



APPEARANCES

COMMISSIONERS

Keith Brackpool, Chairperson

David Israel, Vice Chairperson

Richard Rosenberg

Bo Derek

Jesse Choper

Steve Beneto

Chuck Winner

STAFF

Robert Miller, Staff Counsel

Jacqueline Wagner, Assistant Executive Director

Mike Marten

Dr. Rick Arthur, Equine Medical Director

ALSO PRESENT

Gail Matthews, Winning Hands Equine Massage

Aase Headley

Paul Husband, Arabian Racing Association of California

Steven Rothblum

Dave Elliott, Cal Expo

John Alkire, Big Fresno Fair

Larry Swartzlander, Big Fresno Fair

Joe Morris, Golden Gate Fields

Dan Cirimele, Golden Gate Fields

APPEARANCES (CONT.)

ALSO PRESENT (CONT.)

Cal Rainey, Golden Gate Fields

Ed Cummings

Ben Kenney, Golden Bear Racing

Christopher Schick, Golden Bear Racing

Alan Horowitz, California Harness Horsemen's Association

Richard Castro, Local 280

Terry McWilliams, Sportech

Curtis Linnell, Thoroughbred Racing Protective Bureau

George Haines, Santa Anita

John Bucalo, Barona Casino

John Hindman, Betfair/TVG

Tom Kennedy, Jockeys' Guild

Chris Korby

Lou Raffetto, TOC

Jack Liebau, Hollywood Park

Mike Seder, L.A. County Fair Association

Josh Rubenstein, Del Mar

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| 3. | Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Big Fresno Fair (F) at Fresno, commencing October 4, 2012 through October 14, 2012, inclusive.   | 15 |
| 4. | Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Pacific Racing Association (T) at Golden Gate Fields, commencing October 17, 2012 through December 16, 2012, inclusive.  | 21 |
| 5. | Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of Watch and Wager LLC (H) at Cal Expo, commencing November 2, 2012 through December 22, 2012, inclusive.   | 31 |
| 6. | Public hearing and action by the Board regarding the proposed addition of CHRB Rule 1581.2, Prohibition on Entering of Pregnant Mares Beyond 120 Days Gestation, to prohibit the racing of pregnant mares beyond 120 days of gestation. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.)   | 56 |
| 7. | Public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1656, Errors Which Invalidate Claim, to specify that the name of the new trainer, the race number and the date of the claiming race must be correctly entered on a claim or the claim will be invalid. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.) | 56 |

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12. Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personal matters, as Authorized by section 1126 of the Government Code.	116
A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel, considering regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation" as authorized by Government Code section 11126(c).	
B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 1126(c).	
C. The Board may convene a Closed Session for the Purpose of considering personnel matters as authorized by Government Code section 11256(a).	

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P R O C E E D I N G S

9:44 p.m.

PROCEEDINGS BEGIN AT 9:44 A.M.

(The meeting was called to order at 9:44 A.M.)

DEL MAR, CALIFORNIA, THURSDAY, AUGUST 23, 2012

MEETING BEGINS AT 9:44 A.M.

MS. WAGNER: This is the regular noticed meeting of the California Horse Racing Board on Thursday, August 23rd, 2012 at Del Mar Surfside Race Place, 2260 Jimmy Durante Boulevard, Del Mar, California.

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

Before we go on 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 opportunity to speak and the meeting proceeds in a timely fashion I will strictly enforce the three minute time limit

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

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

10           When a matter is open for public comment your name  
11 will be called. Please come to the podium and introduce  
12 yourself by stating your name and organization clearly.  
13 This is necessary for the court reporter to have a clear  
14 record of all who speak. When your three minutes are up the  
15 chairman will ask you to return to your seat so others can  
16 be heard.

17           When all the names have been called the chairman  
18 will ask if there is anyone else who would like to speak on  
19 the matter before the Board. Also, the Board may ask  
20 questions of individuals who speak.

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

25           Mr. Chairman.

1 CHAIR BRACKPOOL: Thank you. Good morning,  
2 everybody. First item, approval of the minutes, July 19th,  
3 2012.

4 VICE CHAIR ISRAEL: Moved.

5 CHAIR BRACKPOOL: I assume no comments. Moved by  
6 Vice Chair Israel. Seconded by Commissioner Rosenberg. All  
7 in favor?

8 ALL COMMISSIONERS: Aye.

9 CHAIR BRACKPOOL: Second, public comment. Our  
10 first speaker, Gail Matthews of the Winning Hands Equine  
11 Massage.

12 MS. MATTHEWS: Thank you. It's Gail Matthews,  
13 Winning Hands Equine Massage Therapy.

14 Abraham Lincoln said, "Gentlemen, you may laugh,  
15 but I could not have slept well tonight if I had not saved  
16 those birds. Their cries would have rung in my ears."

17 On December 2nd, 2011 Dave's Revenge died in a  
18 claiming race at Hollywood Park. The stewards chose to  
19 allow the claim to stand because death did not occur before  
20 the horse was returned to be unsaddled.

21 This led to the new suggested provision to CHRB  
22 Rule 1658, Vesting of Title to Claimed Horse, that if the  
23 horse is unable to return to the unsaddling area under its  
24 own power the claim shall be void. This will cover those  
25 instances when an injured horse is vanned off the track.

1 But on January 10th, 2012 at the Medication and  
2 Track Safety Committee meeting held at UC Davis, Dr. Arthur  
3 and Mr. Raffetto reached the agreement that the provision  
4 that to be cause for a void to -- to claim -- to void a  
5 claim a horse unable to return to the unsaddling area under  
6 its own power be struck from the proposed amendment, and  
7 that was the end of that.

8 If you would ask Elevette (phonetic) she would  
9 tell you that her fatality three weeks ago here at Del Mar  
10 was suffered during the running of the race, before she was  
11 returned to be unsaddled. That she didn't, in fact,  
12 actually get to die until she got off the track is, for her,  
13 academic. She died as the result of the injury that she  
14 suffered during the running of the race. Her fate was  
15 sealed on the race track.

16 For a horse to have to not only drop dead for a  
17 claim to be voided but to drop dead in a particular location  
18 is to have objectively lost sight of the model rule proposed  
19 by the Association of Racing Commissioners International  
20 upon which the first proposed amendment to Rule 1658 back in  
21 October of 2009 was based. The model rule would require the  
22 stewards to void a claim in cases where a claimed horse  
23 fails to return to the designated unsaddling area due to  
24 distress or injury. That's a far cry from dead, and dead  
25 here but not there.

1           In allowing a claim to stand in the face of a dead  
2 horse the CHRB is not only condoning the running of unsound  
3 horses, but is incentivizing the practice. The absurdity is  
4 clear.

5           At the April 8th, 2011 meeting of the Medication  
6 and Track Safety Committee groundbreaking amendments to Rule  
7 1658 were introduced. The regulation was intact as it  
8 stood. Representatives of the owners, the trainers, and the  
9 veterinarians have since succeeding not only in gelding the  
10 amendment into submission, they have killed it. And now  
11 you've got another dead horse on your hands.

12           In the spirit of the model rule amend Rule 1658  
13 with the provision that was suggested last December after  
14 the death of Dave's Revenge. If the horse is unable to  
15 return to the unsaddling area under its own power the claim  
16 shall be void.

17           CHAIR BRACKPOOL: Thank you. Next speaker, Aase  
18 Headley.

19           MS. HEADLEY: Good morning. Aase Headley. And  
20 I've written you several times about the lack of security on  
21 the backside. And what I think is important is cameras.  
22 The Summer Olympics were safe. Cameras were all over  
23 London.

24           In the United States there are owner -- there are  
25 camera systems in every bank, store, hotel, etcetera. The

1 race tracks have cameras on their parking lots, bars, over  
2 escalators, mutuel lines, and many other over the entry to  
3 restrooms. At Santa Anita the only camera on the  
4 backstretch is in the track kitchen. This allows you to  
5 successfully prosecute and bring to justice a groom that  
6 didn't pay for his chili burrito, probably your quickest  
7 case.

8 Video cameras are less expensive and more  
9 effective than ten years ago. Detention barns bring  
10 overtime expenses to owners and trainers, and are intrusive  
11 to horses. There should be cameras on all barns and 24-hour  
12 mobile cameras in the stalls of in-today horses. That would  
13 bring integrity and safety for horses, owners, trainers,  
14 fans, and backstretch personnel.

15 I'm involved with the Zenyatta Lounge for women  
16 who live on the backside. Bathrooms are often several barns  
17 away from the tack room. They are uncomfortable being out  
18 at night. If you lack the personnel, put it on the  
19 internet. Let the insomniacs of the world work for you.  
20 They can watch horses being treated at midnight for colic  
21 and possible a late night shockwave. Thank you.

22 CHAIR BRACKPOOL: Next speaker, Paul Husband.

23 MR. HUSBAND: Mr. Chairman, Commissioners, I'm  
24 Paul Husband. I'm the vice chair of the Arabian Racing  
25 Association of California. And I'm here this morning to

1 follow up on a letter dated August 3, 2012 that I sent to  
2 Chairman Brackpool.

3           The problem is exemplified by a July 21, 2012  
4 Arabian race at Cal Expo with a ten-horse field.  
5 Arbitrarily and unfairly place and show wagering were both  
6 eliminated. We had a handle of about \$26,000.

7           Now a year previous to the day, July 21, 2011 we  
8 had another race; not a ten-horse field. And in that race,  
9 also at Sacramento, show wagering was eliminated. We had a  
10 handle of \$145,000. So we've -- we've lost \$120,000 in  
11 handle, purely because there was an arbitrary and unfair  
12 elimination of place and show wagering.

13           Now the Arabian horsemen have been underpaid for  
14 the last two years in Sacramento. But to take a hit, like  
15 \$120,000 in handle with a ten-horse field, that's going to  
16 hurt the Arabian horsemen again next year.

17           ARAC, Arabian horse -- Arabian Racing Association  
18 of California, is being proactive. We're going outside to  
19 bring in money. We've brought five new sponsored races to  
20 California this year. We're also working trying to get  
21 horses to ship in from Texas, from Colorado, and from  
22 Delaware. But getting our place and show wagering yanked,  
23 that hurts us. That hurts us getting horses in here. That  
24 hurts us with sponsorships.

25           The biggest problem is Sacramento. But we're

1 looking for oversight and administrative guidance from CHRB  
2 for all of the California racing venues. What we need is  
3 CHRB to exercise oversight and give leadership to avoid  
4 further unfair and arbitrary elimination of place and show  
5 wagering. This hurts the State of California, as well as  
6 the horsemen.

7 Are there any questions of the Board?

8 CHAIR BRACKPOOL: We don't do questions in public  
9 comment, but thank you.

10 MR. HUSBAND: Thank you.

11 CHAIR BRACKPOOL: Thank you. Next speaker, Steven  
12 Rothblum.

13 MR. ROTHBLUM: Yes. I'm also here to speak about  
14 Rule 1658(b), the rule -- the rule on voiding claims of  
15 horses who receive a fatal injury during the running of a  
16 race or who can not return to be unsaddled. And this is  
17 also --

18 CHAIR BRACKPOOL: Can you give us your name for --

19 MR. ROTHBLUM: My name is Steve Rothblum, and I'm  
20 a racing manager and bloodstock consultant.

21 CHAIR BRACKPOOL: Thank you.

22 MR. ROTHBLUM: And I'm here to speak about, as I  
23 said, Rule 1658(b). And this also concerns the horse  
24 Elevette who was claimed out of the last race on August  
25 30th. As the rule states that the claim shall be voided if

1 a horse suffers a fatal injury during the running of the  
2 race or before it can be returned to be unsaddled. In this  
3 situation, as has happened in other situations in the past,  
4 the horse suffered a fatal injury in the race by shattering  
5 both the proximal and distal sesamoids. A Kinsey splint was  
6 placed on the horse and she was loaded on to a van, brought  
7 back the Doug O'Neill barn. And upon examination it was  
8 immediately determined that she be humanely euthanized.

9           The fact that this did not occur on the race track  
10 is now the way the stewards must interpret the rule. And it  
11 offers no protection for the horse, nor does it offer  
12 protection for the owners that we have in this game. The  
13 spirit of the rule as it was written is a wonderful,  
14 wonderful rule in that it will protect people from claiming  
15 a dead horse in effect. But what we've done with this  
16 ruling interpretation is putting an unfair burden on the  
17 track veterinarian to make a decision without the useful  
18 tools and evaluation such as radiographs or more careful  
19 hands-on examination.

20           I'm in full agreement with placing a Kinsey splint  
21 or to stabilize an injury in any way possible and removing  
22 the horse from the track, mainly for public perception.  
23 There's nothing worse than putting up that blue screen and  
24 having 30,000 people watch a horse humanely destroyed on the  
25 race track. But this offers no protection to the owners,

1 nor does it stop anybody from entering a horse who maybe  
2 potentially carried this kind of injury into a race

3 I think that the rule needs to be amended or  
4 completely taken off of the rule books because as the system  
5 worked before it was buyer beware. It policed itself for  
6 many, many years and it seemed to be very effective. In  
7 this, the rule, the way it's written now, protects no one.  
8 Out of the percentage of horses who actually suffer a  
9 fatality on the track is so small, and then the percentage  
10 of those being claimed horses is even smaller, so we're  
11 offering protection to no one. And what it did in effect to  
12 several trainers, it worked in effect to trick them into  
13 believing that we did not need claim insurance because we  
14 were covered under the protection of this rule. We -- we,  
15 of course, in the O'Neill barn have no more claim insurance,  
16 as several others have it.

17 CHAIR BRACKPOOL: Thank you, sir.

18 MR. ROTHBLUM: Thank you very much.

19 CHAIR BRACKPOOL: Next speaker, Dave Elliott, Cal  
20 Expo.

21 MR. ELLIOTT: Dave Elliott, Cal Expo. I apologize  
22 if this issue has come to this Board when a simple phone  
23 call from either the ARAC rep or Mr. Husband to me would  
24 have sufficed, and I could have explained a little bit of  
25 horseracing 101 to assure him that when we get the approval

1 to prohibit place and/or show -- it's usually just show  
2 wagering -- it's basically in their best interest for two  
3 reason, and ours.

4           Number one, the Arabs on the fair circuit right  
5 now, there are 30, a total of 30 horses that the racing  
6 secretary can draw from. Because of that the races are  
7 very, very noncompetitive. There's usually an overwhelming  
8 favorite. In his letter he states that there was not. In  
9 the July 21st race, yes, there was; he was 1-to-5.

10           Our partners, Del Mar in the south, Hollywood Park  
11 in the south, out-of-state, out-of-country, our partners,  
12 they actually applaud when we prohibit these wagers because  
13 they have to pay for the minus pool, number one.

14           Number two, when there is no show wagering on  
15 these races the handle actually increases. It generates  
16 more purse money for them than it would if there was show  
17 wagering, and I have the data to prove it.

18           I do plan on providing a response to his letter  
19 line by line to this Board. But the bottom line is there's  
20 two reasons why -- when we prohibit show wagering there's  
21 two reasons why it helps them out and it helps us out. And  
22 I have to be close with this. He talks about a handle of  
23 26,000. Well, that race actually handled 88,000. His  
24 figures are wrong all throughout his letter, number one. He  
25 uses Equibase numbers. Equibase uses the pool totals.

1 Well, that's great. However, the Equibase numbers do not --  
2 are not the numbers that generate purse money and  
3 commissions in Northern California.

4 So I just wanted -- I wanted to bring that out. I  
5 plan on responding. I wish -- it's unfortunate. It's  
6 embarrassing for me that this came before this Board. If he  
7 would have just called me I could have explained it to him,  
8 and I apologize. Thank you.

9 CHAIR BRACKPOOL: That concludes the speakers  
10 under item number two, public comment.

11 Item number three, discussion and action by the  
12 Board on the application for license to conduct a horse race  
13 meeting of the Big Fresno Fair at Fresno, commencing October  
14 4th, 2012 through October 14th, 2012, inclusive.

15 Names and affiliations for the record. And please  
16 begin with a description of what is happening and,  
17 importantly, what is different this year.

18 MR. ALKIRE: John Alkire, CEO, the Big Fresno  
19 Fair. Chairman Brackpool, Members of the Board,  
20 Commissioners and Staff, very happy to be here this morning.

21 And hopefully with our proposal that we put forth, it's  
22 very thorough, but I wanted to make sure none of you had any  
23 questions. Hopefully you don't. But if you do, Larry  
24 Swartzlander, our racing director, and myself would be happy  
25 to answer those questions.

1           To begin with, racing is very important to the Big  
2 Fresno Fair. This is our 129th year, our 129th edition of  
3 racing. Racing is in our fabric, and it's very, very  
4 important, our racing dates to our community and to our fair  
5 facility. This year, as far as new innovative things that  
6 we're bringing to the table, we've developed a new how to  
7 bet brochure and it's included in our proposal. We've  
8 expanded our social networking capabilities. I was sending  
9 out email blasts once a week to all of our satellite  
10 wagering patrons. We've expanded our online ticket sales  
11 this year for the second year in a row. And I think it's --  
12 the results have been very, very, very positive.

13           This year decidedly the winner of the Kentucky  
14 Derby in 1962 was bred and raised right in the San Joaquin  
15 Valley, trained at the Fresno Fair in 1961. There are still  
16 members of that family alive. So Patricia Pope and her  
17 family will be recognized, and we will go back in history a  
18 little bit and recognize a great horse that was locally bred  
19 and trained.

20           The Brosey Family (phonetic) in our area, their  
21 son Tommy died recently. He was a local horse breeder and  
22 owner and was very involved in our horse racing facility.  
23 His family is building a 14-foot monumental waterfall at the  
24 end of our tote board this year. It will crank out 2,850  
25 gallons a minute. It will be a huge capital improvement to

1 our facility. And every time the cameras scan across the  
2 finish line we'll get that beautiful water facility. So  
3 we're excited about that edition.

4           Every ticket is a winner. Take your voucher, even  
5 though you might have lost it at the track, put your name  
6 and your email address, put it in a tumbler, and we're going  
7 to give away a bunch of flat screen TVs on the last day of  
8 the fair. We'll be doing our live post fair shows.

