

APPEARANCES

COMMISSIONERS

Keith Brackpool, Chairperson

David Israel, Vice Chairperson

Bo Derek

Jesse Choper

Steve Beneto

Chuck Winner

STAFF

Jacqueline Wagner, Assistant Executive Director

Robert Miller, Staff Counsel

Rick Arthur, Equine Medical Director

Mike Marten

ALSO PRESENT

Kevin Bolling, California Thoroughbred Horsemen's Foundation

John Bucalo, Barona Resort and Casino

George Haines, Santa Anita

Gina Lavo, Santa Anita

Mark Verge, Santa Anita

Rick Hammerle, Santa Anita

Jack Liebau, Hollywood Park

Scott Daruty, Monarch Management

Lou Raffetto, Thoroughbred Owners of California

Jim Morris, Golden Gate Fields

APPEARANCES (CONT.)

ALSO PRESENT (CONT.)

Dan Cirimele, Golden Gate Fields

Cal Rainey, Golden Gate Fields

Ed Cummings, Watch and Wager

Ben Kenney, Golden Bear Racing

Christopher Schick, Golden Bear Racing

Rick English, Los Alamitos

Rick Baedeker, Los Alamitos

John Hindman, Betfair U.S. and TVG

Tom Large, Betfair U.S.

Jim Morgan, Humboldt County Fair

Josh Rubenstein, Del Mar

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described in the attachment to this agenda captioned "Pending Litigation," as authorized by Government Code section 11126(e).

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

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P R O C E E D I N G S

9:51 A.m.

PROCEEDINGS BEGIN AT 9:51 A.M.

(The meeting was called to order at 9:51 A.M.)

ARCADIA, CALIFORNIA, THURSDAY, OCTOBER 18, 2012

MEETING BEGINS AT 9:51 A.M.

MS. WAGNER: This is the regular noticed meeting of the California Horse Racing Board on Thursday, October 18th, 2012 at the Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California.

Present at today's meeting are: Keith Brackpool, Chairman; David Israel, Vice Chairman; Steve Beneto, Commissioner; Jesse Choper, Commissioner; Bo Derek, 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 rule for each speaker. The three minute time limit will be

1 enforced during discussion of all matters on -- as stated on
2 the agenda, as well as during the public comment period.

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

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

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

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

24 Mr. Chairman.

25 CHAIR BRACKPOOL: Thank you. Good morning,

1 everybody. Let's get right on approval of the minutes of
2 September 20th, but we have a minor change.

3 VICE CHAIR ISRAEL: Yeah.

4 CHAIR BRACKPOOL: Right. You want to read the
5 change into the record?

6 MS. WAGNER: Yes. There's --

7 CHAIR BRACKPOOL: And then we'll ask for any other
8 comments.

9 MS. WAGNER: There is a correction to the minutes.
10 On page 19 under the report from the Pari-Mutuel Operations
11 Committee, the minutes note that the committee discussed a
12 dispute between Golden Bear Racing Association and the Los
13 Alamitos Racing Association. That is incorrect. The
14 dispute is actually between Cal Expo and the Los Alamitos
15 Racing Association, and subsequently Watch and Wager. And
16 we would like to note a correction to the minutes as stated.

17 CHAIR BRACKPOOL: I'd also like to correct that
18 our esteemed vice chair was in attendance, even though he's
19 omitted from the --

20 COMMISSIONER BENETO: Are you kidding?

21 CHAIR BRACKPOOL: Yeah. He seconds the very first
22 motion, so it's obvious that he's here.

23 VICE CHAIR ISRAEL: I definitely was there,
24 unfortunately.

25 MS. WAGNER: It says present Keith Brackpool?

1 CHAIR BRACKPOOL: David Israel.

2 MS. WAGNER: Oh, my gosh.

3 COMMISSIONER WINNER: Do you know who he is?

4 MS. WAGNER: I put the vice chairman.

5 COMMISSIONER WINNER: He's over there.

6 MS. WAGNER: Absolutely. Noted.

7 CHAIR BRACKPOOL: People have many feelings about
8 David Israel, but invisible --

9 VICE CHAIR ISRAEL: Right.

10 CHAIR BRACKPOOL: -- is not one that instantly --

11 VICE CHAIR ISRAEL: I am --

12 CHAIR BRACKPOOL: -- springs to mind.

13 VICE CHAIR ISRAEL: I am -- I am hard to miss.

14 MS. WAGNER: Absolutely. I think Commissioner
15 Winner has --

16 CHAIR BRACKPOOL: Yes, Commissioner Winner?

17 COMMISSIONER WINNER: I have one very slight
18 change. On page seven --

19 MS. WAGNER: Page seven.

20 COMMISSIONER WINNER: -- about ten lines from the
21 bottom it says that I agreed there were trainers who would
22 risk entering, and I think that was supposed to be would
23 not.

24 MS. WAGNER: Would not.

25 CHAIR BRACKPOOL: Right.

1 MS. WAGNER: Absolutely.

2 CHAIR BRACKPOOL: Right.

3 MS. WAGNER: Thank you. As noted.

4 CHAIR BRACKPOOL: Okay. With those amendments,
5 nobody else? Do I have a motion?

6 VICE CHAIR ISRAEL: Moved.

7 COMMISSIONER CHOPER: Second.

8 CHAIR BRACKPOOL: I have a motion by the invisible
9 vice chair.

10 VICE CHAIR ISRAEL: Right.

11 CHAIR BRACKPOOL: Seconded by Commissioner Choper.

12 All in favor?

13 ALL COMMISSIONERS: Aye.

14 CHAIR BRACKPOOL: Carries. Public comment. I
15 have at the moment only one card here, Kevin Bolling.

16 MR. BOLLING: Kevin Bolling, California
17 Thoroughbred Horsemen's Foundation.

18 I just want to publicly thank Santa Anita, Golden
19 Gate Fields, and Hollywood Park for their continued
20 sponsorship of the flu vaccine program for the backstretch
21 workers. They provide free vaccine for the backstretch
22 workers throughout the State of California. So Oak Tree was
23 a long-time sponsor of that program, and the three tracks
24 have taken on that responsibility the last two years. We
25 just want to thank them.

1 CHAIR BRACKPOOL: That's good to hear. Thank you.
2 Thank you. You have a card in, oh, on public comment, as
3 well. Sorry, I had you on another one.

4 John Bucalo, Barona, Off-Track Betting.

5 MR. BUCALO: I just wanted to take the three
6 minutes to mention to the Board that during Del Mar we had a
7 terrific meet. Our -- John Bucalo, Barona Casino, Off-Track
8 Betting. We had a terrific meet, Fairplex park, a very good
9 meet, and Los Alamitos. And I want to accommodate them on
10 the promotions that they did, and we enjoyed working with
11 those three tracks.

12 However, during Santa Anita's meet we're not doing
13 very well at all. Our numbers are -- are down dramatically.

14 And the local newspaper, which is the San Diego Union, has
15 very little if none about horse racing. And I believe that
16 that has a very big input on the negative numbers that
17 we're -- we're experiencing. The newspaper covers football,
18 college football, baseball, tennis, golf, water polo,
19 soccer, volleyball, sailing, ocean fishing, hockey, cycling,
20 and iron marathon which is -- was being run in Hawaii, much
21 more than our horse racing.

22 Now I believe that during the Santa Anita and
23 Hollywood Park, which are major meets, we need to do a
24 better job. The whole industry as far as exposure. Out of
25 sight is out of mind. Our number have to go in the right

1 direction. And without this needed exposure in the
2 newspapers, if they don't put it in the paper any more for
3 free as they did it's time we count our blessings --
4 blessings that they had it in the newspaper for the years
5 that they did and let's get, whether we have to pay for it
6 or not, let's get the exposure that this industry
7 desperately needs. I thank you for the time.

8 CHAIR BRACKPOOL: Thank you. No other speakers in
9 public comment. Moving right along.

10 Item number three, discussion and action by the
11 Board regarding the distribution of race-day charity
12 proceeds of the Del Mar Thoroughbred Club in the amount of
13 \$149,232 to 16 beneficiaries.

14 You want to say anything, Ms. Derek?

15 COMMISSIONER DEREK: Yeah. I would just like to
16 thank Del Mar Racing. I think that, as always, I'm -- I'm
17 always so pleased that you go above and beyond the minimum
18 requirement of not just horse racing industry related
19 charities but actually contribute so much to horse racing
20 charities. So I thank you.

21 CHAIR BRACKPOOL: Yeah, I'd say the same on that;
22 92.6 percent is terrific, and long may that continue with as
23 many associations as possible.

24 So do I have a motion to approve?

25 COMMISSIONER DEREK: Move.

1 VICE CHAIR ISRAEL: Second.

2 CHAIR BRACKPOOL: Motion by Commissioner Derek.
3 Seconded by Vice Chair Israel. All in favor?

4 ALL COMMISSIONERS: Aye.

5 CHAIR BRACKPOOL: Motion carries.

6 Item number four, public hearing and action by the
7 Board regarding the proposed addition of CHRB Rule 1927.1,
8 Tampering with Smoke Detectors Prohibited, to include
9 penalties relative to tampering with fire safety equipment.
10 This concludes the 45-day public comment period.

11 So, Jackie?

12 MS. WAGNER: That's correct. The proposal before
13 you is as the chairman has stated. The proposed addition
14 provides that no licensee shall tamper with, dismantle, or
15 disable any automatic fire alarm system or smoke detector
16 that's located on the grounds of a facility under the
17 jurisdiction of the Board. In addition, the proposed
18 regulation states that a trainer may be found culpable if a
19 fire alarm is disabled. The trainer may be fined \$100. The
20 licensee may be -- receive a fine of no less than \$25.00.

21 The rule has been out for 45-days. The -- we've
22 received no comments on the proposal, and Staff would
23 recommend that the Board adopt it as presented.

24 CHAIR BRACKPOOL: Okay. I'm going to let
25 Commissioner Derek and Commissioner Winner speak on this.

1 It's their committee item.

2 COMMISSIONER DEREK: I would just like to say I
3 hope the -- the Board votes for this. I think that it isn't
4 an excessive fine. There are other states where the fines
5 are much higher. I think that this -- hopefully this will
6 be -- get everyone's attention and know that the Board takes
7 this seriously. And if -- so hopefully this will be a good
8 deterrent.

9 CHAIR BRACKPOOL: Commissioner Winner.

10 COMMISSIONER WINNER: I obviously agree with
11 Commissioner Derek. We did spend a good deal of time trying
12 to figure out the best to do this and to solve a problem
13 that exists. I do believe that it -- the language says that
14 the trainer may be fined or that they could impose a fine of
15 not less than \$100. It wasn't \$100. I think it was not
16 less than \$100.

17 VICE CHAIR ISRAEL: It is.

18 MS. WAGNER: It is.

19 CHAIR BRACKPOOL: Right.

20 MS. WAGNER: It is not less.

21 CHAIR BRACKPOOL: Right.

22 COMMISSIONER WINNER: And I think that, obviously,
23 that's a determination that would be made. But I strongly
24 support this.

25 CHAIR BRACKPOOL: Commissioner Beneto.

1 COMMISSIONER BENETO: Who is supposed to keep
2 track of these things and make sure they're working?

3 CHAIR BRACKPOOL: Commissioner Derek.

4 COMMISSIONER DEREK: The fire department, I
5 believe --

6 COMMISSIONER WINNER: The fire marshal.

7 COMMISSIONER DEREK: -- on inspection.

8 COMMISSIONER BENETO: Fire alarms seem to always
9 go off in the middle of the night because the battery is
10 low. I don't know how these things operate. But --

11 COMMISSIONER WINNER: You're right about that.

12 COMMISSIONER BENETO: -- about three o'clock in
13 the morning at my house it seems like I get beep-beep-beep.
14 And -- and I can see somebody living in a tack room getting
15 up there and dismantling that thing.

16 How are you going to -- how are they going to
17 monitor this? Once it's dismantled and the unit is put back
18 in place you don't know if it has a battery in it or not.

19 COMMISSIONER DEREK: Well, for every meet I
20 believe that there are inspections. And that's when we get
21 these repeated tampering with smoke detectors, meaning the
22 batteries have been taken out purposely.

