desire to help Ferndale, to try and keep it going, and yet we  
10 have to protect horsemen, we have to protect purses, we have to  
11 protect the issues that Robert was talking about yesterday of  
12 employees, patrons, horsemen, etcetera.

13 So I think we -- we've all had a good exchange of  
14 ideas. And we would like you to come back to us, hopefully  
15 with a position, you know, where the four of you are sitting  
16 there nodding in agreement, and that's the thing. And our  
17 offices and phone lines are certainly open to -- to help you  
18 continue.

19 MR. HARTMAN: Robert Hartman, Golden Gate Fields.  
20 Just so the -- the Board is aware, I initiated those  
21 conversations this morning, although informally, trying to make  
22 a goodwill gesture to the three gentlemen that are -- that are  
23 sitting beside me. So those conversations have started and  
24 they will continue.

25 CHAIR BRACKPOOL: I'm pleased. And I -- I, myself,

1 had the chance this morning to -- to have some conversations.  
2 So I think there's some ideas there to -- to try and work this  
3 out.

4 I'm not saying that -- that we wouldn't take a vote  
5 on it being not overlapped. I'm not saying we will take a vote  
6 on it. You know, you can try and handicap yourself as to where  
7 you think the votes are on these -- on these issues. Yet I  
8 would encourage you all to try and work it out because I think  
9 there's -- there's a will to try and work it out.

10 COMMISSIONER HARRIS: Yeah. I hope it can be worked  
11 out. But I think I'm really frustrated on this issue is  
12 because there's a lot of misinformation on the impacts of  
13 circulated on this \$1 million that we've lost by having  
14 Ferndale there. If we're making that much in the industry I  
15 just -- I can't seem to find it. That's just based on the  
16 North.

17 But, anyway, Ferndale is -- it goes back, you know,  
18 well into the last -- the 1800s. And it's really a gathering  
19 of people that really love racing up there. And I don't know  
20 how you keep them alive, but the host -- having them be the  
21 host was part of it. Now maybe there's some hybrid of that  
22 where they're -- they're partially the host or -- or just  
23 the -- whoever the host is gives them some money or something.  
24 But -- but I just hate to see it go away.

25 And -- and the thing -- one of the things I liked

1 about it originally was I think we need some gaps in racing,  
2 not -- not month gaps, but a week. There probably is a need  
3 for a week gap, which Ferndale provided. It gave some better  
4 inventory build up to Southern California -- I mean, to the  
5 Northern California circuit. And I think that some of the  
6 people in the South, such as Del Mar, were particularly narrow  
7 minded in looking at that they didn't have as many races to bet  
8 on that week.

9           But maybe someday in racing maybe there's going to be  
10 no races to bet on that week because the horse business is so  
11 bad that -- that you're not going to have -- have racing five  
12 days a week in the North anyways. So I think we need to  
13 consider that this is not just a machine that just keeps going.  
14 We've got to look at different ways to do it.

15           VICE CHAIR ISRAEL: John obviously is taking the  
16 Chairman's encouragement to be encouraging and optimistic.

17           COMMISSIONER HARRIS: Yeah. Well, no, I think we  
18 need to look at it. But it's -- it's more than just -- just  
19 saying that, oh, yeah, we'll throw some money here and there.  
20 I mean, I think we need to look at a total picture.

21           CHAIR BRACKPOOL: Stuart?

22           MR. TITUS: Just very briefly, Stuart Titus, General  
23 Manager at Humboldt County Fair. Very briefly, we're willing,  
24 as we always have been, to -- to work with all others who are  
25 involved in this process and to come out with -- with a plan

1 that is both reasonable and equitable.

2           We believe that there are far more benefits that came  
3 out of the one week un-overlapped this year than we had a  
4 chance to touch on yesterday. I hope to bring those -- those  
5 benefits more to the surface this year with the appropriate  
6 people. And we look forward to the -- the opportunity to do  
7 that.

8           CHAIR BRACKPOOL: Well, the opportunity to -- to do  
9 that was -- was pretty extensive yesterday because it was an  
10 open meeting for many hours just on the issue of all of these  
11 things. You know, you don't need to be bringing those back  
12 to -- to these seven members, trying to persuade us. You need  
13 to persuade your colleagues and Golden Gate and everybody else.  
14 That's where I really want the effort to do that.

15           And, John, I would really like you take the lead in  
16 trying to bring this to, you know, a conclusion and -- and then  
17 come back.

18           MR. ALKIRE: Chairman Brackpool, John Alkire, CEO of  
19 the Big Fresno Fair, and also Chairman of CARF. We heard your  
20 message and your words earlier today. We agree wholeheartedly  
21 100 percent and we're behind your leadership. And we will work  
22 something out and get something resolved, guaranteed.

23           CHAIR BRACKPOOL: Thank you. I think that by moving  
24 Stockton, which I hope you understand is I think the will of  
25 this Board, to the -- the June date, we then really didn't --

1 after we've resolved this issue I think we're pretty clear for  
2 the rest of the -- the year; right?

3 MR. KORBY: I would agree with that.

4 CHAIR BRACKPOOL: Right. So stay here for a moment.

5 TOC, do you have any comments on the -- on the  
6 Northern calendar?

7 MR. LAMOTHE: We'd be happy to participate in these  
8 discussions. Thank you.

9 CHAIR BRACKPOOL: Thank you. Alan?

10 MR. BALCH: Alan Balch, CTT. Likewise.

11 CHAIR BRACKPOOL: Thank you.

12 MR. KORBY: Chris Korby. And I would just like to  
13 say for the record that those of us who are involved in these  
14 discussions, and our stakeholders in the North have met  
15 regularly for the last six months and made every effort to work  
16 out the calendar.

17 And -- and I would offer to the Board that we were in  
18 agreement about the -- the 48 weeks of the calendar. There  
19 were not very many areas where we did not agree.

20 CHAIR BRACKPOOL: That's one week less than is in  
21 dispute at -- in the South; right?

22 VICE CHAIR ISRAEL: Two weeks less.

23 MR. KORBY: We have made the effort.

24 VICE CHAIR ISRAEL: But it's spread around so it  
25 seems like more.

1           CHAIR BRACKPOOL: No. I understand that. Look,  
2 it's -- it was -- it was much better than -- than last year.  
3 Yeah. I'd ask you just to stay where you are for a moment  
4 while I just -- I have public speakers. Leanne Howard wishes  
5 to speak on this issue.

6           MS. HOWARD: Leanne Howard wearing my California  
7 Thoroughbred Breeders Association hat. I also manage San Luis  
8 Rey Downs. And I want you to know that several of our trainers  
9 took horses up to Ferndale and had a wonderful time. One  
10 particular trainer is from England, and this is the sort of  
11 racing a lot of them do over there in England and Ireland. So  
12 they enjoyed it a lot.

13           And I think we need to think about more than just the  
14 money here. I think we need to think about the fact that  
15 Ferndale is -- it's a beautiful place. It's out of the way.  
16 It's different than all the other racing we have in California.  
17 And so I'm with John here, I think we need to -- Commissioner  
18 Harris, we need to keep this thing going somehow or another.

19           CHAIR BRACKPOOL: Yeah. When people say it's not  
20 just about the money that normally means it's somebody else's  
21 money, just like giving away the race dates that we had earlier  
22 on. But anyway --

23           VICE CHAIR ISRAEL: Any time we race it's about the  
24 money.

25           CHAIR BRACKPOOL: Right.

1           VICE CHAIR ISRAEL: But with Ferndale it's not about  
2 the money.

3           CHAIR BRACKPOOL: Richard, you spoke yesterday on the  
4 labor issue here. Did -- you didn't have a card for this.  
5 You're -- you're good?

6           MR. CASTRO: I'll add one thing. Richard Castro  
7 representing Pari-Mutuel Employees Guild. What I didn't say  
8 yesterday, and after listening to the comments today I will say  
9 this, and I realize the jobs are probably only about ten, when  
10 you have the overlap with Santa Rosa, we have in our work rules  
11 you can't bump in the last six days of a meet. There were  
12 people that couldn't get on every day down at Del Mar, and what  
13 they did -- they went up to Ferndale. It's about the only  
14 opportunity these higher numbered people have to go to work.

15           It's -- it's a very warm way of saying thank you when  
16 those higher numbered people can get a week's work, especially  
17 in the situation in Ferndale. Because what Stuart does is  
18 provide an area where we can literally camp. And when you're a  
19 mutuel clerk you're in a group with 10 or 15 people and they  
20 share a barbeque, it's really a family, good atmosphere. So I  
21 would hate to see that go away.

22           CHAIR BRACKPOOL: Well, but -- but your comment  
23 speaks to the need to continue racing at Ferndale and not to  
24 the issue of not racing overlap, because you would actually be  
25 speaking against that because --

1 MR. CASTRO: I'd like --

2 CHAIR BRACKPOOL: -- you want more work for more  
3 tellers.

4 MR. CASTRO: No. What I'm saying is the -- having  
5 one week of no overlap is beneficial to our higher numbered  
6 people that were working, because those people are basically  
7 locked into the meet. No one else can come in and bump them.  
8 And it's only about ten people but it is a good thing for those  
9 people.

10 VICE CHAIR ISRAEL: I'm completely confused. Are  
11 there more jobs in total or fewer jobs in total when Ferndale  
12 runs solo?

13 MR. CASTRO: I'd rather not answer that question. I  
14 mean, you know from what I'm saying, every time that there's  
15 overlap there's always more jobs. But I want to see them run a  
16 week unopposed. I don't want to see them go under.

17 CHAIR BRACKPOOL: Well, nobody here wants --

18 COMMISSIONER DEREK: Why is it fewer jobs? Why?

19 COMMISSIONER CHOPER: No one -- no one is trying to  
20 put them under. The -- the whole effort is to be able to  
21 have --

22 MR. CASTRO: Well, no. But I --

23 COMMISSIONER CHOPER: -- Ferndale continue to run.

24 MR. CASTRO: So the best thing for us would be to  
25 have two or three days of overlap, and then have one week

1 without overlap. That is what is best for us.

2 VICE CHAIR ISRAEL: But, wait. Why is that -- if  
3 it's fewer jobs why is that better for the union?

4 MR. CASTRO: No. Because the people that are already  
5 working in the other parts of the state aren't going to be  
6 moving, they're going to be staying there. But there will be a  
7 group of people that can't get work anywhere that will go to  
8 Ferndale, and those people will be able to work. Keep in mind,  
9 we used to have 2,500 people in the union. In the last four or  
10 five years we're down to 1,400. We used to have 800 people  
11 getting health coverage. We're down to less than 400 now.  
12 Those 10 or 12 people that are willing to make that sacrifice  
13 are people that have been working weekends. And now when they  
14 can go to certain fairs like Fresno --

15 VICE CHAIR ISRAEL: Time out.

16 MR. CASTRO: -- they can get health coverage.

17 VICE CHAIR ISRAEL: Time out. Okay. No one is  
18 proposing that Ferndale be shut down. What we're trying to  
19 find is a way for them to survive financially without the rest  
20 of the industry being hurt to the extent that it was hurt last  
21 year. We're trying to find a compromise where they can benefit  
22 financially. And so we're actually finding a way to create  
23 more jobs for your union so -- because I assume more clerks  
24 will be required if there are two tracks running simultaneously  
25 in the North.

1 CHAIR BRACKPOOL: Right.

2 VICE CHAIR ISRAEL: I don't think that's a faulty  
3 assumption. What you're saying is, frankly, counterintuitive.

4 MR. CASTRO: I --

5 CHAIR BRACKPOOL: Okay. But the --

6 MR. CASTRO: -- don't think I'm --

7 CHAIR BRACKPOOL: But --

8 MR. CASTRO: -- making myself clear to you.

9 CHAIR BRACKPOOL: Well, but, you know what, I think  
10 we understand. You're supportive of the fair. You're  
11 supportive of getting more jobs. We're supportive of the same  
12 thing. Let's leave that on a high note.

13 MR. CASTRO: Thank you.

14 CHAIR BRACKPOOL: Thank you. And I -- I do want to  
15 just reiterate what Vice Chair Israel just said. I really do  
16 think it's the spirit of this Board that we want to save and do  
17 whatever we can, and not just save but support, because  
18 Ferndale does offer a lot of benefits to this -- to this  
19 industry. We just need to analyze what is the best financial  
20 way for the industry to accomplish that, and that's what this  
21 is about. This is not about throwing anyone under a bus or  
22 closing anything down. And I don't know, if you listened to  
23 this meeting today and yesterday, I really want to come away  
24 with a different impression.

