

MEETING  
STATE OF CALIFORNIA  
HORSE RACING BOARD

In the Matter of )  
 )  
Regular Meeting )  
\_\_\_\_\_ )

HOLLYWOOD PARK RACE TRACK  
SUNSET ROOM  
1050 SOUTH PRAIRIE AVENUE  
INGLEWOOD, CALIFORNIA

THURSDAY, MAY 24, 2012

9:20 A.M.

Reported by:  
Martha L. Nelson, CERT 00367

APPEARANCES

COMMISSIONERS

Keith Brackpool, Chairperson

David Israel, Vice Chairperson

Jesse Choper, Commissioner

Bo Derek, Commissioner

Richard Rosenberg, Commissioner

Chuck Winner, Commissioner

Steve Beneto, Commissioner

STAFF

Kirk Breed, Executive Director

Robert Miller, Staff Counsel

Jacqueline Wagner, Assistant Executive Director

Mike Marten

Rick Arthur, Equine Medical Director

ALSO PRESENT

Diane Becker, Save Hollywood Park Group

Jerry Moss

Joe Morris, Golden Gate Fields

Lou Raffetto, TOC

Mike Ernst, Del Mar

Tom Robbins, Del Mar

Craig Dado, Del Mar

APPEARANCES (cont.)

ALSO PRESENT (cont.)

Josh Rubenstein, Del Mar

John Sadler, CTT

John Bucalo, Barona Casino

David Elliott, California Exposition and State Fair

Richard Lewis, Sonoma County Fair

Tawny Tescony, Sonoma County Fair

Chris Korby, California Authority of Racing Fairs

Kelly Violini, Monterey County Fair

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P R O C E E D I N G S

9:20 a.m.

PROCEEDS BEGIN AT 9:20 A.M.

(The meeting was called to order at 9:20 a.m.)

INGLEWOOD, CALIFORNIA, THURSDAY, MAY 24, 2012

MEETING BEGINS AT 9:20 A.M.

EXECUTIVE DIRECTOR BREED: Ladies and Gentlemen,  
take your seats, please. This meeting of the California  
Horse Racing Board will come to order. This is the regular  
noticed meeting of the California Horse Racing Board on  
Thursday, May 24th, 2012 at Hollywood Park Race Track, 1050  
South Prairie Avenue, Inglewood, California.

Present at today's meeting are: Keith Brackpool,  
Chairman; David Israel, Vice Chairman; Steve Beneto, who is  
our new Commissioner; Jesse Choper, Commissioner; Bo Derek,  
Commissioner; Richard Rosenberg, Commissioner; and Chuck  
Winner, Commissioner.

Before we go on to discuss -- to the business of  
the meeting I need to make a few comments. The Board  
invites public comment on the matters appearing on the  
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

1 opportunity to speak and the meeting proceeds in a timely  
2 fashion I will strictly enforce the three-minute time limit  
3 rule for each speaker. The three-minute time limit rule  
4 will be enforced during discussion of all matters stated on  
5 the agenda, as well as during the public comment period.

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

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

21           Also, the Board may ask questions of individuals  
22 who speak. If a speaker repeats himself or herself the  
23 chairman will ask if the speaker has any new comments to  
24 make. If there are none the speaker will be asked to let  
25 others make comments to the Board.

1           And I -- Mr. Chairman, I've received information  
2 from out there in the webcast land that they can only hear  
3 you and Commissioner Israel. So I would suggest that the  
4 rest of you commissioners get closer to the microphone so  
5 that you'll be picked up when you have comments.

6           CHAIR BRACKPOOL: Well, I would say, that's very  
7 unfortunate that they can hear Commissioner Israel and not  
8 the others. But there you -- there you go. You can't pick  
9 and choose, I guess.

10           VICE CHAIR ISRAEL: Leave the comedy to the  
11 trained professionals.

12           CHAIR BRACKPOOL: Good -- good morning, everybody.  
13 Thank you for your -- glad to be here -- come here for a  
14 second -- for your attendance this morning. Let me start by  
15 a couple of things.

16           Let me start by welcoming our new Commissioner,  
17 Steve Beneto. Welcome aboard. Hope you know what you're in  
18 for. And I see you've arrived at a quiet meeting.

19           And let us also pass on our congratulations and  
20 our best wishes and hopes for the third leg of the Triple  
21 Crown to show just how truly great California racing really  
22 is.

23           Now we've got a full agenda, so let's -- let's  
24 move on. Item number one, approval of the minutes of March  
25 22nd, because we had not had those ready. So that was

1 actually for the -- the meeting prior to the last one. Do I  
2 have any comments on those?

3 COMMISSIONER CHOPER: Moved.

4 CHAIR BRACKPOOL: Approved -- motion by  
5 Commissioner Choper.

6 COMMISSIONER ROSENBERG: Second.

7 CHAIR BRACKPOOL: Second by Commissioner  
8 Rosenberg. All in favor?

9 ALL COMMISSIONERS: Aye.

10 CHAIR BRACKPOOL: Item passes.

11 Approval of the minutes of April 26th, 2012. Do I  
12 have any comments?

13 VICE CHAIR ISRAEL: So moved.

14 CHAIR BRACKPOOL: Moved for approval by Vice Chair  
15 Israel.

16 COMMISSIONER WINNER: Second.

17 CHAIR BRACKPOOL: Second by Commissioner Winner.  
18 All approved?

19 ALL COMMISSIONERS: Aye.

20 CHAIR BRACKPOOL: Motion passes.

21 Public comment. To date I have one speaker on  
22 public comment. I mean, we may have some more, but I have  
23 one comment at the moment, Diane Becker from Save Hollywood  
24 Park Group. If you would go to the podium, please.

25 MS. BECKER: Good morning. Thank you. I would

1 just like to bring up the --

2 CHAIR BRACKPOOL: Just one second. The microphone  
3 doesn't appear to be on there.

4 MS. BECKER: I need to get closer? How's that?

5 CHAIR BRACKPOOL: That's better. Thank you.

6 MS. BECKER: I'd like to bring up the topic of  
7 instant racing games. I've brought this up to people, some  
8 of the people in this room before, and I've emailed some of  
9 you, and nothing ever seems to happen with this. And I  
10 don't know if the Board is the place I should be discussing  
11 this or if I should be discussing this with possibly the  
12 Betfair people, now that they're involved with Hollywood  
13 Park.

14 I just read an article. Kentucky Downs just had  
15 \$85 million wagered in six months, and Kentucky Downs is not  
16 quite the venue that Hollywood or Santa Anita or any  
17 California track is. And I would just like to put this  
18 topic out there. Hopefully -- I don't know if I should be  
19 the one to try and pursue this. You apparently have the ear  
20 of the legislature better than I do. So I would just like  
21 to put it out there and hopefully --

22 CHAIR BRACKPOOL: Well, as you correctly -- as you  
23 correctly point out, it requires legislative action, it  
24 requires sponsors in the legislature, and it will certainly  
25 have its opponents in the legislature. But --

1 MS. BECKER: Well, I don't know --

2 CHAIR BRACKPOOL: -- I suggest that the best thing  
3 to do, you know, is to -- is to work with the race  
4 associations. They would be the ones that would have to  
5 bring it in and come to us with -- with an application. But  
6 they would have to work with the legislature.

7 MS. BECKER: Well, I don't know if you're aware  
8 that this Senate Bill 2409 -- or, I'm sorry, Assembly Bill  
9 2409 back in -- way back in 2006 passed the assembly easily,  
10 and only to be, I assume, shelved by the senate and there's  
11 been no action. There -- there is support out there, and I  
12 know there are groups that oppose it. However, those  
13 special interest groups don't really have a whole leg to  
14 stand on. The -- the legislative counsel has already  
15 determined that the instant racing games are not quote "slot  
16 machines," they're games of skill, not games of chance.

17 CHAIR BRACKPOOL: Okay. Thank you, Ma'am.

18 MS. BECKER: Thank you.

19 CHAIR BRACKPOOL: I see no other cards for public  
20 comment. Mike?

21 MR. MARTEN: None.

22 CHAIR BRACKPOOL: Very good. Well, now we come to  
23 the best part of the meeting, which is to honor our great  
24 trusted colleague Jerry Moss for his years on -- on the  
25 Board. It's -- it's customary, I'm told, for many, many



1           MR. MOSS: I could carry the whole thing. It's  
2 good, just very nice. Beautiful film, by the way.

3           I feel very grateful, you know, for being here  
4 today. And I just want to say it's been an honor and a  
5 pleasure to have served on this Board. I want to thank  
6 Chairman Brackpool, Vice Chairman Israel, and -- and the  
7 entire Board for standing me for eight years. And, I mean,  
8 this is about the most well-intentioned group of people you  
9 could ever see. They make tough decisions, but always at  
10 the point of keeping a view of fairness and what's right for  
11 horses and jockeys and -- and all the people connected to  
12 this great sport in California. Remember, we're all alone  
13 out here, and we need to support California most of all.

14           I think -- I remember, you know, Chris McCarron  
15 once told me what the great Bobby Frankel used to say when  
16 he put him on a horse. He's say, "Just don't screw it up."

17           And I feel the same way. I think we've got a  
18 great sport here, and we're going to get even better.  
19 There's no doubt about it, and we just have to remember  
20 that. Let's not screw it up. Thank you so much.

21           And one other -- just one other word. I just have  
22 to thank the Executive Director Kirk Breed, the previous  
23 Executive Director Ingrid Fermin that supported me in so  
24 many ways, and their great overworked staff, Jackie Wagner,  
25 Mike -- Mike -- Mike Marten, all these great people continue

1 to work so hard to make California great, and I wanted to  
2 thank them very much. Thank you. Thank you.

3 (Colloquy Between Mike Marten and Chair Brackpool)

4 CHAIR BRACKPOOL: Item number five, discussion and  
5 action by the Board regarding the request to continue the  
6 modification of distribution of market access fees from the  
7 Advance Deposit Wagering as permitted under Business  
8 Professions Code section 19604(f)(5)(E) for wagering  
9 conducted by Thoroughbred Associations, and discussion and  
10 action by the Board regarding the request to continue the  
11 modification of the distribution of takeout as permitted by  
12 the code section 18605.7(a)(2)(A) for wagering conducted by  
13 the Thoroughbred Associations in Northern Zone.

14 If anybody is still awake, Jackie, would you brief  
15 us on this one, please?

16 MS. WAGNER: Jackie Wagner, CHRB staff. In June  
17 of 2011 the -- the Board approved the similar request from  
18 NOTWINC and SCOTWINC for approval of an expense fund  
19 agreement to be effective July 1 through June 30th. The  
20 item before you is a request to continue that agreement that  
21 is currently in place. And the representatives from the  
22 organizations are here if you have any questions on it.

23 CHAIR BRACKPOOL: Thank you. This is a  
24 continuation of the item we had from last year, and I  
25 believe has been worked out with -- with the tracks. So I

1 don't have any speaker comments. Do I have any --

2 VICE CHAIR ISRAEL: I --

3 CHAIR BRACKPOOL: Okay. Commissioner Israel?

4 VICE CHAIR ISRAEL: I just have one question,  
5 which may be a bookkeeping thing. There's no term on the  
6 NOTWINC -- on the description of the NOTWINC deal, whereas  
7 on the description of the SCOTWINC deal it runs through  
8 December 21st, 2012. There's no end date on NOTWINC.  
9 Did -- can somebody -- is it -- is it open-ended?

10 CHAIR BRACKPOOL: Who wants to address that? Joe?  
11 Well, can you come forward. Name and affiliation for the  
12 record and --

13 MR. MORRIS: Joe Morris, General Manager of Golden  
14 Gate Fields and Chairman of NOTWINC.

15 I think the -- the statute is one year on that.  
16 So we're asking just for a one-year extension of the -- of  
17 the current modification.

18 CHAIR BRACKPOOL: Is that just an omission in  
19 perhaps how we summarize the analysis, that the application  
20 is for one year?

21 EXECUTIVE DIRECTOR BREED: Yeah.

22 CHAIR BRACKPOOL: So --

23 MS. WAGNER: We took the -- the information --

24 CHAIR BRACKPOOL: You have to -- you have to --  
25 you can't be doing it from there.

1 MS. WAGNER: We took --

2 CHAIR BRACKPOOL: I'm not apportioning blame,  
3 Jackie. I'm just trying to see.

4 MS. WAGNER: Yes.

5 CHAIR BRACKPOOL: The application --

6 MS. WAGNER: Yes.

7 CHAIR BRACKPOOL: -- is for one year for both?

8 MS. WAGNER: Absolutely. That's --

9 CHAIR BRACKPOOL: That's what I want to know.

10 MS. WAGNER: That's what we took the information  
11 from. Exactly.

12 CHAIR BRACKPOOL: That's what I wanted to know.

13 MS. WAGNER: Yes.

14 CHAIR BRACKPOOL: So that answered your question.  
15 Commissioner Choper?

16 COMMISSIONER CHOPER: Is there any -- what is  
17 the -- the hope, rather than the plan, that this will take  
18 care of itself? Go ahead.

19 MR. MORRIS: Yeah. The -- we should be in -- I  
20 became the chairman the beginning of this year. And we are  
21 evaluating NOTWINC and -- and looking at ways to change.  
22 The model certainly changed in the north, and we need to  
23 change the way some of the racing companies are working with  
24 it. So this -- we're hoping that this one year extension  
25 will -- will -- will end all of that and we will get it

1 self-sufficient again by -- by changing the model.

2 CHAIR BRACKPOOL: Okay. Let Commissioner Israel  
3 finish up his date questions.

4 VICE CHAIR ISRAEL: Yeah. There's still -- the --  
5 the two agreements are not consistent with each other. The  
6 southern agreement terminates on December 31st, 2013, which  
7 by the way is incorrect in the analysis. It says 2012. And  
8 yours -- your -- the northern one terminates on June 30th,  
9 2013. Shouldn't they be consistent for a lot of reasons?

10 MR. MORRIS: When -- when we looked at that the  
11 way we read the statute was you could only extend it for one  
12 year. So we went through the June 30th.

13 VICE CHAIR ISRAEL: Well, who's we?

14 CHAIR BRACKPOOL: They have different year-end --  
15 different year-ends, I suppose.

16 Name and affiliation for the record.

17 MR. RAFFETTO: Lou Raffetto, TOC. I think the  
18 regulations state that they -- if they go beyond 2.5 percent  
19 it has to be mandated at 12 months. We're at 2.1. And we  
20 thought it would make more sense if we went out to the end  
21 of the year, the calendar year. That's why December 31st  
22 for our purposes. When -- SCOTWINC is a different situation  
23 than NOTWINC.

24 VICE CHAIR ISRAEL: I see. Okay. That's --  
25 that's all. I just -- it just struck me as odd, that's all.

1 CHAIR BRACKPOOL: Just one second while you're all  
2 here. Commissioner Rosenberg?

3 COMMISSIONER ROSENBERG: Yes. We discussed about  
4 two years ago. This, the issue of how SCOTWINC and NOTWINC  
5 operate, came up at a meeting and then we subsequently had a  
6 report. And subsequently we had a report from SCOTWINC and  
7 NOTWINC. I think it would be a good idea at a meeting prior  
8 to the next time they make this request that they report  
9 several months prior to the meeting about the specifics of  
10 their financial operation and how they actually function,  
11 because it's very complicated.

12 CHAIR BRACKPOOL: I think that's right. I know  
13 there's actually been a fair amount of progress in resolving  
14 this over the past weeks, probably months. But why don't we  
15 do that. Let's pick a date before the end of this calendar  
16 year and let's actually have a presentation to refresh and  
17 perhaps brief the new commissioners on exactly, you know,  
18 the workings, the finances, structural problems still to be  
19 resolved. I think that's -- I think that's a good idea to  
20 do.

21 I see no further comments. I'd be happy to make  
22 this motion to approve those -- those extensions, those two  
23 separate dates without reading them. May I have a second?

24 COMMISSIONER CHOPER: Second.

25 CHAIR BRACKPOOL: Commissioner Choper seconds.

1 All in favor?

2 ALL COMMISSIONERS: Aye.

3 CHAIR BRACKPOOL: Motion carries. Thank you.

4 Item number six, discussion and action by the  
5 Board regarding the feasibility of suspending the use of  
6 clenbuterol for thoroughbred horses at all California race  
7 tracks.

8 This is in furtherance of the ban that this Board  
9 instituted at Los Alamitos and -- and quarter racing, I  
10 think four months ago approximately, four or five months  
11 ago. And this has now been through the medication  
12 committee, the most recent meeting discussions. I believe  
13 that there are some proposals.

14 But perhaps we can start, Dr. Arthur, with a  
15 briefing, and then we can take it from -- from there.

16 Commissioner Derek, I'm going to let you lead this  
17 item as you've been the one quarterbacking the issue.

18 COMMISSIONER DEREK: Yes. First, I'd like to  
19 thank Commissioner Moss. Jerry Moss, even upon leaving, I  
20 think did something very important to racing, which was to  
21 suggest this Medication Advisory Committee. This was only  
22 set up a few months ago. And the way everyone worked  
23 together in the industry on this issue of suspending  
24 clenbuterol in thoroughbred racing has been positive and  
25 very productive. So I'd like to thank him.

1           The Medication Advisory Committee, Lou Raffetto,  
2 you're fantastic. Thank you for leaving New York and coming  
3 to California.

4           John Shirreffs, I think your -- your knowledge  
5 of -- and your great horsemanship has been invaluable to  
6 this effort.

7           Scott Chaney, for all of his time.

8           And Commissioner Winner, welcome, and thank you  
9 for all your help.

10           I would like to -- before we get going we would  
11 like to amend this to the withdrawal time.

12           CHAIR BRACKPOOL: Why don't we take the testimony  
13 first and then --

14           COMMISSIONER DEREK: Okay.

15           CHAIR BRACKPOOL: -- and then go to the motion, I  
16 think.

17           COMMISSIONER DEREK: Very good.

18           CHAIR BRACKPOOL: Let's do it that way.

19           Dr. Arthur, why don't you start off. And then  
20 we'll hear from a couple of people on the issue. And I have  
21 some speaker cards, as well.

22           DR. ARTHUR: Yeah. As everyone knows, the PCQHRA  
23 quarter horse owners and trainers and Los Alamitos came to  
24 the Horse Racing Board and asked that clenbuterol be banned  
25 in racing at Los Alamitos. And the Board went through a

1 number of efforts to get that done. As of October 14th of  
2 last year clenbuterol is no longer an authorized medication.