23 COMMISSIONER WINNER: Yeah.

24 COMMISSIONER DEREK: And I would assume that would
25 be a mitigating circumstance for the stewards --

1 COMMISSIONER WINNER: Right.

2 COMMISSIONER DEREK: -- if it had gone out --

3 COMMISSIONER WINNER: Right.

4 COMMISSIONER DEREK: -- out the night before
5 and -- and the inspectors happened to inspect the next
6 morning.

7 COMMISSIONER BENETO: I'm not -- I'm not happy
8 with -- with that. Because once it's taken out and nobody
9 is told, then it can go the whole meet without a battery.
10 And if a fire starts --

11 COMMISSIONER DEREK: I agree.

12 COMMISSIONER BENETO: -- in a tack room --

13 COMMISSIONER DEREK: I think that's --

14 COMMISSIONER BENETO: -- or a stall next to it,
15 Katy bar the door.

16 COMMISSIONER DEREK: Yeah.

17 COMMISSIONER WINNER: Well, that's exactly why --

18 CHAIR BRACKPOOL: That's why we're having this
19 rule.

20 COMMISSIONER WINNER: Yeah. That's why we want
21 this rule.

22 COMMISSIONER DEREK: We're including --

23 COMMISSIONER WINNER: And that's why we --

24 COMMISSIONER DEREK: -- the trainers --

25 COMMISSIONER WINNER: -- included the trainers.

1 COMMISSIONER DEREK: -- in this issue --

2 COMMISSIONER WINNER: Exactly.

3 COMMISSIONER DEREK: -- so that they become --

4 CHAIR BRACKPOOL: Right.

5 COMMISSIONER DEREK: -- responsible, as well, for
6 what's going on in these tack rooms.

7 COMMISSIONER WINNER: So -- so if -- if the -- if
8 the alarm is taken down, the battery is taken out and not
9 replaced, normally if it goes off in the middle of the night
10 or at any time you replace the battery, put it back, it's
11 fine. But the trainer has to go through and make sure that
12 those things are not hanging down or off laying on the
13 ground or something like that that. And that's why we
14 included the trainer's responsibility as being responsible
15 for his own barn or her own barn.

16 CHAIR BRACKPOOL: Does that at least answer the
17 question? You may not agree with the answer --

18 COMMISSIONER BENETO: Well, I don't agree.

19 CHAIR BRACKPOOL: -- but it answers the question.

20 COMMISSIONER BENETO: Well, I mean, there -- I
21 mean, I agree with what we're trying to do.

22 CHAIR BRACKPOOL: Right.

23 COMMISSIONER BENETO: But to kind of keep it going
24 and safe is -- I think it's impossible.

25 VICE CHAIR ISRAEL: Well --

1 COMMISSIONER WINNER: But it is.

2 VICE CHAIR ISRAEL: -- in addition to the --

3 COMMISSIONER WINNER: This is the best we could --

4 VICE CHAIR ISRAEL: -- fire marshals our

5 inspectors, our security staff --

6 CHAIR BRACKPOOL: Right.

7 VICE CHAIR ISRAEL: -- does --

8 CHAIR BRACKPOOL: Patrol.

9 VICE CHAIR ISRAEL: -- patrol the backstretch.

10 And they have -- they have cited people on their own for
11 violating the rules. And -- and they can tell, among other
12 things, by seeing people smoking cigarettes in places where
13 they shouldn't be smoking cigarettes.

14 CHAIR BRACKPOOL: And -- and that's noted,
15 obviously, in the -- in the weekly stewards' minutes.

16 COMMISSIONER DEREK: Uh-huh.

17 COMMISSIONER CHOPER: I guess it wouldn't hurt --

18 CHAIR BRACKPOOL: Commissioner Choper.

19 COMMISSIONER CHOPER: It wouldn't hurt to have
20 random checking periodically.

21 CHAIR BRACKPOOL: Well, I think we do.

22 VICE CHAIR ISRAEL: I think we do.

23 CHAIR BRACKPOOL: I think we do. I think we do.

24 COMMISSIONER CHOPER: Have them actually go up and
25 check it --

1 CHAIR BRACKPOOL: Yeah, I think we do.

2 COMMISSIONER CHOPER: -- that they haven't taken
3 the battery out --

4 COMMISSIONER DEREK: We can ask --

5 COMMISSIONER CHOPER: -- and disable the whole
6 thing.

7 COMMISSIONER DEREK: We can ask -- our inspectors
8 are here. We can ask them.

9 COMMISSIONER CHOPER: Yeah. If they can -- you
10 know, if it's possible.

11 VICE CHAIR ISRAEL: Bill's here.

12 CHAIR BRACKPOOL: Yeah. And we can make that --

13 COMMISSIONER BENETO: How many fire inspectors you
14 have?

15 VICE CHAIR ISRAEL: Oh, no. We -- it's the
16 security staff.

17 CHAIR BRACKPOOL: Security staff, we're talking
18 about.

19 VICE CHAIR ISRAEL: The fire inspection is done by
20 the local fire authorities --

21 COMMISSIONER BENETO: But he only gets there --

22 VICE CHAIR ISRAEL: -- whatever the jurisdiction
23 is.

24 COMMISSIONER BENETO: -- once a year.

25 CHAIR BRACKPOOL: Well, it's not once a year.

1 They do it pre-meet every time. It's just how every many
2 times an association has a meet. But we -- we will --

3 COMMISSIONER DEREK: They find between 8 to 12, 15
4 violations each time.

5 CHAIR BRACKPOOL: Right. But we will continue to
6 put pressure by using our enforcement staff to do that.

7 So do I have a motion for this?

8 COMMISSIONER DEREK: Aye.

9 COMMISSIONER WINNER: Second.

10 CHAIR BRACKPOOL: Motion by Commissioner Derek.
11 Seconded by Commissioner Winner.

12 Commissioner Choper, in favor?

13 COMMISSIONER CHOPER: Aye.

14 VICE CHAIR ISRAEL: Commissioner Israel?

15 VICE CHAIR ISRAEL: Yeah. Aye.

16 COMMISSIONER WINNER: Aye.

17 COMMISSIONER BENETO: Aye.

18 CHAIR BRACKPOOL: Aye. Okay. Motion carries
19 unanimously.

20 Item number five, discussion and action by the
21 Board regarding the proposed amendment to CHRB Rule 1843.2,
22 Classification of Drug Substances, to update the CHRB's
23 Penalty Categories Listing by Classification, to add and/or
24 reclassify specified drug substances.

25 Dr. Arthur.

1 DR. ARTHUR: Dr. Arthur, Equine Medical Director.

2 I think this is -- what this is, is to update the CHRB Rule
3 1843.2 in regards --

4 CHAIR BRACKPOOL: That's what I just said.

5 DR. ARTHUR: Yeah, that's right.

6 CHAIR BRACKPOOL: Oh.

7 DR. ARTHUR: And -- and there was no opposition to
8 these changes at the committee meeting. They're very well
9 explained, I think, in the handout. And unless there's any
10 questions I have nothing else to say.

11 CHAIR BRACKPOOL: Well, I just think for the
12 benefit of the public you might just very briefly walk
13 through what they are. We've all got them in front of us.
14 But obviously the public doesn't have the Board pack.

15 DR. ARTHUR: Okay. What -- what the -- the
16 changes, the -- the changes from the RCI rules are
17 essentially a -- to keep the current California system.
18 Venom is not otherwise classified, for example. Frog venom,
19 for example, would be a Class 1, Category A. Snake venoms
20 in the RCI classification is Class 2. They are Class 1,
21 Category A in California. The carisoprodol is a muscle
22 relaxant that is currently a Class 2 with a Category B. RCI
23 has that as a Category A. We recommend it stay a Category
24 B. Darbepoetin (phonetic) is a blood doping agent. We
25 recommend that that stay a Class 1, Category A. The

1 somatrin and somatotropin are growth hormones. We recommend
2 that they stay a Class 1, Category A. And the other is just
3 language.

4 The only change that may really affect horsemen
5 are the DMSO from Class 5 to Class 4. But we have a
6 threshold there that Dr. Knych and Dr. Stanley and I don't
7 think is going to cause any unexpected problems.

8 CHAIR BRACKPOOL: Okay. Medication Safety
9 Committee comments? No?

10 COMMISSIONER DEREK: No. There have been no -- no
11 comments in the 45-day period. I think this brings us up to
12 date.

13 CHAIR BRACKPOOL: Yes.

14 MS. WAGNER: We're putting this out for notice.

15 CHAIR BRACKPOOL: No. This -- this one is going
16 out for --

17 COMMISSIONER DEREK: Oh, it is?

18 COMMISSIONER WINNER: This is going out.

19 COMMISSIONER DEREK: I'm sorry.

20 CHAIR BRACKPOOL: This is going out.

21 COMMISSIONER WINNER: Yeah.

22 CHAIR BRACKPOOL: Yeah. This one is going out.

23 COMMISSIONER DEREK: If it's going out I'd -- I'd
24 like to send it out.

25 CHAIR BRACKPOOL: So we have a motion by

1 Commissioner Derek to send out for public comment. I'll
2 second the motion. All in favor?

3 ALL COMMISSIONERS: Aye.

4 CHAIR BRACKPOOL: Motion carries.

5 Item number six, discussion and action regarding
6 the proposed amendment to CHRB Rule 1845, Authorized Bleeder
7 Medication, to implement the RCI recommended model rule
8 recommendations.

9 Dr. Arthur.

10 DR. ARTHUR: Yes. Subsequent to last year with
11 the brouhaha over Lasix this issue was examined by the
12 Racing Medication Testing Consortium. And ultimately
13 recommendations were made to the RCI to adopt these model
14 rules. Currently in New York, Ontario, Canada, Kentucky
15 just adopted these rules, that the Lasix would be
16 administered by non-practicing veterinarians. And this is
17 constructed in such a way that it gives an enormous amount
18 of flexibility to the CHRB as to how this would be
19 administered, whether the official veterinarians, which I
20 wouldn't recommend, but other outside entities. For
21 example, NYRA has their association veterinarians. You can
22 hire outside practices to do it.

23 The real issue is to take away the opportunity for
24 something other than Lasix to be in the Lasix syringe, which
25 is an issue that -- of concern.

1 And the other issue is to limit the bleeder
2 medication to only Lasix. And other states have previously
3 allowed adjuncts. California actually does allow an
4 adjunct. It's Premarin. We don't report that to the
5 public, unlike some jurisdictions. And about 50 percent of
6 the horses get estrogens. But there's no evidence of
7 efficacy for estrogens, even though it's a commonly used
8 treatment which I used when I was in practice, as well. But
9 there's no indication that it's effective. And that's why
10 the RCI-RMTC have tried to simplify this to Lasix only on
11 race day given by non-practicing veterinarians. I think it
12 improves the integrity of the system and gives the public
13 more confidence.

14 CHAIR BRACKPOOL: Okay. And just so that I
15 understand, this would go out for 45-day comment.

16 COMMISSIONER WINNER: Right.

17 CHAIR BRACKPOOL: If the Board then voted to
18 approve it we have to come up with, what, internal policies
19 and procedures?

20 MS. WAGNER: Yes.

21 CHAIR BRACKPOOL: But do we take a vote on those?
22 Is that Staff driven? How would this work? Because I'm not
23 sure by reading this exactly how that would work.

24 MS. WAGNER: What we would have to do is -- is
25 implement the procedures after the rule has been adopted by

1 the Board. So at this point -- at this juncture Staff is
2 recommending that the Board direct staff to initiate the 45-
3 day comment period. During that comment period time Dr.
4 Arthur and Staff will work on implementing the procedures of
5 how we're going to --

6 CHAIR BRACKPOOL: Well, I would suggest that
7 during that period of time Dr. Arthur and Staff work with
8 the Medication and Safety Committee on how this is going to
9 be implemented. Because to me the controversy of this is
10 going to be focused far more on how and whom, you know,
11 administer this than the concept of it.

12 DR. ARTHUR: The way this is written -- written it
13 allows a lot of flexibility. And we have 14 different
14 tracks in California that will have different circumstances.
15 For example, for the Breeders' Cup, Breeders' Cup is hiring
16 non-practicing veterinarians, outside veterinarians to
17 administer the Lasix. In harness racing --

18 CHAIR BRACKPOOL: In the case of two-year-olds not
19 administer the Lasix?

20 DR. ARTHUR: No Lasix in two-year-olds, obviously.
21 But in harness racing there's actually veterinary practices
22 that contract with the race track to provide that service.
23 Similarly, in Ontario it's -- it's a somewhat similar
24 system. So in -- in Kentucky --

25 VICE CHAIR ISRAEL: Rick --

1 DR. ARTHUR: -- Kentucky actually has official
2 veterinarians do it.

3 VICE CHAIR ISRAEL: Rick, I think the point is we
4 need to come up with a standardized way of doing it in
5 California, and there's no reason to waste time. While it's
6 out for the 45-days let's devise the system. That's what
7 the chairman is recommending. And instead of making catch
8 as catch can, everybody does what they want so that it's not
9 uniform, let's come up with a uniform policy because that's
10 the easiest way to enforce it, I believe.

11 CHAIR BRACKPOOL: So --

12 DR. ARTHUR: We can do that.

13 CHAIR BRACKPOOL: So I don't know whether you all
14 have a meeting scheduled, but at the very least perhaps a
15 telephone meeting or whatever. But I'll -- I'll let you
16 work on the logistics of that committee meeting outside of
17 this. But I think that that is the -- I think that is the
18 way to -- I think that is the way to go and do that.