25 So, John, did you have something to add?

1           COMMISSIONER HARRIS: Well, I think I -- I agree.  
2 Clearly what we want to do is save Ferndale. But the proposal  
3 put forth by TOC, CTT and Golden Gate would have -- I mean, if  
4 all this --

5           CHAIR BRACKPOOL: But that's not on the table.

6           COMMISSIONER HARRIS: Yeah. But that's -- but they  
7 agree that -- that proposal, as long as they've got TOC, CTT  
8 and Golden Gate, you agree that proposal is now off the table  
9 and you're willing to renegotiate?

10          VICE CHAIR ISRAEL: They're -- that's what they're  
11 doing.

12          CHAIR BRACKPOOL: That's what they're saying.

13          VICE CHAIR ISRAEL: Yeah.

14          COMMISSIONER HARRIS: Okay.

15          CHAIR BRACKPOOL: That's what they're saying.

16          COMMISSIONER HARRIS: Well, anyway, I feel --

17          VICE CHAIR ISRAEL: They're engaging in conversation.

18          MR. KORBY: We'll proceed in the spirit articulated  
19 by the Chairman.

20          CHAIR BRACKPOOL: Yeah.

21          VICE CHAIR ISRAEL: Thank you.

22          CHAIR BRACKPOOL: Okay. So thank you for -- for  
23 that, everybody.

24                 So I believe that we should conclude items -- well,  
25 that's -- we've concluded number nine. That's item ten. And I

1 think based on where we are I would, again, say that I think  
2 yesterday was a very, very useful day. If anybody thinks that  
3 they got beaten up or harmed or whatever, this is just part of  
4 a process that is absolutely necessary because we can not carry  
5 on doing things the same way we have always done.

6 So with that I would recommend --

7 VICE CHAIR ISRAEL: No. No. Los Alamitos.

8 MS. WAGNER: Jackie Wagner, CHRB staff.

9 CHAIR BRACKPOOL: Yeah.

10 MS. WAGNER: I just want to make the -- bring it to  
11 the Board's attention, Los Alamitos dates were proposed. There  
12 was no --

13 CHAIR BRACKPOOL: Right.

14 MS. WAGNER: -- controversy on that one.

15 CHAIR BRACKPOOL: And the harness?

16 MS. WAGNER: And that's the harness that are  
17 proposed, as well.

18 CHAIR BRACKPOOL: Well, all right, so let's do this,  
19 let's take a vote to vote on the Los Al dates and the harness  
20 dates and adopt those dates as presented to the Board in the  
21 calendar as discussed yesterday. Do I have a motion for that?

22 VICE CHAIR ISRAEL: Moved.

23 CHAIR BRACKPOOL: Vice Chair Israel. Do I have a  
24 second?

25 COMMISSIONER MOSS: Second.

1 CHAIR BRACKPOOL: Second, Commissioner Moss. All in  
2 favor?

3 ALL COMMISSIONERS: Aye.

4 CHAIR BRACKPOOL: So the Los Alamitos dates and the  
5 harness dates are approved. Good catch, Jackie.

6 MS. WAGNER: Thank you.

7 CHAIR BRACKPOOL: On the Southern thoroughbred dates,  
8 on the Northern thoroughbred dates, I would make a motion that  
9 we table the vote until the October meeting.

10 COMMISSIONER CHOPER: Second.

11 CHAIR BRACKPOOL: Commissioner Choper seconds. All  
12 in favor?

13 ALL COMMISSIONERS: Aye.

14 CHAIR BRACKPOOL: Motion carries. But you've got to  
15 spend a lot of time talking. All right. We're -- we're open,  
16 we're available. But you've got to spend a lot of time talking  
17 in between that. Okay.

18 That brings us to the last open item of the day which  
19 is item number eight, discussion and action by the Board  
20 regarding a finding pursuant to Business and Professions Code  
21 Section 19483 and 19484, that MI Developments, Inc. ownership  
22 of Santa Anita Park Race Track, Golden Gate Fields and  
23 XpressBet better serves the purposes of Business and Profession  
24 Code, Division 8, Chapter 4, horse racing.

25 MR. DARUTY: Scott Daruty on behalf of MID.

1 MR. HAINES: George Haines, Santa Anita.

2 CHAIR BRACKPOOL: We have received the application  
3 for waiver. We have heard this issue now four times, five  
4 times, something like that. And I would say two things.

5 One, this really wasn't that hard and we shouldn't  
6 have made it that hard to put a document like this together.  
7 But number two, once again this is all about MID. This not  
8 about -- to me there's not enough in here about what's good for  
9 the sport and what's good for the public.

10 As far as I understand it, Counsel, our requirement  
11 here is to find that this is in the public interest to do this.

12 MR. MILLER: The -- it's better served. The purposes  
13 of the Horse Racing Law as spelled out by Business and  
14 Professions Code Section 19400 are better served by the  
15 ownership of more than one race meet association --

16 CHAIR BRACKPOOL: Right.

17 MR. MILLER: -- operator and advanced deposit  
18 wagering.

19 CHAIR BRACKPOOL: So rather than --

20 COMMISSIONER HARRIS: Better served doesn't mean not  
21 damage. It's got to be proactively better served?

22 MR. MILLER: Better served.

23 CHAIR BRACKPOOL: Better served. So rather than  
24 concentrating on reading to us what's in this book that we've  
25 all had a chance to -- to take a look at, I would like you to

1 give us an oral presentation on why horse racing is better  
2 served having MID own Santa Anita, Golden Gate and XpressBet  
3 rather than having MID own one of those and somebody else own  
4 the other two.

5           VICE CHAIR ISRAEL: And before you start I'd like to  
6 give you a little crib sheet on what you need to improve on.  
7 Nowhere in this document does the phrase public interest  
8 appear. Nowhere does the word workers appear. Nowhere does  
9 the word customer or consumer appear. None of that is  
10 referenced in any way in the document. So somehow you need to  
11 make up for that absence here so we have a better idea of why  
12 this is good for the people of California, which is essentially  
13 our charge.

14           CHAIR BRACKPOOL: So I know we have some speakers  
15 after this. But with that, why don't you begin your  
16 presentation.

17           MR. DARUTY: Well, as -- as pointed out in the  
18 document, I think if you look at racing across the nation you  
19 will see a trend toward consolidation. I think when you look  
20 for the reasons behind that trend what you will find is that  
21 racing is a historic business where you owned a racetrack and  
22 you ran it for three or four months, and then it went dark and  
23 the next racetrack opened up. That's a model that just doesn't  
24 work anymore.

25           And so, you know, if you look across the country you

1 see consolidation, potentially in New York with NYRA and OTB.  
2 You see consolidation in Kentucky with Churchill Downs  
3 acquiring various account wagering businesses and racetracks.  
4 You see a consolidation with Betfair acquiring TVG, a wagering  
5 platform and television network.

6           And -- and so to get to your point, I think the  
7 marketplace is dictating that the best way to put our product  
8 forward to the consumer is through, you know, consolidated  
9 entities. And so I know, okay, you're going to say what does  
10 that specifically mean for us in California. Well, let's --  
11 let's talk about that.

12           If Santa Anita and Golden Gate were owned separately  
13 you would not have the type of coordination you do. You just  
14 spent the last two days hearing all the racing associations,  
15 you know, everybody me, me, me. With the joint ownership you  
16 have an ability to start to run programs, such as the Preakness  
17 5.5, such as the similar program for fillies and mares that can  
18 start to bring back to the industry through this joint  
19 ownership new ideas and new concepts.

20           The ownership, I feel very, very strongly the fact  
21 that MID's predecessor owned both racetracks and an account  
22 wagering platform and a television network, I believe very  
23 strongly that that was one of the key factors towards the  
24 breaking up of -- of exclusive wagering rights. That was one  
25 of the things that if you asked the public what did you most

1 dislike about racing going back three or four years you would  
2 have heard that you can't bet Santa Anita on TVG and you can't  
3 bet Hollywood Park on XpressBet or the others and that there  
4 was all this exclusivity. I think -- I know that was a  
5 different entity. But the -- the fact that these assets were  
6 all owned jointly was -- was a big factor in that. Now  
7 horsemen who were involved and regulators and other, but I  
8 don't believe they would have reached the tipping point had  
9 every -- every asset in this industry remained isolated in its  
10 own little area.

11           So, again, you've asked me not to -- to repeat  
12 what's -- what's in the document. But I do think we've laid  
13 out a number of items related to the joint ownership that we  
14 think actually creates value. I think when you look at the  
15 implementation of the new take-out increase, okay, it's  
16 something that's very important for our industry, something  
17 that's very important for the horsemen of our industry, I  
18 believe what you're going to see is Santa Anita and Golden Gate  
19 Fields taking a very key role in implementing that, and in  
20 doing so to benefit not just our tracks but all tracks in the  
21 country. And we have the ability through our multiple assets  
22 to, I believe, accomplish things that standalone tracks do not.

23           We have implemented -- our predecessor implemented  
24 through the ownership of multiple tracks, and MID has now  
25 carried on in -- in a new entity with compliance and integrity

1 efforts that I believe are -- are very important to the  
2 industry and do serve the public interest, but are also just  
3 not feasible. It's hard to ask Del Mar, who runs seven weeks a  
4 year, to fund, you know, a full-time position with travel and  
5 go to Latin America.

6 I was in Chile last week, we have another guy who was  
7 in Latin America, to look at integrity issues, to try to expand  
8 pari-mutuel pulls, expand wagering throughout, you know, in  
9 this particular case the Latin American region, but also  
10 elsewhere.

11 We've worked with other racetracks within California  
12 and with the horsemen on those initiatives. But if everybody's  
13 standing alone and running a small meet it's impossible to fund  
14 those sorts of things. When you have this critical mass you  
15 can start to layer in these other functions that aren't  
16 possible.

17 So those are a few -- just a few ways that I believe  
18 the joint ownership is actually beneficial to California  
19 racing. And I believe accordingly that you would actually be  
20 harming California racing if you were to say, no, these assets  
21 have to be held by totally independent businesses.

22 VICE CHAIR ISRAEL: Well, what about the customer?  
23 How does the customer benefit from that?

24 MR. DARUTY: Well, I just gave an example. Three or  
25 four years ago customers couldn't bet on whatever wagering

1 signal they wanted to bet on through their choice of -- of  
2 account wagering.

3 CHAIR BRACKPOOL: Now they just can't watch whatever  
4 they want to bet on --

5 MR. DARUTY: Well, there is --

6 CHAIR BRACKPOOL: -- because you control that signal,  
7 as well, and you restrict the -- the signal. I mean, you know,  
8 the vast majority of people in Southern California can't watch  
9 Santa Anita when it races because they haven't gone out and  
10 subscribed for the -- the satellite provider. So that to me  
11 flies in the face of helping the consumer.

12 MR. DARUTY: Actually, I would take strong exception  
13 to that comment. I think you're wrong. I think if you look  
14 historically at the television model our competitor has  
15 fiercely guarded its exclusive content. And as a matter of  
16 competition to put pressure on us to get all our content to  
17 them while they hold very important on an exclusive basis I  
18 think is unfair and inappropriate.

19 CHAIR BRACKPOOL: I didn't -- now you're -- now  
20 you're leaping. Now you're leaping way down.

21 What my point is, that if we're going to promote  
22 horse racing, right, we have to promote horse racing. That  
23 means I would have them sitting here saying exactly the same  
24 thing to them that I'm saying to you. This is not saying it to  
25 you. But this is an issue to say that if -- if we're trying to

1 promote a sport, and that's certainly our function, and they  
2 won't let you show it when they have their rights and you won't  
3 let them show it when you have their rights it means that  
4 people can only watch a portion of the races for a portion of  
5 the year. That just has to be bad for the consumer. You can  
6 not possibly say that's a benefit to the consumer.

7           COMMISSIONER ROSENBERG: I have a question, Mr.  
8 Chairman.

9           CHAIR BRACKPOOL: Please.

10           COMMISSIONER ROSENBERG: Could you explain the  
11 benefit to the public to having one entity own the two  
12 racetracks, and specifically an ADW? What's the benefit to  
13 the -- to racing overall for -- by having them own an ADW?