3 That has been a very successful experiment at Los  
4 Alamitos. In the previous 16 months we've had 14  
5 clenbuterol violations. And since that time we've had none,  
6 which is the longest period since I've been equine medical  
7 director that we haven't had a clenbuterol violation at Los  
8 Alamitos.

9 Associated with that have been reports by Dino  
10 Perez of the PCQHRA as to how satisfied those horsemen are.

11 The vet bills are lower. The horses are still just as  
12 healthy. It hasn't affected entries at all. And it has  
13 leveled the playing field. And he's actually -- they  
14 actually have evidence, according to Dino, that race times  
15 are actually slower there. It was a big problem. They were  
16 using it clearly for its adrenergic effect, which is very  
17 similar to anabolic steroids but it basically affects  
18 muscle. And if anybody wants to search Google for anabolic  
19 steroids they will come across clenbuterol in not too many  
20 clicks. It's not an anabolic steroid but it has anabolic  
21 steroid like effects.

22 Subsequent to that the Medication Advisory  
23 Commissioner brought up the issue. And Dr. Stanley and I  
24 undertook to do some surveys with our testing, which  
25 basically we took our out-of-competition samples and looked

1 for clenbuterol. We found over 50 percent of the -- the  
2 samples had clenbuterol in them. And in our TC02 testing,  
3 and those horses are off clenbuterol for 72 to 96 hours, we  
4 could still see trace levels of clenbuterol in about a third  
5 of the horses. So it's very commonly used. And if you just  
6 do some math you can see that the horsemen are spending  
7 somewhere around \$5 million to \$7 million in thoroughbreds a  
8 year on clenbuterol.

9           So we had the discussion at the meeting. The 30  
10 day withdrawal time at Los Alamitos the TOC thought was not  
11 particularly workable. Dr. Stanley and Dr. Knish (phonetic)  
12 and I looked at some data and we think we could administer a  
13 21-day withdrawal time, which is agreeable to the TOC.  
14 And -- and I don't know if it is to the CTT, but I -- I  
15 believe it is. So maybe Lou could address that.

16           MR. RAFFETTO: As a representative --

17           CHAIR BRACKPOOL: Name and affiliation again,  
18 please.

19           MR. RAFFETTO: I'm sorry. Lou Raffetto, TOC.  
20 Representing TOC as a member of the advisory -- Medication  
21 Advisory Board we -- we thought it was important to be  
22 proactive on this issue. And we were seeking to -- we were  
23 seeking consensus on this. And we did get it. My  
24 conversations with CTT, they're supportive of the 21-day  
25 withdrawal time.

1           We had -- have had numerous conversations on the  
2 subject matter. And while we're not saying it's being  
3 abused we wanted to ensure that it was going to be used for  
4 therapeutic reasons and only -- and not have -- at the same  
5 time, not have -- have a negative impact on racing in  
6 California. And that's why I thought that the 21-day  
7 withdrawal time would be the best. And again we were able  
8 to build consensus on that and take the proper action here.

9           CHAIR BRACKPOOL: Excellent. Well, before I ask  
10 for Commissioner comments, I do have a public speaker on  
11 this. Dr. Craig Shoemaker. Name and affiliation for the  
12 record, please.

13           MR. SHOEMAKER: Yes, sir. My name is Craig  
14 Shoemaker. I am a professional services veterinarian. I am  
15 employed by Bhoeringer Ingelheim. Most of you are aware  
16 that Bhoeringer Ingelheim is the manufacturer of the only  
17 FDA approved product, clenbuterol product called  
18 Ventipulmin. And I'm sure also here this morning that it's  
19 very clear as a manufacturer's representative that we have  
20 interests that probably extend beyond the focus of -- of  
21 what you good folks are trying to do.

22           However, having said that, I think it's also  
23 important to convey to the Board and everyone in this room  
24 that we, too, have been very, very concerned with the  
25 inappropriate use of clenbuterol. The quarter horse issue

1 and the use of illegal elicit, basically bathtub-type  
2 products has been the issue. Many of those exceeding the  
3 dosage that we have in our approved product by 70 times the  
4 concentration. So it's been a big issue and we've tried to  
5 address that. We certainly don't think those products have  
6 any position in racing or in veterinary medicine in any way,  
7 shape, or form. And we should do everything that we can as  
8 a profession to make sure that those go away. That's the  
9 most important thing.

10           However, confusing that issue with the FDA  
11 approved therapeutic that's been very beneficial -- and I  
12 think is the gold standard when it comes to treating horses  
13 with respiratory disease, I think personally is a mistake.  
14 I say that because there is a percentage of horses with this  
15 ban or this proposal that won't be affected at all. But I  
16 would suggest to the Board that the lower end of horses that  
17 actually do have a persistent respiratory problem, whether  
18 that be tracheal mucous bleeding issues, hypersensitivities,  
19 allergic-type things with their respiratory tract actually  
20 need something therapeutically. And this is a very safe  
21 therapeutic drug.

22           The other comment I would make is that based on  
23 the evidence that we have, and also on the Board's  
24 recommendations and their information, it does not appear in  
25 any way, shape, or form that any clenbuterol issue in

1 thoroughbred racing in the State of California resembles  
2 that which has taken place in the quarter horse industry,  
3 and I'm thankful to be able to say that. I think we all  
4 recognize that.

5 I think the 21 days is going to take a useful  
6 therapeutic out of trainers and veterinarians hands for that  
7 percentage of horses that really need help. And my concern  
8 is, that percentage of horses, they're going to use other  
9 things that are not FDA approved in an effort, or they're  
10 going to run in a compromised state. And that's the biggest  
11 concern. We do not want to send that group of horses out in  
12 a compromised state.

13 So with that I would just ask that -- the last  
14 comment I have is that the -- I know that we have research  
15 ongoing at University of California Davis with Dr. Stanley  
16 and Knish. Those results are to be made public in some  
17 fashion within the next 30 days. And I know that are RNTC  
18 is going to wait and withhold their recommendations based on  
19 some of those findings, and I would ask the same.

20 CHAIR BRACKPOOL: Thank you for your -- thank you  
21 for your comments.

22 Commissioner comments. Commissioner Winner, also  
23 on the Medication Committee.

24 COMMISSIONER WINNER: First of all, thank you Mr.  
25 Chairman.

1 First of all, I would very much like to thank and  
2 congratulate Commissioner Derek for -- for the work that she  
3 has done on this -- on this subject and for the committee.  
4 And also I want to thank the Medication Advisory Committee  
5 and Dr. Arthur.

6 This obviously was a controversial issue. It took  
7 a lot of work and a lot of discussion and -- and, frankly, a  
8 lot of collegiality with the various people involved because  
9 different people had -- had different views, including the  
10 view that was just expressed by Dr. Shoemaker.

11 So I believe that Commissioner Derek has an  
12 amendment to the motion, and I would -- I would yield to  
13 Commissioner Derek. But with that amendment I support the  
14 motion.

15 COMMISSIONER DEREK: Thank you. Yes, we have a  
16 couple, actually. I would suggest the suspension of  
17 clenbuterol be for one year. I would also suggest that the  
18 withdrawal time be 21 days instead of 30. And I think a  
19 natural time to begin this would be July 18th, opening day  
20 at Del Mar, so that we're not in the middle of the Hollywood  
21 Park race meet.

22 CHAIR BRACKPOOL: Commissioner Choper, I see you  
23 leaning forward, or was it to get your coffee?

24 COMMISSIONER CHOPER: No. No. I was leading  
25 forward to get the coffee. But I take it we're only sending

1 this out for public comment now. No? Are we trying --

2 CHAIR BRACKPOOL: No. This is --

3 COMMISSIONER CHOPER: Have we -- have we passed it  
4 around? I didn't think -- I mean, has it been out for  
5 public comment? Especially with these amendments.

6 MS. WAGNER: What we are doing is recommending --  
7 amending the recommendations from the Medication Committee  
8 that were presented to the Board, I believe last month.

9 Under Board Rule 1844.1 we have the ability to  
10 make these conditions upon the race meet. But in order to  
11 that we will have to agenda it for the month of June to let  
12 the public know that the Board is considering the  
13 recommendations as Commissioner Derek just proposed and that  
14 we impose those recommendations pursuant to Rule 1844.1.

15 COMMISSIONER CHOPER: So we can't do anything --  
16 this can not go into effect --

17 VICE CHAIR ISRAEL: Until June.

18 COMMISSIONER CHOPER: -- until June?

19 MS. WAGNER: Yes. If the Board adopts the  
20 recommendation --

21 COMMISSIONER CHOPER: So --

22 MS. WAGNER: -- of the committee --

23 COMMISSIONER CHOPER: Yeah.

24 MS. WAGNER: -- it can go into effect --

25 COMMISSIONER CHOPER: So at that time --

1 MS. WAGNER: -- in June.

2 COMMISSIONER CHOPER: -- we'll have Dr. Stanley's  
3 report on whether the 21-day thing works. And I take it,  
4 also, I mean, the materials, I remember you saying that this  
5 is a great medication for horses in terms of bronchial  
6 problems. I don't know that -- but I take it you're all  
7 satisfied? The TOC is satisfied that 21 days is not going  
8 to penalize any significant number of its members; right?

9 MR. RAFFETTO: Well, I think that it's the best  
10 that we can do at this point in time --

11 COMMISSIONER CHOPER: Okay.

12 MR. RAFFETTO: -- and we have to be proactive,  
13 yes.

14 COMMISSIONER CHOPER: Yeah. Well, you can't do  
15 better than the best you can -- can do. So -- so I guess we  
16 got -- we have the -- the clock working in -- for us in  
17 respect to --

18 CHAIR BRACKPOOL: With respect to where we were to  
19 start.

20 COMMISSIONER CHOPER: -- the issues.

21 CHAIR BRACKPOOL: Just -- just to be clear, what  
22 we're doing here, and Jackie is reciting a rule number that  
23 I don't think any of can remember what rule number goes with  
24 what rule. Hopefully Jackie does, but -- but the rest of us  
25 don't. This is our emergency authority to suspend drugs

1 that we have. So we don't have to go through the normal  
2 rule-making process.

3 I think if what we need to do to make this  
4 effective for July 18th is vote on it again June, we can do  
5 that. But I think we should make our position as clear as  
6 possible right now that that's what we intend to do at the  
7 June by -- by perhaps modifying this motion to say we -- we  
8 have a motion that the motion at the June Board meeting  
9 shall read as follows, you know, so that -- so that  
10 people -- people know. But, I mean, effectively it -- it --  
11 we're within time because July 18th is the -- is going to be  
12 the start date. But I think we can certainly vote to put  
13 this on just so that everybody knows where this Board is  
14 going on this -- on this issue and giving public notice, but  
15 that, you know, trainers, horsemen, etcetera, understand  
16 that this is coming. This not going to be the first time  
17 they hear about it is -- is the June Board meeting.

18 VICE CHAIR ISRAEL: Well, I don't understand why  
19 if it's an emergency and we have the right to invoke and  
20 emergency procedure and suspension, why do we have to wait  
21 until June? It's -- it's on the agenda.

22 MS. WAGNER: It's on the agenda, but we have not  
23 notified them properly that the Board is going to take this  
24 emergency action pursuant to the authority of --

25 VICE CHAIR ISRAEL: But emergency by definition is

1 something that you do in an emergent situation, which is  
2 something that can't be anticipated.

3 CHAIR BRACKPOOL: Well, not only that, I mean, the  
4 item itself, Jackie, says discussion and action by the Board  
5 regarding the feasibility of suspending the use of  
6 clenbuterol for thoroughbred horses at all California race  
7 tracks. I don't know how it could be much clearer.

8 MS. WAGNER: I'm going to defer to counsel on  
9 that. I just know that in terms of giving the -- the public  
10 adequate notice we have to --

11 CHAIR BRACKPOOL: Well, this is on the agenda.  
12 The public has adequate notice of an agenda, and we have the  
13 right to use our emergency powers.

14 So anyway, let's hear from Counsel, and then  
15 decide whether we concur.

16 MR. MILLER: Robert Miller, Counsel of the  
17 California Horse Racing Board.

18 In an emergency situation if you can specify  
19 factually the emergency, why it is needed, you can act  
20 immediately.

21 CHAIR BRACKPOOL: There we are. So, you know,  
22 we're doing this for the same reason that we did this at Los  
23 Al, to protect against any misuse. We don't know that there  
24 is, but we're going to make sure there's not. And therefore  
25 that's the emergency.

1 COMMISSIONER DEREK: Then we can make the  
2 effective date whenever we want?

3 CHAIR BRACKPOOL: Exactly.

4 COMMISSIONER DEREK: I like it.

5 COMMISSIONER ROSENBERG: I have one question. You  
6 made reference to a meeting by -- you mentioned the Del Mar  
7 meeting. This would not -- this emergency -- this code  
8 section, whatever you cited, the rule would not require  
9 doing it again for the further meetings, it would be in  
10 January; correct?

11 VICE CHAIR ISRAEL: It's good for a year.

12 CHAIR BRACKPOOL: No. She's just talking about  
13 starting on --

14 COMMISSIONER ROSENBERG: I want to clarify.

15 CHAIR BRACKPOOL: -- July 18th.

16 COMMISSIONER ROSENBERG: Yeah.

17 CHAIR BRACKPOOL: Right.

18 COMMISSIONER ROSENBERG: Is that right?

19 MS. WAGNER: We can make this for the start --  
20 whatever the date that the Board decides, and at this point  
21 it looks like it's going to be July 18th.

22 COMMISSIONER ROSENBERG: Okay.

23 CHAIR BRACKPOOL: So make it July 18th for 1 year,  
24 21 days.

25 COMMISSIONER DEREK: Withdrawal time, yes.

1 CHAIR BRACKPOOL: A 21-day withdrawal.

2 DR. ARTHUR: Could -- could I suggest -- could I  
3 suggest you make that for all horses in California so -- not  
4 just thoroughbreds, so we get the Arabs and mules and  
5 everybody else in.

6 CHAIR BRACKPOOL: That's -- that's --

7 DR. ARTHUR: And it simplifies the process.

8 CHAIR BRACKPOOL: That's -- that's fine.

9 VICE CHAIR ISRAEL: All breeds because --

10 CHAIR BRACKPOOL: All breeds.

11 DR. ARTHUR: All breeds.

12 CHAIR BRACKPOOL: All breeds.

13 VICE CHAIR ISRAEL: Because mules aren't horses.

14 CHAIR BRACKPOOL: All races.

15 VICE CHAIR ISRAEL: Even I know that.

16 COMMISSIONER CHOPER: I take it any startling  
17 evidence is produced between now and June 18th, or for that  
18 matter there --

19 CHAIR BRACKPOOL: Okay. We can always bring it  
20 back.

21 COMMISSIONER DEREK: We can always --

22 COMMISSIONER CHOPER: -- thereafter we have --

23 CHAIR BRACKPOOL: But, I mean, we have medication  
24 meetings, we have --

25 COMMISSIONER CHOPER: -- we have plenty of time

1 for that.

2 COMMISSIONER DEREK: We'll have --

3 COMMISSIONER CHOPER: I had to ask.

4 COMMISSIONER DEREK: We will have a meeting.

5 COMMISSIONER CHOPER: Though I think it's a  
6 technicality whether we do it today or in June.

7 CHAIR BRACKPOOL: Well, just before Commissioner  
8 Derek makes --

9 VICE CHAIR ISRAEL: No. We do it today.

10 CHAIR BRACKPOOL: -- the motion and we -- we vote  
11 on the motion, I would like to say that this process has  
12 been absolutely the ideal way of how we should be handling  
13 all of these. It's controversial. Nobody wants to address  
14 it to begin with. We grab everybody by, you know, the  
15 scruff of the neck, put them in a room, and over time  
16 everybody works for this. And, you know, I think this is --  
17 this is an excellent, excellent balance of maintaining the  
18 therapeutic use of a necessary drug while it's protecting  
19 the race horses against any misuse.

20 And I would further concur with Commissioner Derek  
21 that this was a Former Commissioner Jerry Moss lead issue,  
22 and I think this is -- this is just a really terrific result  
23 for the industry. And this is a model of how we should be  
24 handling all these controversial drug issues: multiple  
25 Medication Committee meetings; bring it up at the Board; try

1 and reach consensus and yet balance, balance between  
2 therapeutic use; and yet to make sure we have no abuse. So  
3 I think on -- who have done all the work on this. I thank  
4 you.

5 Commissioner Derek, why don't you make the motion.

6 COMMISSIONER DEREK: I make the motion.

7 CHAIR BRACKPOOL: Exactly.

8 COMMISSIONER WINNER: Second.

9 CHAIR BRACKPOOL: Seconded by Commissioner Winner.

10 All in favor?

11 ALL COMMISSIONERS: Aye.

12 CHAIR BRACKPOOL: Motion carries unanimously. I  
13 thank everyone for their efforts. Thank you.

14 Item number seven, discussion and action by the  
15 Board regarding the proposed addition of CHRB Rule 1581.2,  
16 prohibition on racing of pregnant mares, to prohibit the  
17 racing of pregnant mares beyond 120 days of gestation.

18 Dr. Arthur?

19 CHAIR BRACKPOOL: Yes. This -- this is simply an  
20 animal welfare issues. It happens very rarely. We had none  
21 in 2011. But in 2010 we had three mares that were close to  
22 140 days, and I know one mare was 143 days in foal, that  
23 were entered to race. And I think it's just not worth the  
24 risk to the industry to have something untoward happen.  
25 It's the International Animal Welfare Standard, and I think

1 we should adopt it proactively.

2 COMMISSIONER ROSENBERG: Do other states have this  
3 rule?

4 DR. ARTHUR: Not in the U.S. It is International  
5 Federal of Horse Racing Authorities, British Horse Racing  
6 Authorities, Australia, Hong Kong, other jurisdictions.  
7 It's not common here in the U.S.

8 COMMISSIONER ROSENBERG: And how do you get this?  
9 It is not common, you said?

10 DR. ARTHUR: No.

11 COMMISSIONER ROSENBERG: And how do you get this  
12 information to -- in other words, how would this work  
13 practically speaking? Does it -- do you have to report when  
14 a mare is in foal to the USTA and then it's reported to the  
15 California Racing Board, and then we have to check to see  
16 how many days they're in foal before you take an entry?

17 DR. ARTHUR: In claiming -- in claiming races we  
18 already have a rule that requires a mare that be entered  
19 is -- you report the claiming -- breeding date. We don't  
20 have that in this rule. But it would be the obligation of  
21 the person entering the horse to tell us whether that horse  
22 was bred. Those are all reported by the Jockey Club. They  
23 have that information, and it could be easily verified.