19 So do I have a -- so by the time this comes back,
20 Jackie, which would be the --

21 VICE CHAIR ISRAEL: December.

22 CHAIR BRACKPOOL: -- December meeting -- no, we
23 don't have a meeting in December.

24 COMMISSIONER DEREK: January.

25 MS. WAGNER: January.

1 CHAIR BRACKPOOL: -- the January meeting -- so
2 when this comes back in the January meeting, by then we
3 would have a recommendation that would have been worked out
4 with the committee and the committee and Dr. Arthur would
5 brief us on what our recommended was going to be.

6 MS. WAGNER: We can do that.

7 CHAIR BRACKPOOL: Okay. No, I know we can, but we
8 are going to do it.

9 COMMISSIONER DEREK: We are.

10 CHAIR BRACKPOOL: There you go. A difference. It
11 will surprise no one --

12 COMMISSIONER WINNER: Do we -- do we need a motion
13 on that?

14 CHAIR BRACKPOOL: Oh, yeah, we do. Sorry.

15 COMMISSIONER WINNER: Yes.

16 CHAIR BRACKPOOL: You're right. We're going to
17 send it out. Okay.

18 COMMISSIONER WINNER: So moved.

19 CHAIR BRACKPOOL: So -- so Commissioner Winner
20 makes -- makes a motion to send it out.

21 COMMISSIONER CHOPER: Second.

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

24 ALL COMMISSIONERS: Aye.

25 CHAIR BRACKPOOL: The motion is sent out.

1 I'm going to hold item number seven until we go
2 through another couple of items. It will surprise nobody to
3 know that we are almost there, I think, but not quite there.

4 So we're still having a meeting outside. And I've got to
5 go out in a second and just deal with that. So we'll -- we
6 will hear number 7 but we're going to hear it after number
7 12, so it's going to go last. So please remind me to come
8 back to that, Jackie.

9 MS. WAGNER: Absolutely.

10 VICE CHAIR ISRAEL: I'll remind you. It's my
11 favorite subject.

12 CHAIR BRACKPOOL: Item number eight, discussion
13 and action by the Board on the Application for License to
14 Conduct a Horse Race Meeting of the Los Angeles Turf Club at
15 Santa Anita Park Race Track, commencing December 26th, 2012
16 through April 21, 2013, inclusive.

17 Can we have the Santa Anita representatives
18 please? Names and affiliations for the record please.

19 MR. HAINES: George Haines, Santa Anita.

20 MS. LAVO: Gina Lavo, Santa Anita.

21 MR. VERGE: Mark Verge, Santa Anita.

22 CHAIR BRACKPOOL: Okay. Are you joining, Rick?

23 MR. HAMMERLE: Excuse me. Rick Hammerle, Santa
24 Anita.

25 CHAIR BRACKPOOL: Okay. Jackie, why don't you

1 lead us off?

2 MS. WAGNER: The Los Angeles Turf Club has filed
3 their application to conduct a race meeting beginning
4 December 26th through April the 21st. They are proposing to
5 race 71 days, which is eight days less than they raced in
6 2012. They will be racing four days per week, Thursday
7 through Sunday, with the exception of Wednesday, December
8 the 26th, racing five days on Monday, December 31st through
9 January the 6th, Monday, January the 21st through January
10 the 27th, and Monday, February the 18th through February the
11 24th. The first post time is 1:00 p.m. They will have a
12 12:30 post time on weekends and holidays.

13 We have a couple of items that are missing out of
14 this application. Those include the horsemen's agreement.
15 We have not received anything pertaining to ADW providers.
16 And the 2013 vanning and stabling agreement is outstanding.

17 CHAIR BRACKPOOL: Well, let's start right with
18 that as to why we don't have that information. George?

19 MR. HAINES: I'll address the stable and vanning
20 agreement. I think Jack Liebau, president of SCOTWINC,
21 would like to address that. We have not had a 2013 stable
22 and vanning contract agreed to yet. So we are looking, and
23 Santa Anita is asking the board of SCOTWINC to approve an
24 extension of the 2012 contract.

25 (Colloquy Between Chair Brackpool and Ms. Wagner)

1 CHAIR BRACKPOOL: Jack, name and affiliation
2 please.

3 MR. LIEBAU: Jack Liebau. I'm president of
4 Hollywood Park, chairman of SCOTWINC, and probably more
5 importantly here, somewhat leader of the committee, the
6 Stabling and Vanning Committee, which for the record is
7 entirely separate and apart from SCOTWINC.

8 We really anticipate no problem in supplying an
9 agreement. The only slight controversy is whether Hollywood
10 and Santa Anita should be treated the same as other racing
11 associations in Southern California, but that issue has been
12 going on for years. And we will no doubt have an agreement
13 for you.

14 CHAIR BRACKPOOL: And when will we have that
15 agreement?

16 MR. LIEBAU: Probably within two or three weeks,
17 whatever. You want it sooner, we'll have it sooner. Tell
18 me what you want.

19 CHAIR BRACKPOOL: Well, I think we should -- I
20 think we have to have it before the November --

21 MR. LIEBAU: Fine. If we have --

22 CHAIR BRACKPOOL: -- meeting.

23 MR. LIEBAU: No. I'm perfectly happy to -- to get
24 it --

25 CHAIR BRACKPOOL: It's --

1 MR. LIEBAU: -- to get it to you, because of the
2 fact that there's always a little bit of controversy as to
3 what the -- that agreement says. And it's been submitted
4 every year annually, and presumably accepted and approved by
5 the Board.

6 CHAIR BRACKPOOL: So we will have that by the
7 November Board meeting; right?

8 MR. LIEBAU: Absolutely.

9 CHAIR BRACKPOOL: Okay. It's early, the November
10 Board meeting, this time.

11 MS. WAGNER: Yes

12 MR. LIEBAU: You -- you will have it.

13 CHAIR BRACKPOOL: Okay. And obviously we've been
14 well aware of the ongoing conversations, you know, with
15 the -- with the signal and the TV distribution. Where are
16 we now with that and with the horsemen's agreement?

17 MR. HAINES: Scott Daruty from Monarch Management
18 will address that.

19 MR. DARUTY: Scott Daruty. As far as the
20 distribution agreement regarding television, there's a
21 seven-party agreement that has been negotiated at length
22 among the various constituents here, including TVG and HRTV.
23 Six of the seven parties have now signed that agreement.
24 We're just waiting on the last one.

25 CHAIR BRACKPOOL: So don't hold us in suspense.

1 The last one is?

2 MR. DARUTY: That would be Churchill Downs.

3 CHAIR BRACKPOOL: Okay. And my understanding from
4 that barrage of emails the other day was that the last
5 change was okay with Churchill.

6 MR. LIEBAU: I received an email this morning from
7 Packard Trautmann (phonetic) and he had advised that he's on
8 the road. Brad Blackwell, who you know, should be
9 congratulated because they now have a newborn baby in their
10 house. And the agreement will be signed and sent here.
11 There's no problem with Churchill Downs.

12 CHAIR BRACKPOOL: Right. That's what -- that's
13 what I read from those emails. Thank you.

14 COMMISSIONER CHOPER: Do you -- do you think if a
15 fine were imposed for every day after this meeting that all
16 of these agreements don't get in we get them at this
17 meeting? What do you think?

18 MR. LIEBAU: I think that there are issues that
19 are far more complicated than perhaps the Board recognizes
20 in negotiating these. And it's no always the track's fault
21 that you don't have these agreements.

22 COMMISSIONER CHOPER: Is it the Board's fault?

23 MR. LIEBAU: It's -- it's not the Board's fault.
24 But you've got, you know, bi-party and tri-party agreements.

25 COMMISSIONER CHOPER: It just strikes me as -- as

1 odd. We -- it's all going to get done but it won't get done
2 in time to save everybody all this time at these meetings.
3 I bet you we take, I don't know, you know, I'd have to
4 measure it, over five percent of our time each month when we
5 go over these things to try to extract some sort of
6 commitments that these things are going to be that done
7 should be done, you know, when it -- when it gets in. I
8 tell you, you know, if you -- if you file your appeal one
9 day late a client uses his right for lots of things. I
10 don't know why we don't have a rule like that.

11 MR. LIEBAU: And I guess, and this perhaps
12 shouldn't be said, but with respect to the stabling and
13 vanning agreement that have been, you know, filed every year
14 in writing, signed by everybody, we still do not have
15 acceptance of the terms of those agreements from the Board.

16 COMMISSIONER CHOPER: No. I -- from whom?

17 MR. LIEBAU: From the Board.

18 COMMISSIONER CHOPER: Oh, well, then that's our
19 fault.

20 MR. LIEBAU: No. I'm specifically saying that
21 those agreements that we send in provide who gets what,
22 when. And, you know, we've been -- San Luis Rey is a great
23 example of that, you know?

24 VICE CHAIR ISRAEL: From our Board or from you --
25 the SCOTWINC board?

1 MR. LIEBAU: From -- the purpose of the stabling
2 and vanning agreement, to use an agreement that has just
3 been brought up here as not being on file --

4 VICE CHAIR ISRAEL: Right.

5 MR. LIEBAU: -- is supposedly filed as part of the
6 licensing agreement. And I assume is there for approval by
7 the Board.

8 CHAIR BRACKPOOL: Right.

9 MR. LIEBAU: Isn't that correct?

10 CHAIR BRACKPOOL: Carry on.

11 VICE CHAIR ISRAEL: Yeah.

12 MR. LIEBAU: And it seems to me that once that's
13 approved by the Board the terms are accepted. But, you
14 know, it seems like we keep going on and on with these
15 things. And, you know, we're in litigation with San Luis
16 Rey Downs. We're -- we're, you know --

17 CHAIR BRACKPOOL: Well, we can't somebody suing
18 us. This is --

19 MR. LIEBAU: I know. But they have -- they have
20 appeared many times before the Board, and I don't know if
21 the Board's ever made a ruling. But that's neither here nor
22 there.

23 Commissioner Choper, we'll have the agreements.
24 And, you know --

25 CHAIR BRACKPOOL: I will say -- I will say, Jesse,

1 that I think the change we made last year to not allow
2 associations to have their license application the Board
3 meeting before the meet is about to start has at least given
4 us the ability to say --

5 COMMISSIONER CHOPER: Right.

6 CHAIR BRACKPOOL: -- it will be here at the next
7 meeting. So I think it's given the Board the power to do
8 something about it. And what I'm saying in this particular
9 case is these agreements will be done by the November Board
10 meeting or we'll make them happen at the November Board
11 meeting.

12 COMMISSIONER CHOPER: Well, we all know that we're
13 not going to, you know, delay Santa Anita's opening --

14 MR. LIEBAU: Well, no, that's -- that --

15 COMMISSIONER CHOPER: -- you know, on -- on that
16 day. We know that.

17 MR. LIEBAU: Yes.

18 COMMISSIONER CHOPER: So we've got to find some
19 other way to provide an incentive to get this damn thing
20 done. I mean, it's embarrassing.

21 MR. LIEBAU: Because, you know, there have been
22 instances recently where licenses have been granted
23 without --

24 COMMISSIONER CHOPER: Yeah.

25 MR. LIEBAU: -- those agreements being on file.

1 COMMISSIONER CHOPER: Well, we're not going to do
2 that.

3 MR. LIEBAU: And as you said --

4 COMMISSIONER CHOPER: That's right.

5 MR. LIEBAU: -- Mr. Choper --

6 COMMISSIONER CHOPER: I don't mean we're not in
7 agreement.

8 MR. LIEBAU: -- you aren't going to stop --

9 COMMISSIONER CHOPER: No, we're not going to --

10 MR. LIEBAU: -- you know, Santa Anita from
11 opening.

12 COMMISSIONER CHOPER: That's just exactly what
13 I --

14 MR. LIEBAU: And you're not going to stop Del Mar
15 from opening.

16 COMMISSIONER CHOPER: What if we -- if we fine
17 them \$500 a day, well, I don't have the figure in mind.
18 Maybe that's --

19 MR. LIEBAU: Well, your predecessor Mr. Harris
20 would do it for \$10,000 a day.

21 VICE CHAIR ISRAEL: What?

22 MR. LIEBAU: I said your predecessor Mr. Harris
23 probably would want \$10,000 a day.

24 VICE CHAIR ISRAEL: Well, that's --

25 COMMISSIONER CHOPER: Well, listen, I don't know.

1 VICE CHAIR ISRAEL: That's because for him \$10,000
2 is the same as \$500 --

3 COMMISSIONER CHOPER: That's right.

4 MR. LIEBAU: Right.

5 VICE CHAIR ISRAEL: -- is to Jesse.

6 MR. LIEBAU: No.

7 COMMISSIONER CHOPER: I was going to say, he's got
8 a higher living standard than I do.

9 CHAIR BRACKPOOL: All right. So -- but -- but,
10 Scott, I don't want to leave the TV thing just as a bunch of
11 signatures because this is transformational, I believe, in
12 actually allowing the majority of people to know that Santa
13 Anita is racing. Because right now Santa Anita races and
14 shows it races to, what, four percent of the people, three
15 percent of the people with TVs, I mean, some --

16 MR. DARUTY: It's -- it's a much larger number
17 than that.

18 CHAIR BRACKPOOL: -- some horrifically -- well,
19 it's -- it's single digits for sure because I could never --

20 MR. DARUTY: Well, it's -- it's --

21 CHAIR BRACKPOOL: -- find anyone that's been able
22 to watch it. And so -- and I think our handle numbers
23 continue to show that that's the case.