14           MR. DARUTY: Well, I think there's a natural tendency  
15 to say if you own an account wagering company and a racetrack  
16 you have a conflict. And I've heard people my entire career,  
17 since XpressBet was created, make that point.

18           I disagree with that point. Account wagering is a  
19 means of delivering our product to consumers. And I believe  
20 when you take our product and turn it over into the hands of  
21 total third parties and ask them to provide that service you're  
22 doing a disservice to yourself and to the consumer. There is a  
23 natural tendency, I believe, for an account wagering business,  
24 if it's not owned by racetracks, to try to draw consumers away  
25 from the racetrack, to try to take on contract handle and

1 convert it into account wagering business. When you see  
2 certain account wagering companies go into jurisdictions and  
3 take bets out of the jurisdiction without paying fair and  
4 appropriate source market fees back to the live racing industry  
5 in that jurisdiction, that's a function of -- of them not  
6 caring about racing.

7 I would much rather have account wagering companies  
8 that are owned by industry constituents, whether that be  
9 racetracks or horsemen, who care about live racing and want to  
10 see it succeed and who, you know, go through in-depth  
11 marketing -- and perhaps Robert can speak with some of the  
12 things that we've done at Golden Gate Fields -- but in-depth  
13 marketing programs carried on in partnership by the account  
14 wagering company, XpressBet, and the racetrack to try to -- to  
15 actually bring fans out to the track. I think that's a  
16 positive. I don't think that's a negative. And I think that  
17 helps both racing and, ultimately, the consumer.

18 VICE CHAIR ISRAEL: Well, I agree with you, and I  
19 actually think all betting pools should be treated the same  
20 when it comes to chopping up the take-out, and that the models  
21 that were created ten years ago at the advent of internet  
22 betting have been very extremely deleterious and hell to the  
23 industry, and they need to be reconsidered. But --

24 CHAIR BRACKPOOL: That's not necessarily responsive  
25 to -- to Commissioner Rosenberg's question.

1 VICE CHAIR ISRAEL: Yeas

2 CHAIR BRACKPOOL: Right.

3 MR. DARUTY: Sir, I'm sorry. Do you feel I did not  
4 answer the question?

5 COMMISSIONER ROSENBERG: No. No. No. I'm just  
6 saying that Commissioner Israel --

7 CHAIR BRACKPOOL: No. I'm saying --

8 COMMISSIONER ROSENBERG: -- is kind of on another  
9 subject --

10 CHAIR BRACKPOOL: -- that David's point --

11 COMMISSIONER ROSENBERG: -- which --

12 CHAIR BRACKPOOL: -- was a more general point --

13 COMMISSIONER ROSENBERG: -- which I agree with, by  
14 the way.

15 CHAIR BRACKPOOL: -- as opposed to being responsive  
16 to --

17 COMMISSIONER ROSENBERG: Yeah.

18 CHAIR BRACKPOOL: -- to that point there.

19 I've seen recently, and I'm pleased to see these  
20 promotional concepts that MID is bringing in, you know, the  
21 Preakness 5.5, the -- I mean, I just think we need more and  
22 more of these ideas. So I think that those are -- those are  
23 good things.

24 Explain to me why the ownership of Golden Gate and  
25 Santa Anita, though, is a benefit in that situation. Because

1 that seems to be more of a national concept to promote MID's  
2 national interests. And I think it -- it appears to be smart  
3 corporate policy to try and have some logic as to why you'd run  
4 a Preakness or why you'd run Black-eyed Susan or whatever. But  
5 explain to me why it's good for the California public that MID  
6 own the two tracks in California --

7 MR. DARUTY: Well --

8 CHAIR BRACKPOOL: -- in that concept.

9 MR. DARUTY: -- I think if -- if both tracks weren't  
10 owned they wouldn't both be participating in -- in this  
11 national program. In other words, if this Board says we're not  
12 going to grant the waiver, so MID, you need to sell Golden Gate  
13 Fields, first of all, as we've heard, I think you'd probably  
14 have about a dozen developers lining up and maybe one racetrack  
15 owner at the end of that line. But let's assume we found  
16 somebody to buy Golden Gate Fields and operate it as a  
17 racetrack, they wouldn't then be participating in this national  
18 program because they would not be part of the Magna family.

19 So I think it is important that both tracks be not  
20 just jointly owned but also part of a broader group of  
21 racetracks. I mean, we -- we have sold our racing signals, and  
22 this came to a point I made a little bit earlier, as -- as a  
23 package, as -- as all the MID racetracks, and when we do that  
24 we, I believe, help California racing achieve additional value  
25 by being able to package it with the Preakness Stakes and the

1 racing from Gulfstream. And I think that's beneficial to the  
2 horsemen that run at our tracks, but also carries over to other  
3 tracks in California who many times then get the benefit of  
4 those same rates.

5 VICE CHAIR ISRAEL: Okay. I -- Robert was going to  
6 ask a question.

7 I -- obviously this meeting has shown us that we have  
8 problems in -- in -- within the industry in that the holders of  
9 various racing association licenses view other licensees as  
10 competitors rather than as partners. And to that extent I'm  
11 wondering what kind of synergies we might see from Magna  
12 entities that create a seamless continuum that promotes horse  
13 racing as the seasons ends at one of your tracks and moves to  
14 another track.

15 For instance, in the NBA, in the NFL and in Major  
16 League Baseball, in their deals with television networks, the  
17 partners in television, they require that one television  
18 network promote the games that are upcoming on a competing  
19 television network.

20 The example that I'll give you that's the most  
21 obvious, Sunday Night Football on NBC. The NFL requires NBC to  
22 promote the upcoming Monday night game on ESPN, even though  
23 that game will be competing against NBC's programming the next  
24 night. They require the same of Fox and CBS during the day to  
25 promote the Sunday night game. The NBA requires ESPN and ABC

1 to promote games that are upcoming on TNT and on -- and on  
2 other -- and -- and on their NBA Direct TV network.

3           That kind of seamless promotion and synergy has never  
4 existed in horse racing, as far as I can tell. When -- when  
5 your seasons ends on April 20th it's like horse racing is going  
6 to cease and nobody's told anybody to come and continue to  
7 watch horse racing at Hollywood Park and that there's going to  
8 be a great day there for the Kentucky Derby. When it ends at  
9 Hollywood Park no one's bothering to tell anybody to go to Del  
10 Mar. And it -- and it just -- it's circular. It's, you know,  
11 Del Mar to Fairplex, Fairplex to -- to the Oak Tree meet, the  
12 Oak Tree, you know, to Hollywood, and then Hollywood to you.  
13 There -- there's never been any sort of sensible continuum of  
14 promotion and marketing.

15           And -- and I -- and, again, I want to know how you  
16 can use what essentially would become some sort of monopoly to  
17 end that and to promote racing as a whole.

18           MR. HARTMAN: Robert Hartman, Golden Gate Fields. I  
19 can speak to Northern California and correct some of the -- the  
20 misperceptions that -- that are out there.

21           The racing secretary at Golden Gate Fields and the  
22 racing secretary at the fairs worked together to create a  
23 racing program so the races at the end of Golden Gate didn't  
24 hurt the beginning of the fair season in Stockton, the -- the  
25 Pleasanton meet. In addition, the same thing on the flipside,

1 the end of the fair meet kind of worked together with the  
2 racing secretary to -- to make sure the flow coming back to  
3 Golden Gate Fields was unison.

4 In addition, from a marketing standpoint the fairs  
5 promoted the opening of Golden Gate Fields back in August.  
6 There were ads at Cal Expo. There were ads at those places to  
7 promote Golden Gate, and we did the same thing for the fair.

8 VICE CHAIR ISRAEL: Okay. Good.

9 MR. HARTMAN: So -- so there is -- there is that  
10 synergy.

11 But -- but I think the internal synergy that we get  
12 between Santa Anita and -- and Golden Gate is equally as  
13 important. The two marketing departments work together for the  
14 good of the fan. From Golden Gate Fields standpoint Santa  
15 Anita is the only track in Southern California that we're in  
16 person unison every 15 minutes we have a race, that doesn't  
17 work with the other Southern California tracks for various  
18 reasons, and that's good for the fans.

19 VICE CHAIR ISRAEL: All right. Robert, let me  
20 interrupt you, though. In Southern California I don't think  
21 anybody will dispute that doesn't happen, what -- what you  
22 said. And -- and I think it's because Santa Anita and  
23 Hollywood have for time immemorial viewed each other as  
24 competitors.

25 MR. HAINES: Can I --

1 VICE CHAIR ISRAEL: Huh?

2 MR. HAINES: Can I -- can I address that?

3 VICE CHAIR ISRAEL: Sure, George.

4 MR. HAINES: George Haines. We do promote Hollywood  
5 Park at the end of the meet with a program ad. And, also, we  
6 promote on a daily basis Los Alamitos at night. They run ads  
7 in our program.

8 VICE CHAIR ISRAEL: For free?

9 CHAIR BRACKPOOL: Well, that's --

10 MR. HAINES: Not for free. But we -- we talk  
11 about --

12 VICE CHAIR ISRAEL: Is there a trade-out, is that --

13 MR. HAINES: And we take their racing, even though we  
14 may lose money, on their product at night. And we also support  
15 them and take their -- their --

16 CHAIR BRACKPOOL: Well, we're -- we're talking about  
17 little bits here. We're trying to --

18 VICE CHAIR ISRAEL: Yeah.

19 CHAIR BRACKPOOL: We're trying to --

20 COMMISSIONER CHOPER: I have a couple of questions.

21 CHAIR BRACKPOOL: -- go up and have a look and do the  
22 whole, I mean, the whole -- the whole thing.

23 VICE CHAIR ISRAEL: I mean, this needs to be looked  
24 at from 30,000 feet, to use one of those horrible NBA, you  
25 know --

1 CHAIR BRACKPOOL: I am --

2 VICE CHAIR ISRAEL: -- phrases.

3 COMMISSIONER CHOPER: Chairman?

4 CHAIR BRACKPOOL: I am -- I am heartened to hear what  
5 you said about the cooperation and all. I think that's -- I  
6 think that's good. I had actually heard from a couple of air  
7 racing secretaries that everything, this year in particular,  
8 was a big improvement. So I think that's -- that's good that  
9 we have -- you know, inside our sport, where we all spend a lot  
10 of time inside our sport, and we've got to try to create  
11 something new. And I think our job is to try and also figure  
12 out how we help something new. So we're talking more about how  
13 we use this ownership to continue to promote. And, again, this  
14 is not just particular to you. These are the change we want to  
15 see all the way through and go from there.

16 But whenever you have an entity that has the level of  
17 control over the live product that you do as an entity it's  
18 obviously a concern. My particular concern is not being able  
19 to watch the live product for -- for consumers. You know,  
20 David, you know, comes up with a different point.

21 Commissioner Derek.

22 COMMISSIONER DEREK: Yeah. I'm curious with what the  
23 benefit is with TrackNet Media dissolving and now Monarch,  
24 your -- one of your companies would be sole owner of this  
25 simulcast signal company, what the benefit of that would be?

1 MR. DARUTY: Well, that's a good question. It  
2 actually involves a fairly detailed response.

3 If you go back four or five years what you saw in our  
4 industry was a lot of racetracks of high quality, Del Mar,  
5 Keeneland, NYRA, Santa Anita, they all had a product to sell,  
6 and they all went out to sell it by themselves. On Keeneland,  
7 do you want to buy my racing for simulcast purposes at your  
8 facility? On Del Mar, would you like to buy my product for  
9 racing -- wagering at your -- at your facility? They all sold  
10 on a standalone basis.

11 But what did we have on the buying side? We had New  
12 York OTV. Not just New York City OTV but all five regions of  
13 New York OTV in the entire state purchasing as a group. You  
14 had the Mid-Atlantic Cooperative which was 15 or 16 racetracks  
15 up and down the Eastern Seaboard, all bought property -- all  
16 bought simulcast rights as a group but from the individual  
17 racetracks. You had Nevada where you had every casino on the  
18 State of Nevada buy as a group. You had Canada. You don't  
19 deal with one Canadian track when you sell the signals, you  
20 deal with the whole country of Canada.