24 COMMISSIONER ROSENBERG: It sounds like an  
25 administrative nightmare in terms of checking. I mean, if a

1 person doesn't report it, if a breeder doesn't report it or  
2 an owner of a horse doesn't report it and the race takes  
3 place, then what happens? We find out afterwards that the  
4 horse was -- violated this rule, and what, do you take his  
5 purse away? I mean, is that how --

6 DR. ARTHUR: Well, he wasn't eligible to entry, so  
7 he would be eligible to have his purse taken away.

8 COMMISSIONER ROSENBERG: I think I'd like to ask  
9 staff if they think they can manage this. I think it sounds  
10 logical to pass this, but can you manage this? Is -- are we  
11 going to have a nightmare?

12 CHAIR BRACKPOOL: Executive Director Breed?

13 EXECUTIVE DIRECTOR BREED: I think the primary  
14 responsibility falls to the racing secretary, and then falls  
15 to us to check the -- the entries to make that  
16 determination. The veterinarian has to, in the pre-race  
17 examination, has to make that -- that determination. I  
18 don't see any problem with it at all myself.

19 COMMISSIONER ROSENBERG: Will they examine --

20 DR. ARTHUR: It's written -- it's --

21 COMMISSIONER ROSENBERG: Will they examine the  
22 mares, a filly or a mare to see if she's in foal?

23 DR. ARTHUR: Not to -- not to necessarily see if  
24 they're -- they're in foal. But this is all a matter of  
25 public record, and this rule is written very similar to the

1 international rules.

2 VICE CHAIR ISRAEL: Can I ask a question? Does --  
3 does anybody know actually how many times a year in  
4 California a mare in this condition actually might race?

5 DR. ARTHUR: It happens very rarely. As I said,  
6 last year we had a record of none. The year before we had  
7 three mares that were over 140 days in foal.

8 VICE CHAIR ISRAEL: Okay. So it doesn't --

9 DR. ARTHUR: And it's actually -- it actually, I  
10 think, protects the betting public because --

11 VICE CHAIR ISRAEL: Well --

12 DR. ARTHUR: -- I've never seen those mares run  
13 well.

14 VICE CHAIR ISRAEL: I think it's a good rule. I  
15 just -- it didn't consider it --

16 DR. ARTHUR: It's not a big problem.

17 VICE CHAIR ISRAEL: Yeah. It's not a big problem.  
18 But also, with there only -- if you're averaging one-and-a-  
19 half a year it shouldn't be that much of a clerical problem  
20 either.

21 DR. ARTHUR: No. I agree.

22 CHAIR BRACKPOOL: Commissioner Winner?

23 COMMISSIONER WINNER: Mr. Chairman, this is  
24 another matter that we have discussed at length in the  
25 Medication Committee. And I believe with -- with the help

1 again of the -- of the Advisory Committee and -- and Dr.  
2 Arthur, I would think that this is something -- we  
3 considered all of these issues and concluded that this could  
4 be done administratively. It -- it would not be as much of  
5 a nightmare as it may seem to be because --

6 CHAIR BRACKPOOL: Because the whole --

7 COMMISSIONER WINNER: -- the numbers are very --

8 CHAIR BRACKPOOL: Right.

9 COMMISSIONER WINNER: -- are very limited.

10 CHAIR BRACKPOOL: Right.

11 COMMISSIONER ROSENBERG: Right.

12 COMMISSIONER WINNER: And it is, frankly, at least  
13 in my view, it's the right thing to do, both for the horse  
14 and the betting public.

15 CHAIR BRACKPOOL: Commissioner Derek?

16 COMMISSIONER DEREK: Yes, I agree. I'd like to  
17 move -- make a motion.

18 CHAIR BRACKPOOL: Commissioner Derek makes the  
19 motion to approve the prohibition of racing of pregnant  
20 mares beyond 120 days of gestation.

21 COMMISSIONER WINNER: Second.

22 CHAIR BRACKPOOL: Seconded by Commissioner Winner.  
23 I didn't see any -- I have no speaker cards. I didn't see  
24 any other Commissioners wishing to speak on that, so that  
25 motion done. I have a proposer, I have a seconder. All in

1 favor?

2 ALL COMMISSIONERS: Aye.

3 CHAIR BRACKPOOL: Motion carries unanimously.

4 Item number eight, discussion and action by the  
5 Board on the application to conduct a horse race meeting of  
6 the Del Mar thoroughbred club at Del Mar commencing July  
7 18th, 2012 through September 5th, 2012, inclusive, racing  
8 with no clenbuterol.

9 Names and affiliations for the record, please.

10 MR. ERNST: Mike Ernst, Del Mar.

11 MR. ROBBINS: Tom Robbins, Del Mar.

12 MR. DADO: Craig Dado, Del Mar.

13 MR. RUBENSTEIN: Josh Rubenstein, Del Mar.

14 CHAIR BRACKPOOL: Okay. We have the -- the  
15 application in front of us, along with the addendum that  
16 I'll have you walk us through in a moment.

17 And, Jackie, we have now dispensed with the  
18 reading of the application these days, as you know. And --  
19 and at this stage we have -- I had it right here, I think --  
20 we have everything except Workers' Comp, which I guess is a  
21 rollover because it happens to expire in this period, you  
22 know, and we want fire clearance and CTT agreement.

23 So why don't you, first of all -- so I've just  
24 done Jackie's bit so that saved us there -- so why don't you  
25 take us through the meet, what's different, take us through

1 the addendum, and then I'm sure we'll have questions.

2 MR. ERNST: Well, why don't you let me start.

3 Again, I'm Mike Ernst. I'm the chief financial officer.

4 And we submitted to staff yesterday a letter requesting an  
5 amendment to the purse program to reflect a \$265,000  
6 increase in our estimated purse distributions. Now we  
7 prepared our license app two months ago, and we analyzed the  
8 recently completed wagering trends at Santa Anita and at  
9 Hollywood Park. And based on the improvement in wagering  
10 from our original projections we did increase our purse  
11 projections for 2012.

12 Just some highlights. I'll let -- let Tom go into  
13 more detail. But we're showing increases in overnights,  
14 which were records last year, and our total purse  
15 distribution.

16 So why don't I turn it over to Craig Dado who can  
17 talk about marketing program and promotions.

18 MR. DADO: Again, Craig Dado from Del Mar. We're  
19 very much looking forward to this season. And we feel very  
20 good about the marketing plan we've put together. The goal  
21 for this season is to eclipse the 18,000 person per day  
22 mark, which has not been done at Del Mar since the mid-  
23 1980s, which was in the pre ITW area.

24 It's our 75th Anniversary this year, and that will  
25 be the theme of the meet from an advertising standpoint. We

1 do have a brand new advertising campaign featuring Chantal  
2 Sutherland this year who was recently in *Vanity Fair*  
3 *Magazine*, photographed beautifully by Commissioner Derek.  
4 Although the advertising campaign for Chantal will not be  
5 quite that provocative it will be eye-catching, and I think  
6 everybody's going to -- going to enjoy. It will include  
7 television, radio, print, billboards, bus shelters, online,  
8 social media, and direct mail. So it will be a very, very  
9 aggressive media plan.

10 I don't want to bore you by going through each and  
11 every event of the season. Of course, we're happy to answer  
12 any questions you might have. However, I would like to take  
13 a minute to discuss fan development if I may.

14 We have a two-part marketing strategy at Del Mar.  
15 The first part is a retention strategy which is aimed at our  
16 core patrons. And to our core patrons we try to -- to  
17 provide value to them via our database marketing efforts.  
18 And by focusing on the core patrons via database marketing  
19 it frees up our other funds to go after what we call an  
20 attraction strategy, getting new and occasional people to  
21 Del Mar using our Del Mar Cool As Ever brand. Because of  
22 this strategy we do have a high percentage of new and  
23 occasional fans. Many of these are coming to Del Mar for  
24 reasons other than horse racing, reasons such as concerts,  
25 festivals, events, or maybe just to enjoy the Del Mar social

1 scene. It's our job then to convert these people or to try  
2 to convert these people into regular race fans. And there's  
3 a number of things we do, and I just want to run you through  
4 a couple of them.

5           The simplest and most effective thing we do, in  
6 our opinion, is that every -- each and every person who  
7 comes through the gate gets a free program. It sounds  
8 simple, but at many other race tracks you have festivals and  
9 events such as this who don't offer a free program. New  
10 people who don't come for racing don't know to buy a  
11 program. And if you don't buy a program there is virtually  
12 no chance you'll be able to make a wager. Therefore, we  
13 think it's very, very important to give everyone a program.  
14 We hand it to them, they look into -- they look at it, they  
15 look at the races, and they're interested. And chances are  
16 they're going to try to make a bet.

17           Secondly, we are redesigning our program this year  
18 to make it much more user friendly, much more aligned for  
19 beginners. Right when you open the program it's going to be  
20 "Welcome to Del Mar, here's how you bet." So we think  
21 that's going to help tremendously.

22           We also newcomer seminars each and every day of  
23 the season from the -- from the minute the gates open until  
24 the first race. These are 30-minute seminars that repeat  
25 themselves, and they are very, very popular. We put them

1 right inside the gates. They are packed each and every day.

2 In addition, we have a website dedicated just to  
3 newcomers to the game. We have our regular site for -- for  
4 people who understand the game more and are interested in  
5 entries and results and stuff like that. But we also have a  
6 beginner website. It does talk about things such as fashion  
7 and music and has a lot of user-generated content. But all  
8 the things that you need to know about coming to the races  
9 for the first time are also found on that website.

10 We also distribute beginner guides and the *Daily*  
11 *Racing Form Easy Form*, which is a simplified *Daily Racing*  
12 *Form* product, for free to players whenever we have big  
13 festivals and events and concerts. So newcomers can -- can  
14 read these products, get them for free, and feel a little  
15 more confident about going to the window.

16 Next, we did something last year that I -- that  
17 did very well for us. It was called the Bring A Friend  
18 program. If you think back to the first time you were  
19 introduced to horseracing it was likely because somebody  
20 brought you; your father, your brother, your uncle, someone  
21 took you to the -- took you to the race track. This is a  
22 wonderful education situation for us in that when someone  
23 brings you they teach you the game. They explain to you  
24 that 7-to-2 means 3-and-a-half-to-1. They explain to you  
25 what a furlong is. They show you where the finish line is.

1 So when someone is brought to the races by someone who  
2 understands the game it's a wonderful thing for us.

3           Therefore, we turn to our database of about  
4 200,000 patrons and said to them, help us bring new fans to  
5 the game. Every Sunday we had a promotion call the Bring A  
6 Friend promotion when -- where when a person who is in our  
7 database brought someone to the races who is not in our  
8 database they both got in for free and they both received a  
9 premium item, whether it be a free sweatshirt, a free tote  
10 bag, something along those lines. Each Sunday we had  
11 several 100 people take advantage of this program, and we're  
12 going to do it again for this season.

13           Finally, I just want to make one statement here.  
14 I hear all the time, people say, yeah, you get these big  
15 crowds in for concerts but do they bet? Mr. Ernest, who you  
16 heard from earlier, tracks our handle on-track on a per-race  
17 basis. And although we can -- we certainly can do things to  
18 get better when it comes to fan education, I'm happy to  
19 report that things are working. Because when you look at  
20 the last two races on our Fridays on their own, the second-  
21 to-the-last race and the last race, those two races out  
22 handle any other race on Wednesday, Thursday, or Sunday,  
23 believe it or not. Those are two of our biggest on-track  
24 handle races of the entire week.

25           And that's because the concert crowd has arrived

1 and these people are wagering. True, they're not wagering  
2 hundreds of dollars each race, but they are wagering. And  
3 if -- and I would encourage you to go down to the west end  
4 of our building on concert nights and look at the lines,  
5 they are all in line, maybe not betting a ton of money but  
6 they're betting. And hopefully as they get older and they  
7 want to turn into real fans we've indoctrinated them into  
8 the sport and they'll come back a little more easily.

9 We also have two things this season that we're  
10 very excited about on the racing side. One of them is the  
11 Ship And Win program which we're bringing back again, which  
12 we've increased this year. And the other is a new paddock  
13 sale that we're doing on the first Sunday of the meet. And  
14 I'm going to let Tom Robbins take you through the details of  
15 those.

16 MR. ROBBINS: Again, Tom Robbins, Racing  
17 Secretary, Del Mar.

18 COMMISSIONER CHOPER: Excuse me. Can I interrupt?  
19 Can I ask you a question before? This -- you've had the  
20 Bring A Friend thing that last year; right? Do you have any  
21 way of tracking whether the friend who comes out today ever  
22 comes back and how often?

23 MR. DADO: We absolutely do. When you bring the  
24 friend who is not in the database he has to sign up and get  
25 in the database. So therefore we know who he is, we know

1 where he lives, and each time he comes back he will use his  
2 database card to get in for half price. So the extent they  
3 use the card, yes, we do know exactly how many times they  
4 come back.

5 COMMISSIONER CHOPER: And what -- what does it  
6 show?

7 MR. DADO: It was mixed. It was mixed.

8 COMMISSIONER CHOPER: Well, mixed is not bad.

9 MR. DADO: No, not bad. Hopefully -- well, the  
10 hope is, is that maybe they didn't learn it all the first  
11 time through and the friend would bring them again --

12 COMMISSIONER CHOPER: Yes.

13 MR. DADO: -- and they'd want to come back again.  
14 I want to say a little bit less than half did return that  
15 season, which we thought was good. It was people that we'd  
16 likely never seen before came the first time and then came  
17 again. We're going to continue to monitor those. Maybe,  
18 you know, a 37-day meet is not a great sample size, so we're  
19 going to continue to monitor that. But we do have the  
20 mechanism in place to -- to look at.

21 COMMISSIONER CHOPER: Can you get in for half  
22 price the third time too?

23 MR. DADO: When you join our Diamond Club, which  
24 is the -- the main component we use to promote to our core  
25 audience, you get in for half price each and every time you

1 come.

2 COMMISSIONER CHOPER: But I'm -- I'm concerned.  
3 I'm just wondering about the Bring A Friend. So you say you  
4 have a decent percentage that come back a second time.

5 MR. DADO: Right.

6 COMMISSIONER CHOPER: I guess the -- the real  
7 question is: Do they come back -- how -- how many come back  
8 a third time, a fourth time, how many -- you know, use --  
9 you can use any adjective you want -- get hooked?

10 MR. DADO: Sure. That's a great question. And we  
11 do have the mechanism in place to track it. Again, with a  
12 37-day meet it's a bit of a small --

13 COMMISSIONER CHOPER: Yeah. Yeah. Sure.

14 MR. DADO: -- sample size.

15 COMMISSIONER CHOPER: I understand.

16 MR. DADO: So it may take a few years to really  
17 understand that data. But we did some return. And again,  
18 it was kind of mixed in the first year.

19 COMMISSIONER CHOPER: Uh-huh. You track them at  
20 your off-track betting facility after the 37 days go by?

21 MR. DADO: Yes. Those -- are programs are tied in  
22 together.

23 COMMISSIONER CHOPER: So to the extent that you  
24 could produce some statistics on that, I think it would be  
25 very helpful. I mean, you know, these things, they

1 certainly sound good. There's a good theory to them. But  
2 if they don't work, then it remains just a theory.

3 MR. DADO: Very true. So by being in the database  
4 you receive the newsletters, you receive email blasts.  
5 So -- so we've got you. We go after you. And again, we  
6 need to track it. If it's working we'll continue it.

7 COMMISSIONER CHOPER: I'm not complaining about  
8 what you're doing. I mean, I -- I -- that's -- I'm -- but  
9 I'm just wondering if you're informing yourself as to  
10 whether all your efforts and expenditures are working, and  
11 working to get someone truly interested in racing. You  
12 know, when you say it's mixed, it would be very nice, you  
13 know, if you could get five percent of them to become  
14 regulars.

15 MR. DADO: You know, it's -- it's very anecdotal,  
16 but when we talked to some of our Turf Club members today  
17 they say, you know, the first time I came out here was  
18 because of a concert ten years ago and now I'm a Turf Club  
19 member. But that's -- that's anecdotal. I don't have any  
20 data on that. But we hear that -- we hear that quite a bit.

21 COMMISSIONER CHOPER: Yeah.

22 CHAIR BRACKPOOL: If there are no other questions  
23 on marketing let's go -- I mean, we can all come back and  
24 have questions. But, Tom, you were about to --

25 MR. ROBBINS: Yeah.

1 CHAIR BRACKPOOL: -- talk about the paddock sale.

2 MR. ROBBINS: Right. Let -- let me first talk a  
3 little bit about Ship And Win. We were -- all sat here a  
4 year ago, concerned about horse population. And for most of  
5 the folks here, probably all of you today know that foal  
6 size, foal populations are down, been down for the last six  
7 years, not just in California but nationally speaking, as  
8 well. So we knew in order to maintain our five days a week  
9 at Del Mar and maintain the quality of the programs that  
10 we've seen in the past we need to do something to try to get  
11 horses that normally wouldn't be at Del Mar.

12 So we offered a very simple program called Ship  
13 And Win. And what it was, was to offer a financial reward  
14 for an owner that would bring a horse to Del Mar, possibly  
15 never, a person, an owner, a trainer never having been to  
16 Del Mar before, but somebody that had a horse that made its  
17 last start outside of the borders of California, anywhere  
18 outside of California.

19 The offer, also, was extended to the local folks,  
20 as well, our local owners and trainers, as well. So it's a  
21 fair program. We're not just pinpointing people that have  
22 never been to Del Mar before. The offer was made to owners  
23 and trainers that exist in Southern California. If you  
24 could go out and find a horse outside the borders of  
25 California you would share in this reward, as well. We

1 understand the burden for horse owners and the expenses  
2 to -- to get horses from outside to come to Del Mar and come  
3 to California.

4           The program exceeded our expectations. It worked  
5 very well. Our partners, Thoroughbred Owners of California  
6 shared half of the cost of the program. Long story short,  
7 we bucked industry national trends. We -- we ended up  
8 running the same number of races as we did the year before.  
9 Many tracks had -- had to cut back days or number of races.  
10 And -- and most importantly I think what was noted was that  
11 we actually increased field size. So in this -- this  
12 landscape of -- of reduced populations of horses we did two  
13 things that -- that really surprised not only myself but  
14 everybody and -- and we were rewarded with that.