24 MR. DARUTY: Twenty percent of the televisions in
25 the -- in the country have access today --

1 CHAIR BRACKPOOL: Well, in the country.

2 MR. DARUTY: -- to HRTV. Thirty-three percent of
3 the homes in the country could watch HRTV if they chose to
4 subscribe to a sports tier. In other words, the difference
5 of that extra --

6 CHAIR BRACKPOOL: Right.

7 MR. DARUTY: -- 13 percent --

8 CHAIR BRACKPOOL: Right.

9 MR. DARUTY: -- is worth something like --

10 CHAIR BRACKPOOL: Why don't we do it the other way
11 around.

12 MR. DARUTY: -- like the extra \$5.00.

13 CHAIR BRACKPOOL: If you're on the Direct TV what
14 percentage of homes can watch it?

15 MR. DARUTY: That would add another 17 percent.

16 And believe me, we would love to be on Direct TV.

17 VICE CHAIR ISRAEL: What -- what about Time Warner
18 Cable in California? In Southern California they're
19 virtually a monopoly.

20 COMMISSIONER CHOPER: Yeah.

21 VICE CHAIR ISRAEL: So -- yeah.

22 CHAIR BRACKPOOL: Right. And so the point is --

23 COMMISSIONER WINNER: Well, you have -- you have
24 others. There's Cox.

25 CHAIR BRACKPOOL: Right. So the point is that TV

1 distribution, as we have beaten on everyone from this Board
2 for the last year, is everything. So it's my understanding
3 that with this agreement, starting on December the 26th,
4 that Santa Anita will now be shown on both HRTV and TVG, and
5 Hollywood's spring meet will be shown on both TVG and HRTV;
6 correct?

7 MR. DARUTY: That is correct for a term that runs
8 through summer of next year.

9 CHAIR BRACKPOOL: Exactly. So at least we will be
10 able to see with some scientific data whether our beliefs
11 that people being able to turn on their television and watch
12 a race actually encourages them to participate in the
13 handle. I know, for one, it would encourage me to -- to do
14 it. So let's hope that that's the case.

15 So I think this is a very, very big move forward,
16 that finally we've got this TV able to dig up --

17 MR. HAINES: Before we move on to marketing I want
18 to say that we always intend to abide by the rules and
19 regulations of the CHRB. This unusual circumstances with
20 these contracts not being done, you have to keep in mind
21 that this is the first time -- we -- we negotiate these
22 contracts yearly. So Santa Anita takes the brunt of the
23 negotiations. And we -- we will -- we will have those in
24 the next few weeks.

25 CHAIR BRACKPOOL: Violins are at the ready,

1 George.

2 MR. HAINES: I understand.

3 CHAIR BRACKPOOL: Just -- just so that I
4 understand, so the horsemen's agreement, I understand what
5 was going on there. And maybe I could ask Lou to step
6 forward with this agreement now signed by everyone, assuming
7 that whoever is having a baby or not having a baby has found
8 a pen to be able to sign something, with this agreement now
9 in place are we pretty much there on the horsemen's
10 agreement?

11 MR. RAFFETTO: Yes. Lou Raffetto, TOC. Yes, we
12 are there. We have one more issue. It really relates to the
13 purposes. And that's why we haven't been able to put this
14 together. Part of it was the distribution agreement.
15 There's another worker's comp issue that we're dealing with.
16 But we are -- we are there with the agreement. Yes.

17 CHAIR BRACKPOOL: So when will that agreement be
18 ready?

19 MR. RAFFETTO: Certainly prior to the next
20 meeting.

21 CHAIR BRACKPOOL: It certainly will be prior to
22 the next meeting.

23 MR. RAFFETTO: Yes.

24 CHAIR BRACKPOOL: Yeah. Okay. So -- so that's --
25 that's good from there.

1 And -- and explain to me, George, what number two
2 is with the ADW providers. Is that just that you can't sign
3 the ADW -- sorry, it's number two in my pack. It wouldn't
4 be number two in yours.

5 VICE CHAIR ISRAEL: Yeah. It's --

6 CHAIR BRACKPOOL: But the agreement with your
7 designated ADW providers; is that just you can't sign until
8 you've got the horsemen's numbers done?

9 MR. HAINES: Yes.

10 VICE CHAIR ISRAEL: No. It's number two in
11 their --

12 CHAIR BRACKPOOL: No, I don't know it's number
13 two --

14 VICE CHAIR ISRAEL: Oh, right.

15 CHAIR BRACKPOOL: -- in what he's got.

16 VICE CHAIR ISRAEL: Yeah.

17 CHAIR BRACKPOOL: Is that the case? What is the
18 situation as to why the ADW contracts haven't been signed?

19 VICE CHAIR ISRAEL: Where's Scott? That's Scott's
20 deal. That's Daruty's deal.

21 MR. HAINES: Usually Monarch contact handles the
22 negotiations in the contracts for that.

23 MR. DARUTY: Scott Daruty again. Just to take us
24 back a couple of years, it used to be before every single
25 race meet in California the host track would go out and get

1 simulcast contracts signed by tracks across the country and,
2 in fact, around the world. About two years ago the tracks
3 formed together this entity called we now do a single
4 contract for the entire calendar year. Not quite calendar,
5 I should say. It starts on December 26th and runs through
6 the next December 25th.

7 My point is we go through the contract process now
8 one time each year, as opposed to prior to every meet.

9 CHAIR BRACKPOOL: Right.

10 MR. DARUTY: That contract, which will be in place
11 but is not yet, has -- has, to be honest, not even been sent
12 out for execution. We're still 60 days away from the
13 opening of the Santa Anita meet, approximately. The
14 industry norm is people typically will sign these contracts
15 about two weeks, maybe two to three weeks prior to the
16 opening of a meet. So while I recognize Commissioner Choper
17 is frustrated by the fact that the -- the agreements aren't
18 done, and I know everybody feels that way, we've now at
19 least taken a problem that used to happen every meet and
20 it's only now applicable to Santa Anita.

21 CHAIR BRACKPOOL: Well, but that's too cute.
22 Look, we -- a year -- I think it was two years ago I
23 remember, you know, the -- the opening day of Santa Anita
24 when we were all standing around here wringing our hands
25 because the dispute with Churchill. I think it was at that

1 stage. I can't remember whether it was -- who it was, but I
2 think it was Churchill at the time. And this is not
3 pointing fingers at any one person. And we went right down
4 to the wire on whether or not we were going to be able to
5 show the signal, whether we were going to be able to receive
6 the signal, etcetera, etcetera.

7 That brinkmanship is so detrimental to racing that
8 I'm always staggered by why you all enjoy participating in
9 it. Because it's an inside ball game that is of no interest
10 to the outside person who's making a wager or doing anything
11 else. And so our job is to try and discern, you know, what
12 the issues are and where they are.

13 So when you say we're not even going to be begin
14 thinking about it until two weeks before --

15 MR. DARUTY: I apologize. I didn't --

16 CHAIR BRACKPOOL: -- that's two weeks before --

17 MR. DARUTY: I didn't say that.

18 CHAIR BRACKPOOL: You did.

19 MR. DARUTY: No, I did not say we are not going
20 to --

21 CHAIR BRACKPOOL: You said two to three weeks.

22 MR. DARUTY: -- begin thinking about it. No.

23 What I said is we can send the agreements out. We're here
24 in California. We love our industry. We want to see it
25 succeed. But we can't dictate to the rest of the world how

1 they do business. So if I were to have sent out the
2 agreements yesterday or a month ago or two months ago we
3 wouldn't be getting signed contracts back until the last
4 minute. Now, I suppose we could say, hey, we're the
5 California tracks and if you don't sign it by December 1
6 don't take our signal.

7 VICE CHAIR ISRAEL: Yeah.

8 MR. DARUTY: But I think that would be crazy.

9 VICE CHAIR ISRAEL: Well --

10 MR. DARUTY: I think we would end up losing a lot
11 of distribution.

12 VICE CHAIR ISRAEL: Well, you just need to create
13 a new normal. I mean --

14 COMMISSIONER CHOPER: How about telling them they
15 could be fined \$1,000 a day.

16 MR. DARUTY: Well, I don't know that we have
17 authority to fine out of state.

18 CHAIR BRACKPOOL: They don't have authority to
19 fine out of state --

20 VICE CHAIR ISRAEL: We don't have the authority to
21 fine them.

22 CHAIR BRACKPOOL: -- for sure.

23 COMMISSIONER CHOPER: No. No. That you would be
24 fined \$1,000 a day.

25 VICE CHAIR ISRAEL: They don't care.

1 CHAIR BRACKPOOL: Well, they --

2 VICE CHAIR ISRAEL: I mean, they don't care
3 that --

4 MR. DARUTY: Listen, I don't mean to be
5 argumentative. I could stand here and tell you exactly what
6 you want to hear, but it's just not the truth. It's not the
7 way the industry works.

8 COMMISSIONER CHOPER: No, I want to hear you the
9 truth.

10 VICE CHAIR ISRAEL: Well, we're just trying --
11 we're just trying to eliminate this 11th hour stuff that
12 happened repeatedly, certainly the first two or three years
13 I was on the Board. And that goes for three of us.
14 We've -- because we've been concerned all along with this.

15 MR. DARUTY: Well, and again, I know --

16 VICE CHAIR ISRAEL: And --

17 MR. DARUTY: -- Chairman Brackpool thinks I'm
18 being cute, but the reality is we have eliminated this
19 problem now down to a single meet of the entire year, and
20 that's Santa Anita, and it's because it's the first meet.

21 VICE CHAIR ISRAEL: Well, I mean, but what we're
22 suggesting, Scott, I think is for you to set a date certain
23 that the contracts have to be signed. And then -- and then
24 find some method for -- for causing them some hardship if
25 they don't sign them --

1 CHAIR BRACKPOOL: Well, it's a two-way street.

2 And to be --

3 VICE CHAIR ISRAEL: -- that doesn't cause you
4 pain.

5 CHAIR BRACKPOOL: Well, and that's a very
6 difficult thing because it's a two-way street because,
7 obviously, if we don't allow the signal it hurts our purses,
8 it hurts everything else.

9 VICE CHAIR ISRAEL: Yes, I understand that. Yeah.

10 CHAIR BRACKPOOL: So -- so -- so it's a two-way
11 street. I think you get the message though, Scott, that
12 we --

13 MR. DARUTY: We do.

14 CHAIR BRACKPOOL: -- we're going to take this
15 very, very seriously.

16 MR. DARUTY: Absolutely.

17 CHAIR BRACKPOOL: And -- and that's why we have
18 these that are there.

19 Are there any major changes you're proposing in
20 this year's contract -- in next year's contract to this
21 year?

22 MR. DARUTY: I don't anticipate right now any
23 difficult negotiations that would come down to a blackout.
24 I don't. We have some two-year contracts in place that we
25 did last year. So some of the major outlets we don't have

1 to do a new contract for this year. So I don't expect
2 anything. But I promise you by November I will know more
3 and I can update you a lot better at that meeting.

4 CHAIR BRACKPOOL: That would be good. And let's
5 have this on the agenda. And perhaps let's have this on the
6 agenda before the ADW licenses item comes up.

7 MR. DARUTY: Thank you.

8 CHAIR BRACKPOOL: Thank you.

9 MR. HAINES: Moving on to our marketing plan --

10 CHAIR BRACKPOOL: Well, before we move on, first
11 of all, I want to talk about purses before we -- before we
12 get to the marketing -- the -- the marketing plan. And I'm
13 just trying to understand the numbers. And I'm sure other
14 commissioners are going to have questions, as well.

15 But when I get to -- where was my page, Jackie,
16 that had my --

17 VICE CHAIR ISRAEL: Purses on page --

18 CHAIR BRACKPOOL: Purses.

19 VICE CHAIR ISRAEL: The stakes' purses or all the
20 purses?

21 CHAIR BRACKPOOL: Well --

22 VICE CHAIR ISRAEL: The purses are on 14. The
23 stake's purses are on nine.

24 CHAIR BRACKPOOL: It was 8-14, was it?

25 VICE CHAIR ISRAEL: 8-14.

1 CHAIR BRACKPOOL: Yeah. All right. I had a
2 second ago and then I --

3 VICE CHAIR ISRAEL: 8014.

4 CHAIR BRACKPOOL: -- switched for the -- okay,
5 here we are. So --

6 COMMISSIONER WINNER: Go ahead.

7 CHAIR BRACKPOOL: -- we're basically saying
8 that --

9 COMMISSIONER WINNER: Fourteen.

10 CHAIR BRACKPOOL: Yeah, 8-14. Thank you.

11 So we're basically -- well, since I haven't done
12 the exact month, but within two percent.

13 COMMISSIONER WINNER: 400,000.

14 CHAIR BRACKPOOL: -- one -- one percent, two
15 percent of where we were last year for next year. So we're
16 not really projecting any increase in -- in purses from last
17 year, which was a disastrous year?