9           CHAIR BRACKPOOL: So it's every ticket may be a  
10 winner, just like every other ticket.

11           MR. ALKIRE: Every ticket may be a winner, yes,  
12 sir.

13           CHAIR BRACKPOOL: So it's no different than any  
14 other ticket. It may be a winner, it may not.

15           MR. ALKIRE: It may be a winner, that's right.

16           CHAIR BRACKPOOL: Okay.

17           MR. ALKIRE: But at least you've got another shot,  
18 instead of putting it in the garbage can.

19           CHAIR BRACKPOOL: Well, I don't know if I'd be  
20 calling it every ticket is a winner.

21           MR. ALKIRE: Well, it's a potential winner.

22           CHAIR BRACKPOOL: Okay.

23           MR. ALKIRE: As far as things that have really, I  
24 think, set us apart, thanks to John Harris the Harris Ranch  
25 crew will be in to do their huge barbeque for everyone on

1 the backside on the 4th, Thursday night. John has been  
2 very, very helpful at our facility; he continues to be so.

3 As far as our incentives, the custom saddle, the  
4 custom trailers, the jockey buckles, and the custom made  
5 saddle racks that we put together are all incentives that we  
6 hope bring our customers back to the Big Fresno Fair.

7 We also utilized our -- our concern series as a  
8 partnership with our trainers and owners. We -- we have a  
9 special section just for them at the concerts. So we try to  
10 take care of everyone that comes to the Big Fresno Fair. We  
11 want everyone to come back and enjoy themselves and never  
12 have an excuse not to return.

13 CHAIR BRACKPOOL: Thanks, John. Just because we  
14 had this issue recently I just want to make sure with Staff  
15 how we're handling this. I see all of the documents are in  
16 compliance. But it does say inspection of backstretch  
17 worker housing has been requested and will be completed  
18 prior to -- it's been requested by whom?

19 MS. WAGNER: It's been requested by --

20 CHAIR BRACKPOOL: No one can hear you unless you  
21 speak into the --

22 MS. WAGNER: It's been requested by Staff. And we  
23 have been in contact with the Fresno Fair, and that  
24 inspection will be done in consultation with enforcement and  
25 the Fresno staff.

1 CHAIR BRACKPOOL: Okay. It's just I don't  
2 normally see this line item. So is this something new? Is  
3 this a concern you had? I don't normally see this line  
4 item.

5 MS. WAGNER: Yes. I thought that was usually on  
6 there. I'm sorry.

7 CHAIR BRACKPOOL: Then maybe not -- maybe not  
8 worded quite the same way. Maybe that's what I'm missing.  
9 Okay.

10 VICE CHAIR ISRAEL: You know, this is a function  
11 of we're further out than we usually are --

12 CHAIR BRACKPOOL: Right.

13 VICE CHAIR ISRAEL: -- approving a license.

14 CHAIR BRACKPOOL: So it hasn't been done.

15 VICE CHAIR ISRAEL: Yeah, so it hasn't been done  
16 yet.

17 CHAIR BRACKPOOL: Yeah. Okay.

18 MR. ALKIRE: We're ready, Chairman Brackpool.

19 CHAIR BRACKPOOL: Okay. Good.

20 MR. ALKIRE: We're ready.

21 CHAIR BRACKPOOL: Good. Just talk to me a little  
22 about purses, about what you are going to do this year  
23 compared to last year.

24 MR. SWARTZLANDER: As -- as similar to the other  
25 fairs at Santa Rosa and Pleasanton, we're raising the

1 overnight purses six percent. And there was a change in the  
2 stakes' schedule at Fresno this year. We had four stakes  
3 last year. This year we have two. We've -- we've moved  
4 the -- the Harvest Stakes, which is for three-and-up fillies  
5 and mares, into the Stockton meet which is now right before  
6 Fresno. It was better suited there timing-wise. And we've  
7 eliminated a two-year-old filly face due to the program  
8 that's put in at Golden Gate. They'll be running right  
9 after us. This makes a better fit for all the fairs and for  
10 Golden Gate.

11 CHAIR BRACKPOOL: But the six percent increase on  
12 what you did last year because last year was an increase;  
13 right?

14 MR. SWARTZLANDER: Yes, that's true.

15 CHAIR BRACKPOOL: I like that trend. I like that  
16 trend.

17 Commissioner Choper?

18 COMMISSIONER CHOPER: No. I was going to say that  
19 I think that's very -- you know, the proof of pudding is in  
20 the eating. And if you come through with these estimates  
21 for total purses, that's terrific. So --

22 MR. SWARTZLANDER: Yeah. And we're pretty much --

23 COMMISSIONER CHOPER: -- good luck and  
24 congratulations in advance.

25 MR. SWARTZLANDER: Thank you. And on the previous

1   fairs we're doing very well. We're well below what we  
2   predicted --

3               COMMISSIONER CHOPER: Good for you.

4               MR. SWARTZLANDER: -- for overpayments.

5               COMMISSIONER CHOPER: Good.

6               CHAIR BRACKPOOL: That's excellent. That's  
7   excellent news. Excellent news. Well, I was there last  
8   year and I greatly enjoyed it. And I recommend to anybody  
9   who hasn't been up it's -- it's a great little fair to -- to  
10  go to.

11              MR. SWARTZLANDER: Thank you.

12              CHAIR BRACKPOOL: You've got a very, very good  
13  product, and you certainly have my support.

14              Any other -- any other questions from any other  
15  commissioners?

16              VICE CHAIR ISRAEL: No.

17              CHAIR BRACKPOOL: I'll be happy to make the  
18  motion.

19              VICE CHAIR ISRAEL: I'll second it.

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

22              ALL COMMISSIONERS: Aye.

23              CHAIR BRACKPOOL: Have a good meet.

24              MR. SWARTZLANDER: Thank you.

25              MR. ALKIRE: Thank you, Mr. Chair.

1 CHAIR BRACKPOOL: Thank you. Item number four,  
2 discussion and action by the Board on the application for  
3 license to conduct a horse race meeting of the Pacific  
4 Racing Association at Golden Gate Fields, commencing October  
5 17th, 2012 through December 16th, 2012, inclusive.

6 VICE CHAIR ISRAEL: Okay. Would you please  
7 introduce yourselves? And tell us about the meet.

8 MR. MORRIS: Joe Morris, Golden Gate Fields.

9 MR. CIRIMELE: Dan Cirimele, Director of  
10 Marketing, Golden Gate Fields.

11 MR. RAINEY: Cal Rainey, Assistant General Manager  
12 at Golden Gate Fields.

13 VICE CHAIR ISRAEL: Okay.

14 MR. MORRIS: Okay. For the -- for the upcoming  
15 meet, October 18th to December 16th, we have 34 days of  
16 racing. Last year it was 36 days of racing. We're going to  
17 move our post time back to 12:45 to compliment the Santa  
18 Anita post time. We'll go earlier on Thanksgiving Day and  
19 on Breeders' Cup Day. And we'll go at 12:15 on -- on four  
20 days. We'll be running ten races. The seven stakes' races,  
21 the same as last year, making the total for the year at  
22 Golden Gate 18, which is 2 more stakes than we ran in 2011.

23 The purses, we're planning on running at the same  
24 level as we did last fall. But we have had two meets in a  
25 row where we've had purse increases. Our winter-spring was

1 a 3.7 percent increase. And our summer meet, which we've  
2 just started, was a three percent increase.

3 The marketing budget will be the same as 2011, but  
4 that actually makes it more because the marketing budget  
5 supported 36 days in 2011, and the same dollars will be  
6 supporting 34 days this year.

7 VICE CHAIR ISRAEL: Okay. Does anybody have any  
8 questions?

9 COMMISSIONER WINNER: Just as a clarification.

10 VICE CHAIR ISRAEL: Chuck?

11 COMMISSIONER WINNER: On the second -- the second  
12 bullet it says that the race meeting is October 17th through  
13 December 16th. I assume that's just -- am I reading it  
14 wrong or is that a clerical error?

15 VICE CHAIR ISRAEL: No, you're reading it right.

16 MS. WAGNER: Their application came in that the  
17 inclusive dates were October 17th. The actual live racing,  
18 as I understand it, is going to take place on October 18th?

19 MR. MORRIS: Yeah, that's correct.

20 COMMISSIONER WINNER: Thank you.

21 VICE CHAIR ISRAEL: Anybody else? Steve, any  
22 questions? Anybody?

23 Would you like to tell us anything else about your  
24 special marketing?

25 MR. MORRIS: We can get into that. I would -- I

1 would like to hit -- you know, last October, that meet that  
2 we ran was -- was a first where we -- where we bucked a  
3 trend. Our average handle for on-rack in Northern  
4 California was actually up. And it was the first up we'd  
5 had at Golden Gate for quite awhile.

6           On our winter-spring meet, the big meet, we were  
7 .6 percent down, which is basically even. And again, it's  
8 been a long time since Golden Gate has been even on handle.

9           But our ADW was up nine percent at that time. Our average  
10 runners per race was up at that time. Purses were up. The  
11 number of stakes we ran was up. And we had our first and  
12 second highest attendance days that we've had in the last  
13 four or five years, both on Sundays. And we're also  
14 presently renovating one of the first barns we've renovated  
15 in quite a few years, and have done a little bit of project  
16 to the -- to the building also. So we've got -- we've got a  
17 lot of positives going up there. And -- and we plan on  
18 continuing with that.

19           VICE CHAIR ISRAEL: Okay. What specific marketing  
20 plans do you have for this meet that aren't just general, in  
21 terms of Golden Gate?

22           MR. CIRIMELE: Yes. Since -- since Joe took over  
23 one of our main goals has been communicating better to the  
24 demographics within the Bay Area. A general term for that  
25 would be our ethnic marketing.

1           As Joe mentioned, we had our second largest  
2 attendance in the last 18 years, and that was through  
3 Hispanic Day. During the summer meet we're actually going  
4 to host our first ever Filipino festival. Again, we have  
5 very large contingencies of Asian and Hispanic markets up  
6 there in the Bay Area. So we're going to do is we're going  
7 to introduce another Hispanic Day, hopefully pull out  
8 another crowd that reaches 10,000, which it was close to  
9 during our -- our spring meet.

10           COMMISSIONER CHOPER: How did the handle on those  
11 two days compare to the prior comparable date without any  
12 promotion?

13           MR. CIRIMELE: It was actually up 14 percent on  
14 that day.

15           COMMISSIONER CHOPER: Fourteen percent?

16           MR. CIRIMELE: Uh-huh.

17           COMMISSIONER CHOPER: On both days?

18           MR. CIRIMELE: Yeah.

19           COMMISSIONER CHOPER: Okay.

20           MR. CIRIMELE: The Filipino we haven't seen yet  
21 because that's going to be on --

22           COMMISSIONER CHOPER: So that's --

23           MR. CIRIMELE: -- that's coming up still.

24           COMMISSIONER CHOPER: The Hispanic went up to --

25           MR. CIRIMELE: The Hispanic Day, yeah.

1 COMMISSIONER CHOPER: Well, that's good.

2 MR. CIRIMELE: Uh-huh.

3 MR. MORRIS: And it's good. And -- and you know,  
4 we do the dollar days. And a lot of times they're in  
5 conjunction with that. And if you look at our ten highest  
6 on-track handles over the last year, at least half of them  
7 are on those dollar days.

8 COMMISSIONER CHOPER: Yeah.

9 MR. MORRIS: So they're bringing in the crowds and  
10 they're increasing our on-track handle. And they also help  
11 the food and beverage on those days.

12 VICE CHAIR ISRAEL: Are you doing anything to  
13 capitalize on the interest of football? I know in the past  
14 you've had --

15 MR. MORRIS: Yeah. We --

16 VICE CHAIR ISRAEL: -- special Sunday promotions  
17 and --

18 MR. CIRIMELE: Uh-huh.

19 VICE CHAIR ISRAEL: -- what not.

20 MR. CIRIMELE: Yeah. We -- we offer all of the --  
21 all the games on televisions. We have special lounges where  
22 people can come and not only catch every single game that's  
23 in front of them, because we'll have walls covered in plasma  
24 TVs, but we'll have our races mixed in throughout, so they  
25 can also see what time it is for post time and -- and all of

1 that. So we definitely capitalize on the football and --  
2 and the horse racing.

3 VICE CHAIR ISRAEL: And you have tellers  
4 available, very proximate to those rooms or in those rooms?

5 MR. CIRIMELE: Yeah.

6 VICE CHAIR ISRAEL: Okay. Anybody else?

7 COMMISSIONER ROSENBERG: Yeah. It's a question on  
8 the stake's race. This Pike Place Dancer, is that a new  
9 race totally, the two-year-old filly race on the turf that's  
10 part of the CMC program? What's it called, the Golden Bear?

11 MR. MORRIS: Yeah. That's part of the -- the  
12 races running here for the -- so it's a two-year-old.

13 COMMISSIONER ROSENBERG: On the turf. Is it new  
14 altogether, a brand new race?

15 MR. MORRIS: Yes.

16 COMMISSIONER ROSENBERG: It is? So in terms of  
17 comparing last year's stakes, number of stakes, versus this  
18 year how -- how do you stand on that?

19 MR. MORRIS: We ran 16 stakes last year and we're  
20 running 18 stakes this year for a little over \$200,000 more  
21 dollars in the stakes' program.

22 COMMISSIONER ROSENBERG: Okay. Good.

23 CHAIR BRACKPOOL: Any other questions?

24 COMMISSIONER ROSENBERG: No.

25 CHAIR BRACKPOOL: Okay. How is the current meet?

1 MR. MORRIS: Well, we opened Friday. We -- we  
2 changed to a twilight, a happy hour twilight, which was a  
3 big move, coordinating with the Del Mar schedule.

4 CHAIR BRACKPOOL: Right.

5 MR. MORRIS: We ran two less races over the  
6 weekend. And we were still up on-track and we were up; in  
7 Northern California, down a little. But overall, without  
8 ADW we were up for the weekend. And then with the ADW, you  
9 know, with the new experiment --

10 CHAIR BRACKPOOL: It was a big --

11 MR. MORRIS: -- with TVG and others, our ADW was  
12 up 55 percent with -- right across the board.

13 CHAIR BRACKPOOL: Right.

14 MR. MORRIS: XpressBet was up 110 percent. TVG  
15 was up 65. And Twinspires was up 34 percent.

16 CHAIR BRACKPOOL: Right.

17 MR. MORRIS: So we --

18 COMMISSIONER CHOPER: You've got big fields then.

19 MR. MORRIS: And we want to -- you know, that's  
20 one of the -- our two biggest problems are the size of the  
21 fields. So everything we do, we're trying to increase that.  
22 As I said, our last meet we were up a little. But we  
23 average 7.7, 7.3, and a little over 8 the three days of  
24 racing. So it makes all the difference in the world.

25 CHAIR BRACKPOOL: Joe, we've talked before about

1 twilight racing and you've always talked about the  
2 difficulties, you know, of transportation, etcetera. This  
3 was the first time you've tried it?

4 MR. MORRIS: We did -- we did -- we went -- we  
5 went a little earlier, before Hollywood, and -- and we  
6 learned from that some. It's the first time we've done it  
7 right alongside Del Mar. One of the things we do, about ten  
8 percent of our attendance now is coming in on public  
9 transportation and off the bar. And we're running shuttles  
10 back and forth, and then that makes it a little bit easier.  
11 And then adding the bands and the dining room specials, I  
12 mean, we had -- I think I had 800 people in the dining room  
13 that day that were in --

14 CHAIR BRACKPOOL: That's great.

15 MR. MORRIS: -- were in for a dinner crowd. So --

16 CHAIR BRACKPOOL: That's great.

17 MR. MORRIS: -- a lot of positives over the year  
18 going on.

19 CHAIR BRACKPOOL: Good.

20 COMMISSIONER CHOPER: Where are the horses coming  
21 from?

22 MR. MORRIS: We still have -- we have 60 less  
23 horses in -- in the barn area. But we still probably have  
24 1,070 horses back there. So it's --

25 COMMISSIONER CHOPER: All right.

1 MR. MORRIS: And running the two less races it --  
2 it raises the --

3 COMMISSIONER CHOPER: Uh-huh.

4 MR. MORRIS: -- number of horses in the other  
5 fields, which I'm, you know --

6 COMMISSIONER CHOPER: So they're virtually all --

7 MR. MORRIS: They're there.

8 COMMISSIONER CHOPER: -- quote local horses,  
9 unquote.

10 MR. MORRIS: They are.

11 COMMISSIONER CHOPER: They're not coming from  
12 Canada, from --

13 MR. MORRIS: We -- we have --

14 COMMISSIONER CHOPER: -- North.

15 MR. MORRIS: We have five different recruitment  
16 programs on horses.

17 COMMISSIONER CHOPER: I know.

18 MR. MORRIS: And some of them, we -- but the  
19 Canadian horses and the Northwest horses won't be down until  
20 the October meet.

21 COMMISSIONER CHOPER: I see.

22 CHAIR BRACKPOOL: They've still got their own  
23 local meets are going on, I guess.

24 MR. MORRIS: We've got a good influx, it looks  
25 like, coming for October. So I think our --

1 COMMISSIONER CHOPER: You do?

2 MR. MORRIS: -- horse population is going to be  
3 good.

4 COMMISSIONER CHOPER: Good.

5 CHAIR BRACKPOOL: I must say, it's refreshing  
6 to -- to sit at this Board for a change and hear that the  
7 fairs are all up on last year, and the purses are up on our  
8 purses, and Golden Gate is doing well. And we must continue  
9 to do whatever we can to help, whatever we can do with the  
10 north. But it's very encouraging to -- to hear that. So  
11 thank you for -- for all of your work.

12 Do I have any -- yes, Commissioner Beneto.

13 COMMISSIONER BENETO: I got -- I got a question.  
14 You're shuttling out of Pleasanton. Are you counting 1,000  
15 horses --

16 MR. MORRIS: We have 1,060 on track. And  
17 there's -- there's somewhere probably around 100, 150 race  
18 horses at Pleasanton. They have more than that but they  
19 don't all race.

20 CHAIR BRACKPOOL: Okay.

21 COMMISSIONER ROSENBERG: Who pays for the  
22 shipping?

23 MR. MORRIS: Stabling and vanning out of NOTWINC.

24 VICE CHAIR ISRAEL: NOTWINC.

25 CHAIR BRACKPOOL: Good. Well, I'd be happy to

1 make the motion to approve the meet. Do I have a second?