15           The good news is 2012, we're offering the same  
16 program, bigger and better than last year. Also, again,  
17 working with TOC we've increased the rewards, with the idea  
18 that knowing that the horse population is still not better  
19 and will not be better for a few years. We know what the  
20 full size -- what the full crops have been the last few  
21 years. So we are offering this. And we're going to be even  
22 more aggressive this year in trying to get horses, again,  
23 not just new faces to California, but to encourage our own  
24 local owners and trainers to go out there and find horses.  
25 We're all going to be vying for a shrinking population and

1 we know we need to be aggressive.

2           Following that same theme, what we're also going  
3 to do this year in trying to get horses to California is  
4 something that we tried to do last year -- we couldn't get  
5 it off the ground last year for various reasons -- is a  
6 paddock sale. So on the first Sunday of the race meet  
7 following the last race -- July 22nd, put that on your  
8 calendar -- we're offering a paddock sale. We're working  
9 with Barrett's Sales Company who are the professionals in  
10 accomplishing these -- these sales. And we are going to try  
11 to secure 20 to 30 horses, maybe a few more, from outside of  
12 California and essentially bring them into our own back  
13 yard. For those that don't have the means to go out and --  
14 and -- and purchase horses and acquire horses outside of  
15 California we're essentially bringing in new stock to -- to  
16 Del Mar and hoping that, one, we can generate excitement.  
17 We know there are people that like to race at Del Mar. We  
18 know that people claim horses like crazy at Del Mar.

19           And I tell this story quite often to illustrate  
20 the importance of this. You can pick up the -- the charts  
21 on any given day and see 16 horses claimed at Del Mar. And  
22 everybody says that's exciting. Owners want to get back  
23 into the business. They want to own horses. But we all  
24 know that doesn't do our population any good when a horse  
25 goes from trainer A to trainer B. So this is another

1 effort, endeavor to get horses from outside the borders,  
2 reinforce our -- our existing population.

3 And not only that, we think it's an educational  
4 tool. We're going to be exposing this to our fans on Sunday  
5 after the races. It's going to be heavily promoted. We  
6 hope to encourage new people, new people, new owners to get  
7 into the business. TOC has volunteered to have a booth,  
8 what it takes to be an owner in California.

9 So we want to do this right. We want it to be  
10 successful. We, naturally, have to get the product first,  
11 get those horses first. But working with the folks at -- at  
12 Barrett's and -- and CMC, who is our partners in this, as  
13 well. In the product enhancement phase of their program,  
14 they're sharing in some of the expenses to get these horses  
15 to California.

16 CHAIR BRACKPOOL: Well, let me just say on that,  
17 whatever we can do at the CHRB to assist with your licensing  
18 of, you know, explaining what it is. So let's -- let's also  
19 have either someone at the TOC booth or our own people there  
20 or whatever. But let's make this process as easy and as  
21 welcoming as possible, because I don't think that's been our  
22 forte over the last period of time. So let's -- let's have  
23 staff make sure that we work on that, as well. Because I  
24 think anything we're going that is encouraging both new  
25 horses and potentially new owners just has to be part of a

1 great mission for us.

2 So Commissioner Rosenberg?

3 COMMISSIONER ROSENBERG: Listen, Tom, on the Ship  
4 And Win program as it relates to this sale, if -- the  
5 condition on the Ship And Win program is the horse has to  
6 have raced out of state? That's -- is that the basic  
7 condition --

8 MR. ROBBINS: That's -- that's --

9 COMMISSIONER ROSENBERG: -- prior to --

10 MR. ROBBINS: -- the basic condition.

11 COMMISSIONER ROSENBERG: -- with the next phase  
12 prior or no?

13 MR. ROBBINS: The -- the horse has to have a start  
14 outside of California. We're hoping that many of these  
15 horses will qualify for the Ship And Win program which will  
16 add value to -- to these horses.

17 COMMISSIONER ROSENBERG: My question related to  
18 whether there will be any chance of people bringing in two-  
19 year-olds or three-year-olds that haven't raced that are  
20 ready to race that have been trained down, you know, late  
21 two-year-olds.

22 MR. ROBBINS: Right.

23 COMMISSIONER ROSENBERG: But they wouldn't be  
24 eligible for the Ship And Win.

25 MR. ROBBINS: I think quite possibly you could.

1 They won't be eligible for the Ship And Win. But we're --  
2 we, naturally, want horses that are going to participate --

3 COMMISSIONER ROSENBERG: Yeah.

4 MR. ROBBINS: -- at the Del Mar meet.

5 CHAIR BRACKPOOL: Well, let me say for the record  
6 that I don't know that July 22nd is necessarily a late two-  
7 year-old, because --

8 COMMISSIONER ROSENBERG: By my standards it is.

9 CHAIR BRACKPOOL: Exactly.

10 MR. ROBBINS: But we -- we recognize that not all  
11 horses may -- may be --

12 CHAIR BRACKPOOL: Right.

13 MR. ROBBINS: -- will have started.

14 CHAIR BRACKPOOL: But hopefully some will have  
15 qualified for it.

16 MR. ROBBINS: Sure.

17 CHAIR BRACKPOOL: Right. I understand.

18 COMMISSIONER CHOPER: Was the -- the hip And Win  
19 the first time last time?

20 MR. ROBBINS: Yes, that was our first year.

21 COMMISSIONER CHOPER: So it would be interesting  
22 if you would track those who come back from last summer to  
23 this summer, and whether they also -- where they're -- you  
24 know, I'd be curious, where are they going after the Del  
25 Mar --

1 MR. ROBBINS: Well --

2 COMMISSIONER CHOPER: -- meet is over.

3 MR. ROBBINS: -- I think that's a very good  
4 question. And -- and what we noted last year, because we  
5 did track these horses, naturally, after the Del Mar meet,  
6 and Santa Anita's winter meet prior to Del Mar was down in  
7 field size. Hollywood was down in field size. We, as I  
8 said earlier, increased slightly. These horses went on to  
9 run at Santa Anita and Hollywood. Both meetings were up in  
10 field size. So --

11 COMMISSIONER CHOPER: And a lot of them were for  
12 the first time in California?

13 MR. ROBBINS: Yes. And triggered by --

14 COMMISSIONER CHOPER: Well, that's just --

15 MR. ROBBINS: Triggered by this.

16 COMMISSIONER CHOPER: -- terrific.

17 MR. ROBBINS: I mean, you're -- you're going to  
18 get horses. Naturally, we -- we used a base figure of 2010  
19 to -- to make comparisons. But we doubled what that  
20 produced in 2010 with -- without the program. We're hoping  
21 that we can only increase it this year for every --

22 COMMISSIONER CHOPER: Well --

23 MR. ROBBINS: -- additional starter.

24 COMMISSIONER CHOPER: -- only -- apart from the  
25 increase in field size, you could figure out how many horses

1 you brought in.

2 MR. ROBBINS: Sure.

3 COMMISSIONER CHOPER: And it's nice to have an  
4 increase. It's better not to have much of a decrease as  
5 much as you would otherwise. So that -- that sounds really  
6 promising if they -- if they -- a number of these horses who  
7 have not at least regularly raced in California before come  
8 and stay.

9 MR. ROBBINS: Correct.

10 COMMISSIONER CHOPER: And that -- that's what you  
11 say it showed after the Del Mar.

12 MR. ROBBINS: That's -- that's what we saw.

13 COMMISSIONER CHOPER: And you're going to continue  
14 tracking. And in a little bit you say I think --

15 MR. ROBBINS: Absolutely.

16 COMMISSIONER CHOPER: Okay. That's great.

17 COMMISSIONER WINNER: But we're not talking about  
18 horses that -- that run out of state to race one time and  
19 then came back, in terms of tracking for long term.

20 MR. ROBBINS: Sure.

21 COMMISSIONER WINNER: I understand what the --  
22 what the guidelines are. But in terms of the tracking, what  
23 Commissioner Choper was talking about, it's the ones who  
24 come here that didn't start here and just went out to race  
25 in one race; correct?

1 MR. ROBBINS: No. To be eligible for the program  
2 we -- we made it so that a horse that's been continuously  
3 racing in California goes after one race and returns isn't  
4 eligible.

5 COMMISSIONER WINNER: Is not eligible?

6 MR. ROBBINS: No. No. No. We -- we have  
7 limitations on it. They were clearly written up that way.  
8 And -- and everybody understood. You know, it -- I can't  
9 stress enough the importance of getting our own local owners  
10 and trainers to get involved in the program, as well. And  
11 many of them did last year and it worked out. About half of  
12 the horses came from our own local people.

13 COMMISSIONER BENETO: Do you --

14 COMMISSIONER WINNER: Thank you.

15 COMMISSIONER BENETO: Do you have a ceiling on --  
16 on the cost?

17 MR. ROBBINS: No. We share 50 percent of the  
18 costs, Del Mar Thoroughbred Club, and TOC through purse  
19 money shares the other. Last year it cost each entity  
20 \$85,000.

21 MR. ERNST: \$84,000 each. And -- and we've run  
22 analysis where we -- each incremental horse increases  
23 handle. And we -- and we looked at the incremental handle  
24 by -- by runner. And our analysis was each incremental  
25 runner brought in about \$4,000 of additional purses and

1 commission. And our costs is -- was roughly \$1,500 per  
2 horse. So our revenue exceeded the cost. So we would love  
3 to pay out significantly more in costs because that will  
4 result in a greater increase in purses and commissions. So  
5 we don't cap the cost because the upside on the revenue in  
6 purses exceeds the cost, incremental cost per horse.

7 COMMISSIONER BENETO: So if somebody flies a horse  
8 out for \$5,000 you'll pay the \$5,000?

9 MR. ROBBINS: No. The -- what -- what the program  
10 is --

11 COMMISSIONER BENETO: That's my question.

12 MR. ROBBINS: There's two parts to the program.  
13 Every horse that runs that is eligible gets \$1,000,  
14 including horses coming out for a stakes race.

15 CHAIR BRACKPOOL: As a starter?

16 MR. ROBBINS: As a starter fee. The secondary --  
17 second part of it is that in -- in that one start at Del Mar  
18 in non-stakes races they get -- last year they got a 20  
19 percent bonus on any purse money they earned. This year  
20 they're getting a 25 percent bonus on the purse money earned  
21 in that race. So there's two parts to it.

22 CHAIR BRACKPOOL: And the risk is equally shared.  
23 It's not just shared between the TOC and Del Mar  
24 Thoroughbred Club. It's also shared with the owner who is  
25 risking bringing in the horse. So, you know, you're getting

1 \$1,000 contribution towards your shipping. But the real  
2 reason you're doing it is to try and get a 25 percent bump  
3 in the purse by bringing in the horse.

4 COMMISSIONER BENETO: Okay.

5 CHAIR BRACKPOOL: So --

6 MR. ROBBINS: And I might add, we're -- we're  
7 offering the highest overnight purses in the history of Del  
8 Mar this summer. So -- so we -- things are good.

9 CHAIR BRACKPOOL: Exactly. Thank you.

10 Josh, do you have anything to add?

11 MR. RUBENSTEIN: Yeah. I'll just hit on a couple  
12 of new technology features that we're going to have this  
13 summer. Josh Rubenstein, Del Mar.

14 The first is we're proud to announce TVG will be  
15 handling our onsite television production. So from -- from  
16 an on-track standpoint and our simulcast signal TVG talent  
17 and production will be used for this broadcast, and we're --  
18 we're very excited about that.

19 And with that being said, Del Mar will be the  
20 first track in California to have a high definition  
21 broadcast of our races on-track. So -- so for our big video  
22 board that you see from the grandstand, as well as all HD  
23 monitors, which are about 70 percent throughout the  
24 facility, those will -- the race coverage will be in HD.

25 CHAIR BRACKPOOL: But that HD does not translate

1 to watching it at home on television.

2 MR. RUBENSTEIN: Correct.

3 CHAIR BRACKPOOL: Right.

4 MR. RUBENSTEIN: Correct. And I know TVG is  
5 looking to -- to upgrade their distribution with cable  
6 carriers through HD. It's -- it's not done yet. But this  
7 is the -- the first phase, the on-track piece.

8 CHAIR BRACKPOOL: But at -- at the track itself  
9 you'll be able to see it in HD?

10 MR. RUBENSTEIN: Yes. The Del Mar -- the live Del  
11 Mar race feed will be in HD. So we're -- we're very excited  
12 about that.

13 And, you know, one of the -- the things, we get a  
14 lot of media requests, you know, local stations, and even  
15 ESPN, they'll ask us for, you know, tapes of Del Mar races.  
16 And whenever I see, you know, a broadcast in HD then they --

17 CHAIR BRACKPOOL: Right.

18 MR. RUBENSTEIN: -- show the -- the standard def  
19 race it just -- it doesn't look good. So we'll be able to  
20 send, you know, all media outlets an HD feed, which we think  
21 is great.

22 Secondly, our -- our -- we announced or we -- we  
23 released a mobile wagering platform last year as a beta  
24 test. And we have about 1,000 customers sign up. And that  
25 allowed folks to wager via their smartphone while they're

1 on-track at Del Mar. We'll be going full steam ahead with  
2 that program again this year. Last year, again, we had  
3 about 1,000 people sign up. And we think the numbers will  
4 be significantly higher this year.

5 CHAIR BRACKPOOL: And that's obviously crucial  
6 because there's a difference in -- as opposed to them  
7 betting on their ADW account where you're only getting X.  
8 Here you're getting X plus?

9 MR. RUBENSTEIN: Correct. This is exactly an on-  
10 track wager. Folks simply have to -- to go to a dedicated  
11 window, sign up for an account, and once they do that  
12 they're purely with their smartphone and -- and making  
13 wagers.

14 CHAIR BRACKPOOL: Yeah.

15 MR. RUBENSTEIN: So --

16 CHAIR BRACKPOOL: I mean, this just has to be the  
17 way. I mean, years gone by, obviously, it was never an  
18 issue. But as soon as people can start using iPhones,  
19 iPads, or whatever to be betting anyway they can they're  
20 going to go to the easiest, you know, way it is. And so  
21 your technology has to be at least that of the ADW  
22 companies. Because ease of betting is what -- is what  
23 counts here.

24 VICE CHAIR ISRAEL: And because that's so easily  
25 trackable, is there some component of that where there's a

1 bonus program or --

2 MR. RUBENSTEIN: Yeah. If -- if the -- if the  
3 players qualify at a certain level, you know, via CMC there  
4 is a significant reward program. And those players would be  
5 able to participate in that, as well.

6 VICE CHAIR ISRAEL: Because you can track it --

7 MR. RUBENSTEIN: Exactly.

8 VICE CHAIR ISRAEL: -- it's a much easier way for  
9 you to track their -- their action?

10 MR. RUBENSTEIN: Exactly.

11 VICE CHAIR ISRAEL: Okay.

12 MR. RUBENSTEIN: Exactly. So that's basically it  
13 on the -- on the new technology front. If you guys have any  
14 questions we'd be happy to answer.

15 CHAIR BRACKPOOL: Before I get to a couple of my  
16 questions, Commissioner Derek?

17 COMMISSIONER DEREK: No.

18 CHAIR BRACKPOOL: No. Anyone else? I think  
19 we're -- I think we're good.

20 So we have instituted this program which I think  
21 is working ext extremely well, which is -- which is working  
22 extremely well because we're hearing these a full two months  
23 before the -- the meetings now to allow for anything that,  
24 you know, hasn't been taken care of to come back in front  
25 of -- of the Board and do this.

1           So where are we with the -- with the outstanding  
2 CTT agreement at this stage?

3           MR. RUBENSTEIN: Well, we -- we had a positive  
4 meeting yesterday with CTT. Unfortunately, we don't have an  
5 agreement in place with our license application. I guess  
6 you'd have to ask them specifically why.

7           CHAIR BRACKPOOL: Well, my understanding is that  
8 it's not to do with the agreement that traditionally is the  
9 CTT agreement which is to do with the track. There's not an  
10 issue about the track; correct?

11          MR. RUBENSTEIN: I don't believe so.

12          CHAIR BRACKPOOL: Okay. Alan, would you like to  
13 stand up and talk to this issue, or John? Name and  
14 affiliation, John, for the people listening.

15          MR. SADLER: John Sadler, President, CTT. And  
16 Alan Balch, our executive director. We do not have a  
17 horsemen's agreement with Del Mar at this current time. And  
18 it largely has to do with exchange wagering. We're happy to  
19 work with the industry and compromise, like on issues that  
20 came up before the Board earlier today. But for us this is  
21 an integrity issue. And with over 150 investigations in  
22 Britain and 15 major suspensions we're not -- we're not  
23 willing to sign an agreement at this point.

24                 Although technically you're going to say, you  
25 know, we're -- we're not required to, it's the other

1 organization, if something goes wrong with exchange wagering  
2 the first people that are going to get blamed are not going  
3 to be the CHRB, it's not going to be Del Mar, it's going to  
4 be the trainers and the jockeys. So --

5 CHAIR BRACKPOOL: Well, let me ask you a couple of  
6 questions.

7 MR. SADLER: Yeah.

8 CHAIR BRACKPOOL: Obviously, there's no --

9 MR. SADLER: Go ahead.

10 CHAIR BRACKPOOL: There's no exchange wagering  
11 application in front of us. We have exchange wagering on  
12 the agenda for June when we have rules, and we'll see  
13 whether we have agreements between everybody. The  
14 legislation calls for agreement, if it is approved, it calls  
15 for agreement between the TOC and the race association to be  
16 approved by the Board. It does not call for agreement by  
17 the CTT.

18 So are you saying that CTT would not be prepared  
19 to train and race horses at Del Mar this meet if the TOC and  
20 Del Mar agree to do exchange wagering?

21 MR. SADLER: I don't think our membership at this  
22 time -- we can't find anybody that wants to race under --  
23 under this structure. I think if you talk to the -- to the  
24 trainers, integrity, integrity, integrity.

25 CHAIR BRACKPOOL: Yeah.

1 MR. SADLER: You know, I mean that's -- that's the  
2 issue, and -- and we're not --

3 CHAIR BRACKPOOL: Well, let me --

4 MR. SADLER: -- there with it.

5 CHAIR BRACKPOOL: Let me just ask a couple of  
6 questions here. So my understanding from staff is that  
7 the -- the traditional agreement that CTT signs with the  
8 tracks pertains to track safety --

9 EXECUTIVE DIRECTOR BREED: Correct.

10 CHAIR BRACKPOOL: -- and track race issues. So --

11 EXECUTIVE DIRECTOR BREED: That's correct.

12 CHAIR BRACKPOOL: So there is no issue. So you  
13 would say that you would -- you would not be prepared to  
14 sign a track safety issue unless you were able to get a veto  
15 over exchange wagering, if that was to happen?