18 MS. LAVO: Actually, there's less days. So in
19 total we're up, but with less days.

20 CHAIR BRACKPOOL: So why don't you walk me through
21 the summary of that, Gina; how many less days, and how much
22 we're up.

23 VICE CHAIR ISRAEL: Five or six percent.

24 MS. LAVO: There's one live -- one less live day.

25 And then there's less ITW days. The assumptions I made

1 when I put these together was to be flat on-track, off-
2 track, and out-of-state. But I did take ADW up 10 percent
3 which, you know, I'm erring on the conservative side based
4 on what happened on the takeout increase where we took a 25
5 percent increase and didn't attain it. So, you know, there
6 may be some room in the ADW, but these numbers are based on
7 a ten percent increase in ADW.

8 CHAIR BRACKPOOL: They're based on -- so just so
9 that I understand, so when I look at the handle history
10 then, so for 2010, which is the low year, was 590 -- 590
11 million.

12 MS. LAVO: Right.

13 CHAIR BRACKPOOL: This last year was 655 million.

14 MS. LAVO: Uh-huh.

15 CHAIR BRACKPOOL: Right?

16 MS. LAVO: Right.

17 CHAIR BRACKPOOL: And we didn't have -- did we end
18 the winter meet with a slight underpayment?

19 MS. LAVO: We ended making up our --

20 CHAIR BRACKPOOL: Deficit from --

21 MS. LAVO: -- making up for our deficits.

22 CHAIR BRACKPOOL: -- last year?

23 MS. LAVO: Right.

24 CHAIR BRACKPOOL: So you had no carryover?

25 MS. LAVO: Correct.

1 CHAIR BRACKPOOL: It was pretty much a wash,
2 right --

3 MS. LAVO: Right.

4 CHAIR BRACKPOOL: -- at the end of --

5 MS. LAVO: Right.

6 CHAIR BRACKPOOL: -- at the end of that?

7 MS. LAVO: Yes.

8 CHAIR BRACKPOOL: Okay.

9 VICE CHAIR ISRAEL: Well, here's, I think, what
10 you're trying to say about fewer days, if I'm reading this
11 correctly in our summary. It says you have 71 days of live
12 racing --

13 MS. LAVO: Correct.

14 VICE CHAIR ISRAEL: -- which is 8 fewer than 2012?

15 CHAIR BRACKPOOL: No.

16 VICE CHAIR ISRAEL: That's wrong?

17 MS. LAVO: Well, it's -- it's what we applied for
18 last year, the eight days, but we didn't run some --

19 CHAIR BRACKPOOL: Because they're not running --

20 MS. LAVO: -- some of the Wednesdays.

21 CHAIR BRACKPOOL: -- those Wednesdays now.

22 VICE CHAIR ISRAEL: Okay. And then is it -- so
23 this is inconsistent, as well, the 596 races this year as
24 opposed to 624 last year?

25 MS. LAVO: No. The --

1 VICE CHAIR ISRAEL: Did you run 624 last year?

2 MS. LAVO: Yes. Those are real numbers.

3 VICE CHAIR ISRAEL: Those are real numbers?

4 MS. LAVO: Uh-huh.

5 VICE CHAIR ISRAEL: So you're running 30 fewer
6 races?

7 MS. LAVO: Right.

8 VICE CHAIR ISRAEL: Well, that's the equivalent
9 of --

10 MS. LAVO: Thirty fewer is more than one day.

11 VICE CHAIR ISRAEL: That's four days almost.

12 MS. LAVO: Well, we were running extra races, you
13 know, on the some of the days --

14 VICE CHAIR ISRAEL: Yeah, I know. So --

15 MS. LAVO: -- that we were running, so --

16 VICE CHAIR ISRAEL: But -- but that's -- that's
17 essentially cutting four days of racing.

18 MR. HAMMERLE: And that could happen again.

19 MS. LAVO: Right.

20 CHAIR BRACKPOOL: No, no, no. But we're just
21 trying to do an apple-to-apple analysis --

22 VICE CHAIR ISRAEL: So -- but --

23 CHAIR BRACKPOOL: -- of where we are.

24 VICE CHAIR ISRAEL: But basically you have to then
25 back out four days worth of purses because of --

1 MS. LAVO: Right.

2 VICE CHAIR ISRAEL: -- commensurately the -- each
3 race should be -- have more value.

4 MS. LAVO: Right.

5 VICE CHAIR ISRAEL: Okay.

6 CHAIR BRACKPOOL: So when you say that in terms of
7 an apple-to-apple, it's handle the same on track, handle up
8 ten percent on ADWs.

9 MS. LAVO: Correct.

10 CHAIR BRACKPOOL: Right. And yet really you've --
11 you've got an increase here because your -- your
12 theoretically going to run 32 races less than --

13 MS. LAVO: Correct.

14 CHAIR BRACKPOOL: -- last year --

15 MS. LAVO: Correct.

16 CHAIR BRACKPOOL: -- although you may well make
17 them up and probably would expect --

18 MS. LAVO: Right. And that --

19 CHAIR BRACKPOOL: -- to make them up.

20 MS. LAVO: -- you know, that would be good for us.

21 CHAIR BRACKPOOL: Right.

22 MS. LAVO: But that's how these were built.

23 CHAIR BRACKPOOL: Right. Right. So if you were
24 to run 32 races less or whatever, then realistically there's
25 probably about a four or five percent increase in -- in

1 purses based on these numbers? I'm just trying to get --

2 MS. LAVO: Correct.

3 CHAIR BRACKPOOL: -- to understand --

4 MS. LAVO: Yes.

5 CHAIR BRACKPOOL: -- what the numbers are.

6 MS. LAVO: You are correct.

7 CHAIR BRACKPOOL: Okay.

8 VICE CHAIR ISRAEL: Six percent, actually.

9 CHAIR BRACKPOOL: I knew you'd do the math. Okay.

10

11 VICE CHAIR ISRAEL: Yeah.

12 CHAIR BRACKPOOL: So it's -- yeah, exactly. Okay.

13 Okay.

14 Well, so have we got any change to the stakes'
15 program at all? Those were the overnights I was looking at.

16 But --

17 VICE CHAIR ISRAEL: You have no million dollars.

18 Didn't you have \$1 million --

19 MR. HAMMERLE: We did not.

20 VICE CHAIR ISRAEL: You didn't?

21 CHAIR BRACKPOOL: No.

22 VICE CHAIR ISRAEL: Oh.

23 MR. HAMMERLE: The stakes' schedule is -- is
24 virtually the same as last year. We did a lot of tweaking
25 going into last year. And looking back on it I think it

1 worked out pretty good. We're still talking with the
2 horsemen, the TOC. There will be some slight changes to
3 what you have here. But as you're -- we revamped the three-
4 year-old program last year. We eliminated a race and we
5 kind of gave them one avenue to get to the Derby, and
6 obviously it worked with I'll Have Another.

7 CHAIR BRACKPOOL: Right.

8 MR. HAMMERLE: You know, the races were placed
9 correctly and -- this time now. So we're going to keep that
10 system up. And as far as we're concerned here that's one of
11 our biggest jobs here is to get California horses prepared
12 for the Kentucky Derby.

13 CHAIR BRACKPOOL: How does that Golden State
14 Series work for -- for this, though? Because it wasn't in
15 place in the winter meet last year --

16 MR. HAMMERLE: Actually --

17 CHAIR BRACKPOOL: -- right?

18 MR. HAMMERLE: -- yes. We started that series,
19 actually, with the races in March. We ran two, the Echo
20 Eddie and the Evening Jewel --

21 CHAIR BRACKPOOL: Right.

22 MR. HAMMERLE: -- I believe they were, two sprints
23 for two-year-olds --

24 CHAIR BRACKPOOL: Right.

25 MR. HAMMERLE: -- late in March.

1 CHAIR BRACKPOOL: Right.

2 MR. HAMMERLE: So the more exposure those races
3 get throughout this year and then continuing to next year,
4 that will just -- that's just --

5 CHAIR BRACKPOOL: But the point is --

6 MR. HAMMERLE: -- going to help everything.

7 CHAIR BRACKPOOL: -- it doesn't have much of an
8 affect on your program because of the calendar.

9 VICE CHAIR ISRAEL: It's too early.

10 MR. HAMMERLE: Correct.

11 CHAIR BRACKPOOL: Too early.

12 MR. HAMMERLE: Correct. But to us it was the more
13 that -- the more that gets exposure the more horses, you
14 know, tend to --

15 CHAIR BRACKPOOL: Right. Right.

16 MR. HAMMERLE: -- pull that up. It's kind of a
17 long-term thing, but it -- it has shown that it's having an
18 affect, both on the sales and on track. So that --

19 CHAIR BRACKPOOL: Right. But it's more late
20 spring, summer, and fall that that --

21 MR. HAMMERLE: Correct. Actually, we do have some
22 races, two races for -- they'll be three-year-olds that
23 we're going to run on Sunshine Millions Day. We're going to
24 bolster up that day that -- that we normally run opening day
25 at seven furlongs. We're going to shift them to later in

1 the meet, which is the last week in January. So we're going
2 to bolster that day up with two races from there. So we
3 will indeed have some races that -- that will help us from
4 the Golden State Series.

5 CHAIR BRACKPOOL: Well, you walked right into my
6 next question, which was Sunshine Millions. I mean, it
7 seems to be an event that started years ago with great
8 promise and now looks to me more like somebody sort of
9 wandering around looking for their hat.

10 MR. HAMMERLE: Well, I disagree. The -- the premise --
11 the original premise of Sunshine Millions has changed.
12 Where in the beginning we -- we flew horses from Florida to
13 California and vice versa and we -- we went along with that
14 for a while. The purses were huge. We trimmed that done.
15 And through the years, I think this is the tenth year,
16 the -- the -- we've -- the name Sunshine Millions has now
17 become a day for California bred, and Florida uses it for a
18 day for -- for Florida bred. So, indeed, we don't have as
19 much of the horses going back and forth. You know, we kind
20 of figured that that was too much burden on -- on accounts
21 from the tracks and the purse account. So what we've
22 done -- it's still, I think, our fourth biggest day.

23 CHAIR BRACKPOOL: Is it really?

24 MR. HAMMERLE: Absolutely. It's just turned into
25 a wildcard day where people come here and they expect kind

1 of crazy things to go on from anything from, you know, bands
2 to, clearly, bikini contests to -- to music out in the
3 front. So it's turned into a wildcard day for us. It's the
4 perfect timing, right in between the playoffs and the Super
5 Bowl. It's kind of a dead weekend out in the sports world.
6 So we've turned that into, you know, just kind of like a fun
7 day out here at the track. We're going to have six or seven
8 stakes for Cal-breds. So we've -- we've -- we've made that
9 brand, Sunshine Millions, carry on, even though the concept
10 that we started with isn't there.

11 CHAIR BRACKPOOL: And the horsemen are okay with
12 how that is divided amongst the stakes' schedule now?

13 MR. HAMMERLE: Absolutely. We've worked that out
14 with the CTBA. And it did -- like I said, it just seems to
15 have -- have worked. It really fits a dead spot, if you
16 want to call it a dead spot, in the calendar between opening
17 day and Big Cap Day. So it -- it just fits in there, and
18 we've used it to our advantage. And really, it is, isn't
19 it --

20 CHAIR BRACKPOOL: Okay.

21 MR. HAMMERLE: -- our fourth biggest day of the
22 meet.

23 CHAIR BRACKPOOL: Before we get onto marketing,
24 any other questions on the financials or the purses or --

25 VICE CHAIR ISRAEL: I --

1 CHAIR BRACKPOOL: -- stuff we don't --

2 VICE CHAIR ISRAEL: I just have a racing question.
3 Are you still going to run those two-furlong, those silly
4 two-furlong two-year-old races?

5 MR. HAMMERLE: That's not usually up to me.

6 VICE CHAIR ISRAEL: Oh.

7 MR. HAMMERLE: I have no problem if we don't, I'll
8 say that.

9 VICE CHAIR ISRAEL: Okay. Those -- they just
10 drive me crazy, that's all.

11 COMMISSIONER CHOPER: You should go to quarter
12 horses.

13 CHAIR BRACKPOOL: And just for my edification, who
14 is it up to?

15 MR. HAMMERLE: Well, we -- we talk it over with
16 the horsemen. And when we get down to that period of time
17 in March it's kind of decided. And the last few years it's
18 been, okay, just go ahead and run them. And it's -- you
19 know, there's no harm, no foul either way. Sometimes that
20 time of year when --

21 VICE CHAIR ISRAEL: Well, you run them in --

22 MR. HAMMERLE: -- the two-year-olds are ready to
23 use, it helps us fill a couple of races now and then at that
24 time. So it's, you know --

25 CHAIR BRACKPOOL: Is the handle on them

1 dramatically lower?