21 So what did that mean from a leverage standpoint? I  
22 mean, the buyers had all the leverage. And the sellers said,  
23 gosh, if I want you to take my product I'm going to, you know,  
24 give you whatever price you want. And you know what, we're a  
25 racing industry that, as -- as Vice Chairman Israel said

1 earlier, it takes a lot of money. It's very expensive to put  
2 on our product. And a number of racetracks concluded that it  
3 was time for the -- to balance the playing field on the  
4 purchase and sale of simulcast signals. And that was part of  
5 what led to the creation of TrackNet.

6           The other part was a wagering compliance program that  
7 could be funded by multiple racetracks. When TrackNet was  
8 formed there was about 16 or so racetracks that participated in  
9 it. And we believe, again, that was very helpful in solving  
10 problems like the exclusive wagering rights that account  
11 wagering companies had. There's been tremendous increases, not  
12 just for our tracks but that's that spillover effect, I think,  
13 to other tracks in terms of how fairly the entity, the horsemen  
14 and the racetrack have put on a show, how fairly they are  
15 compensated by the receiving location.

16           So TrackNet has now dissolved. But a new entity has  
17 been formed by MID and its racetracks in its place, not  
18 exclusively for MID tracks but for other tracks, as well, to  
19 try to make sure we maintain that balance between these big  
20 huge buying cooperatives that are trying to drive prices down  
21 and the sellers who, if you have quality content as a racetrack  
22 and -- and a horsemen's group you want to make sure you're  
23 getting fairly compensated for your product.

24           COMMISSIONER CHOPER: And I think that you pointed  
25 out in your materials that you have others coming in. Who are

1 they? Any -- any other development on that? Who is there  
2 besides the -- the Magna racetracks?

3 MR. DARUTY: We've -- we've had a number of  
4 discussions. Some are very close, some are a little bit  
5 farther out because --

6 COMMISSIONER CHOPER: But you're confident that  
7 there -- there are going to be more?

8 MR. DARUTY: Yes.

9 COMMISSIONER CHOPER: Okay.

10 VICE CHAIR ISRAEL: Well, what -- what number of  
11 racetracks or racing days is critical mass for you, you know,  
12 to make a deal? Where do you really get -- where do you have a  
13 leverage point?

14 MR. DARUTY: Well, we think the -- we think the  
15 package of content that we have right now just with the MID  
16 tracks is -- is very attractive to purchasers. And we can  
17 help, because of that attractiveness, of course, within all  
18 bounds of law, antitrust and otherwise, we always operate  
19 within those constraints, but we think the package that we have  
20 right now is really good. We think it would be stronger if,  
21 for example, there were cooperation among California racetracks  
22 now that we're all trying to implement this take-out increase.  
23 Again, we've had discussions with some out-of-state tracks, as  
24 well.

25 So as far as what tracks are going to come in, I

1 can't tell you specifically right now because we don't have  
2 signed agreements there.

3 MR. GUTTERMAN: Mr. Chairman?

4 CHAIR BRACKPOOL: Yes.

5 MR. GUTTERMAN: Allen Gutterman, Santa Anita. I want  
6 to point out a couple of things here because we may have  
7 bypassed it, then to, quickly, dealing with common ownership  
8 and some of the benefits.

9 Through this year there's currently one \$1 million  
10 race in California, and that's the Pacific Classic. Next year  
11 the Santa Anita Derby will -- will go from 750 to a million as  
12 part of this overall Preakness arrangement.

13 As part of that, too, MID is currently in  
14 negotiations with a number of different television networks  
15 that Preakness -- the -- that -- the national broadcast of the  
16 Preakness. And part of that deal will include the broadcast of  
17 the Santa Anita Derby, too.

18 So these are the kind of things that -- that we  
19 should not bypass so quickly as -- as benefits that come from  
20 common ownership.

21 CHAIR BRACKPOOL: Well, none -- none of that has  
22 anything to do with common ownership within the State of  
23 California. That's common ownership, corporate.

24 MR. GUTTERMAN: Except that we have a race now that's  
25 \$1 million, and we have a race that's now \$1 million. And we

1 have --

2 CHAIR BRACKPOOL: But that's not to do with owning  
3 two tracks in California. That's to do with MID owning the  
4 track in Pimlico and owning Santa Anita and wanting to promote  
5 the two.

6 COMMISSIONER CHOPER: Well, they've got one at Golden  
7 Gate, too, don't you?

8 MR. GUTTERMAN: Yes. That would increase the purses  
9 at -- at Golden Gate. But all of the races --

10 COMMISSIONER CHOPER: No. I mean, I thought you have  
11 one race that's in one of these --

12 MR. GUTTERMAN: Yes.

13 COMMISSIONER CHOPER: -- I can't keep up with the  
14 details -- but in one -- one of these combinations?

15 MR. GUTTERMAN: Correct. (Inaudible), yes.

16 COMMISSIONER CHOPER: It's one of an alternative.

17 VICE CHAIR ISRAEL: For the Preakness or for the  
18 Black-eyed Susan?

19 CHAIR BRACKPOOL: Both.

20 MR. GUTTERMAN: Both.

21 CHAIR BRACKPOOL: Okay. Well, then that's a benefit.

22 VICE CHAIR ISRAEL: Yeah.

23 CHAIR BRACKPOOL: That's -- that's -- Commissioner  
24 Rosenberg.

25 COMMISSIONER ROSENBERG: A question that sort of ties

1 in with the prior discussion about the race dates and the  
2 desire to have a long-term calendar as opposed to a one-year-  
3 at-a-time calendar. We -- we have ended up with a situation  
4 with three of the major of the four major racetracks in the  
5 state owned by land companies. You know, one land company we  
6 talked about a lot is a very -- you know, in the process of  
7 developing -- plans to develop the property.

8           But MID is basically a public company that owns real  
9 estate, plus they own some racing operations and, you know,  
10 ADW. It's a public company controlled, as I understand it, by  
11 one family in terms of voting control, the board and the stock.

12           So when we talk about long-term planning we're making  
13 an assumption that was based upon statements made by the  
14 individual who -- whose family controls this stock that the  
15 intention is to -- to keep racing at these facilities. What  
16 happens when that person ultimately departs the scene, in terms  
17 of the corporations control will result -- will turn over to  
18 these other people? So in reality, real terms, MID can't  
19 guarantee any more than Hollywood Park's owners are willing to  
20 guarantee how long they will be able to race there.

21           MR. DARUTY: Well, I'm not -- I understand your  
22 point. I'm not sure that there's ever really any guarantees of  
23 anything. I mean, I guess it's theoretically possible, you  
24 know, the state was talking about selling fairgrounds a year or  
25 two ago. And, of course, that didn't happen.

1           But, you know, our -- our mandate from the, you know,  
2 the entity we work for is -- is to make racing in California  
3 work and to be committed and to make, you know, again, an  
4 investment of many, many millions of dollars in a new track  
5 surface that we're going to be using for, you know, many, many  
6 years into the future. That's our -- that's our plan as we sit  
7 here.

8           MR. HAINES: Another thing that you addressed was  
9 what's it going for the racing fan. Well, the assets of MID  
10 are so extensive that they can allow for the capital to develop  
11 new markets. We are aggressively developing the Asian market,  
12 which you will see at the Santa Anita meet, which is an  
13 untapped --

14           VICE CHAIR ISRAEL: You mean the Asian-America  
15 market?

16           MR. HAINES: Asian-American market.

17           VICE CHAIR ISRAEL: Right.

18           MR. HAINES: That is an untapped resource in our --  
19 in our area. We are very aggressively going after that. And  
20 we'll -- we'll spend the money that it takes to develop it on a  
21 long-term basis.

22           Also, getting back to the Preakness 5.5 and the --  
23 the Black-eyed Susan, the races -- the preparations will be  
24 better and we'll attract better horses. More eyes will be on  
25 those races, more television coverage. So, yes, it's going to

1 greatly give more benefit to the fans of Santa Anita.

2 CHAIR BRACKPOOL: Well, let me -- let me combine  
3 Commissioner Rosenberg's last comment with -- with the issue  
4 that -- that you, Scott, raised yesterday, which is, you know,  
5 racing 17 weeks a year is just not sustainable.

6 So what is the commitment? I mean, we're going to  
7 demand as -- as part of any application a commitment of people  
8 to -- to -- to stay open. What is your commitment to -- to  
9 stay open here? Is there a commitment to keep both tracks  
10 going? Or is this an issue that you want the waiver and then  
11 your chairman will decide which track he decides to keep open  
12 or whatever? Is there -- is there a commitment being offered  
13 to keep both tracks if you get a waiver to operate both tracks?

14 MR. DARUTY: Well, as, you know, as I sit here today  
15 I'm not prepared to -- to say what his specific commitment is.  
16 I can tell you that our -- our, you know, our mandate has been  
17 to -- to continue to work with long-term plans of renovating  
18 barns at Santa Anita and putting a new track in at Santa Anita  
19 with the intention that we're going to be racing here forever.  
20 We don't know what racing dates we get next year, let alone in  
21 2012 or 2013 or 2014. So I suppose, you know, we could be  
22 facing a situation where Hollywood Park is still around and,  
23 you know, maybe for whatever reason we have less stakes than  
24 than we do now. I don't know. I mean, it's hard to say  
25 anything certain.

1 CHAIR BRACKPOOL: And Golden Gate?

2 MR. DARUTY: I'm sorry, and Golden Gate?

3 VICE CHAIR ISRAEL: Yeah.

4 CHAIR BRACKPOOL: Golden Gate. Do you have a  
5 commitment to keep Golden Gate going?

6 MR. DARUTY: Right now the plan is to continue racing  
7 at -- at Golden Gate Fields. You know, the Northern California  
8 racing industry is like the industry across the state and  
9 across the country, it's a challenge. And -- and we want to  
10 work with the industry and continue to do everything we can  
11 to -- to make it successful.

12 CHAIR BRACKPOOL: But a waiver, if one was granted  
13 that was conditioned upon keeping all these things going would  
14 be something that -- that would be acceptable to you?

15 MR. DARUTY: I can't say as I sit here whether that  
16 would or would not be acceptable. There would be a whole lot  
17 of -- of other issues. I mean, again, what would we be  
18 committing to? What race dates would we be committing to with  
19 the waiver?

20 CHAIR BRACKPOOL: We do still have XpressBet.

21 COMMISSIONER CHOPER: What are the consequences of a  
22 breach?

23 CHAIR BRACKPOOL: Right.

24 MR. DARUTY: Well, I mean, ultimately --

25 COMMISSIONER CHOPER: No. I mean, that's just

1 another thing to add to your list.

2 MR. DARUTY: Right. You know, ultimately, the way  
3 this industry has historically worked is this Board had a  
4 hammer that it held over everybody's head every year and that  
5 was over the race dates. And because you grant a waiver to us  
6 here today that says MID is -- is, you know, allowed to own  
7 these multiple assets doesn't mean we're going to get race  
8 dates we want or any race dates, necessarily, in the future. I  
9 mean, ultimately, you know, we've got to come back to this  
10 Board every year and say here's what we're doing, here's what  
11 we've done for you lately, here's the dates we would like, and  
12 it's ultimately your decision.

13 VICE CHAIR ISRAEL: Yeah. But we --

14 CHAIR BRACKPOOL: No. But we --

15 VICE CHAIR ISRAEL: -- we can grant race dates and  
16 you -- you can say, sorry, we don't accept them, we're going to  
17 build a shopping mall. And then --

18 MR. DARUTY: Well, that's a different --

19 VICE CHAIR ISRAEL: And we're up the creek without a  
20 paddle.

21 MR. DARUTY: That's a different question. If you're  
22 saying that the Board is prepared to grant --

23 VICE CHAIR ISRAEL: No. That's the question --

24 MR. DARUTY: -- race dates for a specified period of  
25 time but before doing that we'd need a commitment that those

1 dates would actually be used, that's a conversation that, of  
2 course, we're -- we're very willing to have.

3 CHAIR BRACKPOOL: Right. And I do -- one of the  
4 things that I think you have to understand in -- in the world  
5 of perception begets, you know, reality is that, you know,  
6 George tells us yesterday that he made some fairly benign  
7 remarks at the CTT meeting on Monday night about, you know, we  
8 may not be able to keep the track open. And I know that  
9 everyone of us received, you know, dozens of emails and phone  
10 calls immediately saying Santa Anita's closing. Right.

11 So I think you have to understand the position  
12 that -- that you're in. Obligations come with -- with these  
13 rewards, as well.