16 MR. SADLER: We're not ready to sign an agreement  
17 today. You know, we're happy -- we had a good meeting at  
18 Del Mar yesterday. We're prepared to meet with TVG some  
19 more. We're prepared to meet with Del Mar some more. But,  
20 I mean, we don't have a lot of clout. I mean, I think  
21 that's -- that's well known. But we are the first  
22 responders in -- in anything that goes wrong. And -- and  
23 we're not ready to sign any agreement at this point.

24 CHAIR BRACKPOOL: Okay. Well, let me -- yeah,  
25 just one second. So let me just ask staff so that the Board

1 members understand where we are. So let's assume that CTT,  
2 you know, continued to decline to sign an agreement to race  
3 at Del Mar. And -- and, you know, we obviously have the --  
4 the ability today to approve the -- the race meet. What  
5 would -- what would happen if we did -- if there was no  
6 agreement between CTT and Del Mar to race? I presume  
7 individual trainers would be free to enter their horses.  
8 But -- but why don't you tell us what -- what the status  
9 would be.

10 EXECUTIVE DIRECTOR BREED: Well, the status, as I  
11 understand it, is if -- if consent is not gained or not  
12 justified by the -- by the granny -- the horsemen's  
13 organization then the Board decides to do the meet without  
14 that -- without that agreement.

15 CHAIR BRACKPOOL: Okay. Commissioner Choper?

16 COMMISSIONER CHOPER: I just wanted to say, I --  
17 look, I think we all understand what you're saying. You  
18 know, there is a question of who perceives something going  
19 wrong from the outside and from the inside. Okay. So I can  
20 tell you from the outside, when you see something that goes  
21 on, you know, as a better and you say, you know, they pulled  
22 the horse or whatever it is, my experience over a bunch of  
23 years has been I don't -- I've never heard anybody around me  
24 say it's the trainers. They say it's, you know, something  
25 going on with the jocks. That's what they say. Or

1 periodically they'll talk about the owners. So I would just  
2 ask -- ask you to consider that as not being concerned about  
3 outsiders pointing the finger.

4 Now, let me just finish, then I'll say -- now, so  
5 far as insiders are concerned, you know, you -- you have a  
6 reasonable point of view. I think you're on record of  
7 saying, you know, if something goes wrong, we told you so.  
8 I really don't think you can do much more than that. I  
9 mean, you know, I understand you're -- you're not prepared  
10 to say we're going to boycott the thing. There will be no  
11 racing there. No.

12 So I think you ought to -- I don't know what your  
13 discussions with -- with Del Mar are, and that's your  
14 business and not mine anyway, but I just ask you to consider  
15 those particular factors. I think you're protected on the  
16 outside and you are doing everything in your power to  
17 protect yourself on the inside, as well, for being blamed  
18 for anything. Quite the contrary. You'll be the white  
19 horse, or knight anyway, if -- if something is to go wrong.

20 CHAIR BRACKPOOL: Commissioner Winner?

21 COMMISSIONER WINNER: Mr. Chairman, this is really  
22 a question. It seems to me that the betting exchange issue  
23 is something that's on the June agenda.

24 CHAIR BRACKPOOL: Right.

25 COMMISSIONER WINNER: And that we probably

1 shouldn't be discussing that as much now. The issue before  
2 us is the Del Mar meet.

3 And so my question is: Can we approve the Del Mar  
4 meet and deal with the betting issue at the June meeting?

5 CHAIR BRACKPOOL: Yeah.

6 COMMISSIONER WINNER: Recognizing what John has  
7 said with --

8 CHAIR BRACKPOOL: Right.

9 COMMISSIONER WINNER: -- with respect to where the  
10 trainers are --

11 CHAIR BRACKPOOL: Right. Right.

12 COMMISSIONER WINNER: -- on this issue.

13 CHAIR BRACKPOOL: Well, look, I want to make sure  
14 that everybody has, you know, a full chance to talk about  
15 this in June. The way that we're going to handle this in  
16 June is the first issue that will be related to exchange  
17 wagering will be the comments on the rules and regulations.

18 All right. If -- if the Board were to approve those rules  
19 and regulations, and if there were an application by Del Mar  
20 and horsemen to implement that, then that would follow the  
21 rules. Obviously, if the rules don't get approved there's  
22 no approval that can be given to -- to there. And I would  
23 think that what we do is then put as a third issue on, you  
24 know, the agenda, which I don't know will be an agendized  
25 issue, maybe it becomes part of this, you know, would be to,

1 you know, go through CTT's, you know, issues at -- at that  
2 stage.

3           So I mean, we can do one of two things today. We  
4 can approve the meet, you know, in its entirety. Or we can  
5 approve the meet subject to an agreement with CTT, have that  
6 agreement -- if that agreement is not made then the item  
7 that has to be on the agenda in June is the Board's approval  
8 to have the meet without CTT agreement. So --

9           MR. SADLER: I mean, I think that's fair.

10          CHAIR BRACKPOOL: -- we can either do it all at  
11 once now or --

12          MR. SADLER: We're happy to wait.

13          CHAIR BRACKPOOL: Sorry?

14          MR. SADLER: We're happy to wait --

15          CHAIR BRACKPOOL: I --

16          MR. SADLER: -- I mean, until June.

17          CHAIR BRACKPOOL: I understand you're happy to  
18 wait, John.

19                 Commissioner Rosenberg?

20          COMMISSIONER ROSENBERG: Are you saying that --  
21 that the -- that the Board would have the ability to turn --

22          CHAIR BRACKPOOL: The Board has the ability to do  
23 that.

24          COMMISSIONER ROSENBERG: -- to reject a meeting  
25 application based upon --

1 CHAIR BRACKPOOL: No.

2 COMMISSIONER ROSENBERG: -- the fact that the --

3 CHAIR BRACKPOOL: No. The Board has the ability

4 to approve a meeting without requiring an agreement --

5 COMMISSIONER ROSENBERG: It does?

6 CHAIR BRACKPOOL: -- with CTT. Yes.

7 COMMISSIONER ROSENBERG: Okay. That's better.

8 CHAIR BRACKPOOL: Yes.

9 COMMISSIONER WINNER: So we don't have to say

10 subject to an agreement.

11 COMMISSIONER ROSENBERG: No. That's --

12 COMMISSIONER WINNER: One of the choices was

13 subject to.

14 CHAIR BRACKPOOL: Exactly.

15 COMMISSIONER ROSENBERG: Yeah. That's --

16 that's --

17 COMMISSIONER WINNER: But we could do it without

18 subject to --

19 CHAIR BRACKPOOL: Exactly.

20 COMMISSIONER WINNER: -- and then we'll deal with

21 that at the appropriate time.

22 COMMISSIONER ROSENBERG: Exactly.

23 CHAIR BRACKPOOL: Exactly. Exactly.

24 COMMISSIONER WINNER: Exactly.

25 CHAIR BRACKPOOL: Commissioner Derek, did you wish

1 to say something? Just sitting upright.

2 COMMISSIONER DEREK: Uh-huh.

3 CHAIR BRACKPOOL: Thank you, John.

4 I have one speaker on this issue before we go  
5 ahead here. John Bucalo with a printed card from Barona.

6 MR. BUCALO: John Bucalo, Barona Casino, Off-track  
7 Betting.

8 I just want to say that Del Mar does a fantastic  
9 job. Everybody knows that. But it's helped us at Barona  
10 develop stronger players who come more often. I've taken --  
11 I take our players to their race track during the Del Mar  
12 race meet. And the excitement that is at Del Mar is like no  
13 other place. They've got it over there. Their management  
14 team are pounding the pavement. They're accessible to  
15 everybody. It's unbelievable. Everybody's happy.

16 Every business wants the best customer service  
17 that anyone can offer. But how do you get your employees to  
18 buy into it? Go to Del Mar. Everybody's smiling, the  
19 employees. I don't care if it's the mutuel clerks, the  
20 horsemen, the -- whomever it is, the ticket takers, they're  
21 all smiling and happy. And it gives their -- their audience  
22 a pleasant place to be, an exciting place to be.

23 They've got the opening day hat contest.

24 Terrific. I mean, people are excited to go.

25 CHAIR BRACKPOOL: Are you getting to a point here,

1 John?

2 MR. BUCALO: Well, the point is that it's helped  
3 us build a better clientele. And I wish that everybody else  
4 would have the attitude and recognize the importance of the  
5 guest, because Del Mar certainly does. The media buys into  
6 their meet and they're on TV the entire race season. And  
7 that's something other tracks need -- need to have, as well.  
8 Thank you.

9 CHAIR BRACKPOOL: Thank -- thank you, sir.

10 MR. BUCALO: Thank you.

11 CHAIR BRACKPOOL: Thank you. I would happy to  
12 make a motion to approve the meet. I commend you for -- for  
13 the continuing creativity that you have in your programs,  
14 all of the different programs. I think it would be easy to  
15 rest on -- on previous successes, but I think it's there. I  
16 think the Ship And Win program is really important. Because  
17 I know, Mike you gave an example that, you know, it was  
18 incrementally \$4,000 in purse money or whatever.

19 But one of the things we've seen over and over  
20 again here is that when we have, you know, field size go  
21 from seven to eight, you know, eight to ten, those jumps  
22 are -- are -- you know, they're -- they're not linear. I  
23 mean, those jumps really make it. So you know, if we're  
24 getting a seven horse field that's going to eight or  
25 whatever, those are just critical.

1           So given that that was the first year of the  
2 program and it was that successful, I'd have high hopes for  
3 it this year. And I certainly hope you're back in front of  
4 us telling us that you -- that you've paid out, you know,  
5 triple figures this year, not just double figures. Because  
6 I think that would be -- I think that would be terrific.

7           I would like to, you know, get some response after  
8 the meet but before, perhaps, your next application. The  
9 next time we have a marketing discussion in front of us,  
10 Craig, it would be good to come back with some of the data  
11 that's responsive to Commissioner Choper's questions, as  
12 well. And I'm fascinated to see on the technology side, you  
13 know, how well that on-track betting electronically picks  
14 up. Because I just believe that in two or three years  
15 that's going to be where this industry is. And it's  
16 critical to the tracks that the on-track bet remains and it  
17 doesn't all just go out to third parties. Third parties  
18 provide a great product when you're not at the -- at the  
19 track. But when you're at the track we -- we need the track  
20 and horsemen to be benefitting at much as possible.

21           I'd be prepared -- I really do understand, you  
22 know, all of the emotion that surrounds exchange wagering.  
23 And I will make sure that I eat lunch before we start the  
24 June meeting, because otherwise I think we're all going to  
25 be very hungry. But at the end of the day I would -- I

1 would make a motion to approve this, subject to getting an  
2 agreement with CTT. And if by the time we get to the June  
3 meeting there is not an agreement with CTT then the Board  
4 reserves the right at that meeting, however you can  
5 structure it, to decide, you know, whether we're going to  
6 require one or -- or not.

7 COMMISSIONER ROSENBERG: Subject to the language.  
8 It seems to imply that we are required to get the approval.

9 CHAIR BRACKPOOL: No. I'm --

10 COMMISSIONER ROSENBERG: I would say the motion  
11 could be made to approve it now. I mean, I personally would  
12 be in favor of approving it now. I don't see -- the CTT  
13 seems to have no grounds to in any way be involved in the  
14 approval process.

15 CHAIR BRACKPOOL: I'm just trying to -- to  
16 encourage continued dialogue. I just think continued  
17 dialogue is -- is important here. You know, I don't know,  
18 I'd go either way on -- on how we -- how we do it. I think  
19 that -- I think everyone intends us to -- to race at Del Mar  
20 this year. I think that's what's critical. And I'd much  
21 rather these conversations were fruitful, productive,  
22 pragmatic, etcetera, rather than, you know, we're going to  
23 withhold an agreement. That, I think, you know --

24 COMMISSIONER ROSENBERG: Well, the --

25 CHAIR BRACKPOOL: -- is not going to be a very

1 effective veto power at this Board level.

2 COMMISSIONER ROSENBERG: But the chairman or the  
3 president of the organization answers your question by  
4 saying that his members don't want to race at Del Mar if  
5 there's exchange wagering. So I think it's in our  
6 interest -- we have an obligation to make a decision as to  
7 whether or not they even have that -- they have the right  
8 not to race individually. But as an organization it becomes  
9 irrelevant. So delaying it, I agree with you on having  
10 conversations, they can still have conversations, but what  
11 about trainers who might want to move here from out of  
12 state? Give them the right to think about it.

13 CHAIR BRACKPOOL: Commissioner Winner?

14 COMMISSIONER WINNER: I think -- I think that's a  
15 valid point, and especially the trainers that want to come  
16 here from out of state.

17 The subject to does leave a question as to why is  
18 there a subject to. The question I have is: If at the next  
19 meeting a determination is made to proceed with exchange  
20 wagering, if that were the determination, and if the  
21 trainers continued to -- to not reach an agreement and  
22 decide not to participate, at least as an organization, what  
23 does that do to the meet? It's conceivable that there  
24 will -- there will be trainers who will buck the  
25 organization, and there will be trainers coming in from out

1 of state. But obviously the meet is going to be greatly  
2 impacted by that.

3 So from our standpoint we want to encourage  
4 continuing dialogue. I assume that's the primary --

5 CHAIR BRACKPOOL: Right.

6 COMMISSIONER WINNER: -- primary objective and is  
7 the objective of your motion. Can we do that without  
8 putting the subject to --

9 CHAIR BRACKPOOL: Oh, I think we --

10 COMMISSIONER WINNER: -- into the motion?

11 CHAIR BRACKPOOL: I certainly think we can. I  
12 mean, I also think we'd have, obviously, a very interesting  
13 debate, you know, as owners with our trainers if our  
14 trainers said that they weren't going to Del Mar this --

15 COMMISSIONER WINNER: Right.

16 CHAIR BRACKPOOL: -- this -- this summer. So you  
17 know, I think when -- when you say, John, that, you know,  
18 none of the --

19 COMMISSIONER WINNER: Yeah.

20 CHAIR BRACKPOOL: -- trainers you've spoken to are  
21 prepared to race there this year, I think I'd rather be on  
22 the other side of that bet than -- than none of the trainers  
23 would go race at Del Mar this year.

24 But, you know, what I'm trying to do here is  
25 encourage continued dialogue. That's what I'm trying to do.

1 I personally don't believe the -- the withholding the  
2 agreement to race as an entity at Del Mar is the appropriate  
3 way to have that dialogue.

4 COMMISSIONER ROSENBERG: Right.

5 CHAIR BRACKPOOL: I think the dialogue is going to  
6 be, you know, in this Board room, you know, at the June  
7 meeting. When we go through the rules it will be in the  
8 comments that you will undoubtedly submit, and it will be in  
9 the many, many multiples of meetings that you hold, you  
10 know, with Del Mar prior to -- prior to that. So --

11 MR. RUBENSTEIN: As we've said to CTT, we're happy  
12 to meet with them at any time to discuss this issue.

13 CHAIR BRACKPOOL: And, you know, I would encourage  
14 you to do that. So I would not have a problem voting to  
15 approve the license application with perhaps a strong  
16 message coming from, I would hope all of us that we believe  
17 the continued dialogue, you know, is -- is necessary and --  
18 and critical here. But, you know, I think the issue of  
19 exchange wagering really needs to stand on its own and not  
20 be dragged into all other elements of -- of that.

21 So on that basis I would be happy to make a motion  
22 to approve the license application as is, and -- and have a  
23 very good meet, and reward continued discussions.

24 COMMISSIONER BENETO: I'd second.

25 CHAIR BRACKPOOL: Seconded by Commissioner Beneto.

1 All in favor?

2 ALL COMMISSIONERS: Aye.

3 CHAIR BRACKPOOL: Motion carries.

4 Item number nine, discussion and action by the  
5 Board on an application to conduct a horse race meeting of  
6 the California Exposition and State Fair at Sacramento,  
7 commencing July 11th, 2012 through July 22nd, 2012,  
8 inclusive.

9 Dave, name and affiliation for the record, please.

10 MR. ELLIOTT: David Elliott, California Exposition  
11 and State Fair.

12 CHAIR BRACKPOOL: Tell us about the meet, please.

13 MR. ELLIOTT: One reduced day this year. We're  
14 going from nine racing days to eight -- eight days. Right  
15 now the norm in Northern California is a four-day race --  
16 race day per week. We're -- we're hopeful with the eight  
17 days that we'll hopefully bolster the herd that's up in  
18 Northern California right now, and hopefully it will  
19 increase field sizes for us.

20 This year we're going to try to do a Pick 4  
21 guarantee on our late Pick 4, which has been successful with  
22 our harness meet. Not big comparisons there, but I think  
23 the fans like it. We -- we also have a free program, if you  
24 will, to the fair goers that come through. It's a free  
25 cheat sheet, is what we call it, for first timers that come

1 in so they don't have to purchase a program, if you will.

2 It gives all of the information needed to make a bet.

3           We -- we are not going to -- we're going to -- the  
4 first week of our meet we will promote the opening day of  
5 Del Mar in the north as we're the host of that signal in the  
6 north on that day, and that would be the day that we're  
7 reduced. So Del Mar would have the whole state to  
8 themselves. However, all the northern facilities will be  
9 open. And we're also going to offer free programs offsite  
10 and onsite on that day to promote the opening of the Del Mar  
11 meet.

12           We will continue our frequent player program,  
13 which is a program that gives our regular year-round  
14 customers, our players and harness players, it gives them a  
15 severely discounted fair pass to get into the fair, and free  
16 parking. They basically have to show up with their Cal  
17 Racing card. And for so many times that they're at the  
18 satellite wagering facility they will get that discounted  
19 admission to the fair, severely discounted admission to the  
20 fair, and free parking during the fair.

21           For -- for the fair goers, we're -- we're going to  
22 make a concerted effort, a better effort this year in  
23 letting the people in the fair at all three of the gates.  
24 We have a 365 acre facility. So we're really going to  
25 spread out this year with horse racing information, more

1 horse racing information throughout the fairgrounds from the  
2 west gate all the way to the east gate at information  
3 booths, signage, videos on the Jumbotrons at the concert  
4 venue, on our -- on our PA system that runs through the  
5 entire 365 acres, hammering horse racing, horse racing,  
6 horse racing.