2 MR. HAMMERLE: Yes, it is.

3 VICE CHAIR ISRAEL: It's silly. I mean, it's --

4 CHAIR BRACKPOOL: Exactly.

5 VICE CHAIR ISRAEL: Yeah.

6 MR. HAMMERLE: But the purses are reduced and
7 they're not -- it's not --

8 VICE CHAIR ISRAEL: No. No. Because they -- they
9 get --

10 MR. HAMMERLE: No. We -- they don't get -- we run
11 them as claimers. We don't run maiden specials or \$100,000
12 claimers. So the purses --

13 VICE CHAIR ISRAEL: But the Cal-breds are getting
14 the bonuses and all that sort of stuff, and they're running
15 two furlongs. Yeah.

16 MR. HAMMERLE: Yeah. But it's a claiming race.
17 So they don't get the maiden special bonus, no.

18 VICE CHAIR ISRAEL: All right.

19 CHAIR BRACKPOOL: Okay. Lou, quickly.

20 MR. RAFFETTO: Just wanted to remind Rick, our --
21 actually, our board has met and we have asked Santa Anita
22 not to run the two-furlong races anymore.

23 VICE CHAIR ISRAEL: Oh, I didn't even know that,
24 so I'm glad.

25 MR. RAFFETTO: There you go.

1 CHAIR BRACKPOOL: Good.

2 VICE CHAIR ISRAEL: Yeah.

3 MR. RAFFETTO: Decision made. That's a quick
4 decision.

5 CHAIR BRACKPOOL: Good.

6 MR. RAFFETTO: That's what we're here for.

7 CHAIR BRACKPOOL: All right. Good. We solved
8 something today. You can have the first \$500 fine back now
9 that we've solved something. Okay.

10 So moving onto marketing, take us through the
11 marketing plan.

12 MR. HAINES: John Niedzwiedz, come on up, head of
13 marketing. Introduce yourself.

14 MR. NIEDZWIEDZ: John Niedzwiedz, Santa Anita,
15 marketing.

16 Mr. Chairman, distinguished members of the Board,
17 our marketing plan for the 2003 [sic] winter-spring season
18 can be summarized with the following bullets.

19 MR. MILLER: Sir, could you spell your name for
20 the court reporter please?

21 MR. NIEDZWIEDZ: My name, John, J-o-h-n, last name
22 Niedzwiedz, N, as in Nancy, -i-e-d, as in David, -z, as in
23 Zebra, -w-i-e-d, as in David, -z, as in Zebra.

24 MR. MILLER: Thank you. I saw some concern on our
25 court reporters face when you announced your name.

1 MR. NIEDZWIEDZ: We're going to try to build on
2 some of the things we're trying to implement currently
3 within the first three weeks of this season. The first is
4 the attraction strategy, to continue to try to get a
5 youthful demographic out here to the races. And we're also
6 going to try to appeal to the sport's fan by using the
7 Serona's (phonetic) area as an ESPN Sports Zone. We're
8 trying to let fans know that not only can they come out here
9 and bet great thoroughbred racing, but we have all of their
10 sporting activities to watch -- watch, as well.

11 The second part, of course, is to continue to try
12 to --

13 VICE CHAIR ISRAEL: Can I interrupt you for a
14 second, John?

15 MR. NIEDZWIEDZ: Yes, sir.

16 VICE CHAIR ISRAEL: Did ESPN and Disney give you
17 permission to use their name?

18 MR. NIEDZWIEDZ: Through a radio promotion that
19 we're working on with ESPN Radio they -- they -- they
20 allowed us to -- to become a designated ESPN Sports Zone.

21 VICE CHAIR ISRAEL: Okay. Oh, good. Okay.

22 MR. NIEDZWIEDZ: So we're also going to continue
23 to try to stimulate the core. As many of you guys have
24 noticed, there's been a decline in the core over the first
25 three weeks of racing. We're going to reevaluate our

1 thoroughbreds' list and we're going to try to get into what
2 their behaviors are. Some of the offers have been cookie-
3 cutter over the last couple of years. We want to try to
4 identify people by area code, age, who has a tendency -- has
5 a tendency to come and frequent on the weekdays. Maybe we
6 can see a bump. What offers are valid, aside from the other
7 cookie-cutter promotions to increase on Sundays. So we're
8 going to look into that a little bit more closely for the
9 winter-spring season than we have.

10 We're going to continue to try to enhance the on-
11 track experience. Some of you guys might have seen some of
12 the things going on at the race track. Again, we back to
13 the Serona's and the FrontRunner where we've bettered our
14 televisions.

15 And lastly, we're going to put more emphasis next
16 season than we have in prior campaigns on the Asian and
17 Hispanic markets here in Los Angeles. To implement this
18 we're going to try to do more with regard to identifying
19 what's gone wrong this season. Everybody's kind of looking
20 around and saying where's the core group going?

21 Again, going back to the thoroughbreds, the
22 thoroughbreds are the key to our -- our on-track business.
23 And all the promotions and everything that we do is in the
24 attempt of gathering information, gathering new information
25 so that we can segment and identify who these people are and

1 how we can get them to the race track. If you would like
2 for me to go through the promotional calendar I will do so,
3 but that's the overall strategy that we're trying to
4 implement for the upcoming winter season.

5 CHAIR BRACKPOOL: Commissioner Winner.

6 COMMISSIONER WINNER: Well, I just -- I have a
7 few questions. I think there are some things in here that
8 are -- that are quite good. I think there are some things
9 that, obviously, anyone who looks at a marketing plan who
10 has any background in marketing or advertising, you're going
11 to see things a little bit differently.

12 The first question I have, John, is -- starts
13 right at the marketing overview, and I think you've touched
14 on it. It says that you're 2013 LATC marketing program will
15 attempt to enhance and build upon the strategies implemented
16 and executed during the 2012 season. Are you -- are you
17 suggesting that so far the 2012 program has -- has been
18 successful?

19 MR. NIEDZWIEDZ: You know, I think that it's
20 important to note for the Board that there was this -- this
21 thinking that Del Mar had this fantastic meeting, which they
22 did. Even Fairplex saw great signs of a fantastic meeting.
23 And then we moved into the October meeting and we saw a
24 decline on-track. And if you notice the handle reports it's
25 very clear that the on-track handle has moved into ADW,

1 total handle being up one percent.

2 To answer your question, I think that our
3 promotions and event calendars have helped stall that fall.
4 If you look across the country at Keeneland and Belmont
5 Park, Hastings Park, even Fresno, you'll identify the same
6 trends. So I don't think we're alone in California with
7 what's going on across North American racing for the month
8 of October.

9 COMMISSIONER WINNER: Well, okay. I'm not sure,
10 with all due respect, that that answered the question. The
11 question is: Do you think that your program here is -- is,
12 now being implemented, is successful, given the numbers that
13 we're seeing; even what Barona was saying, about the fact
14 that nobody knows? I mean, a lot of what you're doing is
15 on-track. There's some advantage to that, for sure. The
16 question is whether those people are -- whether you're
17 accomplishing what you want with the money that you're
18 spending on track.

19 The budgets are breaking down pretty consistently,
20 and you're allocating those budgets in a way that is very
21 nontraditional from the way that most people would be using
22 advertising and marketing and branding budgets to accomplish
23 what you're trying to accomplish. And I respect the -- the
24 idea of trying to do something new.

25 What you've done here is you've created

1 essentially two audiences, maybe more, but certainly two
2 audiences. One is your current audience, and that's what
3 you're doing with your thoroughbred club research, etcetera,
4 the thoroughbred research, etcetera, and I assume that that,
5 whatever it was, \$400-and-some thousand dollars which is
6 allocated to direct mail, that's your thoroughbred research
7 program and your -- your new thoroughbred program to -- to
8 market to those people to try to get them back out here. Is
9 that -- first of all, is that correct?

10 MR. NIEDZWIEDZ: That is correct.

11 COMMISSIONER WINNER: So there's no outreach to
12 any new potential customers?

13 MR. NIEDZWIEDZ: Well, the outreach is indicated,
14 if you look at in -- in the promotions category what you see
15 is a couple hundred thousand dollar increase over last year.
16 So we try to create specific events and promotions that
17 adhere to a demographic of an individual who is not inclined
18 to come to racing. Examples to give you are such as, like
19 this weekend we have the 626 Night Market event going on in
20 the infield. The following weekend of this season we have a
21 barbeque event going on with a radio promotion. So those
22 are he kinds of things that are the attraction strategies
23 as -- to get people in, as well as the sporting initiative
24 that I discussed earlier.

25 COMMISSIONER WINNER: Well, how do they know that

1 those events are going on?

2 MR. NIEDZWIEDZ: Primarily radio promotion, web,
3 online, outdoors.

4 COMMISSIONER WINNER: Right. Of course, everybody
5 in the advertising business knows that that's probably no --
6 those are probably the least productive ways of -- of
7 reaching those people. You -- as I read your budget here,
8 your media summary you've got broadcast and cable television
9 at \$100,000 which, as you know, is spitting in the wind.
10 Radio at \$275,000; that's not a lot, but it's better than
11 your television budget. Your online you have \$170,000,
12 which is more than broadcast. There's -- I don't think
13 there's any research that would tell you that online and
14 digital will produce more than television. Outdoor at
15 \$150,000.

16 And then you've got creative Asian and Latin at
17 \$450,000. Now has that been successful up to this point?

18 MR. NIEDZWIEDZ: We saw a tremendously successful
19 event on opening Saturday with an Asian initiative that we
20 did where we tied in our food truck festival to the lunar
21 moon calendar for the Chinese market. And for a minimal
22 spend we were able to quantify up to 4,500 people that came
23 out. And so we are going to try to invest in that moving
24 forward, again mentioning the 626 Night Market we have this
25 weekend, and then try to build the largest lunar moon

1 event -- New Year event, excuse me, in February.

2 And it's going to be a little bit different in
3 that in prior campaigns we primarily would drive for ethnic
4 marketing to specific events that people would come out to.
5 We're going to try to promote our core product more in
6 language in the Hispanic and the Asian community. And
7 that's why you see that -- that, relative to our budget,
8 large number in that category.

9 COMMISSIONER WINNER: Okay. So, John, my point
10 here is that you -- I mean, you have a limited budget. And
11 you're taking \$450,000 of it -- or \$465,000 for direct mail,
12 which is to your core audience. Those are the people you
13 already have; correct? And then you're taking the rest of
14 it and you're -- you're either trying to reach your core
15 audience again or you're trying to reach out to this new
16 audience and educate them, get them to come here, get them
17 to wager, and get them to come back, to come here and spend
18 their money and then come back again.

19 MR. NIEDZWIEDZ: Collect their data and then try
20 to, in that direct mail category, figure out a way to get
21 them interested to come back to the races. Correct.

22 COMMISSIONER WINNER: Okay. And by the way, let
23 me ask you one question. I think there's just -- it may be
24 a typographical. But under media summary you have \$1.733
25 million. And then on the next page you have \$1.773 million.

1 There's a \$40,000 difference. Am I reading that wrong or is
2 that just a typographical? And if it's a typographical,
3 which is it?

4 MR. NIEDZWIEDZ: It's probably a typographical. I
5 thought we had that corrected when we sent these out. But
6 the total advertising spend is \$1.7 million.

7 COMMISSIONER WINNER: \$1.7 million what?

8 MR. NIEDZWIEDZ: Thirty -- thirty-three thousand.

9 COMMISSIONER WINNER: Thirty-three?

10 MR. NIEDZWIEDZ: Yes, sir.

11 COMMISSIONER WINNER: Okay. Thank you.

12 VICE CHAIR ISRAEL: Right. This is -- I'd like to
13 address this to Mark.

14 MR. VERGE: Yes.

15 VICE CHAIR ISRAEL: All right. Some of these
16 outreach programs are based on a series of assumptions that
17 these under-served communities are interested in coming out
18 here. I'll -- I'll just tell you a little story.

19 When Jack Kent Cooke founded the Kings -- he also
20 owned the Lakers -- he thought there were 600,000 people
21 with Canadian roots living in Los Angeles. And his
22 attendance was terrible. And he said he finally realized a
23 year-and-a-half later that 600,000 Canadians moved here
24 because they hated hockey.

25 Have you done a sophisticated market survey to

1 know if anybody in those unreached and un-served communities
2 is actually predisposed to come here and just needs to be
3 reached by a marketing effort?

4 MR. VERGE: No, we haven't. We --

5 COMMISSIONER WINNER: I think I asked that
6 question -- excuse me just a second, Mark. I think I asked
7 that question at the last meeting when you were before us as
8 to whether you were basing your assumptions about what
9 Commissioner Israel is talking about --

10 MR. VERGE: My assumption? I think --

11 COMMISSIONER WINNER: -- wait a second --

12 MR. VERGE: You go.

13 COMMISSIONER WINNER: -- on gut or had you done
14 any marketing research? And I asked that question three
15 times. Finally I think John said, "No, we haven't."