2 COMMISSIONER CHOPER: Second.

3 CHAIR BRACKPOOL: Seconded by Commissioner Choper.

4 All in favor?

5 ALL COMMISSIONERS: Aye.

6 CHAIR BRACKPOOL: Have a good meet.

7 MR. MORRIS: Thank you.

8 CHAIR BRACKPOOL: Thank you. Item number give,  
9 discussion and action by the Board on the application for  
10 license to conduct a horse race meeting of Watch and Wager  
11 LLC at Cal Expo, commencing November the 2nd, 2012 through  
12 December 22nd, 2012, inclusive.

13 Names and affiliations please.

14 MR. CUMMINGS: Ed Cummings, Chief Operating  
15 Officer, Watch and Wager.

16 MR. KENNEY: Ben Kenney, Golden Bear Racing.

17 MR. SCHICK: Good morning, Chairman Brackpool,  
18 Commissioners. Christopher Schick, Golden Bear Racing.

19 CHAIR BRACKPOOL: Thank you. Well, standard breds  
20 have been an issue in front of the Board for -- for a while.  
21 Why don't you start by -- I mean, I'm encouraged that we've  
22 got someone wanting to come in and lease it and operate it,  
23 and hopefully operate it successfully. And I'm certainly  
24 impressed by the letters of recommendation, etcetera, and  
25 answers to some of the questions I had.

1           But perhaps you would just tell us a little bit,  
2 first of all, about Watch and Wager and why the interest in  
3 harness racing. And then perhaps as management you could  
4 just give us a couple of minutes on what you intend to do to  
5 arrest the -- the decline.

6           MR. CUMMINGS: Yeah. Ed Cummings, Chief Operating  
7 Officer of Watch and Wager. I'll -- Chairman, I'll take the  
8 first part of the question, and then pass on to Chris and  
9 Ben.

10           Watch and Wager is a U.S. entity, an ADW, fully  
11 owned by European Wagering Services in the U.K. Overall,  
12 EWS has been in operation in the U.S. for a number of years  
13 and traded very successfully as an ADW. Watch and Wager is  
14 a new company, a startup internet company that we launched  
15 in January. And our goal with this association with the Cal  
16 Expo race meet is first of all to support and to reactivate  
17 harness racing in Northern California.

18           We're very aware that this track would not be  
19 operating without our financial support. We want to run a  
20 good meeting in conjunction with these two gentlemen who  
21 we've -- we've been working with for -- for a number of  
22 months. And I have every confidence in their expertise.

23           We do have other strategic reasons for this  
24 venture. As I -- as I said, we are an ADW operation in --  
25 in the U.S. and international global comingler of pools in

1 many jurisdictions. We have found and I have found,  
2 operating an ADW without a strong U.S. bricks and mortar  
3 presence becomes very, very difficult. There are some very  
4 strong operators out there which -- who also own media  
5 rights. So we feel that this will support our -- our  
6 business in the U.S.

7           And we also believe that this is a very  
8 interesting time in the U.S. and California for a number of  
9 other e-gaming related activities. In Europe there's a lot  
10 of interest in what's going on in the U.S. And we -- the  
11 one thing we do know as primarily a European operation,  
12 unless we have a strong operational presence in -- in  
13 California, staff, offices, you know, all the associated  
14 elements of running a business in -- in California that we  
15 won't be -- we have a much stronger chance of being at the  
16 table when -- when state or federal legislation comes in.

17           CHAIR BRACKPOOL: Thank you for the honesty.  
18 Let's hear a little about the -- the management side and  
19 what we're going to do differently.

20           COMMISSIONER ROSENBERG: Keith, before --

21           CHAIR BRACKPOOL: Oh, please, Commissioner  
22 Rosenberg.

23           COMMISSIONER ROSENBERG: Yeah. Before we get to  
24 that could explain a little bit about --

25           CHAIR BRACKPOOL: You need to lean forward.

1 COMMISSIONER ROSENBERG: Okay.

2 CHAIR BRACKPOOL: These are not sensitive.

3 COMMISSIONER ROSENBERG: Okay.

4 COMMISSIONER ROSENBERG: Before you -- we move on  
5 to management, could you explain the nature of the lease?  
6 You did provide us with a copy of some of the information.  
7 And two of the Golden Bear gentlemen met with a number of --  
8 number of the commissioners over the last couple of weeks,  
9 so we know a little bit about the operation. But the lease  
10 with Cal Expo specifically, it's a done deal?

11 MR. CUMMINGS: Yeah, that's correct. It is a done  
12 deal, subject to -- to your approval, of course. It's a  
13 five-year term. The lease is with Watch and Wager, as -- as  
14 is the application. There are a number of breakout clauses,  
15 but overall it's a five-year term. The first deposit on the  
16 last would become active once -- upon approval.

17 VICE CHAIR ISRAEL: Following up on that, in the  
18 past there -- there have been some problems, as you know,  
19 bankruptcies relative to harness racing in Sacramento. Who  
20 is the guarantor for this meet? It's -- because you hold  
21 the lease. I mean, there are three parties here, Cal  
22 Expo --

23 MR. CUMMINGS: Correct.

24 VICE CHAIR ISRAEL: -- you, and Golden Bear  
25 Racing. So you -- you're the lease holder. It seems to be

1 your meet. Are you the guarantor of all purse monies and  
2 everything else?

3 MR. CUMMINGS: Effectively, yeah, we are the  
4 license holder, and therefore -- and we -- we're the  
5 signatory on the -- on the Cal Expo lease.

6 CHAIR BRACKPOOL: Correct. If you go --

7 VICE CHAIR ISRAEL: Yeah.

8 CHAIR BRACKPOOL: If you go to the application --

9 VICE CHAIR ISRAEL: Right.

10 CHAIR BRACKPOOL: -- that's right.

11 VICE CHAIR ISRAEL: Okay. And you're -- and  
12 you're posting \$100,000 bond?

13 MR. CUMMINGS: We've already posted the -- we're  
14 actually looking for someone to ensure the bond, but we've  
15 actually posted the cash.

16 VICE CHAIR ISRAEL: You posted the cash?

17 MR. CUMMINGS: Yes.

18 VICE CHAIR ISRAEL: Okay. And who -- who owns the  
19 British holding company which owns Watch and Wager?

20 MR. CUMMINGS: European Wagering Services 100  
21 percent owns Watch and Wager. We are -- our ultimate  
22 beneficiary is Webis Holdings PLC which is listed on the  
23 London AIM Stock Market.

24 VICE CHAIR ISRAEL: So it's a publicly traded  
25 company?

1 MR. CUMMINGS: Publicly traded company, yes.

2 VICE CHAIR ISRAEL: Okay. So what other entities  
3 is it involved with?

4 MR. CUMMINGS: It also owns and operates and  
5 online sports betting operation which has no business in the  
6 United States and mainly targets European and Asian  
7 customers.

8 VICE CHAIR ISRAEL: And no --

9 MR. CUMMINGS: But that's clearly separated out in  
10 the organigram, the -- the --

11 VICE CHAIR ISRAEL: Do you have any other brick  
12 and mortar business in California?

13 MR. CUMMINGS: No, we don't. This is our first  
14 venture into brick and mortar.

15 VICE CHAIR ISRAEL: This is your first venture?  
16 Okay.

17 MR. CUMMINGS: Yes. Correct.

18 VICE CHAIR ISRAEL: Okay. Thank you.

19 CHAIR BRACKPOOL: Thank you. So now let's go to  
20 the -- the management of the entity.

21 MR. SCHICK: Thank you, Mr. Chairman. When Ben  
22 and I kind of started down this road about three, four  
23 months ago, and then we -- we kind of hooked up with Ed, you  
24 know, Ben and I kind of formulated a plan as to what would  
25 work for the industry in our mind. Obviously, we've been

1 going down kind of a slippery slope. We've been running  
2 essentially ten months. Last year we -- we lost the third  
3 day. We're down to two days. We've lost some of the -- the  
4 major stables over the last four or five years that,  
5 obviously, Cal Expo decided that they didn't want to run the  
6 business and more.

7           So Ben and I kind of looked at things. There  
8 really wasn't anybody stepping up to the table, so we kind  
9 of formulated a plan as what we -- we thought we could -- we  
10 could do to make the industry survive, and not only survive  
11 but ultimately grow the industry, because that's -- that's  
12 really what we're all about.

13           So our -- our plan that we're -- we're presenting,  
14 essentially, today, this application is for 16 days of  
15 racing through December 22nd. But -- but we'll have another  
16 subsequent application once the dates are allocated for 2013  
17 that will take us from December 26th through -- right now  
18 we're looking at May 11. So essentially we're --

19           CHAIR BRACKPOOL: You'd have a separate  
20 application. You're saying that this application is for 16  
21 days of -- of racing?

22           MR. SCHICK: Correct.

23           CHAIR BRACKPOOL: Exactly.

24           MR. SCHICK: Right. So all in all, just to look  
25 at the plan, the plan is essentially a little over six

1 months of racing versus the ten months that the industry has  
2 had, essentially, over the last four or five years.

3 Our plan -- one of the fundamentals of our plan is  
4 that starting late in December that we're going to -- we're  
5 going to go to three days a week racing. Obviously, we say  
6 that based upon having the -- the horses in the barn to do  
7 it. But it's fundamental to the success of the industry  
8 long term and, obviously, to us as an operating company that  
9 that happens.

10 So we've -- we've got a strong recruitment in  
11 place. We've talked to all of our barns, essentially, that  
12 have left over the last four or five years. We've got a  
13 really, really good response from those people. As we -- we  
14 stated in the application, part of the six-month plan that  
15 makes it so viable to working is that we accumulate what is  
16 known as dark day money. We get -- for -- for the purse  
17 account we get ADW money during the dark period, plus what  
18 is known as 816 money. And I don't -- I don't want to give  
19 you a big, but it's essentially Los Alamitos gets 16 races  
20 when we don't race, and the horsemen get have of the  
21 commissions generated from those imports on those un-  
22 overlapped nights.

23 So essentially we'll be starting this meet with  
24 somewhere in the neighborhood of an \$800,000 to \$900,000  
25 surplus in the purse pool, which when we amortize that along

1 with the daily commissions that are -- are generated --  
2 also, the months that we're racing are the highest handling  
3 months for harness racing -- but when we amortize that  
4 \$800,000 or \$900,000 into the shortened schedule we -- we  
5 obviously have a really good result, somewhere about 25  
6 percent above what the current purse level was.

7           So that's kind of the plan, where we're starting  
8 at. That's part of the -- the, you know, the reason that we  
9 feel strong that we can recruit the horses and go to three  
10 days in December.

11           CHAIR BRACKPOOL: I have some questions. But go  
12 ahead, Commissioner Rosenberg.

13           COMMISSIONER ROSENBERG: Just a statement. Could  
14 you just state your background? And you're the general  
15 manager; correct?

16           MR. SCHICK: That's correct. I started -- I  
17 retired from a first career in 1989 and started my career in  
18 harness racing in '93. And I worked at Los Alamitos for a  
19 number of years. And then in 1995 I was part of the Capital  
20 Racing Group that went up to Sacramento. I was director of  
21 simulcast there through 2004. And then I was asked by the  
22 Sacramento Harness Group to be general manager. They were  
23 bidding on a contract at that point. And I basically  
24 started Sacramento Harness. And retired from that venture,  
25 that position in March of 2007. So it's been kind of a long

1 career, I guess.

2 COMMISSIONER ROSENBERG: And also on the dates  
3 that you mentioned, why you will attract more trainers to  
4 bring horses out here, is it the time of year? Explain the  
5 difference in the market for summer versus winter, as far as  
6 you're concerned. Why it's more appealing to come out in  
7 the winter than the summer?

8 MR. SCHICK: Sure. Well, as -- as you're well  
9 aware, you know, just like in the thoroughbred industry,  
10 we're facing strong competition from slot-fueled race tracks  
11 across the nation. And in the winter time, obviously, we  
12 have an advantage of good weather. But we have a really  
13 good facility, a good backstretch, a great race track that's  
14 a mile race track, which is what all the betters wants.

15 And, obviously, we have no stall rent. A lot of  
16 places -- like if you go to Pompano Park, which would  
17 essentially be our -- our winter competitor in South  
18 Florida, they -- they charge stall rent down there. And  
19 it's a reasonably hefty amount.

20 And -- and the other thing to that point,  
21 Commissioner, is that most of the other harness tracks,  
22 especially the slot-fueled tracks, are generally closed  
23 during the winter. They're generally cranked up in April,  
24 May, and they -- they kind of wind down in October and  
25 November. So there's -- there's a pool of horses to be

1 drawn from. And, obviously, you know, there's some  
2 situations nationwide, like in Ontario, that could make  
3 our -- our winter draw potentially even that much greater.

4 COMMISSIONER ROSENBERG: Thank you.

5 CHAIR BRACKPOOL: Thank you. Commissioner Beneto?

6 COMMISSIONER BENETO: Chris, can you hear me?

7 MR. SCHICK: Yes, sir.

8 COMMISSIONER BENETO: You're -- you're saying  
9 you're going to race six months a year? Is that what I  
10 heard? Are you going to close down Cal Expo or -- the other  
11 six months? And where are the horses going to go?

12 MR. SCHICK: Well, let me start with this year.  
13 What happened this year, since we were so late into -- into  
14 this process we made an agreement with Cal Expo to keep the  
15 backstretch open. And they have -- are keeping it open at  
16 their expense right now. Once we are licensed we have a  
17 plan with Cal Expo that we will assume operation September  
18 1, open the main track, because the main track is not open  
19 now, just the jog track on the back track, it's been open.  
20 A lot of horses have been turned out, the ones that have  
21 stayed in California over the season. So -- but -- and then  
22 we're going to open the track next week -- this year.

23 But going forward our plan is when we close in  
24 essentially May 11th of 2013, that a week after that we will  
25 close the backstretch for the remaining of May, June, July,

1 and part of August, and then we'll -- we'll reopen the  
2 facility, you know, approximately eight or nine weeks out  
3 before what would be the opening of our -- our meet --

4 CHAIR BRACKPOOL: But did you --

5 MR. SCHICK: -- fall meet --

6 CHAIR BRACKPOOL: Did you actually answer the  
7 question --

8 MR. SCHICK: -- in 2013.

9 MS. CHAMBERS: -- of where they're going to go?

10 COMMISSIONER BENETO: Well, my question is are you  
11 going to close it down completely, no training --

12 MR. SCHICK: Yes, sir.

13 COMMISSIONER BENETO: -- at all? So they'll have  
14 to all move out; is that -- is that correct?

15 MR. KENNEY: Yes, sir.

16 MR. SCHICK: That's correct. Essentially what  
17 will happen is -- what we found this year, that a vast  
18 majority of our horses left before the meet ended this year  
19 and went -- went to other venues, probably more than half of  
20 them. The people -- the people that stayed, it will  
21 actually be a good time if they decide to stay in California  
22 to turn their horses out for a couple of months, freshen  
23 them up, bring them back in at the end of August, September  
24 1, and get -- get them ready for November if that's what  
25 they choose to do.

1 CHAIR BRACKPOOL: Thank you. I have --

2 COMMISSIONER DEREK: Yeah. I just have a question  
3 also.

4 CHAIR BRACKPOOL: Commissioner Derek.

5 COMMISSIONER DEREK: I don't know if we've spoken  
6 about this before, but I see that you have EMTs instead of  
7 paramedics in the ambulance.

8 MR. SCHICK: We do. This was -- what I've found  
9 out is that historically they -- they -- for the harness  
10 racing meet at Cal Expo they have never had paramedics.  
11 Okay. So our request is -- is solely based on what has  
12 happened there historically.

13 I have talked to the service directly about this.  
14 And obviously they can provide a more, you know, advanced  
15 life support type of service if that's what the Board deems  
16 necessary. But we also, to that end, we also have some --  
17 we have a Cal Expo Police Department which obviously has  
18 really advanced lifesaving training, and they're our  
19 security force on track. So that's -- that's kind of a  
20 little extra bonus that a lot of tracks don't have.

21 COMMISSIONER DEREK: I mean, I don't know how the  
22 Board feels about it, unless harness racing is -- is much  
23 less dangerous than -- than thoroughbred racing. I don't  
24 know. I know that the rest of thoroughbred racing has --  
25 has complied.

1 CHAIR BRACKPOOL: Yeah. I think where you got  
2 some raised eyebrows this side of the table is when you said  
3 we looked at what was done in the past.

4 COMMISSIONER DEREK: Uh-huh.

5 CHAIR BRACKPOOL: And we're trying not to look at  
6 what's done in the past but what's going to be done, you  
7 know, on an ongoing basis.

8 So, you know, I certainly think it's something,  
9 you know, we'd like to -- I don't want to sit here today and  
10 tell you exactly what you have to -- what you have to do.  
11 But what I would like you to do is perhaps work out with,  
12 you know, Commissioner Derek what the best way forward is on  
13 this, because certainly this will be an issue when you come  
14 back for your longer license. I think we're quite prepared  
15 to listen to -- you know, if there's great expertise already  
16 on-hand, let's listen to that, etcetera. But we've had that  
17 experience elsewhere and it doesn't actually seem to be as  
18 on-hand as everyone necessarily believes it's on-hand.

19 Commissioner Winner?

20 COMMISSIONER WINNER: Yes. I would just like to  
21 support that -- that position. We have a committee meeting  
22 tomorrow.

23 CHAIR BRACKPOOL: Excellent.

24 COMMISSIONER WINNER: Perhaps it would be helpful  
25 to have a discussion of that at the committee meeting. I'd

1 be interested also in -- in sort of an answer to  
2 Commissioner Derek's question with respect to injuries of  
3 drivers versus injuries of jockeys, etcetera. But I think  
4 the paramedic issue is an important one. And if it's  
5 possible for you to be here tomorrow for that committee  
6 meeting that would be helpful.

7 CHAIR BRACKPOOL: I don't think it would -- you  
8 know, necessarily we're going to hold you up on the issue  
9 today.

10 COMMISSIONER ROSENBERG: Right. Right.

11 CHAIR BRACKPOOL: But that doesn't mean that we're  
12 not --

13 COMMISSIONER WINNER: Right.

14 CHAIR BRACKPOOL: -- very, very serious about this  
15 issue. So I'd like to, you know, put that to the committee  
16 tomorrow to -- to work with you on.

17 VICE CHAIR ISRAEL: I have a question that there  
18 may be a simple answer for, but we've received no documents  
19 from you in accordance with the Business and Professions  
20 Code with this application.