14 MR. DARUTY: And as long as that works both ways,  
15 yes.

16 CHAIR BRACKPOOL: Yeah.

17 MR. DARUTY: I mean, I don't think it would be fair  
18 for us to say we want to know what our dates are in the future  
19 but not commit to run those dates. But likewise, I don't think  
20 it's necessarily fair for the Board to say you're committed to  
21 run and we'll tell you later what you get.

22 VICE CHAIR ISRAEL: Can I -- I'm obviously interested  
23 in the television aspect of this, something Allen said that led  
24 me to wonder, as you sell the rights to the Preakness you're no  
25 longer partnering with Churchill in selling those rights?

1 MR. GUTTERMAN: I don't know what's -- right now what  
2 direction it's going in. I can't tell you what -- how those  
3 conversations are going.

4 VICE CHAIR ISRAEL: Because the implication is you're  
5 going to make a network deal that includes races run in  
6 California. And a promotional thing, if you're on a network  
7 with the Santa Anita Derby and whatever other races will be run  
8 at Golden Gate and Santa Anita in preparation for that, that's  
9 very beneficial to California racing. I'd like to know how  
10 you're going to accomplish that. What -- what -- I mean, you  
11 can't just throw it out there and then reel it back in and  
12 say --

13 MR. GUTTERMAN: I'm saying --

14 VICE CHAIR ISRAEL: -- well, we really --

15 MR. GUTTERMAN: We've accomplished it before. The  
16 Santa Derby has been on television for the last couple of  
17 years.

18 VICE CHAIR ISRAEL: Yeah. As -- as a one off kind of  
19 thing.

20 CHAIR BRACKPOOL: So we have one -- I have one --

21 MR. GUTTERMAN: I have -- I have two, and the  
22 Preakness broadcast.

23 CHAIR BRACKPOOL: I understand. But we have one race  
24 that most people in Southern California can watch at Santa  
25 Anita. That, in my view, is not --

1 COMMISSIONER DEREK: Yes.

2 CHAIR BRACKPOOL: -- the definition of television  
3 distribution. You are holding the product -- I fully admit, I  
4 was doing the same. So I'm going to have the others sit here  
5 at the next meeting and get into the same thing. This sport  
6 can not survive by refusing to show the sport to people. In  
7 this book you have it says you can watch live streaming video  
8 for \$19.95 a month. How many paid subscribers pay \$20.00 a  
9 month to watch something on their computer screen that they can  
10 watch for free on an ADW network.

11 MR. DARUTY: It is \$9.95, not \$19.95. And we have a  
12 surprisingly large number of subscribers.

13 CHAIR BRACKPOOL: Which is how many?

14 MR. DARUTY: And there's -- there's an issue here  
15 that we have to remember. What -- what is being viewed on an  
16 ADW is -- is a live stream of the simulcast feed.

17 CHAIR BRACKPOOL: Right.

18 MR. DARUTY: That's great fro some customers, it's  
19 not great for other customers. In other words, some people  
20 want to watch, you know, the -- the entire simulcast feed, the  
21 horses in the paddock, the jockeys getting up, the post parade,  
22 everything. No -- there's obviously no comment, there's no  
23 talent on that. That's just a --

24 CHAIR BRACKPOOL: Right.

25 MR. DARUTY: -- video feed.

1 CHAIR BRACKPOOL: Right.

2 MR. DARUTY: Some people really want to watch that.  
3 That can be streamed. By the way, anybody who wants to watch  
4 that, through the efforts of -- of our parent company and --  
5 and as well as others within the industry, that's now available  
6 in your home via television through the RTN Network, which is  
7 following on, by the way, what every other sport does. The NFL  
8 has a package for a certain subscription price you can get --

9 CHAIR BRACKPOOL: Okay. Just get back to -- to my --  
10 to the question. How many subscribers pay the \$9.95 a month to  
11 watch the live streaming HRTV?

12 MR. DARUTY: I -- that's confidential information and  
13 I'm not --

14 CHAIR BRACKPOOL: It's confidential to me? Really?

15 COMMISSIONER CHOPER: It's not a lot of money. It's  
16 not going to cost you anything.

17 MR. DARUTY: I -- I -- as I sit here I don't -- I  
18 don't know the exact numbers, but --

19 CHAIR BRACKPOOL: Well, you said it's a surprisingly  
20 large number.

21 COMMISSIONER DEREK: Yes.

22 CHAIR BRACKPOOL: So it must have surprised you when  
23 you heard the number.

24 COMMISSIONER CHOPER: Give him an approximate.

25 COMMISSIONER DEREK: Slip him a piece of paper.

1 CHAIR BRACKPOOL: Give me a range. Is it 1,000,  
2 2,000 --

3 MR. DARUTY: It's more than --

4 CHAIR BRACKPOOL: -- a million?

5 MR. DARUTY: No. It's north of the number. It's --

6 CHAIR BRACKPOOL: Well, okay, we can play that game.  
7 So is it 10,000 or is it -- what? Just give me -- give me a  
8 range of what we're talking about here. Because I don't  
9 believe the sport is getting the distribution that it needs.  
10 And that concerns me, personally, about allowing concentrated  
11 control of that distribution to remain when you're refusing to  
12 release it to others.

13 VICE CHAIR ISRAEL: Look, let me see if I can make it  
14 even clearer. I'm sorry Jerry's leaving the room now. One of  
15 the great -- one of the great disservices was that when  
16 Zenyatta ran at Oaklawn the race was only on HRTV. And for  
17 those 300,000,000 Americans who don't have HRTV -- and it was  
18 run about four o'clock of five o'clock on a Friday afternoon,  
19 you know, when no one was home to watch it -- you had to -- I  
20 was able to bootleg onto -- onto some HRTV signal on -- on a  
21 computer and see a lousy picture of -- of Zenyatta's race. Now  
22 here's the most famous, most successful race horse in America  
23 running for \$500,000 instead of \$5 million because Jess Jackson  
24 took a powder, and -- and there is absolutely zero promotion  
25 for the industry as a whole. This may be the greatest race

1 horse who ever ran at the peak of her career and no one could  
2 see the goddamn race.

3           And it's -- that -- that's a function of -- of the  
4 selfishness and the self-interest, in this case, of HRTV, but  
5 it's happened with TVG. And it's so counterproductive as to be  
6 infuriating.

7           And here, I mean, I'd like to know if there's some  
8 plan to use the leverage you have with the Preakness and the  
9 more -- the greater -- the interest that you're going to  
10 develop with this \$5.5 million bonus thing to do something that  
11 benefits racing as a whole and get all these races in  
12 California on a network. And you want the -- you want the  
13 waiver but you don't have the plan.

14           MR. DARUTY: Of course there's a plan. And as we sit  
15 here and this Board asks certain specific information that  
16 undercuts our ability to help implement that plan. That's part  
17 of the reason --

18           VICE CHAIR ISRAEL: You know, that's nonsense.

19           MR. DARUTY: We, you know, we --

20           VICE CHAIR ISRAEL: I've worked in television my  
21 whole life.

22           CHAIR BRACKPOOL: Well, then, let him finish.

23           VICE CHAIR ISRAEL: You know, everybody knows the NFS  
24 is negotiating a rights deal when they go to negotiate a rights  
25 deal. I mean, this isn't any goddamn secret.

1 MR. DARUTY: No. That's not -- that's not the point  
2 I was making. In any event, I think sometimes this Board, for  
3 all of the right reasons, loses sight of the fact that what  
4 happens in California isn't the same in the entire country.  
5 HRTV has 19 million subscribers. That's not as much as our  
6 competitor.

7 CHAIR BRACKPOOL: Nineteen million subscribers in  
8 California?

9 VICE CHAIR ISRAEL: No.

10 MR. DARUTY: Total.

11 VICE CHAIR ISRAEL: Total.

12 CHAIR BRACKPOOL: Total. So how many in California?

13 MR. DARUTY: I don't have that number.

14 COMMISSIONER HARRIS: Well, you get into 19 million  
15 homes.

16 VICE CHAIR ISRAEL: Right. Yeah. That's -- that's  
17 not their --

18 CHAIR BRACKPOOL: You don't know --

19 COMMISSIONER HARRIS: That's not really subscribers,  
20 per se.

21 CHAIR BRACKPOOL: He wants to know how many -- how  
22 many subscribers in California for HRTV.

23 MR. DARUTY: Well, actually, the way the industry,  
24 not our industry, the other industry reports we know how many  
25 total subscribers we have. But with the satellite companies,

1 they are not very forthcoming with the information as to where  
2 their subscribers geographically are located. So we're on the  
3 Dish Network. We don't know of -- of the total homes who are  
4 on Dish how many of them are in California or how many of them  
5 are not.

6 CHAIR BRACKPOOL: I've just got to say for the  
7 record, I am incredulous with the notion that you can sit here  
8 and say you have no idea how many homes you're reaching in  
9 California. Personally, I just don't buy it. And I think you  
10 know the number and you don't like the number.

11 MR. DARUTY: No.

12 VICE CHAIR ISRAEL: Are you part of the Dish basic --

13 MR. DARUTY: The -- the number --

14 VICE CHAIR ISRAEL: Wait. Are you part of the Dish  
15 basic package?

16 MR. DARUTY: Yes, we're part of the Dish basic  
17 package.

18 VICE CHAIR ISRAEL: Well, then how many subscribers  
19 does Dish have in California?

20 MR. DARUTY: They won't tell us.

21 VICE CHAIR ISRAEL: They won't tell you?

22 MR. DARUTY: That's -- no. That is not -- that is  
23 not information that is publicly available from the Dish  
24 Network. They will -- they announce how many subscribers they  
25 have nationwide but they do not go into specifically --

1 CHAIR BRACKPOOL: So when they pitch you to be on  
2 their network you go along with the pitch, even though they may  
3 be only selling to four people in California?

4 MR. DARUTY: Well, no. I personally --

5 CHAIR BRACKPOOL: Or maybe it's 14 million in  
6 California. You don't get to know that?

7 MR. DARUTY: We do not get to know how many Dish  
8 subscribers there are in California, nor does --

9 CHAIR BRACKPOOL: I bet I can find out by the next  
10 meeting.

11 MR. DARUTY: Well, we'd love to find out. So please  
12 let us know.

13 CHAIR BRACKPOOL: I'll take it as a personal  
14 challenge.

15 COMMISSIONER CHOPER: Maybe -- maybe you can agree to  
16 exchange.

17 MR. DARUTY: We're -- we are on -- for the record,  
18 we're -- we are on the --

19 CHAIR BRACKPOOL: Now it's authorized.

20 MR. DARUTY: -- the same number of -- of homes in  
21 California through the Dish Network that TVG is, because we're  
22 on the same level of service as TVG is on that network.

23 VICE CHAIR ISRAEL: Well, TVG is on Direct TV,  
24 though --

25 MR. DARUTY: I understand that.

1           VICE CHAIR ISRAEL:  -- which is a much larger  
2 service.

3           MR. DARUTY:  I understand that.

4           CHAIR BRACKPOOL:  More people are accessing --  
5 accessing.

6           MR. DARUTY:  We are working very hard in negotiating  
7 with Direct TV for carriage.

8           VICE CHAIR ISRAEL:  Are they asking you to --

9           CHAIR BRACKPOOL:  But do you believe -- do you  
10 believe it's better to negotiate with Direct TV for carriage or  
11 do you believe that you and TVG should be negotiating to try  
12 and come up with a racing network?  And I tell you why I -- and  
13 one that can actually be watched by people.  And I tell you why  
14 I ask this question, many, many people in this room, I'm sure,  
15 can watch whatever race they want to watch.  You can go on to  
16 an ADW provider.  You can do this.  I don't know how many  
17 people in this room are paying your \$9.95.  But a lot of people  
18 can go and watch something because this is our business, this  
19 is our world, we know how to do it.

20                   What I want to see are the people who can turn on  
21 their television and actually understand it.  That's not seeing  
22 constant live streaming races.  That's hearing shows about  
23 races, talking about races, talking about the magnificence of  
24 our sport, talking about the characters in our sport.

25                   Again, as Vice Chair Israel said earlier on, we're

1 not selling a gambling experience only here, we're selling a  
2 great sport. This is a magnificent sport. None of us would be  
3 in this unless we all loved it and thought that this was one of  
4 the greatest games in the world. That's what we have to  
5 promote. And by restricting people from being able to find  
6 that it's just -- the paradox is just too much for me.