7           We -- we're bringing it back out Let It Roll  
8 promotion this year. We're basically giving away \$250 a  
9 day, 5 times \$50.00. We've pick five names and they have  
10 to -- they have to bet it. They have to bet their \$50.00  
11 prize. We don't just give it to them and they get to walk  
12 away. They have to bet it. And they can -- they can roll  
13 that \$50.00 into whatever amount for the -- it's a money-  
14 hall style type of promotion.

15           And obviously we're -- we're looking at -- we're  
16 looking at atmosphere things in the grandstand this year  
17 with hiring a DJ, having his own set up in between simulcast  
18 races. Of course, we'll have the video board in the  
19 infield, and we'll have the Jumbotron in the infield, as  
20 well, so we're looking at increasing -- making the  
21 atmosphere a little bit better and more fan friendly for the  
22 fair goers.

23           CHAIR BRACKPOOL: Thank you. Commissioner Beneto,  
24 are you going to bring your expertise to this particular  
25 issue and give us any wise guidance here?

1 COMMISSIONER BENETO: Well, I don't think so. I  
2 think Dave said it all.

3 CHAIR BRACKPOOL: Commissioner Choper?

4 COMMISSIONER CHOPER: I noticed that, you know,  
5 you race one -- the first week with Hollywood, the second  
6 week with Del Mar.

7 MR. ELLIOTT: Yes, sir.

8 COMMISSIONER CHOPER: So you -- you say that your  
9 first post is going to be 1:45 --

10 MR. ELLIOTT: Yes, sir.

11 COMMISSIONER CHOPER: -- except for the first  
12 race. Would -- that's what -- I mean, it's not --

13 CHAIR BRACKPOOL: Except for the first race.

14 COMMISSIONER CHOPER: "We respectfully request to  
15 adjust the post time schedules submitted, excepting the  
16 first post time."

17 MR. ELLIOTT: Right. But --

18 COMMISSIONER CHOPER: Which means you'll never  
19 start before 12:45, as I understand it, even if Hollywood  
20 starts at 1 o'clock.

21 MR. ELLIOTT: If I may clarify --

22 COMMISSIONER CHOPER: Please.

23 MR. ELLIOTT: -- Mr. Choper. The -- the license  
24 application, as you all know, it requests a post times  
25 schedule. I'm simply asking that -- I'm -- I'm telling you

1 right now that the second race, which would normally be at  
2 2:15, may not be at 2:15. So it's just to basically cover.  
3 We will not adjust our first race post time for the meet.  
4 It will be 1:45 everyday and 3:45 on Fridays. So there --

5 CHAIR BRACKPOOL: And after that they'll do it so  
6 they're not going off at the same time as Hollywood.

7 MR. ELLIOTT: Yeah. We -- we just adjust it. It  
8 will always -- the first race post -- when I say  
9 excepting --

10 CHAIR BRACKPOOL: Yes.

11 MR. ELLIOTT: -- perhaps next time I'll use a  
12 better -- better choice of words.

13 COMMISSIONER CHOPER: I -- no, no, no, no. I do  
14 see what you -- what you mean. You'll adjust the second  
15 race.

16 MR. ELLIOTT: Yeah. And third, and fourth.

17 COMMISSIONER CHOPER: So you'll start after  
18 Hollywood. But, you know, you sure don't -- you sure don't  
19 want to end after Hollywood.

20 MR. ELLIOTT: It's difficult. But it's also  
21 difficult -- no offense to Hollywood. I'm happy --

22 COMMISSIONER CHOPER: No. No. No. That's --

23 MR. ELLIOTT: I'm happy to be -- you know, to have  
24 our first week with Hollywood Park, believe me. But being  
25 closer to Del Mar and piggybacking on Del Mar's signal for

1 the last week I believe -- I believe works --

2 COMMISSIONER CHOPER: No, I understand that.

3 MR. ELLIOTT: -- for us, as well.

4 COMMISSIONER CHOPER: I'm only talking about the  
5 first -- the first week.

6 MR. ELLIOTT: Yes, sir.

7 COMMISSIONER CHOPER: Del Mar is not -- there's no  
8 racing at Del Mar, I believe.

9 MR. ELLIOTT: That's correct. It's Hollywood.

10 COMMISSIONER CHOPER: So I'm just suggesting to  
11 you that if you continue with races after Hollywood finishes  
12 you're going to lose some of your audience.

13 MR. ELLIOTT: Yes, sir. I --

14 COMMISSIONER CHOPER: You understand what I'm  
15 saying.

16 MR. ELLIOTT: I do. I know how it is to be out  
17 there in the middle of the ocean by yourself. I'm well  
18 aware of that.

19 COMMISSIONER CHOPER: And then it becomes  
20 difficult -- I'm testifying, see, as someone who, you know,  
21 puts a bet down every 15 minutes between the two tracks --

22 MR. ELLIOTT: Sure.

23 COMMISSIONER CHOPER: -- when you're adjusting  
24 after the first race.

25 MR. ELLIOTT: Uh-huh.

1 COMMISSIONER CHOPER: So you're going to lose --

2 CHAIR BRACKPOOL: Well, I guess the way you would  
3 solve that, though, surely --

4 COMMISSIONER CHOPER: How?

5 CHAIR BRACKPOOL: Because I understand what he's  
6 doing. Surely the way you solve that is by starting  
7 earlier --

8 COMMISSIONER CHOPER: Yeah.

9 CHAIR BRACKPOOL: -- and the first post starts  
10 earlier at a fixed time --

11 COMMISSIONER CHOPER: Yeah. That's why I --

12 CHAIR BRACKPOOL: -- and then you adjust.

13 COMMISSIONER CHOPER: That's why I suggested that.

14 CHAIR BRACKPOOL: Right.

15 COMMISSIONER CHOPER: By the way, once you start  
16 there you don't have -- if you started at 1:15 you wouldn't  
17 have to adjust anything. You'd run every half hour, just  
18 like Hollywood is running, you know, roughly every half  
19 hour. It's the first race that controls the whole schedule,  
20 or else you've got --

21 CHAIR BRACKPOOL: There must be a reason why  
22 you're starting so late.

23 COMMISSIONER CHOPER: Yeah. I --

24 CHAIR BRACKPOOL: So what -- what is the reason?

25 MR. ELLIOTT: The reason is to stay with Del Mar.

1 You can't -- you can't start your first race the first week  
2 at one time --

3 CHAIR BRACKPOOL: Right.

4 MR. ELLIOTT: -- and then move it --

5 CHAIR BRACKPOOL: Right.

6 MR. ELLIOTT: -- the next week. It just  
7 confuses --

8 CHAIR BRACKPOOL: I got it.

9 MR. ELLIOTT: It confuses --

10 CHAIR BRACKPOOL: I get it.

11 MR. ELLIOTT: -- the public.

12 CHAIR BRACKPOOL: And Del Mar's first races, as  
13 well.

14 MR. ELLIOTT: And there's -- and also, if I may,  
15 there's plenty of product that first week with --

16 CHAIR BRACKPOOL: Right.

17 MR. ELLIOTT: -- when -- when we're racing with  
18 Hollywood Park. There's -- there's plenty --

19 CHAIR BRACKPOOL: There's East Coast product  
20 and --

21 MR. ELLIOTT: -- of import.

22 CHAIR BRACKPOOL: Yeah.

23 MR. ELLIOTT: Plenty

24 CHAIR BRACKPOOL: Exactly.

25 MR. ELLIOTT: Plenty. And we're -- and --

1 CHAIR BRACKPOOL: We'll find something to be on,  
2 Jess. We'll give you a list of what's on.

3 MR. ELLIOTT: Mr. Choper -- Mr. Choper, I hope  
4 we are -- I hope we have enough horses to race that many  
5 races, two or three races beyond Hollywood Park. And I'm --  
6 I'm friends with Hollywood Park. And I'm hopeful the week  
7 before our meet begins that they can help us with their live  
8 video feed promote our meet, as well.

9 CHAIR BRACKPOOL: Can you just prepare a card of  
10 what Commissioner Choper's alternatives are? I think you'll  
11 get his vote.

12 COMMISSIONER CHOPER: Well, you've got my --

13 CHAIR BRACKPOOL: Do I have a motion?

14 COMMISSIONER CHOPER: You'll get my vote anyway.

15 MR. ELLIOTT: Thank you.

16 CHAIR BRACKPOOL: Would you like to make a motion,  
17 Jess?

18 MR. ELLIOTT: Thank you, sir.

19 COMMISSIONER CHOPER: Absolutely.

20 CHAIR BRACKPOOL: The motion to approve the meet  
21 is made by Commissioner Choper, an avid fan.

22 COMMISSIONER ROSENBERG: Second.

23 CHAIR BRACKPOOL: Seconded by Commissioner  
24 Rosenberg. All in favor?

25 ALL COMMISSIONERS: Aye.

1 CHAIR BRACKPOOL: Motion carries.

2 MR. ELLIOTT: Thank you.

3 CHAIR BRACKPOOL: Thank you. Have a good meet.

4 Item number ten, discussion and action by the  
5 Board on the application to conduct a horse race meeting of  
6 the Sonoma County Fair at Santa Rosa commencing July 25th,  
7 2012 through August 12, 2012, inclusive.

8 Good morning.

9 MR. LEWIS: Good morning.

10 MS. TESCONY: Good morning.

11 CHAIR BRACKPOOL: Names and affiliations, please.

12 MS. TESCONY: Tawny Tescony, Sonoma County Fair,  
13 Fair Manager.

14 MR. LEWIS: Richard Lewis, Director of Racing,  
15 Sonoma County Fair.

16 CHAIR BRACKPOOL: Thank you. Keep those  
17 microphones close. They're not very strong today. For some  
18 reason.

19 CHAIR BRACKPOOL: So we have the -- everything in  
20 front of us. And may I congratulate you on not having a  
21 single item outstanding two months before the -- the thing.  
22 So I think that's -- that's really good. It's working.

23 MS. TESCONY: Thank you.

24 CHAIR BRACKPOOL: The system is working. I know  
25 it was painful to get done, but it's working.

1 MS. TESCONY: Thank you.

2 CHAIR BRACKPOOL: So why don't you tell us what's  
3 going to be different this year. Anything we should be  
4 thinking about?

5 MS. TESCONY: Well, you should be thinking about  
6 coming to our meet, but --

7 CHAIR BRACKPOOL: I did last time.

8 MS. TESCONY: You did, yes. Thank you very much.

9 We're celebrating our 76th year as the Sonoma  
10 County Fair and race meet. We are going to have a meet  
11 similar to last year. We expanded our fair in the hopes of  
12 expanding our horse meet. So we do a 17-day fair with a 15-  
13 day race meet. We did see an increase of 15 percent in our  
14 fair attendance, which helps drive new betters to our race  
15 meet.

16 This year our total purses is over \$2 million.  
17 It's up about \$150,000 from last year. In addition, with  
18 our stake races, we're running two stake races at \$75,000,  
19 which in the past had been at \$50,000. So very excited to  
20 offer that.

21 We continue to look at our event and find ways to  
22 create an experience out of our event, just not an  
23 opportunity to bet the -- the horses. We're excited with  
24 our new paddock. We put that in last year. And if you had  
25 a chance to see the video you'll see that our race meet

1 really did look much more attractive, I think to all the  
2 racing fans throughout the country. And we are very excited  
3 with what it did to our local live handle. People were very  
4 excited. There was an opportunity with the larger paddock  
5 to experience more of the horse experience right down at the  
6 paddock.

7           The other great thing about this year is we have  
8 no overlap.

9           CHAIR BRACKPOOL: People can still view into that  
10 paddock as well as they could before --

11           MS. TESCONY: Exactly.

12           CHAIR BRACKPOOL: -- or even better?

13           MS. TESCONY: Yes. It's in the same location.

14           CHAIR BRACKPOOL: Same location?

15           MS. TESCONY: So you can be at the top deck  
16 looking down.

17           CHAIR BRACKPOOL: Right.

18           MS. TESCONY: But we took -- it's probably one-  
19 and-a-half times bigger.

20           CHAIR BRACKPOOL: Right.

21           MS. TESCONY: So it's -- it's much larger. We  
22 actually, from a safety standpoint, enlarged the stalls,  
23 too. So much safer for the horsemen. And it's just a  
24 beautiful, beautiful facility. We're very excited about  
25 that.

1           One other great thing about this year is that  
2 we're not overlapping with the Humboldt Fair. So that was,  
3 you know, an experience that with a sister fair you don't  
4 want to have to experience, and so we're very excited for  
5 that.

6           As far as marketing goes, we're continuing --  
7 we've got an extremely -- you know, Sonoma County loves  
8 their racing. And so we've had an extremely great success  
9 with our daily racing seminars. We're expanding on that.  
10 We are actually looking to have all of our presenters booked  
11 by early June so that we can include a list of our  
12 presenters in our fair magazine, and that goes out to  
13 230,000 homes.

14           We also are continuing with our Derby Dog races  
15 which were every Sunday last year, and we're going to do  
16 that again this year, again bringing new people to the track  
17 who may not have decided to come to the track to experience  
18 our horse meet. But once we get them there we encourage  
19 them to -- to bet. And we have a whole promotional team at  
20 our race track. It's a group of really fun people who get  
21 out there every day in between races, and we do t-shirt  
22 tosses and all kinds of golf putting. And -- and they're  
23 available to help betters learn about how to bet races and  
24 to experience our race program.

25           Something that's very exciting this year is we are

1 going to take the Showcase Café, which is actually adjacent  
2 to our racing grandstand which in the past has been a pizza  
3 restaurant, and we're going to call it the Gastro Pub. And  
4 it's a cooperate between Ovations, which is our alcohol  
5 concessionaire, and Lagunitas Beer Company. Lagunitas is a  
6 national microbrew company who actually is from Sonoma  
7 County. And so every day we're going to be doing specials  
8 and fun things in that Gastro Pub. We're going to offer  
9 totes in there. We're going to have the races broadcast in  
10 there. And then there's a direct link to our grandstand.  
11 So we want to create an experience where people will  
12 actually want to stay through the last race because there's  
13 going to be all kinds of fun and exciting things happening  
14 in our Gastro Pub.

15           And something we did last year that we're  
16 bringing -- bringing back is our Ladies' Hat Day. This year  
17 we hope to have about 250 ladies participate in Ladies' Hat  
18 Day. It's a pre-purchased ticket. The funds support the  
19 Sonoma County Fair Foundation. But it's wonderful to see  
20 250 ladies experiencing our VIP tent, and then going out on  
21 to the -- excuse me -- the race track for everybody to see.  
22 And we've had lots of fun with that, too.

23           CHAIR BRACKPOOL: Good. Terrific.

24           MS. TESCONY: So --

25           CHAIR BRACKPOOL: Terrific. So -- sorry, go

1 ahead.

2 COMMISSIONER CHOPER: No.

3 CHAIR BRACKPOOL: I was waiting to go to the  
4 racing, so --

5 COMMISSIONER CHOPER: The fair begins when?

6 MS. TESCONY: July 25th.

7 COMMISSIONER CHOPER: And end?

8 MS. TESCONY: August 12th.

9 COMMISSIONER CHOPER: On -- on the -- the fair is  
10 open for three weeks?

11 MS. TESCONY: Yes. Uh-huh. We are closed on  
12 Mondays for the fair.

13 COMMISSIONER CHOPER: Well, that's all right. I  
14 get it.

15 MS. TESCONY: And on Tuesdays we don't have  
16 racing.

17 COMMISSIONER CHOPER: Is it always three weeks,  
18 the fair?

19 MS. TESCONY: No. We started that last year.

20 COMMISSIONER CHOPER: I see. Did that --

21 MS. TESCONY: We used to be 14 days, then we went  
22 to 13.

23 COMMISSIONER CHOPER: Did that make a big  
24 difference for the attendance at the -- the track or the  
25 handle or whatever?

1 MS. TESCONY: It definitely maintained our handle,  
2 definitely, I think if we wouldn't have experienced those  
3 extra days of racing. And then one great thing that we did  
4 is we captured another weekend.

5 COMMISSIONER CHOPER: Uh-huh.

6 MS. TESCONY: Before we were a two-weekend meet  
7 and a two-weekend fair. Now we're a three-weekend meet --

8 COMMISSIONER CHOPER: Uh-huh.

9 MS. TESCONY: -- and a three-weekend fair.

10 CHAIR BRACKPOOL: Well, I think Commissioner  
11 Choper's point is that should have increased your handle,  
12 though; right? It should do it this year.

13 MS. TESCONY: Right.

14 COMMISSIONER CHOPER: Good. Well, that's good.

15 CHAIR BRACKPOOL: Was that because by having the  
16 extra days you went down on average field size?

17 MR. LEWIS: We did go down average field size, not  
18 only because of how the --

19 EXECUTIVE DIRECTOR BREED: Can you identify  
20 yourself?

21 MR. LEWIS: Richard Lewis, Director of Racing. We  
22 went down average field size. The previous year we were  
23 8.1. Last year we went to 7.8-something. A lot of that had  
24 to do with not only the environment of the horse industry,  
25 but we did have a three day overlap with Ferndale, and that

1 was anywhere from 16 to 24 races that were run in Northern  
2 California. We lost all the emerging breeds the last week.

3 CHAIR BRACKPOOL: Right.

4 MR. LEWIS: And we had to supplement those with  
5 thoroughbreds.

6 CHAIR BRACKPOOL: Right. So hopefully this year  
7 doing it you should see an increase in field size.

8 MR. LEWIS: Yes.

9 MS. TESCONY: Uh-huh.

10 CHAIR BRACKPOOL: And, you know, as we've shown  
11 time and time again, that should translate to an increase in  
12 handle.

13 MR. LEWIS: Correct. And we're -- we're  
14 looking -- even though our application lists X amount of  
15 races, we're looking at maximizing and probably reducing the  
16 number of thoroughbred races because of the number of mixed  
17 breeds we'll have, and then capitalizing the weekends with  
18 more thoroughbreds. Right. Right. Definitely the way to  
19 go.

20 COMMISSIONER CHOPER: Just out of curiosity,  
21 what's -- what's happened to the Appaloosas?

22 MR. LEWIS: They lost their -- they lost their  
23 spots.

24 COMMISSIONER CHOPER: You've answered -- you've  
25 answered that question before; is that right? No,

1 seriously, what, is it just the owners decided it's not  
2 worth racing them or --

3 MR. LEWIS: The biggest problem there was  
4 Appaloosas were like the mules were for years; they were an  
5 entertainment value. And less and less owners had them and  
6 more -- a smaller number of owners had all the Appaloosas.  
7 And pretty soon only one or two owners were out there, and  
8 it just didn't pay to keep them running.