21 CHAIR BRACKPOOL: You mean this? Do you mean  
22 this, all this missing here?

23 VICE CHAIR ISRAEL: Yeah.

24 CHAIR BRACKPOOL: Yeah.

25 VICE CHAIR ISRAEL: And also there.

1 CHAIR BRACKPOOL: Right.

2 VICE CHAIR ISRAEL: Yeah.

3 CHAIR BRACKPOOL: So I had -- I had the same  
4 questions as to -- I mean, we've got a lot of information  
5 still to --

6 VICE CHAIR ISRAEL: Yeah.

7 CHAIR BRACKPOOL: -- still --

8 VICE CHAIR ISRAEL: Because we're lacking  
9 virtually every document --

10 CHAIR BRACKPOOL: -- still to come.

11 VICE CHAIR ISRAEL: -- you need to file. Is there  
12 a reason no documents have been filed?

13 MR. SCHICK: With -- with respect to what issue,  
14 Vice Chairman Israel?

15 VICE CHAIR ISRAEL: Well, let's see.

16 CHAIR BRACKPOOL: It's a long list.

17 VICE CHAIR ISRAEL: Yeah. Pertinent to contract  
18 and/or agreements pursuant to Business Professions Code  
19 section 19604 that allows Watch and Wagers designated ADW  
20 providers to accept wagers on races conducted in and outside  
21 of California for the applied license term, ADW horsemen  
22 approval, SCOTWINC simulcast agreement, Watch and Wager  
23 financial information, Golden Bear Racing financial  
24 information, emergency response protocol, which is to the  
25 point of --

1 CHAIR BRACKPOOL: Commissioner Derek.

2 VICE CHAIR ISRAEL: -- Commissioner Derek's  
3 question, name of health and safety manager and assistant, a  
4 description of on-track first aid facility equipment, and  
5 staffing. So basically almost all the financial and safety  
6 documents --

7 CHAIR BRACKPOOL: And then --

8 VICE CHAIR ISRAEL: -- are absent from the  
9 application.

10 MR. SCHICK: If you'd -- I could -- I could  
11 address them one by one if you --

12 CHAIR BRACKPOOL: Well, I don't want you to  
13 address them one by one. But I've actually got as much of a  
14 question for staff as I do for you, which is how did we let,  
15 you know, this get this far without these -- these items  
16 being ready?

17 MS. WAGNER: We have been in contact with the --  
18 the potential licensees. They have been in contact with  
19 staff and they were made aware. I know that a lot of these  
20 are in negotiations, as I understand it, and the just have  
21 not been finalized. So that's the reason why they are  
22 missing at this particular time. They have represented that  
23 they will submit those to staff at the time that the  
24 negotiations have been completed on the missing items.

25 MR. SCHICK: Mr. Chairman, if I might add just to

1 Jackie's point, a number of those, like our -- our SCOTWINC  
2 agreement, we -- I've spoken with the leadership of SCOTWINC  
3 and we're -- they've welcomed us into the fold. But they  
4 don't have any formal thing that they're -- they're issuing.  
5 And I mentioned that to them, that there's not like some  
6 kind of certificate that the send and say you're in. But  
7 certainly --

8 VICE CHAIR ISRAEL: Okay. And that's -- that's  
9 12-and-a-half percent.

10 MR. SCHICK: Well, no, I know. But on our ADW  
11 agreements, which is the 16 -- 19604 --

12 VICE CHAIR ISRAEL: Right.

13 MR. SCHICK: -- obviously, we've been in contact  
14 with TVG. We've been -- had discussions with Xpressbet, and  
15 we need to get in touch with Twinspires. But, you know,  
16 we -- we just --

17 VICE CHAIR ISRAEL: Twinspires is easy to get in  
18 touch with. Brad Blackwell is here somewhere. He's raising  
19 his hand. The guy with the -- he's raising his i-Phone  
20 right behind you.

21 CHAIR BRACKPOOL: Look, we want to -- I think the  
22 sense of this -- of this Board is, you know, again, the  
23 standard breds is something we want to continue to support  
24 or whatever. So we, you know, we understand there's been a  
25 lot of negotiation to get this far and -- and to get that.

1 But one of the things we don't want to do is give, you know,  
2 exhaustive approvals and then find that the information, you  
3 know, does not turn out to be complete.

4 COMMISSIONER ROSENBERG: Yeah. Just to clarify,  
5 we're really speaking -- you're responding, Mr. Schick, on  
6 behalf of Golden Bear who is the -- do you have a contract  
7 with the operator; correct? We really should be talking to  
8 the proposed licensee to say you're responsible for  
9 delivering these eight documents.

10 MR. CUMMINGS: Yes, I understand.

11 COMMISSIONER ROSENBERG: Okay.

12 MR. CUMMINGS: Just on the -- on the financial  
13 information, the Board should note that three years'  
14 financials have been submitted for our parent company,  
15 European Wagering Services.

16 COMMISSIONER ROSENBERG: Right.

17 MR. CUMMINGS: But, I mean, on -- on those points,  
18 we'll be sitting down with Chris and Ben to get these  
19 documents to you ASAP. I understand.

20 CHAIR BRACKPOOL: Well, without drawing lines in  
21 the sand, you know, given that we're trying to make sure  
22 these are all done before we have a problem, you know, I  
23 would certainly be prepared to look at granting a  
24 conditional approval and say by the September meeting, you  
25 know, we have the documents in place, and if we don't we

1 have to know why and what the -- what the issue is. That  
2 would be a reasonable timeframe?

3 MR. SCHICK: Oh, certainly.

4 MR. KENNEY: Yes.

5 MR. SCHICK: Yes.

6 CHAIR BRACKPOOL: So I'd be prepared to do that.  
7 And you'll work with the Medication and Safety Committee  
8 starting tomorrow and we'll do that.

9 Commissioner Beneto?

10 COMMISSIONER BENETO: Being involved with Cal Expo  
11 and the harness meet, so the Board understands, we haven't  
12 had any safety issues up there as far as horses being  
13 destroyed that I can remember. And also, you know, the  
14 drivers, we haven't had any problems with them getting hurt  
15 that I remember. I mean --

16 VICE CHAIR ISRAEL: Actually, I remember one  
17 problem with a horse where in a race he spooked, went over  
18 the rail and into a tractor and was killed. And that was in  
19 the last four years.

20 COMMISSIONER ROSENBERG: I'm sure we can get  
21 statistics.

22 COMMISSIONER BENETO: I don't -- I don't remember  
23 that.

24 VICE CHAIR ISRAEL: Well, I do.

25 COMMISSIONER ROSENBERG: I'm sure we can get

1 statistics. You can get them before tomorrow's meeting,  
2 perhaps, from the USDA, on accidents. Because I -- my  
3 experience with horse racing is it's very different than  
4 thoroughbreds.

5 CHAIR BRACKPOOL: It should be very different.

6 I have two speakers before we take -- before we  
7 take a vote anyway. First speaker, Alan Horowitz from the  
8 California Harness Horsemen's Association.

9 MR. HOROWITZ: Thank you, Mr. Chairman, Members of  
10 the Board. It's important for our industry to have this  
11 operator licensed. And hopefully the chairman's suggestion  
12 about doing it on a contingent basis right now is important.

13 It's important because the success of this race meet  
14 depends on the ability to have sufficient horses to race  
15 through the 16-day period and on into 2013.

16 I've known both of -- both Chris and Ben -- Ben,  
17 for those of you who didn't look through the -- all of the  
18 documents, Ben was president of the Horsemen's Association  
19 for many years and a member of the board of directors for  
20 many years beyond that.

21 With Chris, when I was running Capital Racing in  
22 Sacramento, Chris -- we hired Chris to do the simulcasting  
23 part. And Chris was very good and innovative in bringing in  
24 handle funds and new -- new wagers, and working with patrons  
25 in the satellite worlds, both in state and out of state, to

1 build up the handles. And that meet was successful for a  
2 ten-year run in Sacramento, largely because of its in-state  
3 and out-of-state handle.

4 Both of them are dedicated. They've decided to --  
5 that the time is right to try to revive the industry. I  
6 think they're both dynamic. They both race horses, not only  
7 in California, but also out of state. And it's the out-of-  
8 state part that's particularly attractive at this point in  
9 time because they have contacts and ties and relationships  
10 built up with people in other states, other racing  
11 jurisdictions. And it's from those ties that we're really  
12 hopefully of not only getting back, as Chris said, the  
13 trainers that have left California over the last five years,  
14 but also getting new --

15 CHAIR BRACKPOOL: Great.

16 MR. HOROWITZ: -- and new trainers and new drivers  
17 along with them. They have a lot of -- they've met with the  
18 horsemen. We have a horsemen's contract. We have a purse  
19 schedule. We have a stakes' schedule. We have an incentive  
20 program to recruit those horses and get them out here.

21 And we also have a lot of other innovative things  
22 that they're working with. They're going to be stirring the  
23 pot, if you will, with regard to the wage -- some new wagers  
24 that our people -- we think our patrons will like. They  
25 also have come to us and said, you know, we -- we know that

1 a number of trainers have been retiring horses individually  
2 from the race track over the last couple of years, but why  
3 don't we jointly get together and form a committee and have  
4 put together a fund to actually place these horses when they  
5 retire, when they're unwanted as race horses. So  
6 formalizing a mechanism, that was just sort of --

7 CHAIR BRACKPOOL: Thank you.

8 MR. HOROWITZ: And we urge you to approve the  
9 application. Thank you.

10 CHAIR BRACKPOOL: Thank you. Next speaker,  
11 Richard Castro, Local 280.

12 MR. CASTRO: Chairman, Commissioners, my name is  
13 Richard Castro, representing Parimutuel Employees' Guild.  
14 We also support the application.

15 What I would like to say, though, is we get very  
16 concerned when a meet --

17 CHAIR BRACKPOOL: You're -- you're here supporting  
18 something, Richard?

19 MR. CASTRO: Commissioner, I want everybody to  
20 know I'm even supporting you and the application, yes.

21 CHAIR BRACKPOOL: I love it. Thank you. Carry on  
22 with your point.

23 MR. CASTRO: We -- we get very concerned when a  
24 meet is running three days a week. It's very difficult for  
25 salaried workers, especially when they travel distances, to

1 make a living on three days a week. I just want to make  
2 that point.

3 We also -- I want the industry to take this  
4 seriously, that we also have an issue that we're taking to  
5 arbitration that relates to three days a week. I don't mean  
6 that as a threat. I just want people to be aware of it.

7 Number two, I would like to call attention that we  
8 will have a contract with these people. We have been in  
9 talks with them. I believe I'm very comfortable to tell you  
10 that they will be signing our master and satellite  
11 agreement. I'm proud to say that that will get done.

12 Number three -- I am concerned about this one --  
13 unfunded liability from the previous meet. I don't know if  
14 they're going to pick up the unfunded liability  
15 responsibility or if that's going to fall on the previous  
16 Cal Expo meet. I would like an answer to that. That  
17 concludes what I have to say. Thank you.

18 CHAIR BRACKPOOL: Thank you. Well, let's just  
19 hear the answer to that. I think I know the answer to that,  
20 but let's just hear the -- well, Dave, if you want to come  
21 up, name and affiliation, if you want to answer that  
22 question.

23 MR. ELLIOTT: Dave Elliott, Cal Expo. I  
24 appreciate the question. Cal Expo has had conversations  
25 with Mike Ernst who is kind of overseeing the pension fund

1 for the industry. And Cal Expo has absolutely no desire to  
2 shirk any responsibilities that we have with the unfunded  
3 liability. Those conversations are ongoing. We will be  
4 taking responsibility for that and paying every dime that we  
5 owe.

6 CHAIR BRACKPOOL: Thank you. Commissioner  
7 Rosenberg?

8 COMMISSIONER ROSENBERG: Just one more question.  
9 You mentioned the importance of a media outlet, and you're  
10 talking about a television outlet. Have you had any  
11 conversations with TVG or HRTV about televising harness  
12 racing?

13 MR. CUMMINGS: We're in discussions with  
14 Betfair/TVG, and we're very, very excited about the  
15 potential relationship with them long term.

16 COMMISSIONER ROSENBERG: Okay.

17 COMMISSIONER CHOPER: Look, you guys came in late.  
18 You got to put a lot of stuff together. I'm very gratified  
19 to hear that you can get it all done by the September  
20 meeting, and I hope you will for all our sakes. Thanks.

21 MR. CUMMINGS: Thank you.

22 CHAIR BRACKPOOL: So do I have a motion to approve  
23 the --

24 VICE CHAIR ISRAEL: Moved.

25 COMMISSIONER WINNER: Seconded.

1 CHAIR BRACKPOOL: -- of the meet of --

2 VICE CHAIR ISRAEL: Contingent upon --

3 CHAIR BRACKPOOL: Contingent upon; I forgot to say  
4 that. So we're going to have a motion approve the meet,  
5 contingent upon all of the information listed in this Board  
6 package that's still required to be -- to be delivered by  
7 September Board meeting. And next one we'll obviously have  
8 to deal with the issue if there's something that's not at  
9 that stage.

10 The motion is seconded by Commissioner Winner.  
11 All in favor?

12 ALL COMMISSIONERS: Aye.

13 CHAIR BRACKPOOL: The motion carries. Thank you.

14 MR. SCHICK: Thank you.

15 CHAIR BRACKPOOL: Item number six, public hearing  
16 and action by the Board regarding the propose addition of  
17 CHRB Rule 1581.2, Prohibition on Entering of Pregnant Mares  
18 Beyond 120 Days Gestation, to prohibit the racing of  
19 pregnant mares beyond such date. This concludes the 45-day  
20 comment period. The Board may adopt the proposal as  
21 presented.

22 No comments were received. Do I have any comments  
23 from Commissioners on this?

24 VICE CHAIR ISRAEL: I'll just move it.

25 COMMISSIONER DEREK: Nice.

1 CHAIR BRACKPOOL: All right. Would you like to  
2 second it, Commissioner Derek?

3 COMMISSIONER DEREK: I would like to second it.

4 CHAIR BRACKPOOL: So the motion is -- is moved by  
5 Vice Chair Israel, seconded by Commissioner Derek. All in  
6 favor?

7 ALL COMMISSIONERS: Aye.

8 CHAIR BRACKPOOL: The motion carries. Very good.

9 Item number seven, public and hearing -- public  
10 hearing and action by the Board regarding the proposed  
11 amendment to CHRB Rule 1656, Errors Which Invalidate Claim,  
12 to specify that the name of the new trainer, the race  
13 number, and the date of the claiming race must be correctly  
14 entered on a claim or the claim will be invalid. This  
15 concludes the 45-day comment period.

16 And again, no comments were received on this one.  
17 So do I have a motion to move this forward?

18 COMMISSIONER WINNER: So moved.

19 COMMISSIONER ROSENBERG: Second.

20 CHAIR BRACKPOOL: Commissioner Winner moves it.  
21 Seconded by Commissioner Rosenberg. All in favor?

22 ALL COMMISSIONERS: Aye.

23 CHAIR BRACKPOOL: The motion carries.

24 Item number eight, discussion and action by the  
25 Board regarding the request from Santa Anita Park for

1 approval to reauthorize Quick Pick wagering in California.

2 Who do we have to present this item?

3 MR. MARTEN: Mike Marten, CHRB staff. This item  
4 has been before the Parimutuel Operations Committee. And  
5 Commissioner Choper, when he returns, I'm sure would tell  
6 you that they vetted it pretty well. They've gone through  
7 all the reports submitted by both Sportech -- Sportech and  
8 TRPB. And aside from an issue about future testing, the  
9 committee was satisfied that the Quick Pick as presently  
10 presented meets all the requirements. But there is the  
11 issue of future testing that perhaps both of these gentlemen  
12 would -- would like to address if you're interested in  
13 hearing that.

14 CHAIR BRACKPOOL: Well, in summary, yes.

15 MR. MCWILLIAMS: Mr. Chairman, Terry McWilliams,  
16 Sportech, Members of the Board. We submitted a letter dated  
17 July 30th in support of the testing results the TRPB had  
18 done. In that letter we outlined our commitment to future  
19 testing of every software terminal release that involves a  
20 random number generator that is related to the Quick Pick  
21 functionality. And it was actually two conditions that we  
22 submitted, the first of which being that we would internally  
23 test the -- all of -- for every software -- terminal  
24 software release, test the randomness and submit those test  
25 results to the CHRB for approval prior to the installation

1 of any subsequent software releases.

2 And the second condition that we agreed to was  
3 that we would submit to an independent third party on behalf  
4 of -- from a request from one of our client tracks that are  
5 TRA members, we would submit the data set to the TRPB  
6 ostensibly no less than every three years for an independent  
7 test.

8 CHAIR BRACKPOOL: Okay.

9 MR. LINNELL: Curtis Linnell, Thoroughbred Racing  
10 Protective Bureau. Chairman, Vice Chairman, Members of the  
11 Commission, Deputy Assistant Executive Director, thank you  
12 for having me here. We did extensive tests on the -- the  
13 Quick Pick, the random -- the random selection Quick Pick.  
14 Obviously, there have been some issues in the past, and we  
15 want to see the race tracks, our member race tracks avoid  
16 any future situations.

17 The -- the test we did on the Sportech's  
18 submission were extensive. The report was extensive. I  
19 think it's comprehensive. We've recommended the same level  
20 of testing a minimum once every three years. We accept  
21 Sportech doing their own vendor testing with every release.  
22 So we don't have an issue, I believe, here. Again, we want  
23 protection for the race tracks, the commission, and the  
24 vendors. Thank you.

25 CHAIR BRACKPOOL: This is a Santa Anita

1 application. And I don't see anybody from Santa Anita --

2 VICE CHAIR ISRAEL: George is here.

3 CHAIR BRACKPOOL: -- at the table. Is there --  
4 was there a reason you were hiding, George?

5 MR. HAINES: George Haines, Santa Anita. I  
6 thought they had it taken care of.

7 We've been asked many, many times by racing fans  
8 where -- what happened to the Quick Pick?

9 CHAIR BRACKPOOL: Right.

10 MR. HAINES: As you know, we've had it for many,  
11 many years in the past. We did have a problem on the  
12 Kentucky Derby, the famous Big Brown incident where Big  
13 Brown was not in the random generator and no tickets were  
14 produced with Big Brown on -- on their ticket. So after  
15 extensive testing, and thanks to Curtis Linnell and Terry  
16 McWilliams, they've gone over this problem and we're  
17 convinced that the -- the problem has been solved. And  
18 steps are in place in the future to prevent something like  
19 this happening again.