7 MR. DARUTY: Well, we agree 100 percent with what you  
8 just said. You are absolutely correct. It is not enough to  
9 just continually shove live racing down the throats of -- of  
10 television viewers and expect they're going to, one, watch it  
11 or, two, some new fan is going to be flipping channels and come  
12 across harness racing at prime time hours on a Thursday night  
13 and become a horse fan. We don't believe that's realistic.

14 We have a very different business model than TVG. If  
15 you look at our programming lineup -- and we did not provide  
16 that in this, but if that's something that the Board would like  
17 we'd be happy to -- we have a very different programming  
18 lineup. When you turn on in the evenings, rather than showing  
19 second rate harness tracks we made a decision to show all sorts  
20 of equestrian events and competitions, whether it be show  
21 jumping or polo or other -- other events to try to draw in more  
22 viewers. In doing that let's give the -- the cable affiliates  
23 and the satellite companies reasons to carry our network as  
24 opposed to simply going to them and saying we're going to pay  
25 you if you show our network. We don't believe that's a

1 sustainable model in the long run.

2 VICE CHAIR ISRAEL: Have you -- have you ever tried  
3 to bundle with other networks and sell yourself as part of a  
4 package, or have you only gone in as a solely entity?

5 MR. DARUTY: We --

6 VICE CHAIR ISRAEL: You understand the concept of  
7 bundling --

8 MR. DARUTY: I do.

9 VICE CHAIR ISRAEL: -- in cable television?

10 MR. DARUTY: Yes. We -- we are -- we are on a bundle  
11 or a pod through a distribution system that has shown some  
12 promise and some recent growth. We went on that about 18  
13 months ago. So far --

14 VICE CHAIR ISRAEL: What -- what are the other  
15 networks?

16 MR. DARUTY: I apologize. As I sit here today I  
17 don't know. I do know one of them, as funny as this may sound,  
18 was actually good, was -- was a PBS network called Sprout,  
19 which was a kids' network. And so what we want to do is we  
20 want to be bundled with, not necessarily other niche  
21 programming but things that -- that cable affiliates across the  
22 country want to carry. And so --

23 VICE CHAIR ISRAEL: Well, I mean, for instance, the  
24 Gold Channel, the Sports Channel, they -- they started at zero  
25 less than ten years ago and they're both -- they both have

1 widespread distribution now. I mean, you know, that -- Scripps  
2 Howard owns one of them. Maybe -- I forget who owns the second  
3 one. So they bundle with some of the other Scripps Howard  
4 properties.

5           But somehow this business needs to insinuate itself  
6 with those other cable companies, with other cable networks in  
7 able to expand its horizon and get critical mass and  
8 distribution. Nineteen million homes stinks. You know, and  
9 then you don't even know which 19 million homes you're in. One  
10 of the great benefits of having cable network is you know --  
11 or -- or satellite network is you know the name and address of  
12 everybody who gets it, and you don't. I mean, that's, for  
13 me -- you know, you can do targeted programming to all your  
14 advertising and -- and you don't even have that information.  
15 It's completely insane to me.

16           MR. DARUTY: Well, we -- to clarify, we have a  
17 promotional relationship with Dish where we can promote to Dish  
18 subscribers. But it goes through a third-party service where  
19 we're not entitled to know under the terms of the contract --

20           CHAIR BRACKPOOL: All right.

21           MR. DARUTY: -- where it is.

22           CHAIR BRACKPOOL: A couple of issues that I'd like to  
23 touch on so that we move this -- we move this -- move this  
24 along. We have the -- the new track that was talked about  
25 with -- with good enthusiasm at -- at the last meeting by your

1 chairman. And as you know but for the benefit of this  
2 audience, various meetings have been -- have been carrying on,  
3 on basically a weekly basis now, between representatives of  
4 Santa Anita, CTT, TOC and the Executive Director of the CHRB.  
5 That is coming together. And as we have said, that we intend  
6 to agendize the track waiver issue for October where there will  
7 be a presentation on the -- the track, the timing, and  
8 everything else.

9 I think it's fair to say that one of the conditions  
10 that obviously would be proposed in any -- will be suggested in  
11 any proposed waiver is going to be implementation of that  
12 track. One of the complaints, I think, that -- that was  
13 universal last year was the maintenance of the track.

14 And so I'd like to ask a question about the financial  
15 guarantees that MID is prepared to make. You know, what we  
16 have in here are trust agreements that go to the future issues.  
17 God forbid that you file for chapter again or in MID's case for  
18 the first time. But, you know, you've -- you've demonstrated  
19 in here that there are -- that I believe to be reasonable  
20 protections for the better so that we won't have that problem  
21 all over again, although the most recent court ruling obviously  
22 changes a lot of what's in here.

23 So I wanted to ask a general financial question about  
24 what assurances or guarantees are you intending to provide to  
25 this Board so that we're assured of the necessary maintenance,

1 we're assured that the -- the trust monies' problems won't  
2 happen again, including commissions that are due, as well as an  
3 overall financial sense of security.

4 MR. DARUTY: Well, again, we -- we believe that the  
5 trust agreements address the issues of -- of the wagering  
6 funds. We believe that any financial requirement placed upon  
7 our racetrack should be viewed in -- in the light of the  
8 industry as a whole. Now I know you're going to say, well, but  
9 you're asking for a waiver, and I understand that. But we, you  
10 know, have showed a willingness to work with this Board on a  
11 number of -- of issues. And -- and all I can say is if there  
12 is a specific --

13 CHAIR BRACKPOOL: And a willingness not to on certain  
14 issues.

15 MR. DARUTY: And if this Board has a specific request  
16 that it -- it believes is appropriate under the circumstances,  
17 I mean, I hope what's come across in the last couple of days  
18 is -- is have we made mistakes, of course we have. I'm not  
19 sure there's anybody in this room who hasn't. But we're here  
20 to try to cooperate, to try to work with you all, and to do the  
21 right thing for the industry.

22 So we're -- we're prepared, you know, to -- to  
23 consider -- we've submitted what we think is appropriate. If  
24 you're sitting there saying you don't think that's enough and  
25 you want more, if you can give us some idea of what it is

1 you're talking about we'll certainly consider it. And -- and I  
2 can't say that we'll agree to it and I can't say that we won't  
3 agree to it. We'll -- we'll approach it the same way we've  
4 approached other things, which is with an open mind.

5 CHAIR BRACKPOOL: Commissioner Harris, and then  
6 Commissioner Israel.

7 COMMISSIONER HARRIS: Yeah. I'm not really clear in  
8 the -- well, first of all I might say on the -- back to what we  
9 were talking about on the HRTV, I -- I think you do a good job  
10 on that. And that may well better serve the public to have two  
11 networks than just one network. So that, I think, is a good  
12 asset of some waiver.

13 But on the trust agreements I'm not really clear  
14 if -- if all -- the real people that need to buy into those are  
15 all the various potential creditors, and particularly the ones  
16 that were damaged in the last go around, that they feel  
17 comfortable with those. I mean, we need some assurance from  
18 them that this does, which hopefully it does, but it's a pretty  
19 complex deal. And I'm not sure if those have been discussed  
20 with various other creditors.

21 MR. HAINES: We've had no feedback from our creditors  
22 that they're not happy with ongoing operations.

23 COMMISSIONER HARRIS: Well, do they -- do they even  
24 know about this trust agreement theory?

25 MR. HAINES: Well, all -- all the industry related

1 people certainly do.

2 MS. LAVO: Gina Lavo, Santa Anita and Golden Gate.  
3 I'm the CFO of both companies, and I just want to kind of  
4 explain the trust in English. We have put all the take-out  
5 money into the trust. And even though your law doesn't require  
6 it we are running all out-of-state wagering through the trust.

7 So to answer your question, anybody who was part of  
8 the pool money that did not get paid is now being protected  
9 through this trust, you know, and that's actually going beyond  
10 what the requirement was. Some of the tracks in California  
11 actually are putting everything in there.

12 CHAIR BRACKPOOL: I know we have had a recent, you  
13 know, court ruling on this issue. And I also know that we have  
14 someone wishing to speak on this issue. So do you --

15 COMMISSIONER ROSENBERG: Well, my question was  
16 related to the third issue, but --

17 CHAIR BRACKPOOL: Okay. So -- so --

18 COMMISSIONER HARRIS: On the trust part, I'm not  
19 sure --

20 CHAIR BRACKPOOL: Well, what I'd like to do on the  
21 trust is -- is have the question asked, and I think that  
22 will -- that will aid me. If we could stay on the trust issue  
23 for one second and do that.

24 Craig, I know you have card in here. And I know that  
25 this isn't the only issue, but it's in the context of this.

1 MS. LAVO: Okay.

2 CHAIR BRACKPOOL: Otherwise, we'll have 20 issues and  
3 we'll never get to any one of them.

4 MR. FRAVEL: Just addressing the trust, this is a  
5 process, I think that all of us worked on -- oh, Craig Fravel,  
6 Del Mar Thoroughbred Club. Also, I'm the Chair of SCOTWINC.

7 This is an issue that all of the racetracks worked on  
8 to develop a mechanism to make sure that were in compliance  
9 with the custodial requirements of the racing law, as well as  
10 to try and insulate distributions from claims of creditors in  
11 bankruptcy.

12 So I, for one, am comfortable with the process that  
13 Santa Anita has elected to follow. It's very similar to what  
14 we do now and -- and I believe what all the other tracks do, as  
15 well. I do think it would behoove us all to set up a  
16 monitoring mechanism. Because like all good intentions,  
17 sometimes these things run up on the rocks of -- of neglect  
18 after a period of time and we sort of forget to make sure that  
19 we're going everything that's required to keep those things  
20 insulated from bankruptcy.

21 CHAIR BRACKPOOL: But let me ask you, before you get  
22 to the next point, you know, I read that judges ruling the --  
23 the other day on the disputed amount. And she split the -- as  
24 they always do -- split the baby and said, yes, MEC owes the --  
25 the monies that were held in trust for the betters, but it

1 doesn't owe any of the monies that would have gone to  
2 commissions, etcetera.

3           How does this interrelate to -- to this issue here?

4           MR. FRAVEL: Well, maybe Gina wants to address that.  
5 But this mechanism has been established with respect to future  
6 creditor claims.

7           CHAIR BRACKPOOL: Right.

8           MR. FRAVEL: It has nothing to do with the past.

9           CHAIR BRACKPOOL: Right.

10          MR. FRAVEL: And essentially it is designed to take  
11 the money outside of the -- of any potential bankruptcy estate  
12 and place it under a separate custodial arrangement --

13          CHAIR BRACKPOOL: Right.

14          MR. FRAVEL: -- so it's clear that it's held in  
15 trust --

16          CHAIR BRACKPOOL: Right.

17          MR. FRAVEL: -- for other beneficiaries and not --

18          CHAIR BRACKPOOL: Right.

19          MR. FRAVEL: -- part of the property of the debtor.

20          CHAIR BRACKPOOL: This ruling appeared to make some  
21 sense, which was that -- that the monies that they awarded were  
22 the trust monies and everybody else was just a general  
23 unsecured creditor --

24          MR. FRAVEL: Right.

25          CHAIR BRACKPOOL: -- I mean, legally made sense.

1 MR. FRAVEL: But --

2 CHAIR BRACKPOOL: I'm not -- not just --

3 MR. FRAVEL: But this is essentially creating a  
4 security arrangement so that -- that they're not even part of a  
5 bankruptcy estate if that were to occur.

6 CHAIR BRACKPOOL: Okay. So on this basis the tracks  
7 would be in agreement that this trust --

8 MR. FRAVEL: Well --

9 MS. KLAWITTER: -- agreement is --

10 MR. FRAVEL: -- I'm -- I'm speaking -- hopefully if  
11 Jack or someone else disagrees, this is something we all worked  
12 on and agreed to.

13 CHAIR BRACKPOOL: Right.

14 MR. FRAVEL: And so --

15 CHAIR BRACKPOOL: That's right.

16 MR. FRAVEL: -- it would be crazy to object. I have  
17 a secondary issue which I'm happy to come up with later.

18 CHAIR BRACKPOOL: I understand. I'll come to your  
19 second issue in a moment. But I wanted to make a point, John,  
20 that I think there's actually been some really good progress on  
21 this.