16 Now you're saying, "No, we haven't," but you're
17 continuing down that same road.

18 MR. VERGE: We're going to definitely continue the
19 path with the Asian market. I mean, I'm really enthused
20 about this weekend. As you know, 626 Marketplace, they drew
21 40,000 people in Pasadena. It was front-page news story in
22 the L.A. Times. I think we're so lucky to have them. I
23 think in that market, when we brought them out here just on
24 a one-on-one basis -- basis they absolutely love racing.
25 They love the game. I think we're surrounded by the

1 community. And Arcadia, the city, has embraced it. So --

2 VICE CHAIR ISRAEL: But -- but -- but Mark, I
3 think the issue is it's -- it's not a uniform Asian market.

4

5 MR. VERGE: It's definitely not.

6 VICE CHAIR ISRAEL: There's all these different
7 cultures. There's -- the Cantonese culture is significantly
8 different from the Mandarin culture. And the mainland
9 culture of China is significantly different from Taiwan.
10 Vietnamese, Japanese, they're all -- they're all different
11 cultures. Have you determined what languages are -- are --
12 are most effective through some -- you need to some market
13 survey --

14 MR. VERGE: We're --

15 VICE CHAIR ISRAEL: -- I think to find out what --

16 MR. VERGE: This is -- this is what we're doing.
17 We're having the 626 Night Market come out here with that in
18 mind, to bring them out and see and show them how much they
19 love the track, what --

20 VICE CHAIR ISRAEL: But that's not a scientific
21 survey.

22 COMMISSIONER WINNER: That's not.

23 MR. VERGE: But we -- we --

24 VICE CHAIR ISRAEL: How do you know you're even
25 reaching out to the right people?

1 MR. VERGE: This is what we're going to find out.
2 This is what we're going to find out. I mean, this weekend
3 is coming up and we'll find out with the Asian market. I
4 mean, I agree with you, the Asian market is different. But
5 it's an English-speaking younger group that we're going
6 after. I'm not going after an older market who doesn't
7 speak English entirely. I'm going after a young Asian
8 market that speaks English.

9 And I agree, they're all different speakers. My
10 wife is Filipino. My best friend is Vietnamese. They love
11 the race track. Bring them out. We've got to -- we have
12 to -- we have to introduce this market. And the survey
13 hasn't been done, but I know if I can bring 20,000 people on
14 Saturday and 20,000 on Sunday and show them racing, that's
15 going to be our survey, I mean, just bringing them out here.
16 And I'm sorry, I haven't done the -- the survey to it, but
17 that's my view is to bring it.

18 COMMISSIONER WINNER: But, again, with all due
19 respect, you know, my ex-wife is Asian. My current wife is
20 part Asian. I would not rely on them to tell me how the
21 Asian market is going to -- is going to react to any kind of
22 a marketing plan. I'm not sure that's scientific research.
23 I don't --

24 MR. VERGE: It's definitely not scientific
25 research, definitely not. But I think maybe after this

1 weekend we'll have a lot better basis to go on. I mean --

2 COMMISSIONER WINNER: But that's not research
3 either, that's trial and error. Mark --

4 VICE CHAIR ISRAEL: That's anecdotal --

5 COMMISSIONER WINNER: Yeah.

6 VICE CHAIR ISRAEL: -- at best.

7 COMMISSIONER WINNER: And it's anecdotal. That's
8 correct.

9 Mark, all we're saying, at least my -- my feeling
10 is you're -- you're taking \$450,000 out of a traditional
11 advertising, a very low advertising or marketing budget to
12 start with. You're taking \$450,000 and you've made a
13 decision to concentrate on certain markets. And, frankly, I
14 hope you're right. And I happen to believe that those
15 markets are there and they're waiting to be plucked. I
16 don't disagree with you at all about that. Frankly, I
17 applaud it. I think it's the right direction to go.

18 The problem with it is it isn't very much money to
19 reach out to that -- to that market. It would take a lot
20 more than this to really engage that market, get them to
21 come here, get them to stay here, get them to come back;
22 \$450,000 doesn't approach it, in fact, in my judgment.
23 Now --

24 MR. VERGE: Right.

25 COMMISSIONER WINNER: Okay. Again, it's my

1 judgment, and you may well disagree. My judgment is it
2 doesn't approach it.

3 Therefore, one of the things that you do, at least
4 that I would do, is you do some research so that you can
5 better target that \$450,000, as Commissioner Israel is -- is
6 stating, so that you can better target it with messages to
7 various audiences in various languages, whatever it is, so
8 you determine who -- who -- where's the low-hanging fruit in
9 that audience. It's a huge audience. Where's the low-
10 hanging fruit? You can't just go throw money at the wall
11 and hope that something happens.

12 MR. VERGE: Well, I think this is where I'm
13 spending the money. I mean, I'd love to spend the money on
14 research. But I think to give -- and my feeling is the 626
15 Night Market, what we're doing with the Asian is going to
16 work. I think we're bringing in young Asian. And I -- and
17 I agree with you, if I had the money I'd spend it on
18 scientific research. I don't think -- for me, I just don't
19 think that works.

20 I think what's going to work for me is the younger
21 Asian market coming to the track. And like right now we
22 have an offer out to Sai, the big Gangnam Style guy, to
23 offer him money, to bring that market and try to introduce
24 him to racing. Just in the people I've brought, that's the
25 only research I've been doing. So, you know, I --

1 CHAIR BRACKPOOL: Let me see if I can ask a
2 question that -- that's perhaps in the middle of where
3 Commissioner Israel and Commissioner Winner are.

4 Has there been any analysis -- let's leave the
5 word research or study to one side -- done as to which of
6 those particular Asian groups are more inclined to come and
7 to bet as opposed to your -- your Asian, we're including you
8 in our marketing plan? And secondly, why aren't young
9 Asians who live in this area coming to the races anyway? So
10 what is the reason they're not coming? So to me --

11 MR. VERGE: Well, here's the reason.

12 CHAIR BRACKPOOL: Let me finish here.

13 MR. VERGE: Yeah.

14 CHAIR BRACKPOOL: So to me, whether it's a study
15 in a formal sense of going out and hiring a research firm to
16 do a study or whether it's sitting down and saying, okay, we
17 have, you know, call it a situation on analysis -- I don't
18 know, what do you want to call it -- to say, okay, you know,
19 let's pick a number, right, the Cantonese --

20 MR. VERGE: Right.

21 CHAIR BRACKPOOL: -- are -- are more inclined
22 to -- I don't know if this true, and I only do this
23 anecdotally because of Hong Kong -- but, you know, the
24 Cantonese are the, you know, the low-hanging fruit, if you
25 like, of people who, you know, we believe would be there.

1 We believe the 18-to-35-year-old is a prime target. Now,
2 why, given they live within a couple of miles of the race
3 track, are they not coming to the race track? Has anyone
4 done anything like that? I think --

5 MR. VERGE: Well, both my assistants info --

6 CHAIR BRACKPOOL: Let me just finish up. So I
7 think what Commissioner Winner is saying is rather than go
8 out and have a giant, you know, festival and let's spend all
9 our money and hope that somewhere in there there's a needle
10 in that haystack, the question is could it not have been
11 more rifle-shot approach?

12 MR. VERGE: Both my assistants that I hired when I
13 started here are both Chinese, and both their parents, both
14 parents, sets of parents don't speak a word of English. And
15 so they brought up the point to me that the Chinese are
16 afraid of this game. Everyone's White or, you know, not
17 many Chinese, how about that, how about zero. So when they
18 see the paddock and they see all Whites is like entering a
19 Chinese Poker game. They're not going to enter, they're not
20 going to play, and that's just the deal because they don't
21 feel like they have an advantage. They love touching money.
22 They love the feel of money. They love gambling.

23 So my thought with the Chinese is the young
24 Chinese, if we can make this place cool -- it's just not a
25 cool place right now. If we can make Santa Anita cool

1 they're going to come out. The Night Market is cool. We're
2 not cool right now with young Chinese, and that's why
3 they're not coming out.

4 And so it just -- if we can make it cool, which I
5 think the Night Market -- I would love everyone to read the
6 L.A. Times story, and I can send it to you. It was a front-
7 page story about how the young 626 are identifying with this
8 market, the Night Market, because it's cool. So hopefully
9 that answers it, that we can come out this weekend and see
10 something to young Chinese kids that's cool. And then we're
11 going to try to get them to learn what I think is the
12 greatest game around and introduce them like that.

13 VICE CHAIR ISRAEL: Okay. Look, I'm not sure
14 we're going to make any more progress here --

15 COMMISSIONER WINNER: Right.

16 VICE CHAIR ISRAEL: -- on this particular subject.
17 But I'd like to move on to one -- a couple other things.
18 One is the paltry television buy budget. I mean, if you're
19 spending \$100,000 then my -- my feeling is you probably --

20 COMMISSIONER WINNER: Don't spend it all.

21 VICE CHAIR ISRAEL: -- should spend nothing.

22 COMMISSIONER WINNER: Right. Don't spend it.

23 VICE CHAIR ISRAEL: Because \$100,000 isn't going
24 to buy a damn thing.

25 MR. VERGE: Election season has been tough on the

1 TV spin.

2 VICE CHAIR ISRAEL: Well, well --

3 MR. VERGE: It's tough on --

4 VICE CHAIR ISRAEL: -- first of all --

5 MR. VERGE: Yeah.

6 VICE CHAIR ISRAEL: -- this is for the --

7 CHAIR BRACKPOOL: This is for the next year.

8 VICE CHAIR ISRAEL: It's for the --

9 CHAIR BRACKPOOL: It's not even for this year.

10 MR. VERGE: Well, I agree. It's -- it's --

11 VICE CHAIR ISRAEL: This is for the next meet,

12 so --

13 MR. VERGE: We don't have much money. And to put
14 it into TV, even \$100,000, well, I hate to say it, I'd agree
15 with you on that one. It's just --

16 VICE CHAIR ISRAEL: I mean --

17 MR. VERGE: -- it's not enough.

18 VICE CHAIR ISRAEL: -- you know, either -- either
19 have a real campaign or have no campaign.

20 MR. VERGE: Uh-huh.

21 VICE CHAIR ISRAEL: I mean, if you have \$100,000
22 you probably should find out what one local spot on the
23 Super Bowl costs and blow it all on that.

24 MR. VERGE: Uh-huh.

25 VICE CHAIR ISRAEL: And Yale Lock used to spend

1 all its money every year -- Master Lock, I forget, whichever
2 one shot the lock, whichever padlock company.

3 MR. VERGE: It sounds like that one worked.

4 VICE CHAIR ISRAEL: Their entire marketing budget
5 was one Super Bowl ad --

6 COMMISSIONER DEREK: Yeah.

7 COMMISSIONER WINNER: Right.

8 VICE CHAIR ISRAEL: -- and it worked.

9 COMMISSIONER WINNER: Right.

10 MR. VERGE: What was the name of the company?

11 VICE CHAIR ISRAEL: It was either -- it was Master
12 Lock, I think. It was a padlock company. And -- and that
13 was their entire marketing budget.

14 Apple ran the 1984 ad once, and it's the most
15 memorably ad in history, other than Linden Johnson's Barry
16 Goldwater plucking the -- the little girl plucking the
17 flower, which only ran once.

18 So, I mean, if you're going to do that --

19 MR. VERGE: Right.

20 VICE CHAIR ISRAEL: -- don't piss it away on -- on
21 a bunch of little \$4,000 buys on shows nobody's watching.
22 Put it all in one place and do a right ad --

23 MR. VERGE: Great.

24 VICE CHAIR ISRAEL: -- or do nothing.

25 MR. VERGE: Great.

1 CHAIR BRACKPOOL: I'm going to let Commissioner
2 Winner finish, and then I have a couple of other
3 Commissioners who want to speak.

4 COMMISSIONER WINNER: I have just -- with respect
5 to that, I happen to agree with Commissioner Israel on that.
6 If you're going to spend \$100,000, you know, if it were me
7 I'd take \$20,000 of it and put it into some research, and
8 use the other \$80,000 to use it to market to the Asian
9 community, or however you want to -- however you want to
10 spend it.

11 But I think that you need -- my view is that you
12 ought to think at least about concentrating -- you have a
13 limited budget. The problem is you're -- you're dealing --
14 and I understand this, Mark, you're dealing with a very
15 limited budget to start with, and you're trying to do an
16 awful lot within that limited budget. I just think that
17 recognize that you have a limited budget and then try to
18 concentrate it in a way so that you can target your dollars
19 better to try to reach those people that you're trying to
20 reach.

21 I applaud what you're doing with respect to the
22 thoroughbreds. I applaud -- and that, in fact, by the way,
23 is research. That's what you're doing. You're doing
24 research with those mailings to try to find out how -- your
25 core, your base, the people you already have. That's what

1 you're doing, you're doing research. So for the -- for the
2 community that you already have you're doing research. But
3 for the community that you don't have you've chosen not to
4 do research.