20 So, you know, for the sake of the fans and to get  
21 a little excitement back into the game we are requesting the  
22 Pick 6 -- the Quick Pick -- Pick 6 be -- be put back in, and  
23 Quick Picks or any type of exotic bet.

24 CHAIR BRACKPOOL: Just don't try and say it  
25 quickly.

1 MR. HAINES: I won't. I wont do it again.

2 VICE CHAIR ISRAEL: Quick Pick 6.

3 CHAIR BRACKPOOL: Look, I think this is a great  
4 thing for our sport. And so if -- if this really is fixed  
5 I'm -- I'm certainly someone who thinks that it has to be  
6 beneficial for all --

7 VICE CHAIR ISRAEL: I would ask you to use the  
8 word repair.

9 CHAIR BRACKPOOL: Yeah, exactly. And good, good  
10 point. Good point. But I think this is -- this is there.

11 I don't have any speakers, so I don't think this  
12 has generated, you know, any -- any great feeling of  
13 opposition from -- from outside.

14 Do I have any other Commissioners wishing to  
15 comment on this? I'd be happy to make the motion based on  
16 the, you know, documents we have, the assurances we have,  
17 the work that's been -- that's been done at the committee,  
18 etcetera.

19 Would you have anything to add, Commissioner  
20 Choper?

21 COMMISSIONER CHOPER: No. It was a problem, and  
22 every indication we have is that it's been repaired.

23 CHAIR BRACKPOOL: Repaired.

24 COMMISSIONER CHOPER: That's correct.

25 CHAIR BRACKPOOL: Good. So I don't --

1 VICE CHAIR ISRAEL: John Bucalo wants to --

2 MR. BUCALO: I have a quick --

3 CHAIR BRACKPOOL: But we don't have people just  
4 walk up to the microphone in the middle of things, John. I  
5 mean --

6 MR. BUCALO: Okay.

7 CHAIR BRACKPOOL: Make it very quick, because this  
8 we don't do.

9 MR. BUCALO: I'm sorry. I thought you asked if  
10 anyone had a question.

11 CHAIR BRACKPOOL: No, I didn't say that. If you  
12 had a question you would have filled out a card. This is  
13 not a --

14 MR. BUCALO: Okay.

15 CHAIR BRACKPOOL: -- radio dial-in show.

16 MR. BUCALO: Okay. Well, our guests may has, are  
17 there going to be alternates available in this wager? Thank  
18 you.

19 CHAIR BRACKPOOL: Thank you.

20 MR. MARTEN: Alternates; well, the whole thing is  
21 random selection. So --

22 CHAIR BRACKPOOL: He means if a favorite gets  
23 scratched or something like that. So if something --

24 COMMISSIONER CHOPER: Everybody is --

25 VICE CHAIR ISRAEL: You mean --

1 COMMISSIONER CHOPER: Everybody is in the same  
2 boat.

3 CHAIR BRACKPOOL: Everybody's in the same boat.  
4 It doesn't change. The ticket is the same as if you went  
5 out and handicapped that particular ticket. So with that I  
6 would --

7 COMMISSIONER WINNER: Is this only --

8 CHAIR BRACKPOOL: Sorry.

9 COMMISSIONER WINNER: Just one quick question. Is  
10 this only for Santa Anita or are other --

11 VICE CHAIR ISRAEL: We're only approving it for  
12 Santa Anita.

13 COMMISSIONER WINNER: -- some of the other tracks  
14 going to participate in Quick Pick?

15 MR. MARTEN: This -- this puts the bet back into  
16 the pool or agenda. And -- and so any track could use it.

17 CHAIR BRACKPOOL: So we would imagine now in  
18 license application now going forward we will be seeing it.

19 MS. WAGNER: Right.

20 CHAIR BRACKPOOL: Okay. I'd be happy to make a  
21 motion to approve the reinstatement of the newly repaired --

22 VICE CHAIR ISRAEL: I'd like to second it, because  
23 it's going to improve my handicap.

24 CHAIR BRACKPOOL: All in favor?

25 ALL COMMISSIONERS: Aye.

1 VICE CHAIR ISRAEL: You can't make mine any worse.

2 CHAIR BRACKPOOL: Okay. The motion carries.

3 Thank you.

4 VICE CHAIR ISRAEL: Especially because I was  
5 taking tips yesterday from Rosenberg.

6 CHAIR BRACKPOOL: Item number nine, report from  
7 the Exchange Wagering Ad Hoc Committee.

8 Vice Chair Israel, this is your --

9 VICE CHAIR ISRAEL: Oh, this -- I'm up.

10 CHAIR BRACKPOOL: You're up.

11 VICE CHAIR ISRAEL: Okay.

12 CHAIR BRACKPOOL: I'm going to go get some water.

13 VICE CHAIR ISRAEL: As many of you know, yesterday  
14 the Exchange Wagering Ad Hoc Committee had its meeting. It  
15 was, I think, productive. And the result is we've set a  
16 deadline for the final comments of August 31st. I would  
17 hope they are received before then. All the comments will  
18 be posted on the internet so there is full transparency.  
19 And then staff has promised they will have all of the  
20 changes and the rules prepared and ready for the full Board  
21 to vote on in the September meeting. And then we will  
22 endeavor to get them implemented as rules as quickly as the  
23 law allows. And none of us on the Board, obviously, is in  
24 the position to determine what the law will require, but  
25 Counsel and the Office of Administrative Law will.

1           So we've made a great deal of progress. All of us  
2 are frustrating by the bureaucracy that this requires. I'd  
3 like to get it done overnight but the law doesn't provide  
4 for that. We have, however, made good strides. Not  
5 everybody agreed on everything. There are a few issues that  
6 staff is going to have to work its way through, and one in  
7 particular that the Board will visit on -- in September.  
8 But I believe we will have a vote and a decision in  
9 September's meeting.

10           Richard, do you have anything you'd like to add?

11           COMMISSIONER ROSENBERG: Just to clarify one  
12 thing. By putting it on the internet these -- these -- the  
13 suggested language changes are what we really want, the  
14 specific --

15           VICE CHAIR ISRAEL: Right.

16           COMMISSIONER ROSENBERG: -- changes that --

17           CHAIR BRACKPOOL: That's all we're going to  
18 accept.

19           COMMISSIONER ROSENBERG: That's all we're going to  
20 accept.

21           VICE CHAIR ISRAEL: Right.

22           COMMISSIONER ROSENBERG: There's no reason -- and  
23 we'll be publishing them after they're reviewed by the  
24 committee and staff; correct?

25           VICE CHAIR ISRAEL: Yeah. But as they are

1 received, the language changes, staff will post them on the  
2 internet so the various interested parties will know what  
3 the suggestions are and -- and nobody -- but nobody can  
4 reply to anything after August 31st.

5 COMMISSIONER ROSENBERG: That's what I wanted to  
6 clarify.

7 VICE CHAIR ISRAEL: Yeah.

8 CHAIR BRACKPOOL: Yeah.

9 COMMISSIONER ROSENBERG: Okay. Thanks.

10 VICE CHAIR ISRAEL: August 31st is a hard and fast  
11 deadline. That will be the end of all comment periods.

12 CHAIR BRACKPOOL: Commissioner Winner?

13 COMMISSIONER WINNER: No. I just -- I attended  
14 the meeting yesterday. And I have to say that I think that  
15 Vice Chairman Israel and Commissioner Rosenberg and staff  
16 did a really terrific job. It's a very difficult issue, as  
17 everybody knows, and we have to get it right. If we're  
18 going to go ahead with this we have to go ahead with it  
19 right. Because in my view, at least, if we -- if we don't  
20 get it right it could be terribly damaging to -- to the  
21 industry. And I think that the process, I realize it's  
22 taken a long time and there's a lot of bureaucracy involved,  
23 but I do think that -- and I recognize that different  
24 companies have made significant investments, especially one  
25 in this process.

1           And I just hope that everyone understands that  
2 it's very important that we do it the way that we've been  
3 doing it, the way that the Board, even before I came onto  
4 the Board, has been doing it. And I appreciate what the  
5 committee and staff has done on this.

6           CHAIR BRACKPOOL: Yeah. Let me -- let me just see  
7 if I can clarify for the record exactly what it is that  
8 we're saying we're doing, because we're going to combine,  
9 effectively, items nine and ten here. And I do have a  
10 couple of speakers so I'm going to let people speak and --  
11 and do that.

12           Rule making by committee or rule making by the  
13 public or rule -- commenting on rules by the public is,  
14 unfortunately, necessarily a long process. I saw the volume  
15 of comments that were submitted. I commend staff for doing  
16 what they -- they -- I think they did extremely well in  
17 terms of taking those comments, analyzing those comments,  
18 working out where we thought changes were necessary, where  
19 they weren't, and letting everybody have yet another hearing  
20 on this yesterday.

21           I'm personally proud of the fact that this Board  
22 has held, you know, two detailed Ad Hoc Committee meetings.  
23 We've spent several Board meetings on this. Because I  
24 couldn't agree with Commissioner Winner more. I think this  
25 is very possibly something that could be very good for our

1 sport, but we absolutely, absolutely have to get this right.

2 And it would be -- we would be derelict in our duty if we  
3 didn't do what we're doing.

4 But I -- as far as I understand now the only thing  
5 that's going to happen between now and August 31st, which is  
6 effectively a week, is the comments on specific language for  
7 specific rule changes.

8 VICE CHAIR ISRAEL: Yes.

9 CHAIR BRACKPOOL: Yeah.

10 VICE CHAIR ISRAEL: As Richard said, the comments  
11 have to include the specific language that you would like to  
12 see in the rule --

13 CHAIR BRACKPOOL: Right.

14 VICE CHAIR ISRAEL: -- not a general comment about  
15 the --

16 CHAIR BRACKPOOL: The rule.

17 VICE CHAIR ISRAEL: -- substance of the rule.

18 CHAIR BRACKPOOL: Right. Or somebody's philosophy  
19 on exchange wagering --

20 VICE CHAIR ISRAEL: Right.

21 CHAIR BRACKPOOL: -- or whatever. Staff will turn  
22 those around to us. Those rules will be on the Board agenda  
23 in September. And just to make a point, as Commissioner  
24 Israel said, there may be a case where Staff has recommended  
25 to the committee, you know, two sets, there are effectively

1 two sets of -- of ways we could -- two sets of language for  
2 a rule, and it may be that the Board actually takes an  
3 individual vote on which way to go on one of those. But we  
4 will vote. It will go out for comment. We are not in  
5 charge of the time period for -- for comments. There are  
6 some that require 15. There are some that require 45. It  
7 all depends on the changes. We will take both Counsel's  
8 advice, as well as OAL's advice, Office of Administrative  
9 Law, and we will put them out.

10 And so that's where we are. So I think it's --  
11 it's all we can do. We're moving along. And I thank,  
12 again, the -- the two Commissioners for devoting their --  
13 their time on this. It wasn't just yesterday. There's been  
14 a lot of review time going through this as well.

15 I have two speakers on the issue, so let's hear  
16 those. I have John Hindman from Betfair/TVG.

17 MR. HINDMAN: Thank you, Mr. Chairman, and good  
18 morning, Commissioners. And I -- I will be brief. I want  
19 to echo a lot of the comments that have been stated. I know  
20 that this has been a difficult and complicated process for  
21 the staff. And, you know, trying to be a constructive  
22 participant in that process, really appreciate the hard work  
23 that's -- that's gone in to getting everything to this  
24 point. And also really appreciate Commissioners Israel and  
25 Rosenberg, taking all of the time that they had to hear all

1 of the issues and move the process forward.

2 I just wanted to recognize for the record that per  
3 your directive, Mr. Chairman, we have submitted precise  
4 comments electronically that can be posted on the internet  
5 and also, you know, our view of -- of procedural options  
6 that the Board may avail itself of. And -- and again, very  
7 much appreciate your time and can answer any questions you  
8 have. Thank you.

9 CHAIR BRACKPOOL: Well, as far as the procedural  
10 stuff, I think that's probably well above the pay grade of  
11 certainly me and perhaps some -- even the other  
12 Commissioners, even those with esteemed law professor  
13 titles. But I do think that's worth you spending some time,  
14 you know, with Counsel on directly to work through.  
15 Because, frankly, this Board is going to have to ultimately  
16 take the advice of Staff and Counsel as to what that  
17 procedure is. So I wouldn't work through the Board on that.

18 I would definitely work through Staff and Counsel between  
19 now and the time the agenda goes out for the September Board  
20 meeting.

21 MR. HINDMAN: We very much appreciate that and  
22 will do.

23 CHAIR BRACKPOOL: And -- and we'll do that. But  
24 that's the comment that I have.

25 MR. HINDMAN: Thank you.

1 CHAIR BRACKPOOL: Thank you. I have another  
2 speaker, Tom Kennedy from the Jockeys' Guild.

3 MR. KENNEDY: Mr. Chairman, I just wanted to note  
4 that the Guild, of course, remains very interested in  
5 ensuring that licensees have the appropriate protections in  
6 connection with the exchange wagering. And pursuant to your  
7 direction, we have submitted a further proposal with respect  
8 to the language involving 2092.6. And we echo the prior  
9 comments about this Board's dedication and review and  
10 appreciate Vice Chairman Israel's and Commissioner  
11 Rosenberg's efforts yesterday.

12 CHAIR BRACKPOOL: Thank you. We have the letter.  
13 Thank you.

14 John Bucalo, Barona Casino.

15 MR. BUCALO: John Bucalo, Barona Casino. I  
16 mentioned yesterday, and I want to reiterate, that the  
17 satellites aren't involved in this exchange wagering, and we  
18 feel we should be. We shouldn't be thrown off the bandwagon  
19 of any type of wager in California.

20 VICE CHAIR ISRAEL: John, the process is simple.  
21 You submit language that will be inserted or not be inserted  
22 in the rules as it relates to this. And you -- it has to be  
23 written as legal language that can stand within a rule.  
24 There's no more discussion.

25 MR. BUCALO: Thank you.

1 CHAIR BRACKPOOL: Do I have any comments from any  
2 other Commissioners? Commissioner Beneto?

3 COMMISSIONER BENETO: No.

4 CHAIR BRACKPOOL: Commissioner Choper? Derek?  
5 I think we are -- we are clear.

6 So that's the action item for both -- well, the  
7 report from nine, and it's effectively the action item from  
8 ten --

9 VICE CHAIR ISRAEL: Yeah.

10 CHAIR BRACKPOOL: -- which is that the specific  
11 rules with the revised language will be for approval at the  
12 September Board meeting. And everybody will work with staff  
13 to make sure that the minimum time period necessary is -- is  
14 not extended.

15 Item number 11, always a short agenda item,  
16 discussion and action by the Board regarding the allocation  
17 of race dates and related issues for 2013.

18 I think the best way to try and do this is let's  
19 start, as usual, with the north, and let's get to what our  
20 conflict periods are. Because I've been on this Board three  
21 years now and these charts on conflicts on race dates don't  
22 get any better.

23 MS. WAGNER: Yes.

24 VICE CHAIR ISRAEL: It's Ferndale. Come on. I  
25 spent 10 hours of my life on Ferndale, maybe 20.

1 CHAIR BRACKPOOL: Exactly.

2 VICE CHAIR ISRAEL: Yeah.

3 CHAIR BRACKPOOL: So Golden Gate is not permitted  
4 to monopolize the table.

5 Lou, are we having a TOC representative for race  
6 dates in the north?

7 We certainly need Korby.

8 (Colloquy Between Chair Brackpool and Ms. Wagner.)

9 CHAIR BRACKPOOL: Chris, why don't you walk through  
10 what you believe the outstanding conflicts --

11 VICE CHAIR ISRAEL: Yeah.

12 CHAIR BRACKPOOL: -- or Joe.

13 MR. MORRIS: Yeah. Joe Morris with Golden Gate.  
14 This, actually, I don't think, is going to be as complicated  
15 as it looks or -- or it has been in the past.

16 CHAIR BRACKPOOL: Right.

17 MR. MORRIS: We've had -- the TOC at Golden Gate  
18 Fields and the CARF Board have met earlier this year, I  
19 think it was in June. TOC, Golden Gate, and CARF have had  
20 numerous conversations. And we've -- we've even had another  
21 conference call where we brought the CTT in. And we have  
22 all the -- all the people at the table.

23 And here's what we know on it. The -- the  
24 Northern Cal industry needs to be stronger, and there's  
25 going to need to be some change to get to that. And we

1 all -- we all agree to that. The Golden Gate Fields, five  
2 months of June through October where we don't have a chance  
3 to make money because we're either not racing or we don't  
4 race enough in a month, just doesn't work. And Golden Gate  
5 can't be as strong as it needs to be to -- to anchor the  
6 north, and we all agree to that.

7           The TOC, adamant on no overlap, as is CARF, with  
8 the exception of Ferndale, and -- and we all -- we all  
9 realize that. The fairs, when you look at a schedule, need  
10 more than a year to be able to change their schedules. They  
11 have carnival contracts and other obligations to where when  
12 you're just looking at one year out it's unreasonable that  
13 they can shift their schedules, I mean, and we know that.

14           Stabling and vanning system, that system, that  
15 program is not working. And we either need to drastically  
16 change that or eliminate it, and that's agreed to. And the  
17 horsemen as a group want the Golden Gate Field backstretch  
18 open year-round, because there could be scenarios where if  
19 we shut we could empty the whole place, and that doesn't  
20 work.

21           So those are the things we know. And what we've  
22 agree to do on that as a group is we're going to try to look  
23 at the dates over the next two years. So we will look at  
24 2013 and we'll work together. But Golden Gate basically  
25 will place its schedule around the edges of where the fairs

1 are, again with a known Ferndale overlap. So we're -- we're  
2 going to work to do that, which will get 2013 fixed. We're  
3 going to look to fix, change the stabling and vanning fund  
4 in 2013 --

5 CHAIR BRACKPOOL: Right.

6 MR. MORRIS: -- so that that can be fixed. And  
7 then we're going to start the conversations for 2014 to  
8 where we can get the change that's needed to be able to grow  
9 the north. And I would expect to be back here in a month  
10 with that schedule and most of that work done.