22 COMMISSIONER HARRIS: No. I think it's a good  
23 concept. I just am concerned if it's been exposed to some of  
24 the people that are going to be impacted by it. I mean, are  
25 the --

1 COMMISSIONER ROSENBERG: Like who?

2 COMMISSIONER HARRIS: Well, like all the WINCS and  
3 SCOTWINC and NOTWINC --

4 CHAIR BRACKPOOL: Well, it's -- yeah.

5 COMMISSIONER HARRIS: -- and all those folks.

6 CHAIR BRACKPOOL: I mean, Craig --

7 COMMISSIONER HARRIS: I guess I'd ask --

8 MS. KLAWITTER: -- has responded to that.

9 COMMISSIONER HARRIS: -- how about some of the people  
10 that were damaged in the other bankruptcy, the out-of-state,  
11 like RGS and some of those guys, have they -- are they aware of  
12 it?

13 MS. LAVO: I'm not sure if they're aware. We are  
14 running all of their money through the trust. One thing  
15 they're not liking is they now have to wait for the money to be  
16 in the trust, so based on that I would think they would be  
17 aware. Because in the past we would actually front the money  
18 before it was actually collected. And now they're, you know,  
19 not liking that they have to wait but they wanted to be  
20 protected, so --

21 VICE CHAIR ISRAEL: Right.

22 COMMISSIONER ROSENBERG: So --

23 MR. DARUTY: And they -- they are aware. I know for  
24 a fact --

25 CHAIR BRACKPOOL: Right.

1 MR. DARUTY: -- that they are aware.

2 COMMISSIONER ROSENBERG: On the timing issue which  
3 you just mentioned, so in other words, is there any mechanism  
4 or requirement that the monies be put into the trust within a  
5 certain period of time? Because if there was -- if there was  
6 another bankruptcy, if it -- if it hadn't been put in it would  
7 not be in the trust, so it would be subject to the regular  
8 bankruptcy laws.

9 MS. LAVO: The money is deposited directly into the  
10 trust --

11 COMMISSIONER ROSENBERG: Yeah.

12 MS. LAVO: -- as soon as we collect it. The problem  
13 is not us holding onto the money --

14 COMMISSIONER ROSENBERG: It's collecting.

15 MS. LAVO: -- it's collecting the money.

16 COMMISSIONER ROSENBERG: Right.

17 CHAIR BRACKPOOL: Right.

18 COMMISSIONER ROSENBERG: Right.

19 CHAIR BRACKPOOL: Right. Right. Right. So I'm  
20 trying to clean up the good point as we -- as we go through  
21 this. I'm really pleased that over the last year we've worked  
22 on this, and I commend all of you for -- for -- for doing it  
23 because I think this is -- this is a good thing. I mean,  
24 hopefully you'll be the last people to file with your financial  
25 statements. But I think this is a positive thing. I think it

1 does take care of a big perception issue that was -- that  
2 was -- that was out there.

3 Let me go to the -- the -- Commissioner Rosenberg,  
4 and then Commissioner Moss.

5 COMMISSIONER ROSENBERG: My question was on the  
6 subject of the trust.

7 COMMISSIONER MOSS: That's -- that's okay.

8 COMMISSIONER ROSENBERG: I mean, it's not until the  
9 October meeting that we -- that it's come up. But what's the  
10 status of things? Have permits been granted? Has dirt been  
11 found? Is it coming in?

12 MR. HAINES: The status of the dirt track, as of nine  
13 o'clock this morning we received permits from the City of  
14 Arcadia. We are finalizing the selection of a contractor. We  
15 have had a meeting with the CHRB, TOC, CTT management regarding  
16 the construction and selection of material for the track. Next  
17 Tuesday on the 28th we'll have another such meeting and  
18 hopefully be able to settle some issues that we've had and to  
19 further get more information on the surface of material  
20 available to us and the exactly construction. We are fully  
21 prepared and within our timeline to finish the construction by  
22 the first week of December.

23 COMMISSIONER ROSENBERG: How about the other  
24 construction you talked about, the two barns and remodeling  
25 some of the barns?

1 MR. HAINES: We're in the permit process with the  
2 City of Arcadia. We hope to announce the exact construction  
3 schedule very soon. We've done all the background work. We've  
4 got the contractors. We have the material. We have the  
5 engineering.

6 COMMISSIONER ROSENBERG: And how many stalls will  
7 each barn have?

8 MR. HAINES: We -- because of the configuration of  
9 Santa Anita, we're on an earthquake fault, and whenever -- we  
10 have to rebuild on the exact footprints. So we will be  
11 rebuilding those barns or really constructing new barns on the  
12 exact footprint, and those barns will be approximately 80  
13 stalls between the two -- two barns.

14 CHAIR BRACKPOOL: Commissioner Moss?

15 COMMISSIONER MOSS: I just wanted to just -- I think  
16 you already mentioned it, George, that you're working with the  
17 CTT and the TOC on the construction of the racetrack; right?

18 MR. HAINES: Absolutely. Yes.

19 COMMISSIONER MOSS: Because I think it's actually  
20 more their domain than it is our domain, if you know what I'm  
21 saying. I think it's CTT and TOC with your operation on a  
22 consulting and a direction basis than it is with the Board  
23 here. That's what I believe.

24 MR. HAINES: And that's correct. We've never been in  
25 a situation where we've been so transparent with a horsemen's

1 group or -- on what we're going to do in the future and having  
2 them have such a big say-so in exact construction of the -- of  
3 the track.

4 CHAIR BRACKPOOL: I will say, Jerry, that the reports  
5 that I get from Kirk every few days, the cooperation amongst  
6 everybody, CTT, Santa Anita, TOC, the CHRB stuff, has been  
7 first rate so far.

8 COMMISSIONER MOSS: That's great. Well, I applaud  
9 that.

10 CHAIR BRACKPOOL: Long -- long may it continue.

11 COMMISSIONER MOSS: Yeah.

12 CHAIR BRACKPOOL: But it's been first rate so far.

13 COMMISSIONER MOSS: And I -- and I'm --

14 MR. HAINES: Well, naturally, we'll have the -- we  
15 have a camera on the construction. So if you want to check in,  
16 in the middle of the night, and see if we have --

17 COMMISSIONER MOSS: Great. Right.

18 MR. HAINES: -- all the contractors out there --

19 COMMISSIONER MOSS: Appreciate that.

20 MR. HAINES: -- you're welcome to.

21 COMMISSIONER MOSS: Thank you very much.

22 CHAIR BRACKPOOL: We'll -- we'll do that.

23 What I want to do for the -- for the next one is have  
24 you sit there, and I have some speakers. I'd like the speakers  
25 to speak. And then I'll give you my suggestion of where we

1 take it from here and see where we go.

2 Richard Castro.

3 MR. CASTRO: My name is Richard Castro representing  
4 Local 280. We have a health trust. Money goes, say from Santa  
5 Anita, to the federation to cover people for health coverage  
6 who qualify. Somehow that circumvents this trust. And I want  
7 to know how we and other -- others like me are going to be  
8 protected.

9 MS. LAVO: I can only speak of what happened the last  
10 time. And the last time all employee plans were protected  
11 under -- under state orders of the court. So all employee  
12 related obligations were paid, you know, as soon as they were  
13 due.

14 CHAIR BRACKPOOL: Right. So you -- you relied on the  
15 Federal Bankruptcy Code as protection? There is no additional  
16 layer of protection that's -- I'm not sure you can build in an  
17 additional layer of protection because you've got first the  
18 order protection anyway. I'm not -- I'm not sure -- I'm just  
19 thinking out loud.

20 MR. CASTRO: I was like this --

21 CHAIR BRACKPOOL: I'm not sure what else you can get  
22 for your --

23 MR. CASTRO: -- through the whole bankruptcy I was  
24 like this wondering how our money was going to be protected.  
25 And, yes --

1 CHAIR BRACKPOOL: Well, not the whole bankruptcy.  
2 You got paid within a few days.

3 MR. CASTRO: And -- and, you know, in the case of  
4 Santa Anita they did go out of their way to help me to make  
5 sure that those monies would be paid.

6 CHAIR BRACKPOOL: I don't -- I think you're protected  
7 under the Federal Bankruptcy statute which protects employees  
8 beyond anybody else. So I don't know that they can offer you  
9 much more than that, but thank you for your comment.

10 John Bucolo, with his pre-stamped speaker card. It's  
11 going to become the new rage.

12 MR. BUCALO: John Bucalo, Barona Casino, Off-Track  
13 Betting. I'm representing Barona on this one.

14 The -- you were talking about TV coverage and  
15 exposure. And I just wanted to let the Board know and everyone  
16 that's here that currently during Fairplex Parks race meet  
17 there is not a thing in the newspapers about horse racing.  
18 There's not --

19 VICE CHAIR ISRAEL: I agree.

20 MR. BUCALO: There's not anything. And if Santa  
21 Anita wants to spend some money on promotions and exposure it  
22 might be a good place to do it. And if all the tracks get  
23 together, maybe create a fund, when Hollywood Park runs, the --  
24 San Diego County, Riverside County, Orange County all have race  
25 coverage because it's detrimental to this industry when our --

1 our racing fans aren't getting the entries. I mean, even when  
2 they don't go they circle them in the -- the horses in the  
3 newspaper and say, oh, I wish I would have gone. Today my  
4 horse -- I would have had two big winners.

5 CHAIR BRACKPOOL: You're preaching to seven converted  
6 people.

7 COMMISSIONER MOSS: You know, it's -- I can just tell  
8 you, first of all, the press isn't that interested in racing in  
9 a certain way. And secondly, they're -- the writers have been  
10 all fired. The guys that used to cover that beat, they're  
11 gone, you know?

12 MR. BUCALO: I understand that. But if the tracks  
13 pay for it, I think it's time that we -- they count their  
14 blessings, that they've gotten that put it in the newspaper for  
15 free, that -- all that exposure. Now we -- now we have to step  
16 forward. We can't say, well that's --

17 COMMISSIONER MOSS: Well, I know. You'd have --  
18 you'd have to pay for it.

19 MR. BUCALO: -- that this is it --

20 COMMISSIONER MOSS: Yeah.

21 COMMISSIONER ROSENBERG: Yeah.

22 MR. BUCALO: -- and let's take it as it is. We love  
23 this game. We have to promote it. We have to support it  
24 and --

25 CHAIR BRACKPOOL: Well, John, let me -- let me just

1 say that one of the things I was sadly remiss in when I went  
2 through my summary of the legislation, the other part of the --  
3 of the legislation that was signed, wonderfully, by the  
4 Governor this morning was the extension and slight  
5 reorganization of the California Marketing Commission. So  
6 we've reauthorized that. There is funding. And there have  
7 been excellent changes to that. A great subcommittee, you  
8 know, we've got here with Commissioners Rosenberg and Derek on  
9 it, etcetera. And I think your comments are well taken to  
10 heart. And you are preaching to the converted and your  
11 comments are well taken.

12 MR. BUCALO: Thank you very much.

13 MR. GUTTERMAN: Allen Gutterman, Santa Anita. I do  
14 want -- I just want --

15 CHAIR BRACKPOOL: I'm done.

16 MR. GUTTERMAN: -- in relation to that --

17 CHAIR BRACKPOOL: Okay.

18 MR. GUTTERMAN: -- if you don't mind. About three  
19 years ago the decision was made by the existing sports' editor  
20 at the -- at the Los Angeles Times to drop entries and results.  
21 We spent over \$200,000 in strict advertising on a daily basis  
22 in exchange for them putting the entries and results back in.  
23 That's when this popped up out of nowhere. And we've continued  
24 that for a year-and-a-half until that sports' editor left and a  
25 new one came in and agreed to return horse racing to -- to the

1 paper. I think that's important.

2 CHAIR BRACKPOOL: Thank you.

3 COMMISSIONER MOSS: Yeah. I mean, thank god for Bill  
4 Dwyre, you know, because he happens to like racing, he's a fan,  
5 and he's a great writer and we've got him. And thank god for  
6 him because he's the only -- he's the only one in the paper.  
7 Well, I think there's one other writer.

8 CHAIR BRACKPOOL: Craig Fravel, Del Mar.

9 MR. FRAVEL: Craig Fravel, Del Mar Thoroughbred Club.  
10 I believe this is an area -- I'm also speaking for Mr. Liebau.  
11 He and I are collectively narrow minded on this subject. But I  
12 guess I should preface this comment by -- by saying that, you  
13 know, all the people that are sitting in front of you at that  
14 table are -- are I think are as a almost uniform manner quite  
15 cooperative and easy to work with for the folks in California.  
16 And -- and we are, I think, have a productive and positive  
17 working relationship.