9 COMMISSIONER CHOPER: Uh-huh.

10 VICE CHAIR ISRAEL: Do you know how much money  
11 that's going to save Jess?

12 CHAIR BRACKPOOL: Commissioner Beneto, you had a  
13 comment?

14 COMMISSIONER BENETO: Are you having mules this  
15 year?

16 MR. LEWIS: Yes. We plan on having at least two  
17 emerging breed races a day, and possibly three on weekends.  
18 So that would be a mule, and Arabian, and a quarter horse  
19 race.

20 COMMISSIONER BENETO: Great.

21 CHAIR BRACKPOOL: Do I have any other questions of  
22 Commissioners? I think excellent. You've come with a  
23 complete application. I really do hope that we see an  
24 increase in the handle numbers, though, without -- now that  
25 your excuse is gone --

1 MS. TESCONY: I know. We will give it a shot.

2 CHAIR BRACKPOOL: -- courtesy of us. We need to  
3 see an increase in handle.

4 MS. TESCONY: Okay.

5 CHAIR BRACKPOOL: So we're going to see that;  
6 right?

7 MS. TESCONY: We are.

8 CHAIR BRACKPOOL: Okay. And we'll make every  
9 effort, some of us, to get out and shop.

10 MS. TESCONY: I'm also going to steal some of Del  
11 Mar's ideas for marketing.

12 CHAIR BRACKPOOL: Good.

13 MS. TESCONY: They had some great ideas.

14 CHAIR BRACKPOOL: I like that. Learn. Learn from  
15 each other.

16 MS. TESCONY: Learn. Exactly.

17 CHAIR BRACKPOOL: Not steal. Learn. I'm happy to  
18 make a motion to -- to approve the meet.

19 VICE CHAIR ISRAEL: Second.

20 CHAIR BRACKPOOL: Seconded by Vice Chair Israel.  
21 All in favor?

22 ALL COMMISSIONERS: Aye.

23 CHAIR BRACKPOOL: Have a good meet.

24 Item number ten [sic], discussion and action by  
25 the Board on the application for a license to operate a

1 minisatellite wagering facility at the Santa Clarita Lanes  
2 in Saugus, California.

3 I will say that although Commissioner Moss has  
4 left us, he not only had his -- his DVD and resolution, and  
5 his clenbuterol issue, we have three minisatellite wagering  
6 applications. So this is a Jerry Moss inspired agenda, I  
7 will tell you.

8 VICE CHAIR ISRAEL: Rick?

9 MR. BAEDECKER: Rick Baedecker, SCOTWINC. I'm the  
10 manager of business -- minisatellite business development.  
11 And we have -- we're asking the Board today for a  
12 conditional approval of the application by Santa Clarita  
13 Lanes to accommodate a minisatellite. And the reason that  
14 it is conditional is that we are lacking a contract between  
15 SCOTWINC and Santa Clarita Lanes. There's no substantive  
16 issue there. Jack Liebau, who would sign the document on  
17 behalf of SCOTWINC, felt that from a legal standpoint it  
18 needed to be rewritten. So it's in that process and we  
19 expect it within another ten days or so, at which time we'll  
20 submit it to the Board. It's my understand that that is the  
21 only outstanding item in this application.

22 CHAIR BRACKPOOL: Thank you, Rick.

23 COMMISSIONER ROSENBERG: Is that holding anything  
24 up in terms of will this delay their opening?

25 MR. BAEDECKER: The reason that we're here asking

1 for the conditional approval is because they have agreed to  
2 move forward with the capital expenditures, capital work  
3 that needs to be done. Sportech also needs to make a  
4 significant purchase of televisions and all the decoder  
5 equipment and everything, and they'll move forward, as well.  
6 And then once final approval is given by the Board they can  
7 go ahead and build it out and it will be ready.

8 CHAIR BRACKPOOL: So what timing -- what's the  
9 timing for completion then?

10 MR. BAEDECKER: No later than July 1st, which  
11 would be nice, the last couple of weeks here, and then the  
12 Del Mar meet, get them off to a good start.

13 CHAIR BRACKPOOL: Okay.

14 COMMISSIONER ROSENBERG: So I have a question.  
15 It's a general question, not for Mr. Baedecker, but from  
16 staff. When we license minisatellites do we do any kind of  
17 background check on the -- on the LLCs, whether they have a  
18 partner, a managing partner or anything like that?

19 MS. WAGNER: Jackie Wagner, CHRB staff. Yes, we  
20 do. And that's one of the reasons why on your analysis  
21 you're listing -- showing the disclosures. Some were  
22 missing. We now have all of that, so we can move forward.

23 COMMISSIONER ROSENBERG: Okay. Thanks.

24 CHAIR BRACKPOOL: So the three items that we have  
25 listed as being outstanding you have now received?

1 MS. WAGNER: We've -- we have received item number  
2 two, the disclosure statements from the --

3 CHAIR BRACKPOOL: Right.

4 MS. WAGNER: -- from the owners. The only item  
5 that is outstanding is the agreement that Mr. Baedecker  
6 mentioned before.

7 CHAIR BRACKPOOL: Right.

8 MS. WAGNER: And then the Workers' Comp, it  
9 expires in June of this year. And that will -- will turn  
10 over as soon as we get a copy of that.

11 CHAIR BRACKPOOL: Workers' Comp, obviously, is a  
12 rollover.

13 MS. WAGNER: Yes. Yes.

14 CHAIR BRACKPOOL: So -- so the -- when do you  
15 believe, Rick, that you will be signing the SCOTWINC  
16 agreement?

17 MR. BAEDECKER: Within about ten days. I just  
18 checked with Mr. Liebau and he said it's -- it's in the  
19 works and it should be -- it's not -- it's not -- there's no  
20 problem there. It's just rewriting it, yeah.

21 CHAIR BRACKPOOL: Well, I think what he said in  
22 here was that Jack had actually -- the previously used  
23 document was no longer workable.

24 MR. BAEDECKER: Jack thought it was flawed as a  
25 legal document, so he's fixing it.

1 CHAIR BRACKPOOL: So he's fixing it?

2 MR. BAEDECKER: Yeah.

3 CHAIR BRACKPOOL: Okay. Well, I will trust that  
4 the two of you work that out. Again, I am a big supporter,  
5 as you know, of as many of these as we can -- as we can  
6 open.

7 So do I have any comments from Commissioners?

8 COMMISSIONER WINNER: I just have one question,  
9 just to follow up on Commissioner Rosenberg. When we do  
10 these background checks on the -- on the owners, we looked  
11 at both their financial stability as well as what -- what --  
12 if there's any history of some form of illicit activity or  
13 something like that?

14 MR. BAEDECKER: Yes, that's correct. They -- they  
15 provide a financial report and any other documentation  
16 that's -- that's required within the application.

17 And I would just point out to the Board that I  
18 believe it's a misnomer to say we're licensing the  
19 minisatellite -- or the -- the owner of Santa Clarita Lanes  
20 or the operator. You're really licensing SCOTWINC --

21 CHAIR BRACKPOOL: SCOTWINC.

22 MR. BAEDECKER: -- to conduct wagering. They're  
23 really kind of --

24 COMMISSIONER WINNER: At these facilities?

25 CHAIR BRACKPOOL: Exactly.

1 MR. BAEDECKER: -- leasing space --

2 CHAIR BRACKPOOL: Exactly.

3 MR. BAEDECKER: -- within their facility.

4 VICE CHAIR ISRAEL: So he's basically a landlord?

5 CHAIR BRACKPOOL: Exactly.

6 COMMISSIONER WINNER: Exactly.

7 MR. BAEDECKER: Yeah.

8 COMMISSIONER WINNER: Thank you.

9 CHAIR BRACKPOOL: Exactly.

10 COMMISSIONER WINNER: Thank you.

11 CHAIR BRACKPOOL: Well, I see no further

12 Commissioners wishing to speak. So I'd be happy to make a

13 motion to approve this license, conditional upon Jackie

14 receiving that signed agreement.

15 VICE CHAIR ISRAEL: Second.

16 CHAIR BRACKPOOL: Seconded by --

17 MS. WAGNER: Mr. Chairman, if I may, do we want

18 to specific the term of the agreement? The law has changed

19 and now you can license a minisatellite for up to five

20 years.

21 VICE CHAIR ISRAEL: Five years. It says June

22 30th, 2017.

23 CHAIR BRACKPOOL: Yeah.

24 MS. WAGNER: Well, I just want to make sure.

25 CHAIR BRACKPOOL: To me, I don't want to be seeing

1 these on a regular basis. And the idea that we're having to  
2 see the most successful one already come back doesn't make a  
3 lot of sense.

4 VICE CHAIR ISRAEL: Right.

5 CHAIR BRACKPOOL: So definitely for five years.

6 So --

7 MS. WAGNER: Five years.

8 CHAIR BRACKPOOL: So I would make that motion  
9 conditional upon you receiving that before they open.

10 VICE CHAIR ISRAEL: I second.

11 CHAIR BRACKPOOL: And seconded by Commissioner  
12 Israel. All in favor?

13 ALL COMMISSIONERS: Aye.

14 CHAIR BRACKPOOL: Motion approved.

15 Jackie, just make sure you let me know that you do  
16 have that agreement at some stage.

17 MR. BAEDECKER: Thank you.

18 VICE CHAIR ISRAEL: Where are you going, Rick?

19 MR. BAEDECKER: I -- I skip the next one, then I'm  
20 coming back.

21 VICE CHAIR ISRAEL: Oh, you do?

22 MR. BAEDECKER: Yeah.

23 VICE CHAIR ISRAEL: Okay.

24 CHAIR BRACKPOOL: Discussion and application by  
25 the Board on the application for license to operate a

1 minisatellite wagering facility at the Banker's Casino in  
2 Salinas, California.

3 I think listening to the commentary in the -- in  
4 the media these days, Banker's Casino seems like an  
5 oxymoron. But there we go. Names and affiliations.

6 MR. KORBY: Chris Korby. Chris Korby, California  
7 Authority of Racing Fairs here to assist the applicant, as  
8 needed.

9 MS. VIOLINI: Kelly Violini. I'm the fair manager  
10 at the Monterey County Fair.

11 CHAIR BRACKPOOL: Thank you. Why don't you go  
12 ahead and tell us about this application.

13 MS. VIOLINI: Well, we have been working on this  
14 for a couple of years in a partnership with Banker's Casino.  
15 It's located in South Salinas. And it's a fairly good size  
16 facility. Most recently they have decided to move their  
17 existing card room into their banquet hall and do, you know,  
18 quite a bit of an upgrade in that room. The banquet hall is  
19 quite, you know, sizeable, so they're choosing to move into  
20 there, giving us their existing card room. And the card  
21 room is about 2,500 square feet. It has a sit-down bar  
22 with, you know, a snack bar and a full beverage bar, alcohol  
23 provided, as well. We can fit about ten tables in there,  
24 max out at 250 people.

25 And we're looking at opening, if approved, on

1 August 1st. We just have to do some slight remodel, get set  
2 up for the mutuels. We've -- we've met extensively with --  
3 with Brian Waite, and they're all very happy with -- with  
4 the way it's set up.

5 I'm not sure; anything else to add, Chris?

6 CHAIR BRACKPOOL: I have a question, which is:  
7 Who thought that Exhibit 1234 actually gave us any idea of  
8 what this facility looked like?

9 MR. KORBY: I think it did in the original.

10 MS. VIOLINI: Uh-huh.

11 CHAIR BRACKPOOL: Seriously, I don't know, was  
12 this us, Jackie, that put this copy together? No, I know we  
13 had a separate one. But --

14 COMMISSIONER CHOPER: I think that's true of --  
15 that's true with all of them because --

16 CHAIR BRACKPOOL: Well.

17 COMMISSIONER CHOPER: -- I think if we could do  
18 them in color or something --

19 CHAIR BRACKPOOL: No. This is the State of  
20 California. We're not allowed to do anything in color.

21 EXECUTIVE DIRECTOR BREED: No.

22 CHAIR BRACKPOOL: The budget crisis --

23 EXECUTIVE DIRECTOR BREED: It got budgeted a new

24 CHAIR BRACKPOOL: Really?

25 VICE CHAIR ISRAEL: Wow.

1 CHAIR BRACKPOOL: How about that. What a day for  
2 California racing.

3 COMMISSIONER CHOPER: Well, maybe we ought to ask  
4 the submitters to --

5 CHAIR BRACKPOOL: I'm sorry. It's just -- it's  
6 difficulty when you're trying to read the book and you're  
7 doing this.

8 MS. VIOLINI: Right.

9 CHAIR BRACKPOOL: In this particular case we had  
10 the exhibit, so --

11 MR. KORBY: We're -- we're pleased to submit them  
12 in color, if that's what you wish.

13 CHAIR BRACKPOOL: I also want to note for the  
14 record that Chris Korby is appearing in front of us in  
15 support of a minisatellite wagering facility.

16 MR. KORBY: And pleased to do so.

17 CHAIR BRACKPOOL: And so this is an extraordinary  
18 day in many regards.

19 Again, I'm -- I'm in favor of this, so I don't  
20 really have anything specific conditionally.

21 MR. KORBY: I would -- I would just like to add,  
22 this is in a terrific market. There's no satellite wagering  
23 presence in the --

24 CHAIR BRACKPOOL: Right.

25 MR. KORBY: -- in the Salinas Valley.

1 MS. VIOLINI: Uh-huh.

2 CHAIR BRACKPOOL: Right.

3 MR. KORBY: It's one of the richest agricultural  
4 areas in the world. The fair has a proven record of  
5 performance in operating a satellite. This is a winner all  
6 around --

7 CHAIR BRACKPOOL: Yeah.

8 MR. KORBY: -- in our opinion.

9 COMMISSIONER ROSENBERG: I have one question. The  
10 ten tables for 250 people, these are -- from the picture,  
11 which we try to see, they're long -- is it long tables like  
12 community tables; correct?

13 MS. VIOLINI: They are. They're long betting  
14 tables that we're purchasing to put in there and --

15 COMMISSIONER ROSENBERG: There you go. But do  
16 people eat in there or drink in there?

17 MS. VIOLINI: We do eat and drink at the snack bar  
18 only, which seats about 22.

19 COMMISSIONER ROSENBERG: In the same room?

20 MS. VIOLINI: In the same room.

21 COMMISSIONER ROSENBERG: Okay.

22 MS. VIOLINI: Uh-huh.

23 VICE CHAIR ISRAEL: It's kind of like what they  
24 have in Vegas in the -- in the horse --

25 COMMISSIONER ROSENBERG: Right.

1 VICE CHAIR ISRAEL: -- in the horse rooms.

2 MR. KORBY: There's a bar and food service --

3 MS. VIOLINI: Uh-huh.

4 COMMISSIONER ROSENBERG: Great.

5 MR. KORBY: -- of to one side.

6 CHAIR BRACKPOOL: Right.

7 MS. VIOLINI: Uh-huh.

8 CHAIR BRACKPOOL: But the longer tables put out  
9 the racing form and do their thing.

10 MS. VIOLINI: Right.

11 CHAIR BRACKPOOL: So --

12 VICE CHAIR ISRAEL: I just have one question. A  
13 couple of the signatures on the documents from the other  
14 associations are from executives who are no longer with  
15 those associations. Are -- do the -- are they still good?

16 MR. KORBY: We -- we have confirmed -- I  
17 personally, on behalf of CARF, have confirmed that the  
18 associations that are signatories to their agreement here --

19 VICE CHAIR ISRAEL: Yeah. I just don't want you  
20 to get held up on a technicality. I noticed Craig Fravel  
21 signed for Del Mar, and there's one other.

22 MR. KORBY: That's -- that's -- that's in  
23 indication of how long ago we began --

24 VICE CHAIR ISRAEL: Right.

25 MR. KORBY: -- this application process.

1 VICE CHAIR ISRAEL: I understand why.

2 MR. KORBY: So --

3 VICE CHAIR ISRAEL: I just want to make sure it's  
4 up to date and will not be subject --

5 MR. KORBY: Yes. I've sent a letter --

6 VICE CHAIR ISRAEL: -- to ten questions.

7 MR. KORBY: -- attesting to the fact --

8 VICE CHAIR ISRAEL: Okay.

9 MR. KORBY: -- that I've spoken with each of these  
10 associations.

11 VICE CHAIR ISRAEL: Okay.

12 COMMISSIONER CHOPER: Just out of curiosity, what  
13 kind of casino is this?

14 MS. VIOLINI: It's a card room. It's -- it's --

15 COMMISSIONER CHOPER: It's just a card room?

16 MS. VIOLINI: It's just a card room --

17 COMMISSIONER CHOPER: Yeah.

18 MS. VIOLINI: -- within the city.

19 MR. KORBY: One -- one positive here, I might add,  
20 is that they've done well recently and they're looking at  
21 expanding into a building just adjacent to their existing  
22 location and are willing to discuss building a new satellite  
23 expanded with better amenities into that facility --

24 MS. VIOLINI: Uh-huh.

25 MR. KORBY: -- as they get local approvals for the

1 expansion.

2 COMMISSIONER ROSENBERG: I have one more question  
3 on these satellites. One of the objections that was raised,  
4 had been raised in the past, it takes too long to get -- the  
5 process of getting this takes too long due to sometimes the  
6 applications, form, requests.

7 Wasn't there talk of revising this, Jackie?

8 MS. WAGNER: Yes.

9 COMMISSIONER ROSENBERG: And specifically with  
10 regard to requiring 20 signatures or how ever many  
11 signatures they need from each stakeholder, wasn't someone  
12 supposed to be eliminating that or --

13 MS. WAGNER: Jackie Wagner, CHRB staff. You will  
14 be seeing a new revised application for the  
15 minisatellites --

16 COMMISSIONER ROSENBERG: Great.

17 MS. WAGNER: -- within the coming months. We're  
18 going to be simplifying that --

19 COMMISSIONER ROSENBERG: Right.

20 MS. WAGNER: -- taking into consideration --

21 COMMISSIONER ROSENBERG: Right.

22 MS. WAGNER: -- the comments we've received.

23 CHAIR BRACKPOOL: And "in the coming months" must  
24 mean less than four.

25 MS. WAGNER: I'm going to work on that timeframe.

1 CHAIR BRACKPOOL: It has to mean within less than  
2 six.

3 MS. WAGNER: Oh, absolutely. Absolutely less than  
4 six.

5 MR. KORBY: We look forward to working with  
6 staff --

7 CHAIR BRACKPOOL: Three -- three to five.

8 MR. KORBY: -- on streamlining the application  
9 process.

10 CHAIR BRACKPOOL: Yeah. No. We've got to do  
11 that. Because otherwise it's just cumbersome for people to  
12 have to go through a process like this. Okay.