11 CHAIR BRACKPOOL: For '14?

12 MR. MORRIS: For '13. And then the '14, we'll  
13 take a little bit longer on that.

14 CHAIR BRACKPOOL: So on '13 you're saying -- I  
15 thought you were starting to say you're prepared in '13 to  
16 do what we have done in '12.

17 MR. MORRIS: Very similar. It will look very  
18 similar to what we did in '12.

19 CHAIR BRACKPOOL: Right. Very, very similar --

20 MR. MORRIS: Right.

21 CHAIR BRACKPOOL: -- to what we've done in '12,  
22 because that was my understanding.

23 MR. MORRIS: Yes.

24 CHAIR BRACKPOOL: And then -- but you're putting  
25 down a marker, for want of a better phrase, that says just

1 because we did this in '12 and we did it again in '13, don't  
2 believe that's what we're doing in '14.

3 MR. MORRIS: Well, and with -- with now everybody  
4 at the table saying the industry needs to change up there  
5 for it to stay strong.

6 CHAIR BRACKPOOL: Right.

7 MR. MORRIS: So --

8 CHAIR BRACKPOOL: Right.

9 MR. MORRIS: And I --

10 CHAIR BRACKPOOL: Right. Chris?

11 MR. KORBY: Mr. Chairman, if I might, Chris Korby,  
12 California Authority of Racing Fairs. I think we're asking  
13 the Board to work with us because we recognize that there  
14 needs to be some changes in Northern California, and we're  
15 working cooperatively in that direction. I think there's a  
16 recognition amongst all the parties that it's -- it's  
17 difficult, if not impossible, to do this on a year-by-year  
18 basis. So we're asking the Board to work with us and let us  
19 try to work through at least a two-year calendar where we  
20 can approach these in a way that everyone is in agreement  
21 about.

22 CHAIR BRACKPOOL: So what you're really saying is  
23 that these conversations have continued to go well. I mean,  
24 I've got your joint calendar here; right? They've continued  
25 to go well. And you'd like until the September meeting to

1 actually go through any chalk, pencil --

2 MR. MORRIS: Yes.

3 MR. KORBY: Yes.

4 CHAIR BRACKPOOL: -- changes that may need to take  
5 place?

6 MR. MORRIS: Right.

7 VICE CHAIR ISRAEL: Just so I understand it, end  
8 of September you'd be prepared to give us a two-year  
9 calendar?

10 MR. MORRIS: We're prepared to have 2013. And --  
11 and we'll be still working on it.

12 VICE CHAIR ISRAEL: You're still working on 2014?

13 MR. MORRIS: Yeah.

14 CHAIR BRACKPOOL: Right.

15 VICE CHAIR ISRAEL: That's great. I mean, we  
16 always like --

17 MR. MORRIS: Yeah.

18 VICE CHAIR ISRAEL: -- being able to plan further  
19 out and --

20 MR. KORBY: We think it's a good approach. Golden  
21 Gate has acknowledged that -- that where we are in the  
22 calendar for 2012 it would be very difficult as a practical  
23 matter for there to be any substantive changes to fair dates  
24 in 2013.

25 CHAIR BRACKPOOL: Right. It seems to me that if I

1 look back over the last three years of doing this, right,  
2 and -- and with any of the other fairs not taking offense to  
3 me putting them in perhaps this category, but there have  
4 been three issues that we have faced on an annual basis  
5 consistently; right?

6           One is Golden Gate saying, you know, our  
7 infrastructure, our overhead is so vast we've just got to  
8 amortize it over a longer period of time, and the horsemen  
9 want to train there, and -- and etcetera.

10           We've had the issue of moving the Stockton dates  
11 around, really fairly radically. And this year is obviously  
12 going to be the test, I suppose, to see how that really  
13 works.

14           And then as, you know, David said, we've had the  
15 perennial issue of Humboldt, although, you know, I'd like to  
16 think that we made some real progress there last year in how  
17 we came up from this year. And, you know, yet to see the  
18 final numbers. But, you know, they also understand that,  
19 you know, they have to be a big contributor to their ongoing  
20 success as well.

21           So I know a couple of the other Commissioners have  
22 some other issues they want to get to in a second. But  
23 would that be a fair summary of still what we're trying to  
24 resolve for '13?

25           MR. MORRIS: Yes.

1 MR. KORBY: Yes.

2 CHAIR BRACKPOOL: Okay.

3 MR. KORBY: And I think the message we'd like to  
4 leave with this Board, and we welcome questions, but that  
5 we're working closely together. It's a cooperative effort.  
6 We realize we're in this together and we want racing to  
7 continue succeeding in Northern California.

8 CHAIR BRACKPOOL: Well, I know don't want this to  
9 be a Kumbaya moment, because that would spoil our fun for  
10 the day. But -- but I will say that the -- the results of  
11 the fairs this year and the results of -- of Golden Gate, I  
12 think are a direct result of the fact that you guys have  
13 actually all been working together as opposed to against  
14 each other. And any little part that we have played we can  
15 continue to play in that, and we would be more than welcome  
16 to -- to do. And I think it's -- it's very important.

17 And I'm very, very pleased. You know, I've given  
18 you a bad time about some of the fair issues over the last  
19 couple of years, but I'm very, very pleased with the  
20 performance of the fairs in the last -- in the last year. I  
21 think it's been a big -- a big, big improvement.

22 MR. KORBY: Thanks. And we're appreciative of  
23 that support from the Board.

24 CHAIR BRACKPOOL: Commissioner Beneto?

25 COMMISSIONER BENETO: Yes. What I see here in

1 your Northern California 2013, August, Golden Gate would  
2 start the 8th?

3 MR. MORRIS: That -- that's -- that was the first  
4 schedule we put in due to a deadline we had with the Board.  
5 And our conversations have passed that. So we would -- we  
6 would be -- the schedule we'll put forth won't have  
7 overlap --

8 COMMISSIONER BENETO: Okay.

9 MR. MORRIS: -- and it will be worked around the  
10 edges of the fair.

11 COMMISSIONER BENETO: That's my concern.

12 MR. MORRIS: So that -- that one you can rip up.

13 COMMISSIONER BENETO: Okay.

14 MR. MORRIS: Yeah.

15 COMMISSIONER BENETO: Thanks.

16 COMMISSIONER CHOPER: So as I understand it, apart  
17 from Humboldt there's no overlap, whatever?

18 MR. MORRIS: That is the -- the TOC is -- is the  
19 most adamant for us on that. But, yes, that -- that we  
20 won't --

21 COMMISSIONER CHOPER: Okay.

22 MR. MORRIS: Yeah.

23 MR. KORBY: We're sending that out as a guideline  
24 for ourselves.

25 MR. MORRIS: Right.

1 CHAIR BRACKPOOL: Right.

2 MR. MORRIS: Right.

3 CHAIR BRACKPOOL: And can I, for when you come  
4 back in September and we do this, you know, can I ask that  
5 you've at least worked through the overlap issue, again, the  
6 economics of it with Humboldt? So even if there's a  
7 difference we're sitting here and we as a Board understand  
8 the difference. I don't want it being debated for the first  
9 time in front of this Board.

10 MR. MORRIS: They've been on the calls, in the  
11 meetings.

12 CHAIR BRACKPOOL: Right

13 MR. MORRIS: And we're planning on coming back  
14 with one schedule --

15 CHAIR BRACKPOOL: I understand.

16 MR. MORRIS: With --

17 CHAIR BRACKPOOL: I understand.

18 MR. MORRIS: With all of our names on the top of  
19 it.

20 CHAIR BRACKPOOL: It's a noble --

21 MR. MORRIS: Yes. We'll see. We'll see if we can  
22 do it.

23 CHAIR BRACKPOOL: It's a noble -- yes. I'll tell  
24 you what's noble when you come back. But anyway, it's --  
25 it's that. But I thank you for this.

1 Lou, would you add anything to this?

2 MR. RAFFETTO: Actually, no. I think both  
3 gentlemen said it -- said enough. And the less I have to  
4 say, the better I like it.

5 CHAIR BRACKPOOL: Very good.

6 COMMISSIONER CHOPER: Thank you.

7 MR. MORRIS: Thank you.

8 CHAIR BRACKPOOL: Thank you very much.

9 MR. KORBY: Thank you.

10 CHAIR BRACKPOOL: So we'll be back in September  
11 for completion of the Northern, but peace in our time is the  
12 phrase that comes to mind. All right.

13 Now we're on Southern California.

14 VICE CHAIR ISRAEL: Where are you going, Lou?  
15 Stick around.

16 MR. RAFFETTO: I'm hiding.

17 CHAIR BRACKPOOL: I'm just doing thoroughbred at  
18 the moment. So nobody from -- from Los Al. But -- so I  
19 have George, Jack, Fairplex. I have Del Mar, TOC. So I  
20 believe I have everybody.

21 VICE CHAIR ISRAEL: Yeah.

22 CHAIR BRACKPOOL: All right. I believe I have  
23 everybody. Okay.

24 VICE CHAIR ISRAEL: And Bernie.

25 CHAIR BRACKPOOL: So -- and Bernie as well. So

1 this, again, seems to be very similar for -- for next --  
2 next year. It is, of course, once again pleasing to note  
3 that we have the Breeders' Cup for 2013 again. So that, I  
4 see, is -- is in here on the 1st and the 2nd of November.

5 Who wants to take me through any questions or  
6 concerns for this calendar? George?

7 MR. HAINES: Santa Anita is --

8 CHAIR BRACKPOOL: Name and affiliation.

9 MR. HAINES: George Haines, Santa Anita.

10 CHAIR BRACKPOOL: Yeah.

11 MR. HAINES: Santa Anita is in agreement with the  
12 calendar as proposed. And the commentary provided by staff  
13 at the bottom of the race dates explains the situation that  
14 Santa Anita and Hollywood Park have worked out in order to  
15 accommodate the 2013 Breeders' Cup at Santa Anita.

16 CHAIR BRACKPOOL: Okay. Jack?

17 MR. LIEBAU: Jack Liebau from Hollywood Park.  
18 We're in agreement.

19 CHAIR BRACKPOOL: Okay. Fairplex? Just to make  
20 sure everybody's on the --

21 MR. LIEBAU: And so is Bernie.

22 MR. SEDAR: Mike Sedar with Fairplex Park, and  
23 we're in agreement.

24 CHAIR BRACKPOOL: Bernie is agreeable. That's  
25 different.

1 VICE CHAIR ISRAEL: Yeah.

2 MR. LIEBAU: She's a Miss Congeniality --

3 CHAIR BRACKPOOL: Yeah.

4 MR. LIEBAU: -- to make up for me.

5 CHAIR BRACKPOOL: Exactly.

6 MR. RUBENSTEIN: Josh Rubenstein from Del Mar.

7 We're in agreement.

8 MR. RAFFETTO: So you leave it to me to have to  
9 make a statement a little bit different.

10 CHAIR BRACKPOOL: Well, we all understand what the  
11 issue is, so let's get to the issue.

12 MR. RAFFETTO: You know, as you're aware, a  
13 distribution agreement is in place for Golden Gate. You've  
14 heard how in the opening weekend they've had a huge success  
15 with the ADW. It was up almost \$500,000 in three days.  
16 That shows the kind of impact that expanded distribution can  
17 have.

18 We believe a similar agreement is about to be  
19 signed for Santa Anita and Hollywood Park. Assuming the  
20 distribution agreement is signed amongst the parties,  
21 Betfair/Hollywood Park, TVG, HRTV, and Santa Anita, we would  
22 support Betfair/Hollywood Park in its seeking of the spring  
23 dates.

24 Additionally, we'll support Hollywood Park's --  
25 Betfair/Hollywood Park's request for fall dates with a

1 commitment that they would run those dates, that commitment  
2 being given by January 1 of 2013. Moreover, we'd like a  
3 commitment from each of the racing associations to also  
4 commit to run the dates to which they apply. So that's --  
5 that's essentially it.

6 CHAIR BRACKPOOL: Well, I assume everyone is  
7 committing to run the dates they apply with this so --  
8 because nobody else is considering an alternate use for  
9 their facility at the moment. So we understand where it is.

10 So, Jack?

11 MR. LIEBAU: Yes?

12 CHAIR BRACKPOOL: Your response to -- to Lou on  
13 the -- well, we've had the discussion on the -- on the  
14 dates. We understand the issue you're facing. We're all  
15 just trying to get to what the answer -- what the answer --  
16 what the answer is and what is the best answer for the  
17 industry.

18 MR. LIEBAU: I assume that when you say we, that  
19 includes us. With respect to the commitment, I think that I  
20 would have to say that, you know, the Board within their  
21 responsibilities can do what they want. So I'm not arguing  
22 with that.

23 However, I would point out that I think the  
24 commitment that you're asking for is unprecedented. We have  
25 been given dates for six consecutive years now without a

1 commitment like that. No such commitment was -- was even  
2 broached with respect to Golden Gate Fields, which was  
3 actually offered for sale. And they did not make it in the  
4 competitive environment in which they -- they were working,  
5 especially since I think the City of Alameda gave property  
6 for nothing, which was pretty hard to compete against.

7           With respect to our spring-summer meet, I thought  
8 that I was actually bringing something here to the Board  
9 today which was a commitment with respect to that meet, that  
10 we would, in fact, run that meet.

11           CHAIR BRACKPOOL: Excellent.

12           MR. LIEBAU: And I think that if you look at the  
13 calendar, and here we are in -- in August, that would mean  
14 that there would be no change with respect to facilities for  
15 one year because in the end of Hollywood's meet the -- it's  
16 Santa Anita's turn to be open.

17           VICE CHAIR ISRAEL: Right.

18           MR. LIEBAU: So Hollywood would not again open up  
19 until Fairplex --

20           CHAIR BRACKPOOL: Right.

21           MR. LIEBAU: -- started to run. So I thought I  
22 had done pretty good to come here with a -- with a year  
23 today.

24           With respect to the 2013 Fall meet, I think that  
25 some consideration should be given to that because as, I'm

1 sure, Chairman Brackpool can attest to, the Santa Anita  
2 being granted the Breeders' Cup in 2012 was extremely  
3 controversial at that time because New York thought it was  
4 their turn. New York was -- had a very boisterous  
5 representation on the Breeders' Cup Board. And there was a  
6 lot of chatter about what Santa Anita's new dirt track would  
7 be. In order for that to be done, Breeders' Cup insisted  
8 upon Hollywood Park, and we did it without any fanfare,  
9 agreeing to be the contingent site for the 2012 Breeders'  
10 Cup if the track at Santa Anita didn't work out, which  
11 happily it did.

12           It was also necessary in order to get this done on  
13 a short period of time that Santa Anita and Hollywood in  
14 their usual manner were able to work things out as far as we  
15 would have gotten an extra year -- well, not an extra year,  
16 but an extra week in -- in 2012. And it was determined that  
17 that week would be postponed and made up for in 2013.

18           So that is sort of a background as far as the 2013  
19 dates are committed. So that's where we are. I just don't  
20 think it's a good idea to draw any line in the sand. I  
21 think that, you know, we've tried to be good citizens.  
22 Sometimes I think through misunderstandings we're accused of  
23 not being good citizens. And I think we've got to put that  
24 behind us and I've got to get over that. But I did take  
25 that very seriously when I think that we, you know, got a

1 bad deal recently.

2 CHAIR BRACKPOOL: Well, I think -- I think we all  
3 do that, so that's -- that's perfectly understandable.

4 Well, let me start by saying that I am really  
5 pleased to hear that you've come to the table with a  
6 commitment today to be open through August. I think that's  
7 very helpful to everything we're - we're doing.

8 I think when we talk about a calendar it's  
9 interesting to hear that the calendar itself is agreed, and  
10 yet what we're talking about is, you know, is a commitment  
11 to run it. And what we're talking about is what would  
12 happen if for some reason, you know, you weren't open to run  
13 the fall dates; right?

14 MR. LIEBAU: Well, I think if, you know, I  
15 think --

16 CHAIR BRACKPOOL: Well, let me -- let me finish.

17 MR. LIEBAU: Okay.

18 CHAIR BRACKPOOL: So -- so I think the idea of  
19 saying that by some date certain, in this particular case  
20 what did you say --

21 VICE CHAIR ISRAEL: January 1st.

22 CHAIR BRACKPOOL: -- the beginning of the --  
23 beginning January 1st that we're going to know whether we  
24 run the fall dates, you know, I don't think is on the face  
25 of it an unreasonable request or suggestion. Because, you

1 know, we certainly would need time to work out what we were  
2 going to do as far as a racing calendar if it wasn't  
3 available. You know, you previously said six months at a  
4 time. So I guess we're arguing here about two or three  
5 months; right?

6 MR. LIEBAU: Right. But, you know, when -- when  
7 we talk about working out the -- the racing calendar --

8 CHAIR BRACKPOOL: Uh-huh.

9 MR. LIEBAU: -- I think that in the Fall of 2013  
10 if by chance Hollywood wasn't going to run those dates, you  
11 aren't going to come down -- I hesitate to tell you what  
12 you're -- you --

13 CHAIR BRACKPOOL: Right.

14 MR. LIEBAU: -- are going to do.

15 CHAIR BRACKPOOL: Right.

16 MR. LIEBAU: But let me assume that if I was  
17 sitting in your seats I would not even think about going to  
18 Del Mar to run in November for a variety of reasons, which I  
19 don't think I need to go into. And it's going to be that  
20 you're going to run those dates at Santa Anita. So, I mean,  
21 I don't see where there is any big, you know, problem here.

22 CHAIR BRACKPOOL: Yeah.

23 MR. LIEBAU: You really don't have any choice.  
24 You're going to run those dates at Santa Anita.

25 CHAIR BRACKPOOL: Well --

1 MR. LIEBAU: So what -- what has to be worked out  
2 as far as the racing calendar? I don't understand.

3 VICE CHAIR ISRAEL: Training facilities.

4 COMMISSIONER WINNER: Yeah. What about the  
5 training facilities that --

6 MR. LIEBAU: The training facility; I don't know  
7 what we do about the training facility.

8 CHAIR BRACKPOOL: Well, that's why we need time to  
9 work it out if you decide that it's not going to happen.

10 VICE CHAIR ISRAEL: Right.

11 CHAIR BRACKPOOL: And that's really the point of  
12 the Board.

13 MR. LIEBAU: Mr. Chairman, the Board is -- this --  
14 this industry has had that opportunity since 2005 --

15 CHAIR BRACKPOOL: Uh-huh.

16 MR. LIEBAU: -- and hasn't done anything. And,  
17 you know, there are things that is available. There's --  
18 Fairplex is available. They've spent, I don't know,  
19 \$500,000, \$600,000 improvements.