18 It's when things disappear above the border then come  
19 back to us that sometimes things get a little convoluted and a  
20 little more difficult. And one of the items I'm speaking of in  
21 particular has to do with outstanding money from the bankruptcy  
22 proceeding that we had entered into a settlement for payment  
23 for. And this pertains to both Northern California and  
24 Southern California distributions. And about two or three  
25 months ago we entered into a settlement agreement with Magna

1 on -- on the monies that are unpaid.

2           And by the way, it cost the rest of us well over half  
3 a million dollars in legal fees to collect that amount. And  
4 despite the agreement we still haven't been paid. Now I made  
5 some inquiries with Mr. Barella (phonetic) and -- as our  
6 counsel on the subject, and we still remain unpaid.

7           And my only point there is that -- that I believe  
8 that -- that any condition of this approval should also include  
9 making sure that those settlement agreements and those  
10 distributions --

11           CHAIR BRACKPOOL: Let me -- let me stop you right  
12 there. You have a settlement agreement. It's signed by both  
13 sides. It's enforceable by a Bankruptcy Court if that's the  
14 case. So I'm -- I'm just confused. So is there another side  
15 to the story?

16           MR. DARUTY: Well, I just, again -- is this mike  
17 working? I -- I just want to point out, I -- this is my  
18 understanding, I have not been involved in that settlement  
19 directly, but Craig mentioned this issue to me before the  
20 meeting and I made some inquiries. My understanding is that  
21 there was a term sheet on the settlement, that the final  
22 document is still going back and forth that we had sent a week  
23 ago, our proposal, and last night got their lawyers proposal  
24 back. So I'm not aware that there is a true problem here, as  
25 opposed to just the paperwork hasn't been completed yet.

1 And -- and the term sheet, by the way, was a signed term sheet,  
2 so the -- the terms are all agreed to.

3 MS. LAVO: Actually, the delay was on SCOTWINC's  
4 side. Their attorney added some language that not everybody on  
5 their side agreed to. So they're working through that issue.  
6 We have been ready to make the settlement for a few months now.

7 CHAIR BRACKPOOL: And what's the amount in question?

8 MS. LAVO: In a nutshell, SCOTWINC actually owes us  
9 about 1.2 million, and Northern California owes us about 993.

10 CHAIR BRACKPOOL: And what do you owe them?

11 MS. LAVO: That's net of what I owe them.

12 CHAIR BRACKPOOL: I don't -- I don't want to be  
13 the -- I don't need to judge in this dispute. But --

14 MR. FRAVEL: You need not be. And as I said before,  
15 if it was up to Gina and -- and George and everybody sitting at  
16 the table or the rest of us this money would have been paid  
17 nine months ago. My only point is the -- the Board should --  
18 and there's all kinds of settlements of rights of offset and  
19 non-rights of offset inherent in this settlement agreement. My  
20 only point is that -- that the Board's waiver --

21 CHAIR BRACKPOOL: It sounds to me like you should  
22 slow it down.

23 MR. FRAVEL: -- the waiver should be conditioned upon  
24 inclusion of these settlement agreements and performance.

25 CHAIR BRACKPOOL: I understand. Thank you. Thank

1 you. This is -- no further speakers on this -- on -- on this  
2 issue.

3 Do I have anything else from Commissioners?

4 COMMISSIONER ROSENBERG: Yes. I -- one thing --

5 CHAIR BRACKPOOL: Commissioner Rosenberg.

6 COMMISSIONER ROSENBERG: -- you alluded to, promoting  
7 the sport, you know, it's -- ultimately, according to Counsel  
8 yesterday, the licensees will have to disclose the -- more  
9 specific financial information of the entity operating the  
10 racetrack as opposed to the parent company consolidated  
11 statements.

12 And what's a mystery to me is that every year on the  
13 statistics available Santa Anita and other racetracks have been  
14 spent -- well, maybe not Del Mar -- have spent less money every  
15 year on promotions, which you would assume total dollars.  
16 So -- and correct -- tell me some numbers that are make -- that  
17 make it incorrect.

18 MR. GUTTERMAN: The -- the amount of money spent  
19 increased dramatically from the time that -- well, I don't know  
20 how to put it -- I guess during when Ron Charles became  
21 president. And in the subsequent years we have spent a  
22 substantial amount of money, more so than had been spent under  
23 the previous leadership.

24 So I don't have it here with me, but I can provide  
25 you a chart that kind of explains what's been spent on

1 marketing at Santa Anita over a period of say eight to ten  
2 years. I will do that.

3 COMMISSIONER ROSENBERG: Could you do that?

4 CHAIR BRACKPOOL: Yeah. That would be good. This is  
5 to tell how long we've been up here.

6 Here's what I'd like to suggest --

7 VICE CHAIR ISRAEL: Another afternoon of gracious  
8 dining.

9 CHAIR BRACKPOOL: Here's what I would like to suggest  
10 we do, and I want to say a couple of things. The -- this did  
11 start off several months ago, in my view, in unnecessarily  
12 confrontational places. You and I have had discussions about  
13 that. And we asked you for a set of documents. And although  
14 I think there are some things that we'd like to see, you know,  
15 additional, this is the right direction and this is what we  
16 want to do.

17 I think everybody up here is also, you know,  
18 pragmatic. You own the three. Not that you're trying to buy  
19 the three and do everything else. You -- you own the three and  
20 we have to deal with that fact. We all want us all to be  
21 successful. We all want Santa Anita to be, once again, the  
22 great race place that -- that it really can be with this new  
23 track. And if -- if everything continues to go according to --  
24 to plan on the track I think, you know, I think we could be in  
25 for -- for a great experience there and do that.

1           There are four or five items that are here. And what  
2 I would like to do is just quickly read you the headline of  
3 those items and suggest that we effectively, you know, your  
4 staff and my staff work and you and I work on these issues that  
5 come up. These would be the issues that will have to be  
6 conditioned into a waiver before I, certainly, would be  
7 prepared to recommend voting or recommend to the Board we vote  
8 for the waiver.

9           What I'd like to do, however, is rather than just  
10 pump this to the next meeting I'd like to give you the issues,  
11 work on the issues between now and -- is it October the 14th,  
12 Jackie, the next one?

13           MS. WAGNER: October 14th.

14           CHAIR BRACKPOOL: October the 15th is the next one,  
15 so that we would have, you know, a recommendation to come to  
16 this Board with on the waiver. But rather than another hearing  
17 it will be a written document that has these things in it. So  
18 this is what I'd like to do. And if I can read you the issues  
19 that I think are outstanding, some of which, frankly, may be  
20 resolved by the time that it comes back.

21           So let's start with -- with the first one, and we  
22 went through this yesterday, there's got to be some level of  
23 detail given to us, we'll work on what it is, annually as to  
24 the race associations financials. We can't take MID's  
25 consolidated financials that have billions of dollars or real

1 estate in them where you wouldn't even be a material effect and  
2 say these are our financials. Del Mar pointed out yesterday,  
3 they submit their financials to us. You know, Hollywood  
4 submits their financials to us. This is something we're going  
5 to require of everybody, but it is something we're going to  
6 require of you. So that would be -- so each of the entities,  
7 really -- yeah, Richard?

8 COMMISSIONER ROSENBERG: You threw -- you threw the  
9 word in "annually." I don't know if that -- perhaps with  
10 each -- each meeting --

11 CHAIR BRACKPOOL: In each meeting.

12 COMMISSIONER ROSENBERG: Each meeting.

13 CHAIR BRACKPOOL: In each meeting --

14 COMMISSIONER ROSENBERG: Okay.

15 CHAIR BRACKPOOL: -- would -- would be there with the  
16 financials for each association, whether -- we'll work on  
17 whether it's each association each time or whether it's each  
18 association annually.

19 COMMISSIONER ROSENBERG: Okay.

20 VICE CHAIR ISRAEL: Well, wait. How does Hollywood  
21 report now? Because they have two meetings.

22 MS. WAGNER: (Off mike.) (Inaudible) application.  
23 The finances are submitted with the application.

24 VICE CHAIR ISRAEL: From the previous meet?

25 MS. WAGNER: We -- we usually take what they have

1 available at the time. Usually it is the previous -- the  
2 previous year.

3 VICE CHAIR ISRAEL: Okay. All right.

4 CHAIR BRACKPOOL: Okay. So -- so that's the first  
5 thing that I want to work on. I want to work on something  
6 where we're actually understanding what's going on and -- and  
7 seeing how much we're spending on marketing and seeing how much  
8 we're spending.

9 The second issue is, and hopefully this is not even a  
10 condition, let's just hope it's done by then, let's resolve  
11 this other settlement agreement prior to -- to then. But  
12 otherwise any condition would be enforced upon SCOTWINC and  
13 NOTWINC paying you several million dollars, according to you.  
14 But, anyway, so -- but however that's done I want that -- we'll  
15 want that -- I want that done.

16 I think, again, given everything that's gone on,  
17 everything that's out there, the fact that you are asking for a  
18 waiver, there is going to be some appropriate financial  
19 guarantee required, and we can discuss with that, whether  
20 that's a bond, whether that's a letter of credit. I think you  
21 have to understand, the obligation you're taking on here is  
22 significant, the history is significant and, certainly, the  
23 individuals. And so there's going to be something that's  
24 there. Given the balance sheet you have I don't think this is  
25 going to be an insurmountable issue to be able to do.

1 I think we're going to have a condition in there  
2 about the track and the maintenance of the track. Again, these  
3 are things that you're going to be doing anyway, so I don't  
4 think you're going to have any issue in there.

5 I would like to make sure we're not blindsided by  
6 what your estimate of costs for the stabling are if you decide,  
7 you know, that you have to charge for the stabling. So I'd  
8 like to have an understanding of what that is. You're shaking  
9 your head, George.

10 VICE CHAIR ISRAEL: The off-season statement.

11 CHAIR BRACKPOOL: The off-season statement. Because  
12 what you said yesterday was, you know, if we don't have the --  
13 the fall dates we've got to recover our costs. I might accept  
14 that as a general statement. I wouldn't accept it as a blanket  
15 statement without understanding what you're going to categorize  
16 as costs.

17 MR. HAINES: Right. What I was alluding to was that  
18 we -- as we are now when we're a stabling facility, that we get  
19 for paid for our incremental costs.

20 CHAIR BRACKPOOL: I agree. And I don't think we're  
21 going to fall out of -- that's just --

22 MR. HAINES: And that's an agreement with the TOC.

23 CHAIR BRACKPOOL: Right. I just would like to  
24 clarify that --

25 MR. HAINES: Okay.

1           CHAIR BRACKPOOL:  -- so that you're not suddenly  
2 saying, well, we're going to charge you the interest on our  
3 facility and dah, dah, dah.  We've just got to have an  
4 understanding.

5           VICE CHAIR ISRAEL:  You know, and for instance,  
6 you're repairing -- you're repairing -- replacing barns,  
7 there's going to be an amortization schedule that shouldn't be  
8 including in this cost.

9           MS. LAVO:  It never is.

10          CHAIR BRACKPOOL:  Right.  We're going to have a  
11 condition in there as to what would happen to the waiver if you  
12 did sell one of the -- sell and/or close down, you know, one of  
13 the assets, i.e. probably the waiver would terminate at that  
14 stage and you'd have to come back, maybe some -- some provision  
15 in there as to -- as to what happens.  Because what we can't be  
16 doing is giving you a waiver to own three assets and then next  
17 week you decide you're going to get rid of one of those assets,  
18 because that would defeat the purpose of the -- of the waiver.

19                 And the final thing is we've got to work out  
20 something, even this language, we've got to work out something  
21 where somebody in California can watch Santa Anita on their  
22 television.  It's just an issue I'm not prepared to let go.  
23 We've got to promote our spot.  I understand you don't want to  
24 do things that harm you financially, we don't want things that  
25 do, financially.  So I'm not saying we have to make a decision



TRANSCRIBER'S CERTIFICATE

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I, Martha L. Nelson, attest that the foregoing proceedings were transcribed to the best of my ability.

I further certify that I am not a relative or employee of any attorney of the parties, nor financially interested in the action.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated this 25th day of September, 2010.

                  /s/ Martha L. Nelson                  

Martha L. Nelson, CERT\*00367