13 I, for one, am happy to make the motion. It's  
14 been seconded by Vice Chair Israel. All in favor?

15 ALL COMMISSIONERS: Aye.

16 MR. KORBY: Mr. Chairman --

17 CHAIR BRACKPOOL: Thank you very much. Good luck.

18 MR. KORBY: -- if I might, term -- term of the  
19 license?

20 CHAIR BRACKPOOL: They're five years.

21 MR. KORBY: Thank you.

22 MS. VIOLINI: Five years.

23 CHAIR BRACKPOOL: Five years. Thank you.

24 MS. VIOLINI: Okay. Thank you.

25 CHAIR BRACKPOOL: Item number 13, discussion and

1 action by the Board on the application for license to  
2 operate a minisatellite wagering facility renewal at the OC  
3 Tavern in San Clemente, California.

4 And this is -- this is indicative of the problem  
5 we had before where there were only one year at a time;  
6 right? VICE CHAIR ISRAEL: Two years

7 CHAIR BRACKPOOL: Two years. I mean two years.

8 MR. BAEDECKER: Two years. And the --

9 CHAIR BRACKPOOL: And name and --

10 MR. BAEDECKER: Rick Baedecker from SCOTWINC. And  
11 they didn't open for six month after they got your approval.

12 CHAIR BRACKPOOL: Right.

13 MR. BAEDECKER: So --

14 CHAIR BRACKPOOL: Right. Right. Right.

15 Introduce yourself, please.

16 MR. MERRIGAN: Michael Merrigan, owner of OC  
17 Tavern.

18 CHAIR BRACKPOOL: Thank you. So this application  
19 just takes -- I'm trying to find the exact page now. This  
20 application would -- would take us through to June of 2017?  
21 June of 2017.

22 MS. WAGNER: Five years.

23 CHAIR BRACKPOOL: Five years. Right. And just so  
24 I understand, so when you've got still information still  
25 needed, you know, Workers' Comp expires June the 1st, these

1 annual requirements, especially when you're giving a multi-  
2 year license, I mean, it's just a condition that they  
3 continue to be in compliance for those things?

4 MS. WAGNER: That's correct.

5 CHAIR BRACKPOOL: So for me, I don't really  
6 consider this information needed to complete an application.

7 I mean, this is just a rolling condition that everybody  
8 needs to be -- like you have to have insurance when you have  
9 a mortgage or whatever.

10 MS. WAGNER: You're absolutely correct. But we  
11 just have to make the Board aware of that, that the -- the  
12 Workers' Comp was expired. If you'd rather not see that --

13 CHAIR BRACKPOOL: I'd rather not see it. I mean,  
14 unless you tell me the Workers' Comp expired on something  
15 and they refused to pay it and they're having a dispute  
16 it's --

17 MS. WAGNER: Not a problem.

18 CHAIR BRACKPOOL: -- to me it's an annual thing.  
19 And, I mean, it's just part of life. We don't need to be --

20 MS. WAGNER: Okay.

21 CHAIR BRACKPOOL: You know, because it sort of  
22 makes it look as though something is missing when there's  
23 really nothing missing at all.

24 MS. WAGNER: Yeah. This application is -- is  
25 complete.

1 CHAIR BRACKPOOL: Is -- is complete.

2 Michael, while we have you here, just give us a  
3 minute or two on the experience of this so far. Because,  
4 you know, I've seen it, and everyone I've spoken to seems to  
5 be really enjoying the -- the product.

6 MR. MERRIGAN: It's been amazing. I'm grateful.  
7 From day one with Tom Varela and Terry McWilliams, they kept  
8 me going. My business was going down. Because of horse  
9 racing I have survived. I've met some incredible people.  
10 Working with Rick now, who's been a big supporter. Everyone  
11 I've come in contact with, it's great to see that horse  
12 racing is on its way back.

13 Two years ago Zenyatta was a buzz. And now we've  
14 got I'll Have Another. And all my customers are so excited  
15 about the Belmont coming up. We just have such great  
16 energy.

17 My biggest thrill is I've gotten a lot of young  
18 players involved. And I think I applied to NBC for showing  
19 the horse racing. I think they need to -- if they had like  
20 a John Madden analyst showing players how to play, I think  
21 it would do wonders. Because I've had so many people not  
22 realize what a great sport it is and how easy it is to play.  
23 They just don't know. And --

24 CHAIR BRACKPOOL: So it's been a good experience,  
25 though, all around, financially, as well?

1 MR. MERRIGAN: Oh, yeah.

2 CHAIR BRACKPOOL: Good.

3 MR. MERRIGAN: Unbelievable.

4 CHAIR BRACKPOOL: Commissioner Choper?

5 COMMISSIONER CHOPER: You mentioned that they're  
6 both sort of related to this. You mentioned that you have  
7 gotten a lot of young people in there. I mean --

8 MR. MERRIGAN: Yes.

9 COMMISSIONER CHOPER: -- I don't know what the  
10 definition is, but we don't have to go into it.

11 CHAIR BRACKPOOL: Hopefully over 21.

12 MR. MERRIGAN: Yes. Yes.

13 COMMISSIONER CHOPER: No. No. We don't have to  
14 go into that.

15 MR. MERRIGAN: Yeah.

16 COMMISSIONER CHOPER: Could you, off the top of  
17 your head, give me what your average daily attendance is?

18 MR. MERRIGAN: Over 150.

19 COMMISSIONER CHOPER: So have you ever inquired  
20 of -- of these people in one way or another -- and I -- I  
21 guess I would urge it be done in some systematic way if  
22 possible as to whether they've been to the races before,  
23 where they would be going, would they be betting otherwise,  
24 you get the -- where would they be going and how would they  
25 be doing it?

1 MR. BAEDECKER: Commissioner, the Board asked for  
2 some research --

3 COMMISSIONER CHOPER: Yeah. Yeah.

4 MR. BAEDECKER: -- a couple of months ago.

5 COMMISSIONER CHOPER: Yeah.

6 MR. BAEDECKER: We've done the research, and I  
7 hope to present it to you in full next month.

8 COMMISSIONER CHOPER: Good.

9 MR. BAEDECKER: But I have a couple of highlights  
10 about Michael's place, OC Tavern, that answer directly the  
11 questions. Fifty percent of his customers are under the age  
12 of 50. For many businesses maybe that seem young, but for  
13 ours it is. Ten percent are in their twenties.

14 COMMISSIONER CHOPER: That's terrific.

15 MR. BAEDECKER: And this, I think, is interesting.  
16 Fifty percent of his customers live in the City of San  
17 Clemente. Seventy-five percent live in either San Clemente  
18 or the adjacent city. They're not coming from all over.  
19 They're right there. There are customers right there  
20 that -- that now play. Ninety-five percent of the customers  
21 say they're playing more now than they did before. And I'll  
22 have a full report for you next month --

23 COMMISSIONER CHOPER: Good.

24 MR. BAEDECKER: -- but it's all good.

25 COMMISSIONER CHOPER: That's very good.

1 CHAIR BRACKPOOL: You know, that --

2 COMMISSIONER CHOPER: Thank you.

3 CHAIR BRACKPOOL: That one statistic is -- is  
4 really an important statistic. This whole nonsense --  
5 nonsense of the 20-mile radius, right, you know, with  
6 electronic betting nobody is driving 19-and-a-half miles to  
7 make a bet anymore. They're driving within two miles.

8 I own a sports' facility, you know, down the road  
9 here. Ninety-five percent of my members live within a four-  
10 mile radius of the club. It's what -- it's how we recreate.

11 MR. BAEDECKER: Right.

12 CHAIR BRACKPOOL: You don't drive 20 miles.

13 Commissioner -- Commissioner Beneto?

14 COMMISSIONER BENETO: I'd like to know what your  
15 handle is averaging a day?

16 MR. MERRIGAN: Rick?

17 MR. BAEDECKER: He's averaging now upwards of  
18 \$45,000 per day, which is a 25 percent increase over the  
19 same period last year. And I can tell you that just a  
20 couple of -- Derby Day, in point, last year he handled  
21 \$103,000. This year he handled \$163,000. He had a similar  
22 increase on Preakness Day.

23 So you know, the -- when I make this presentation  
24 next month I will bring to you some of the commentary from  
25 the customers. The one I like the best is a guy was raving

1 about the personal involvement of Michael, how he knows  
2 everybody there. And then he summed it up by saying, "For  
3 me it's just like walking into Cheers." And, you know,  
4 that's tough to replicate in a big track that holds 80,000  
5 people, but he does it very well.

6 VICE CHAIR ISRAEL: So let me ask you, because you  
7 said that your business had been deteriorating, and then you  
8 put this in. It's stabilized now and it's starting to grow  
9 again?

10 MR. MERRIGAN: Yes.

11 VICE CHAIR ISRAEL: Oh, okay. Great.

12 MR. MERRIGAN: And --

13 CHAIR BRACKPOOL: Commissioner Derek?

14 COMMISSIONER DEREK: Well, I had one question, and  
15 maybe you already do this but someone had asked me, do you  
16 ever have special events that benefit charity or something  
17 like that? I think it would be an opportunity to bring new  
18 people who might not normally go to bet on races in a  
19 facility like yours.

20 MR. MERRIGAN: Yeah. I constantly do that. We  
21 have one coming up, an autism one, serving Surfers Healing.  
22 But any time I'm first one in for giving back to the  
23 community as far as doing charities. And always a big  
24 thing, I always focus on parties that are coming in to tell  
25 them that another avenue that we have for them, we have a

1 big event for Rainbow Sandals tomorrow that there's horse  
2 racing. And everyone is excited because what's great about  
3 this great sport is that someone knows someone that loves  
4 the sport. And everyone is talking about I'll Have Another,  
5 and it's a great -- great name for a horse to have in a bar  
6 because people -- people are having another one.

7 CHAIR BRACKPOOL: You're right.

8 MR. MERRIGAN: Exactly. I mean, so many people  
9 won on that horse just because of that name.

10 CHAIR BRACKPOOL: Exactly.

11 MR. MERRIGAN: And, I mean, that's what's just  
12 great about how these are working so well. And it's -- I  
13 mean, people love our staff, and we love the players that  
14 come in. We're just a big happy family there. And I'd  
15 love --

16 CHAIR BRACKPOOL: All right.

17 MR. MERRIGAN: -- many people to check it out.

18 VICE CHAIR ISRAEL: I move to approve this.

19 CHAIR BRACKPOOL: Commissioner Israel moves the  
20 approval.

21 COMMISSIONER ROSENBERG: Second.

22 CHAIR BRACKPOOL: Seconded by Commissioner  
23 Rosenberg. All in favor?

24 ALL COMMISSIONERS: Aye.

25 CHAIR BRACKPOOL: And, Rick, I will say that this

1 is the first time we've ever had three applications for  
2 minisatellites on the agenda. So let me be corny and finish  
3 with I'll have another next time.

4 MR. BAEDECKER: Excellent.

5 CHAIR BRACKPOOL: So, good. Excellent.

6 Approved --

7 MR. BAEDECKER: Thank you.

8 CHAIR BRACKPOOL: -- for five years. Thank you.

9 MR. MERRIGAN: Thanks.

10 CHAIR BRACKPOOL: Item number 14, discussion and  
11 action by the Board on the approval of service, steward and  
12 official veterinarian contracts for fiscal year 2012-2013.

13 Kirk, obviously I've been through these with you.  
14 But why don't you give a brief summary.

15 EXECUTIVE DIRECTOR BREED: Mr. Chairman and  
16 Commissioners, on the back side, 14-2, are the list of all  
17 of the contracts. These are ceiling estimates.

18 CHAIR BRACKPOOL: Not payments?

19 EXECUTIVE DIRECTOR BREED: Not payments. These --  
20 these do not obligate the -- the state to pay these -- this  
21 amount that is being awarded. So I would -- I've got a  
22 little handout here that -- to pass out to you all.

23 CHAIR BRACKPOOL: Which is to do what?

24 EXECUTIVE DIRECTOR BREED: Well, it's a handout  
25 on -- under racing injury prevention, the one-year

1 extension --

2 CHAIR BRACKPOOL: Uh-huh.

3 EXECUTIVE DIRECTOR BREED: -- that particular --

4 CHAIR BRACKPOOL: A bit late to be getting a  
5 handout.

6 EXECUTIVE DIRECTOR BREED: Well, yeah, it is late,  
7 but you'll read it.

8 The -- the handout is -- basically it says what we  
9 have done this year under that program. The amount of money  
10 that was allocated for this fiscal year was -- for this  
11 period of time was through October, which was \$1 million.  
12 This contract continues that yearly contract from October to  
13 the end of the fiscal year.

14 CHAIR BRACKPOOL: You know, I don't have the  
15 minutes of the meeting when we approved this last year. But  
16 I do recall generally the conversation. And the  
17 conversation was very much that we would have -- I thought  
18 it was a report every six months from Dr. Stover coming in  
19 front of the Board and showing us. And I thought our  
20 approval was subject to our continued, you know, review  
21 of -- of what that work was. And, you know, I'm all for  
22 this work because, you know, I think California should be  
23 proud of being a leader in this. But I'm not for just  
24 continuing to send money and at some date uncertain in the  
25 future a report or information will be sent to us.

1 EXECUTIVE DIRECTOR BREED: Right.

2 CHAIR BRACKPOOL: So what comfort can you give me  
3 on that, Dr. Arthur?

4 DR. ARTHUR: Well, I will -- Dr. Arthur, Equine  
5 Medical Director. Dr. Stover has reported to the Track  
6 Safety and Medication Committee. We had a rather, very  
7 extensive report in January, and an update of a module, a  
8 continuing education module at the last Medication Committee  
9 meeting. And we have scheduled those routinely, I think, in  
10 all of the Medication Committee --

11 CHAIR BRACKPOOL: Well, that's -- that's --

12 DR. ARTHUR: And it sounds like --

13 CHAIR BRACKPOOL: That's the appropriate --

14 DR. ARTHUR: -- it's not getting to the Board.

15 CHAIR BRACKPOOL: That's the -- no, no, no.  
16 That's the appropriate way. No, I've been hearing it. I  
17 just want to make sure that we're carrying on that --

18 EXECUTIVE DIRECTOR BREED: Yeah.

19 CHAIR BRACKPOOL: -- because that was, you know,  
20 the condition that -- that we would continue to --

21 EXECUTIVE DIRECTOR BREED: Absolutely.

22 CHAIR BRACKPOOL: -- monitor and review and not  
23 just send money.

24 DR. ARTHUR: Right.

25 CHAIR BRACKPOOL: So as long as --

1 EXECUTIVE DIRECTOR BREED: And --

2 CHAIR BRACKPOOL: Excuse me. As long as, you  
3 know, Commissioner Derek in her role as chairing that  
4 committee is satisfied with the continued progress then  
5 we'll continue to -- we'll continue to -- to be supportive  
6 of this.

7 EXECUTIVE DIRECTOR BREED: There -- there was --  
8 Mr. Chairman, there was one more condition that the Board  
9 made on this particular contract, and that was -- I think  
10 the condition was set forth by Commissioner Israel which  
11 would -- which was that we would work with UC Davis to find  
12 ways in which this could be more self-sufficient --

13 CHAIR BRACKPOOL: Right.

14 EXECUTIVE DIRECTOR BREED: -- and which we could  
15 charge for the use of these modules. And -- and the  
16 University of California Davis has been very cooperative,  
17 and we are almost there. So by next month we will have you  
18 a program whereby we can charge for this extension work,  
19 which is basically what it is.

20 CHAIR BRACKPOOL: That's going to be critical so  
21 that it's sustainable in the -- in the future.

22 Jackie, just as a point of reference, I remembered  
23 my condition. I didn't immediately recall that one. You  
24 know, if we have conditions like that we've got to put them  
25 in the Board paper to say these were the conditions upon

1 which --

2 EXECUTIVE DIRECTOR BREED: Right.

3 CHAIR BRACKPOOL: -- these were approved last  
4 year --

5 EXECUTIVE DIRECTOR BREED: Yes. Right.

6 CHAIR BRACKPOOL: -- so especially that new Board  
7 members can track them and follow them and understand what  
8 conditions we had imposed before. I just don't think any of  
9 us want to be sending this level of money out without  
10 accountability.

11 VICE CHAIR ISRAEL: Just an item that you need to  
12 correct that -- on the official veterinarians' list, it's  
13 Dana Steed, not Dan Steed. So it should be done accurately.

14 CHAIR BRACKPOOL: Just to prove that Commissioner  
15 Israel is reading --

16 VICE CHAIR ISRAEL: Yeah.

17 CHAIR BRACKPOOL: -- the documents Executive  
18 Director --

19 EXECUTIVE DIRECTOR BREED: We let that --

20 VICE CHAIR ISRAEL: Some of the finest writing I  
21 read this week.

22 EXECUTIVE DIRECTOR BREED: And let the record show  
23 that it's Dana Steed --

24 CHAIR BRACKPOOL: Right.

25 EXECUTIVE DIRECTOR BREED: -- as opposed to --

1 VICE CHAIR ISRAEL: Yeah.

2 EXECUTIVE DIRECTOR BREED: -- Dan Steed.

3 CHAIR BRACKPOOL: Okay. But with that, given that  
4 these are ceilings, I would move approval of these contracts  
5 for the next fiscal year.

6 COMMISSIONER WINNER: Second.

7 EXECUTIVE DIRECTOR BREED: Seconded by  
8 Commissioner Winner. All in favor?

9 ALL COMMISSIONERS: Aye.

10 CHAIR BRACKPOOL: That concludes the open portion  
11 of the meeting. We will now go into a closed executive  
12 session. Thank you all for your attendance.

13 (The Commission Meeting adjourned at 11:32 a.m.)  
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## CERTIFICATE OF REPORTER

I, MARTHA L. NELSON, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing meeting of the California Horse Racing Board; that it was thereafter transcribed.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 31st day of May, 2012.

/s/ Martha L. Nelson

MARTHA L. NELSON

## CERTIFICATE OF TRANSCRIBER

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

/s/ Martha L. Nelson

May 31, 2012

MARTHA L. NELSON, CERT\*\*367