20 CHAIR BRACKPOOL: Anyway, I have some  
21 Commissioner -- Commissioner comments. Let me start with  
22 Commissioner Winner.

23 COMMISSIONER WINNER: I was just going to ask  
24 Jack, am I understanding that you're saying six months, and  
25 what Lou is asking for is January 1? Is that what this

1 discussion is about?

2 MR. LIEBAU: Well, I think that's right. And I  
3 think that, you know, you -- you all recognize, and I hope  
4 you recognize -- well, maybe you don't. Because unlike you  
5 people, I'm an employee. I don't set policy, you know? I  
6 mean, and that may be hard for each of you to understand.  
7 I'm sure it's not. I don't mean it's hard for you to  
8 understand. But, you know, I don't make that decision.  
9 So -- and that's where we are on that.

10 VICE CHAIR ISRAEL: But -- but you do influence  
11 policy.

12 MR. LIEBAU: I do not influence policy at that --  
13 on that level.

14 VICE CHAIR ISRAEL: Oh, come on, Jack.

15 MR. LIEBAU: Right. Come on now.

16 COMMISSIONER WINNER: Well, wait. Wait. Jack --  
17 Jack, excuse me just a second. I'm -- I'm not sure I got an  
18 answer to my question. You -- the -- the -- you did  
19 influence or you have come with a policy, as I understand  
20 it, that you're willing to give six months notice; is -- is  
21 that right or not?

22 MR. LIEBAU: Yes. And I will say that with  
23 respect to the spring-summer meet we pushed the think a  
24 month or so --

25 COMMISSIONER WINNER: Okay.

1 MR. LIEBAU: -- the notice provision.

2 COMMISSIONER WINNER: So the difference -- my  
3 question is simply the difference --

4 MR. LIEBAU: The difference is between six --

5 COMMISSIONER WINNER: -- is between six months,  
6 and what Lou is asking for is January 1, is that --

7 MR. LIEBAU: Which is ten months, I guess.

8 COMMISSIONER ROSENBERG: Nine.

9 COMMISSIONER WINNER: No. Nine. Yeah. Yeah.  
10 Nine.

11 COMMISSIONER BENETO: So as of today you're --

12 MR. LIEBAU: Ten months, I think.

13 VICE CHAIR ISRAEL: It's ten months.

14 MR. LIEBAU: Ten months.

15 COMMISSIONER CHOPER: Yeah. Until November. It's  
16 actually eleven.

17 CHAIR BRACKPOOL: Does that answer your question,  
18 Chuck?

19 COMMISSIONER WINNER: That answered my question.

20 CHAIR BRACKPOOL: Okay.

21 COMMISSIONER WINNER: I'm not sure it solves the  
22 problem.

23 CHAIR BRACKPOOL: I understand. Commissioner  
24 Choper?

25 COMMISSIONER BENETO: So the only thing -- so the

1 only thing that's in question is next November and December;  
2 right?

3 CHAIR BRACKPOOL: Right.

4 COMMISSIONER WINNER: Right.

5 CHAIR BRACKPOOL: Right. Commissioner Choper?

6 COMMISSIONER CHOPER: You know, this is, you know,  
7 déjà vu all over again. So I think it boils down -- look,  
8 we're talking about -- what, about seven weeks of racing in  
9 November-December. And I think you're right that Hollywood,  
10 these dates could be accommodated at Santa Anita.

11 MR. LIEBAU: Welcomed at Santa Anita.

12 COMMISSIONER CHOPER: Pardon me?

13 MR. LIEBAU: Welcomed at Santa Anita.

14 COMMISSIONER CHOPER: Yeah. Okay. No, I imagine  
15 that's true.

16 MR. LIEBAU: Except maybe for George, but  
17 that's --

18 COMMISSIONER CHOPER: So the -- the question then  
19 is -- is workout facilities, training facilities. I guess I  
20 just think that someone has got to come up with a specific  
21 plan for what happens after the -- the Santa Anita meet  
22 closes on November the 3rd if Hollywood is not going to give  
23 us the notice. I mean, we've been through -- we keep going  
24 through this. I appreciate the fact that you don't make  
25 this policy. And I mean, of course, some -- I mean, look, I

1 said the same thing to someone who came about three years  
2 ago -- not this, not what I'm saying now is that, you know,  
3 we got to plan too -- also.

4 So I think we've just got to plan for this -- this  
5 training facility over the gapped period of time. And we're  
6 not going to get any more, I take it.

7 MR. LIEBAU: Well --

8 COMMISSIONER CHOPER: I've sort of given up on  
9 getting more of a commitment.

10 MR. LIEBAU: I think that what --

11 COMMISSIONER CHOPER: It's not all that big a  
12 commitment actually.

13 MR. LIEBAU: If I could just interject one thing  
14 here and maybe speak for Santa Anita and Hollywood Park, and  
15 George can hit me if I say something wrong.

16 VICE CHAIR ISRAEL: That would be illegal.

17 MR. LIEBAU: Neither Santa Anita nor Hollywood  
18 Park want to be open as the auxiliary site. So, I mean, in  
19 order for -- sooner or later the industry in California must  
20 have an auxiliary site that can stand on its own, and  
21 there's no getting around that. I mean, both Santa Anita  
22 and Hollywood Park, even though the number that we get per  
23 day might sound outlandish, we lose money, each of us, by  
24 being open during those periods a auxiliary sites. And that  
25 was one of the reasons why the industry tried to get

1 something done at Fairplex, and went through a huge  
2 feasibility study. And it was, frankly, determined that it  
3 couldn't be financed. That was -- that was the problem.  
4 So, I mean --

5 CHAIR BRACKPOOL: Well, we understand. We're  
6 faced with -- with not dissimilar issues on a go-forward  
7 basis, which is why it's all very well to say it's obvious  
8 as to what would happen if you didn't run. But in order --  
9 if the facility is going to close at a certain date and be  
10 redeveloped, and the training facility not available,  
11 there's going to have to be a great deal of resources, both  
12 time and money, immediately invested into an actual  
13 solution, not a proposed solution.

14 MR. LIEBAU: And Hollywood --

15 CHAIR BRACKPOOL: And that's why -- and that's why  
16 the longer period of time, to me does not seem to be an  
17 unreasonable request, and -- and do that.

18 But anyway, we haven't finished yet, so  
19 Commissioner Rosenberg first, then Commissioner Winner.

20 COMMISSIONER ROSENBERG: Well, two things. One is  
21 we're going to be -- even if an agreement was reached for  
22 this year, for 2013, whether it's your proposal or some  
23 compromised proposal, we're going to be faced with the same  
24 thing here next fall --

25 COMMISSIONER WINNER: That's correct.

1 COMMISSIONER ROSENBERG: -- for the spring dates.

2 So this is an ongoing problem that has to be faced.

3 VICE CHAIR ISRAEL: Well --

4 COMMISSIONER ROSENBERG: But I want to get back  
5 to -- I want --

6 VICE CHAIR ISRAEL: -- we've been faced with it  
7 for the entire time the three of us have been on the  
8 Board --

9 COMMISSIONER ROSENBERG: Yeah.

10 VICE CHAIR ISRAEL: -- which is now, a long time.

11 COMMISSIONER ROSENBERG: Right. What I want to  
12 get back to is I think it is difficult to believe that  
13 you're just an employee, and who's your boss? Who do you  
14 report to?

15 VICE CHAIR ISRAEL: Terry Fancher.

16 MR. LIEBAU: Terry Fancher, Chris Meany,  
17 Stockbridge, I mean, they -- the thing that I think that --

18 COMMISSIONER ROSENBERG: Well, why aren't they  
19 here to talk to us, because you can't tell us what the  
20 policy is, what the decision is.

21 MR. LIEBAU: Well, I can -- I can tell you what  
22 their -- their problem is. They have a fiduciary  
23 responsibility to their investors.

24 COMMISSIONER ROSENBERG: I didn't say problem.  
25 What is their policy? What is their present -- what's their

1 present plan as far as developing the Hollywood Park  
2 property?

3 MR. LIEBAU: I would say that it's fair to think  
4 that if they could finance a property in this environment  
5 they would be financing it. I mean, we wall know what it's  
6 like out there as far as the capital markets are concerned.  
7 We all know what the demand is out there for residential,  
8 park. It's the economy we're talking about.

9 COMMISSIONER ROSENBERG: Look, Jack, you can't  
10 answer all the questions that would be asked of the person  
11 who is knowledgeable day to day of making those decision.  
12 You can't answer those. You're just giving me  
13 generalizations about the mortgage market. We all know  
14 about that. He should answer us and say, well, why do you  
15 need that much lead time? Even if you're correct and it may  
16 not -- the market could turn -- take months to turn, how  
17 much lead time do you need to decide when you're going to  
18 actually close the facility? Can you close part of the  
19 facility? Could you leave the training facility open?  
20 There's all kinds of questions that could be answered.

21 MR. LIEBAU: I can --

22 COMMISSIONER ROSENBERG: He should be here.

23 MR. LIEBAU: I can respond to that. Because of  
24 the physical layout of Hollywood Park it's impossible to do  
25 anything on -- on the front side on Prairie Avenue or

1 Century and keep the backside open. We have experience --  
2 and I say we because I was at Bay Meadows -- you can not  
3 start tearing down the grandstand and doing things like that  
4 and have training on the track. It just doesn't work. We  
5 know it doesn't work. And --

6 COMMISSIONER ROSENBERG: Okay. But how about the  
7 lead-time question?

8 MR. LIEBAU: The lead-time question is that I have  
9 to tell you that all the entitlements are in place.

10 COMMISSIONER ROSENBERG: That doesn't answer the  
11 lead time. In other words, if you've got -- you have to --  
12 if there -- are there negotiations going on right now with  
13 lenders that are real? How -- I mean, we have to ask those  
14 questions of the principals.

15 MR. LIEBAU: Okay.

16 COMMISSIONER WINNER: Jack --

17 CHAIR BRACKPOOL: Commissioner Winner first. Then  
18 Commissioner Beneto.

19 COMMISSIONER WINNER: I was just going to --  
20 frankly, most of the questions that I was going to ask  
21 Commissioner Rosenberg asked. But let me just ask you this.  
22 There was, as you know, a reported story by the mayor after  
23 the -- the form issue was raised with respect to beginning  
24 the process of development rather soon and the amount of  
25 money that was -- that was being discussed. Was that

1 comment not accurate?

2 MR. LIEBAU: That comment was not accurate. And I  
3 think that I sent a letter from the mayor, a clarification.

4 COMMISSIONER WINNER: Yeah. I saw that. I saw  
5 that letter. But I thought that letter was very qualified.  
6 I didn't think it was a very specific response to the  
7 question of --

8 MR. LIEBAU: Well, I --

9 COMMISSIONER WINNER: -- of what's at hand.

10 MR. LIEBAU: Having had discussions with the  
11 mayor --

12 COMMISSIONER WINNER: That's what I'm asking.

13 MR. LIEBAU: -- I think it's, yeah ---

14 COMMISSIONER WINNER: Right.

15 MR. LIEBAU: -- I think it's fair for me to say  
16 that he was either misquoted or misspoke.

17 COMMISSIONER WINNER: Okay.

18 MR. LIEBAU: Okay. And I can --

19 COMMISSIONER WINNER: So --

20 MR. LIEBAU: -- say that with some --

21 COMMISSIONER WINNER: So there is no commitment to  
22 proceed with the development at this point?

23 MR. LIEBAU: No.

24 COMMISSIONER WINNER: Okay.

25 MR. LIEBAU: Yeah.

1           COMMISSIONER WINNER: Now one further question,  
2 and it really is a follow-up to Commissioner Rosenberg's  
3 question, and that is even if -- if you were able to secure  
4 the financing, and even if you knew between now and January  
5 1 that you were going to develop -- you were going to go  
6 ahead with the development, would you not by January 1  
7 know -- in other words, if you were going to begin  
8 development at the time of these dates it seems to me you'd  
9 probably almost certainly know by January 1 that that  
10 financing had been secured and that you were in the process  
11 of that development.

12           And what's hard for me to understand, frankly,  
13 Jack, is why you can't, in -- in reality, when you talk  
14 about reasonable time for development, for securing  
15 financing and the development, it seems to me that if you  
16 were going to begin development at this time you'd probably  
17 know by January 1. Is it -- do you disagree with that?

18           MR. LIEBAU: From what I know and having had some  
19 experience in that area in my prior life, it would depend on  
20 how fast the lawyers could draft the loan documents.

21           COMMISSIONER WINNER: That's my point.

22           MR. LIEBAU: Everything else -- everything else is  
23 in place.

24           COMMISSIONER WINNER: Well, the financing isn't in  
25 place.

1 MR. LIEBAU: No, it is not.

2 COMMISSIONER WINNER: Okay.

3 MR. LIEBAU: That's why I'm saying that --

4 COMMISSIONER WINNER: Right.

5 MR. LIEBAU: -- you know --

6 VICE CHAIR ISRAEL: But the entitlements are  
7 completely done; right?

8 MR. LIEBAU: Entitlements are done.

9 VICE CHAIR ISRAEL: So all -- yeah.

10 MR. LIEBAU: All necessary permits --

11 CHAIR BRACKPOOL: All right. Let's do this in  
12 order.

13 MR. LIEBAU: -- are in place.

14 CHAIR BRACKPOOL: Because I've got -- I've got  
15 lots of people wishing to speak.

16 Commissioner -- are you done, Commissioner Winner?

17 COMMISSIONER WINNER: Yes.

18 CHAIR BRACKPOOL: Okay. Commissioner Beneto.

19 COMMISSIONER BENETO: My question is Fairplex for  
20 training, is that available if Hollywood closes?

21 MR. SEDAR: Well, this is Mike Seder with  
22 Fairplex. There's -- there's several issues that we would  
23 have to address, economic issue. If we wanted to look at an  
24 expanded race facility, because we're a 5/8ths mile track,  
25 we would have to figure out how to finance an expansion of

1 the -- of the facility. That would be significant.

2 As Jack mentioned, about five years ago we went  
3 down that road and looked at different feasibility. And we  
4 went into the market and there wasn't much appetite for it.  
5 But that was five years ago.

6 There are calendar issues. I mean, we -- we  
7 obviously have -- we do multiple things at Fairplex and  
8 we're booked out into certain venues throughout, you know,  
9 2012, 2013. So we'd have to look at a calendar, as well.

10 I think in a short term, you know, if there were  
11 an issue dealing with a short term 2013 problem, we would  
12 try to figure out how to make that work.

13 COMMISSIONER BENETO: No. I'm just talking about  
14 training now, not racing.

15 MR. SEDAR: Right. No, I understand. I  
16 understand.

17 COMMISSIONER BENETO: So it wouldn't -- it would  
18 be a long-term deal to train there. If Hollywood should  
19 close you -- we couldn't move the horses over there on a  
20 long-term deal because of other commitments; is that what  
21 you're saying?

22 MR. SEDAR: I don't -- well, I don't know that we  
23 have the capacity or the facility --

24 CHAIR BRACKPOOL: Right.

25 MR. SEDAR: -- that we would need --

1 VICE CHAIR ISRAEL: Right.

2 MR. SEDAR: -- to be able to handle the number of  
3 horses at the level you -- we would all want to see.

4 CHAIR BRACKPOOL: But also -- but we also, Steve,  
5 have got issues such as, you know, all the people who are  
6 training at Hollywood Park live that side. You know, they  
7 don't live at Fairplex. So there's -- there's a lot of  
8 issues that come into play as to where we have to go.

9 COMMISSIONER BENETO: Yeah. But -- but what I'm  
10 hearing here from Jack is this things an iffy deal. I mean,  
11 it's -- it's short lived. And I think we've got to start  
12 having a long-range plan where we're going to go --

13 MR. LIEBAU: Yes, sir.

14 VICE CHAIR ISRAEL: But we --

15 CHAIR BRACKPOOL: We -- we --

16 COMMISSIONER BENETO: -- instead of just sort of  
17 operating by the seat of our pants here. I mean, that's  
18 what I see.

19 CHAIR BRACKPOOL: We do. And I think that -- and  
20 I'm going to have to -- I have some other Commissioners who  
21 wish to -- wish to speak. But at the -- either the February  
22 or the March meeting, before you were on the Board, I said  
23 that we were going to call get together. The industry has  
24 been talking amongst itself. But we will stop, we will get  
25 together, and we will hold a hearing on what would happen if

1 Hollywood was not longer available.

2           Now, talking about being misinterpreted or  
3 misquoted or whatever, some people thought that as we were  
4 potentially talking about taking away Hollywood's dates.  
5 You know, I've said in writing, if Hollywood was prepared to  
6 commit for three years I'd be prepared to put a motion  
7 forward saying let's have three years worth of racing, but  
8 we're not faced with that. So it is time to work on that  
9 solution. And I think what is perhaps different now to what  
10 was different over the last three or four years is that over  
11 the last three or four years there was no talk of immediate  
12 development. So although we were theoretically operating  
13 under the same short-term notice period no one was talking  
14 about it.

15           What has happened that I think has made this  
16 become a much more topical issue over the last, you know,  
17 month or two is you've had various news stories about the  
18 potential, you know, impending development, if you can have  
19 an impending development, but, you know, the potential, you  
20 know, development and the timeline of it.

21           But let's finish up with the other Commissioners.  
22 Commissioner Derek first.

23           COMMISSIONER DEREK: Yeah. I think you just  
24 answered my question. I was wondering if the Board can  
25 require or request the industry leaders to start working on

1 this immediately.

2 CHAIR BRACKPOOL: Yeah. I mean, I --

3 COMMISSIONER DEREK: I don't think we should wait  
4 any longer.

5 CHAIR BRACKPOOL: It's -- it's time to have that  
6 hearing.

7 VICE CHAIR ISRAEL: Lou has an answer.

8 MR. RAFFETTO: Yeah. I just -- first of all, I  
9 mean, look, the TOC feels that --

10 VICE CHAIR ISRAEL: Lou, can you state your name?

11 MR. RAFFETTO: Lou Raffetto, TOC. You know, we  
12 concur with Chairman Brackpool. We'd love to see Hollywood  
13 Park commit -- be able to commit for three years. We  
14 understand it's not going to happen. But I just wanted to  
15 make the Board aware of the fact that we have ongoing  
16 conversations looking at alternative training sites and  
17 racing sites for the future. We've had conversations with  
18 Fairplex, for example, and -- and Los Alamitos.

19 But anything we do is going to take time, it's  
20 going to take money. And this is why we need the lead time  
21 on this whole issue. It would be great to go to Fairplex in  
22 one sense as an immediate fix. But I believe that probably  
23 we could fit 700 horses into Fairplex. They have a sale  
24 that comes up in the wintertime. To try to put more than  
25 700 -- and let me say that 700 wouldn't suffice for

1 what's -- right now we have about 3,100 horses here in  
2 Southern California. So 700 wouldn't really quite work.  
3 And then you have the issue of living is a whole other  
4 story.

5           Likewise, you know, in the case of los Alamitos,  
6 we have a similar situation in terms of what's available.  
7 But if we were going to go in and actually look at either  
8 facility to do some long-term planning and work on the race  
9 track, you can't realistically -- it's very difficult to do  
10 that work and have the horses stable there at the same time,  
11 especially in the case of -- of Fairplex and the -- and the  
12 nature of the improvements there. So again, this is why we  
13 do need the lead time.

14           CHAIR BRACKPOOL: Exactly. Commissioner Choper.  
15 And then we've got to bring this to a conclusion.

16           COMMISSIONER CHOPER: I think it's important, A,  
17 that we get past the conversations and assume or pretend or  
18 whatever the word is, that Hollywood is going to start  
19 building there at the expiration of their commitment. And I  
20 think we ought to go forward as much as we can in keeping it  
21 contingent on Hollywood being open. But if we can't then  
22 you've got to come back and then you've got to make a choice  
23 here, and that is to say we don't want to be faced with a  
24 situation in which, you know, we're really up the creek if  
25 they get a fast move at Hollywood Park.

1           So the -- the tradeoff is that Hollywood Park has  
2 to be prepared, I think it's remote, I think it's unlikely,  
3 but that we're going to -- we're going to come back and say  
4 we are planning this, we'd like to have the plan ready so  
5 that it can go into a six-month timeframe and we can get it  
6 done. But if it's going to take more than that, then we're  
7 going to have to make the decision as to whether we want to  
8 give that up or not. And that's just a reality in this  
9 situation.

10           I understand every -- just -- just as I understand  
11 Hollywood's position, I think they got to understand our  
12 position, and that is there's no real confidence that it can  
13 all be done -- I mean, these conversations are all right --  
14 but that we have no real confidence, you know, figures on  
15 paper, at least informal commitments as to how we're going  
16 to take care of everything that's going to have to be done  
17 within a six-month period. If we can get them, that's fine.  
18 So we're sitting with -- with a long-term situation of  
19 having these commitments. But as soon as they begin to  
20 weaken, then we've got to make a choice and say, well,  
21 either we're -- either we're going to bite the bullet or  
22 we're not going to bite the bullet and wait and hope. I  
23 don't know the answer to that. But at least everyone ought  
24 to be prepared.

25           I'd like to work toward that, and as quickly as we

1 can.

2 MR. LIEBAU: And I think that Hollywood is willing  
3 to play a positive role in those discussions.

4 COMMISSIONER CHOPER: I appreciate that.

5 MR. LIEBAU: I mean, and I will tell you that Mr.  
6 Raffetto brought up Los Alamitos. There -- there were  
7 discussions a long time ago between Los Alamitos and  
8 Hollywood. And Mike Pegram, who is now head of TOC, was at  
9 that time acting as a principle at -- at Los Alamitos.

10 And --

11 VICE CHAIR ISRAEL: Okay. --

12 CHAIR BRACKPOOL: Well, look, we all --

13 VICE CHAIR ISRAEL: But --

14 CHAIR BRACKPOOL: -- understand. There's --  
15 there's a lot been -- I don't want anybody to think that no  
16 conversations have been, you know, going on between industry  
17 participants as to what the ultimate solutions might be. I  
18 think it's time perhaps that we bring those into a working  
19 group --

20 COMMISSIONER CHOPER: Yes.

21 CHAIR BRACKPOOL: -- that's official.

22 COMMISSIONER CHOPER: Yes.

23 CHAIR BRACKPOOL: And I will hold that, you know,  
24 hearing. And I think we'll make it a hearing of the full  
25 Board rather than a small committee and we'll --

1 COMMISSIONER CHOPER: Yeah.

2 CHAIR BRACKPOOL: -- we'll do that. But in terms  
3 of the race dates ahead of us now, you want to --

4 VICE CHAIR ISRAEL: Yeah. I have something to  
5 say, and then I'll offer a motion. Because I'm always  
6 optimistic and look at the bright side, I see the unintended  
7 benefit of this which is that it's going to force all of us  
8 into a conceptual reassessment of the structure of  
9 thoroughbred racing in Southern California sooner rather  
10 than later. And I think that's actually a good thing and  
11 will be beneficial to the sport and strengthen the sport in  
12 ways that we might not even imagine.

13 That said, I'd like to move that contingent upon  
14 Hollywood meeting the January 1st deadline we approve all 12  
15 months of this calendar.

16 CHAIR BRACKPOOL: So just so that I understand, we  
17 would -- because there's no debate on the calendar itself.  
18 So we would --

19 VICE CHAIR ISRAEL: No.

20 CHAIR BRACKPOOL: We would approve the calendar  
21 for 2013. Hollywood is committing to run the spring meet.  
22 But the approval of the dates for the fall are conditioned  
23 upon them committing to run them by January 1st, 2013?

24 VICE CHAIR ISRAEL: Yes.

25 CHAIR BRACKPOOL: Right.

1 VICE CHAIR ISRAEL: And then -- and then maybe the  
2 first step of that reassessment --

3 CHAIR BRACKPOOL: Is that we don't have --

4 VICE CHAIR ISRAEL: -- will occur if we don't --

5 CHAIR BRACKPOOL: Exactly.

6 VICE CHAIR ISRAEL: -- have it in January.

7 CHAIR BRACKPOOL: Exactly.

8 COMMISSIONER DEREK: Yes.

9 CHAIR BRACKPOOL: All right. Do I have --  
10 Commissioner Beneto?

11 COMMISSIONER BENETO: So -- so that I understand  
12 this, we're going to approve November and December of 2013?

13 CHAIR BRACKPOOL: Conditional upon them agreeing  
14 by January the 1st --

15 VICE CHAIR ISRAEL: By the 1st of January.

16 CHAIR BRACKPOOL: -- 2013 to run them, which was  
17 the TOC's compromise position.

18 COMMISSIONER CHOPER: Well, we'll be -- we'll be  
19 back on January the 1st.

20 MR. LIEBAU: Well, I think that you've --

21 VICE CHAIR ISRAEL: Well, the January meeting.

22 MR. LIEBAU: I think you've drawn a line in the --  
23 in the -- in the sand and you will -- you know, I think that  
24 that might result in the premature demise of Hollywood Park,  
25 and so be it, you know?

1 COMMISSIONER CHOPER: Yeah. I'm not big on  
2 drawing lines in sand, so I don't think we're doing that.

3 CHAIR BRACKPOOL: Right.

4 COMMISSIONER CHOPER: I think what we're doing,  
5 you know, is trying to give a push to -- to you to maybe  
6 give us some more if you can. But to the industry  
7 generally, to plan as to whether you, you know, say okay,  
8 we're up to the line and that's it.

9 MR. LIEBAU: Well, why don't -- you know, I  
10 thought that where we were going there were -- Chairman  
11 Brackpool was going was that he was going to call a hearing  
12 where everybody would get together.

13 COMMISSIONER CHOPER: Yeah. I'm for that.

14 MR. LIEBAU: And you --

15 COMMISSIONER CHOPER: I think we better do that  
16 anyway.

17 CHAIR BRACKPOOL: We're going that -- we're doing  
18 that anyway.

19 VICE CHAIR ISRAEL: We're doing that between  
20 now --

21 CHAIR BRACKPOOL: But that's for the future.

22 VICE CHAIR ISRAEL: -- and January 1st.

23 CHAIR BRACKPOOL: That's for 2014 through --

24 MR. LIEBAU: No. That -- that's really for  
25 November of 2013 here.

1 CHAIR BRACKPOOL: Well --

2 MR. LIEBAU: Don't -- don't --

3 CHAIR BRACKPOOL: -- you know, it's -- it --

4 MR. LIEBAU: Don't -- don't --

5 CHAIR BRACKPOOL: It may be. But, yes,

6 Commissioner Beneto.

7 COMMISSIONER BENETO: Mr. Chairman, I think we've  
8 got to get a contingency program going right now.

9 CHAIR BRACKPOOL: That's the TOC is certainly  
10 working on.

11 COMMISSIONER BENETO: You know, we're just going  
12 around here. We're -- we're -- this -- we're acting like  
13 this is a two-bit cycle operation here. This is big  
14 business.

15 COMMISSIONER ROSENBERG: I would second the  
16 motion, I think bringing it to a head, not drawing a line in  
17 the sand, and giving you -- your boss or bosses or  
18 opportunity to make a business decision.

19 VICE CHAIR ISRAEL: Look, I mean, I'll just say,  
20 in support of the motion since I made it, that there's --  
21 ten months is no more arbitrary than six months. And how  
22 six months became the magic number, I don't know. But  
23 obviously at some point six, seven years ago --

24 COMMISSIONER CHOPER: It's tradition, precedence.

25 VICE CHAIR ISRAEL: -- six months became a magic

1 number.

2 MR. LIEBAU: Can I tell you how six months became  
3 the magic number? Are you interested or not?

4 VICE CHAIR ISRAEL: Sure.

5 MR. LIEBAU: The six months, there was a meeting  
6 at Hollywood Park that was called by Ed Halpern, Marsha  
7 Naify, and I think Madeline Auerbach was there. I don't  
8 know if she's still here. My memory may not be right on  
9 that. And they came in and said that they were worried  
10 about the fact that we -- that Hollywood Park may be shut  
11 down on short notice. And I said, "Well, what do you think  
12 would be fair."

13 And they said, "Six months."

14 And I said I'd get back to you, and that's how the  
15 six months happened.

16 VICE CHAIR ISRAEL: And who were they  
17 representing?

18 CHAIR BRACKPOOL: Okay. So -- well, it doesn't --  
19 it doesn't really matter. It's the history. Let's move on.  
20 So what we have in front of us --

21 MR. LIEBAU: TOC and CTT.

22 VICE CHAIR ISRAEL: Oh.

23 CHAIR BRACKPOOL: So what we have in front of us  
24 right now is a motion that says we will approve -- I hear  
25 exactly what you're saying, Steve. And I think everybody is

1 working on what we do, where we go. It is not an easy  
2 solution.

3 COMMISSIONER DEREK: Yes.

4 CHAIR BRACKPOOL: What this motion is saying --  
5 and I'm going to clarify because you may want to make a  
6 separate one --, what this is saying is we would approve the  
7 calendar for the year, conditional upon Hollywood Park  
8 committing to run their 13 fall dates by January the 1st of  
9 '13; right? If that motion were to pass what I hear Jack  
10 saying is they may decide to close down within -- they may  
11 give us the six-month notice tomorrow or whatever; right?

12 MR. LIEBAU: No. I'm not saying --

13 CHAIR BRACKPOOL: So --

14 MR. LIEBAU: No, no, no, no, no.

15 CHAIR BRACKPOOL: Well, you said this may result  
16 in the early demise of Hollywood Park.

17 MR. LIEBAU: Yes, I did say that.

18 CHAIR BRACKPOOL: Right.

19 MR. LIEBAU: But I didn't say that they were going  
20 to give six months notice with respect to the spring-summer  
21 meet which I just committed to. So, no.

22 CHAIR BRACKPOOL: So -- but anyway --

23 MR. LIEBAU: So I don't have to give any notice.  
24 I can come in here in January if I --

25 CHAIR BRACKPOOL: Exactly. January the 1st.

1 Exactly.

2 MR. LIEBAU: If I -- if Hollywood Park hasn't  
3 given you anything by January 1st Hollywood Park is out of  
4 business.

5 COMMISSIONER ROSENBERG: Right.

6 MR. LIEBAU: That's where we are.

7

8 CHAIR BRACKPOOL: Right. There we are.

9 MR. LIEBAU: There's no question.

10 CHAIR BRACKPOOL: So that's the --

11 COMMISSIONER CHOPER: Unless we change it.

12 CHAIR BRACKPOOL: That's the -- exactly. Exactly.

13 Exactly.

14 VICE CHAIR ISRAEL: First of all, the reality is  
15 going to be January 20-something --

16 CHAIR BRACKPOOL: Exactly.

17 VICE CHAIR ISRAEL: -- when we actually meet.

18 COMMISSIONER DEREK: Yeah.

19 CHAIR BRACKPOOL: Anyway --

20 VICE CHAIR ISRAEL: So --

21 CHAIR BRACKPOOL: -- so that's the --

22 COMMISSIONER BENETO: I -- I agree with the  
23 motion. But I also want to stress to the Board that we've  
24 got to get a contingency program going immediately.

25 COMMISSIONER CHOPER: Yes, sir.

1 CHAIR BRACKPOOL: Right. And what we're going to  
2 do --

3 COMMISSIONER CHOPER: That's what's more  
4 important.

5 CHAIR BRACKPOOL: -- is we will go through stuff,  
6 we will schedule a hearing for either September or October  
7 when we've got everybody's calendars, when we can all  
8 attend, and the sole purpose of the meeting is to hear what  
9 the contingency plans are, what the funding sources are,  
10 what the timelines are, etcetera.

11 COMMISSIONER WINNER: Mr. Chairman --

12 CHAIR BRACKPOOL: Yes?

13 COMMISSIONER WINNER: -- again, it's not directly  
14 related to the motion but I'd like to just ask Jack, when  
15 that meeting takes place if -- if -- unless you are given  
16 the authority to make policy, can Terry be at the meeting,  
17 or could you at least attempt to get Terry?

18 MR. LIEBAU: I think that Terry would -- Terry --  
19 I don't think that Terry can be productive or a positive  
20 factor with respect to the contingent plan. Now if -- if  
21 you would like to talk to Terry about it, that -- as far as  
22 what the practicalities are as far as the notice and  
23 everything, I'm sure that he would be more than willing to  
24 do that.

25 COMMISSIONER WINNER: Well, what I'm trying to get

1 at, Jack, and I think it's fairly obvious, is that earlier  
2 on you made the point that you couldn't set policy because  
3 you're an employee. And if we're going to try to work this  
4 thing out -- and I think the contingency plan, all of the  
5 commissioners are in favor of -- if you're going to be at  
6 least a participant in those discussions, recognizing the  
7 contingency is contingent on Hollywood closing.

8 MR. LIEBAU: Well, yes. But I think that, you  
9 know, where we are under the motion is --

10 COMMISSIONER WINNER: Yeah. I understand.

11 MR. LIEBAU: -- that we're either --

12 COMMISSIONER WINNER: Right.

13 MR. LIEBAU: -- we, the ownership of Hollywood  
14 Park, is either going to put up or shut up on January 1st.

15 COMMISSIONER WINNER: By January 1.

16 MR. LIEBAU: Yes.

17 COMMISSIONER WINNER: Correct.

18 CHAIR BRACKPOOL: Right.

19 MR. LIEBAU: And that means that, you know, that  
20 you then have ten months to come up with your contingency  
21 plan.

22 COMMISSIONER WINNER: Correct.

23 CHAIR BRACKPOOL: Right, if that the case. But  
24 we'll be having those meetings before January the 1st.

25 COMMISSIONER WINNER: Right.

1 CHAIR BRACKPOOL: We will invite representatives  
2 from ownership and we would certainly hope they would  
3 appear. Because as you yourself just pointed out, the six-  
4 month deadline was an affirmative response that you all gave  
5 to a request. That request that has now been made with this  
6 motion, since we haven't taken a vote yet, this motion is  
7 now a longer date. So Terry may decide that that's a date  
8 workable, a date not workable, and that's what we have to  
9 see and work through.

10 So with that I have a motion from Commissioner  
11 Israel, which is to approve the calendar as is, conditional  
12 upon Hollywood Park consenting to run the fall dates by  
13 January the 1st, 2010 [sic]. And it's only their fall  
14 dates.

15 VICE CHAIR ISRAEL: That's '13.

16 CHAIR BRACKPOOL: '13. It's only their fall dates  
17 that would be conditional. It's not -- the spring dates are  
18 not in question.

19 COMMISSIONER ROSENBERG: Because they've agreed  
20 to --

21 CHAIR BRACKPOOL: Because they've agreed --

22 COMMISSIONER ROSENBERG: -- stay open.

23 CHAIR BRACKPOOL: -- and committed to run those --

24 COMMISSIONER ROSENBERG: Right.

25 CHAIR BRACKPOOL: -- and committed to stay open

1 through -- through August. Do I have a second for that  
2 motion?

3 COMMISSIONER ROSENBERG: Second.

4 CHAIR BRACKPOOL: Second by Commissioner  
5 Rosenberg. All in favor?

6 ALL COMMISSIONERS: Aye.

7 CHAIR BRACKPOOL: The motion carries. That  
8 concludes the open part of today's meeting. We will now go  
9 into -- oh, no, we've got -- sorry, Los Al and harness. I  
10 apologize. I apologize. There's no dispute on this?

11 VICE CHAIR ISRAEL: Right.

12 CHAIR BRACKPOOL: There is no dispute on the Los  
13 Al or harness rate dates. So obviously individual license  
14 applications will come. But in terms of the calendar, we  
15 have a calendar from Los Al with no opposition. We have a  
16 calendar from harness with no opposition.

17 VICE CHAIR ISRAEL: I'll move the Los Al.

18 COMMISSIONER WINNER: Second.

19 CHAIR BRACKPOOL: Harness and --

20 VICE CHAIR ISRAEL: Chuck seconded.

21 CHAIR BRACKPOOL: Seconded by Commissioner

22 Winner --

23 COMMISSIONER ROSENBERG: Right.

24 CHAIR BRACKPOOL: -- for the harness racing,  
25 proposed by Commissioner Rosenberg, seconded by myself. All

1 in favor?

2 ALL COMMISSIONERS: Aye.

3 CHAIR BRACKPOOL: Motion carries. Thank you.

4 (The Commission meeting adjourned at 11:58 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 August, 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  
MARTHA L. NELSON, CERT\*\*367

August 31, 2012