5 So I just think you -- I recommend that you
6 reconsider that, think about it, maybe take the -- take
7 \$20,000 or \$25,000 and at least consider doing some
8 marketing so that you can then target your other dollars
9 much more effectively so that -- with respect to that.

10 Now, the only other couple of things that I want
11 to talk about, we have a whole manual here on branding. And
12 it's -- it's good. You know, it's -- it's form, it's not
13 substance; I think we can all agree with that. And it's not
14 a bad thing to do, and it's frankly probably a good thing to
15 do. I just have a couple of very quick questions.

16 First of all, you have your -- your logo brand.
17 And then you have -- you have this -- this thing called has
18 brand permission and doesn't have brand permission, and all
19 that kind of stuff. On the logo -- I'm trying to find it
20 here, I apologize -- what is the difference between the logo
21 that you show as being the accepted logo and the one on the
22 next page which is not -- the first one on the upper left
23 which is not accepted. What's the difference, and why so
24 much --

25 MR. NIEDZWIEDZ: Commissioner, I think the

1 thinking with regard to the -- the logos that you're
2 referring to is simply that we're having a uniform brand
3 that goes out into the marketplace and all of our
4 advertising channels that we just discussed prior so that
5 there's a consistency that goes on. Any time our logo goes
6 out it has a classy and elegant feel --

7 COMMISSIONER WINNER: Right.

8 MR. NIEDZWIEDZ: -- with a specific and --

9 COMMISSIONER WINNER: I don't disagree with that.

10 I --

11 MR. NIEDZWIEDZ: It has continuity. That's --

12 COMMISSIONER WINNER: I think that's a good idea.

13 MR. NIEDZWIEDZ: I think that's the only

14 thinking --

15 COMMISSIONER WINNER: I have no problem with that.

16 MR. NIEDZWIEDZ: -- with regard to the logo.

17 COMMISSIONER WINNER: I just wanted to know, you
18 have -- you have the two that are accepted, and then on the
19 next page you have those that aren't accepted. And to my
20 eye I can't tell the difference between the one in the upper
21 left, the ones that aren't accepted, and the ones that are.
22 Can you just tell me the difference?

23 MR. NIEDZWIEDZ: I'm trying to -- I don't know
24 exactly what you're looking at. But I think that what I
25 just said prior was --

1 COMMISSIONER WINNER: I'll ask you after the
2 meeting.

3 MR. NIEDZWIEDZ: Okay. Not a problem.

4 MR. VERGE: Our branding expert gets paid big
5 bucks for that.

6 COMMISSIONER WINNER: Right.

7 CHAIR BRACKPOOL: Commissioner Beneto, did you
8 have something?

9 COMMISSIONER BENETO: Yeah. I got a question.
10 What -- on your attendance, what's your slow day here?

11 MR. NIEDZWIEDZ: Well, for the first three weeks
12 of this season we've seen Sundays. We've been getting --

13 COMMISSIONER BENETO: Sunday is real slow?

14 MR. NIEDZWIEDZ: -- punched in the -- in the
15 stomach pretty good. And normally Sunday, with the great
16 racing that -- the product that we've been putting on, is
17 kind of an eye-opener for us. And then, of course,
18 Thursdays and Fridays we have a tough time getting people to
19 the races.

20 COMMISSIONER BENETO: You -- I got a couple of
21 questions. What do you charge for admission on Sunday?

22 MR. NIEDZWIEDZ: A \$5.00 general admission. And
23 then, of course, our Thoroughbred's Club, when they scan
24 their card the admission automatically drops \$2.00. And
25 then the more frequency you have the price continues to drop

1 with your scanning.

2 COMMISSIONER BENETO: And parking?

3 MR. NIEDZWIEDZ: \$4.00 general parking, \$10.00
4 valet parking.

5 COMMISSIONER BENETO: So -- so to come to the
6 races you've got to spend \$5.00 and then \$4.00.

7 CHAIR BRACKPOOL: Commissioner, can you lean
8 towards your microphone because they can't hear you
9 otherwise.

10 MR. NIEDZWIEDZ: As well as the program, sir, and
11 then, you know, the form as well.

12 COMMISSIONER BENETO: So it's \$9.00 to -- to come
13 to the races. Did you ever try a free Sunday?

14 MR. NIEDZWIEDZ: We've never tried Sunday for
15 free, but we have tried weekday Fridays for free with free
16 general admission. And we -- we have seen spikes in that in
17 the past.

18 COMMISSIONER BENETO: Like ten percent or --

19 MR. NIEDZWIEDZ: Yeah, I think that's probably
20 very close to accurate. Yes.

21 COMMISSIONER WINNER: Actually higher than ten.

22 COMMISSIONER BENETO: Okay.

23 COMMISSIONER WINNER: And then there have been
24 some times when you did free other days, not just Fridays.

25 MS. LAVO: The -- the pattern on those free days,

1 though, is it's a huge spike when you first do it. And then
2 as you continue to do it, it does nothing, except we lose
3 money.

4 COMMISSIONER BENETO: Yeah.

5 CHAIR BRACKPOOL: Right.

6 COMMISSIONER BENETO: Yeah. We tried that at Cal
7 Expo with the harness meet, provide free parking, free
8 admission. And we got -- we got a spike for a couple of
9 weeks, and then it just tapered off back to where it was.
10 So --

11 VICE CHAIR ISRAEL: Well, you get a ten percent
12 spike it would be nine people.

13 COMMISSIONER BENETO: Yeah, right.

14 CHAIR BRACKPOOL: All right. All right. All
15 right. All right. All right. All right. All right. All
16 right.

17 Look, I have a more general -- a more general
18 question. We all agree here that on-track attendance is
19 vastly important to our game because, you know, every dollar
20 bet on-track is, you know, worth at least a couple bet off-
21 track; right? So I have no disagreement with trying to
22 improve the thing.

23 I think what you're hearing from here is, you
24 know, you're trying to be all things to many, many, many
25 people with almost no money, and that's the concern. And

1 the concern is that we're doubling down for next season on
2 what we've been doing this season in the face of data that
3 would show this season maybe ain't so good. So I think
4 that's one of the concerns that you're hearing.

5 The second thing is that when I see the list of
6 personnel, you know, in the organization now, etcetera, and
7 some of the aims that are there to make the place cooler, to
8 make the place modern, to change all of the bars and to do
9 everything else, I don't see a budget for that. So where is
10 the cap ex budget and how much is to change this place to
11 make it cool for all these young people? Because I think
12 one of the mistakes we all make in life is sometimes trying
13 to market something to a specific group before it's ready
14 for that specific group; right?

15 So, you know, I don't -- with great respect, when
16 I came here the other day, you know, the bars are all the
17 same as they always were. So maybe I didn't find where the
18 new bars are. But -- but I'm hearing all this about we're
19 doing this, we're doing that, we've brought in mixologists,
20 we've brought in this, we've brought in that, but they still
21 had Bud Light on tap at the bar that was there.

22 So -- so what is the plan? How long is that going
23 to take? And where is the budget? And what's the quantum
24 of that budget?

25 MR. VERGE: The plan is we one bar that's opening

1 up with Cedd Moses. It's in the clubhouse area. That's the
2 only thing that we got approved. But we're going with a
3 mixology bar in the clubhouse which is actually going to be
4 open this weekend. And the plan, the budget is with Gina,
5 which has been a tremendous help. But I think when
6 you're -- what you're saying is right. And I think the
7 Board is here to promote racing, which I love. And I think
8 what we're trying to do is to find the path right now,
9 because I think horse racing doesn't have that path right
10 now. And I think when I've come and I've learned so much in
11 six months of doing this, probably that I'm not too good at
12 being a CEO, but it's -- it's a great exciting time, I
13 think, in racing. There are so many positive things. And I
14 just see it --

15 CHAIR BRACKPOOL: Is the answer then that there
16 isn't a budget --

17 MR. VERGE: There is a budget.

18 CHAIR BRACKPOOL: -- to do all this?

19 MR. VERGE: I've got Gina. I've got the --

20 CHAIR BRACKPOOL: Right.

21 MR. VERGE: -- smartest lady in the world.

22 There's a budget for all -- everything we do.

23 CHAIR BRACKPOOL: Well, so how much is the budget
24 then, Mark --

25 VICE CHAIR ISRAEL: For cap ex.

1 CHAIR BRACKPOOL: -- for cap ex? How much have
2 you been given for cap ex?

3 MR. VERGE: Gina can answer this question, because
4 I have to go through her for money.

5 MS. LAVO: No, you are correct in that there is
6 not an approved budget. There is one we have submitted to
7 corporate that we'll be reviewing with them next week. But
8 at this point there's nothing.

9 CHAIR BRACKPOOL: What's the magnitude of that
10 capital expenditure request that we're talking about?

11 MS. LAVO: It was probably about \$2.5 million is
12 what we were --

13 CHAIR BRACKPOOL: And that --

14 MS. LAVO: -- three-and-a-half.

15 CHAIR BRACKPOOL: And that will be \$3.5 million to
16 open a bunch of bars, to open a bunch of --

17 MS. LAVO: No. It's -- it's a wide range of
18 things. And I don't -- I don't know how it breaks down.

19 VICE CHAIR ISRAEL: Does that include the front of
20 the house and the backstretch?

21 MS. LAVO: Yes.

22 CHAIR BRACKPOOL: Okay. So -- so -- but in terms
23 of -- this is a marketing conversation. So of that \$3.5
24 million roughly how much of that would be marketing related
25 things?

1 MS. LAVO: Not a lot was in there for the -- for
2 that.

3 COMMISSIONER WINNER: And when you talk about --
4 excuse me. I'm sorry.

5 CHAIR BRACKPOOL: No. I'm just making the point
6 that we're trying all these things. But there actually
7 isn't a budget.

8 VICE CHAIR ISRAEL: Yeah. Can I -- can I talk?

9 COMMISSIONER WINNER: Yeah.

10 VICE CHAIR ISRAEL: Can I --

11 COMMISSIONER WINNER: Go ahead please.

12 VICE CHAIR ISRAEL: I think what we're all saying
13 is this needs to be more focused and refined. And -- and
14 that -- and what Chuck is saying and what I'm saying is that
15 doing a good comprehensive market research study, which
16 isn't terribly expensive -- I've done them, Chuck does them
17 for a living, you know, they cost \$20,000 or \$25,000 --
18 helps focus you in many ways. And -- and it's -- it
19 becomes -- you spend that money, and then every dollar you
20 spend becomes more valuable and more productive. And -- and
21 that's the -- the real -- I think if there's something for
22 you to take away from this I think that may be what it is.

23 And I do have one question. The twilight thing in
24 April caught my attention. I think it's a good idea, but
25 it's not explained. What is it?

1 MR. NIEDZWIEDZ: We just -- obviously, it's not
2 defined. But we wanted to start the dialogue of with regard
3 to the signal changes that you indicated earlier, if we
4 started at a 3:30 post on twilight Fridays after the time
5 change at about mid-March and went through the end of the
6 season --

7 VICE CHAIR ISRAEL: Right.

8 MR. NIEDZWIEDZ: -- I think it's -- correct me if
9 I'm wrong -- seven Fridays or maybe six throughout the end.

10 VICE CHAIR ISRAEL: I think in your calendar you
11 only have three marked but -- three of four marked, but --

12 MR. NIEDZWIEDZ: Is it in the best interest of
13 everybody to have our signal in prime time on the east coast
14 with the increased distribution? And that was the
15 fundamental thinking. And also is it possible to get more
16 people on track on a Friday if the post time is later, if
17 they can sneak out of work?

18 VICE CHAIR ISRAEL: Well, that's the part that
19 interested me. Because I think then the FrontRunner in
20 particular, and -- and maybe if, you know, if it's nice, if
21 you improve some of the areas downstairs, people stay later.
22 I mean, and -- and it will become a cool place to have
23 dinner on Friday night, and you just stay until ten o'clock,
24 even after racing stopped.

25 CHAIR BRACKPOOL: Commissioner Winner, one more,

1 and then we've got to move on.

2 COMMISSIONER WINNER: Yeah. What the chairman
3 said was your doubling down on what isn't working. I don't
4 think you're doubling down, is the problem. If you were
5 doubling down and maybe doubling the -- the budget that
6 would -- that would -- might work.

7 Here's the problem, Mark, that -- that I'm -- I
8 continue to see with this, and that is that you -- again, I
9 have absolutely no fault with the intention. I have no
10 fault with what your aims are. I actually agree with what
11 your aims are in terms of both your thoroughbreds and in
12 terms of reaching out to the Asian and the Hispanic
13 community. I think that all makes sense. You have limited
14 dollars.

15 One of the things it says in here and one of the
16 things that you have said today is that you want to make the
17 place cool, etcetera, etcetera, so that young people will
18 come back and young Asians will enjoy it, all those kinds of
19 things, all very good. But there's no money for that, as
20 we've just heard. There's a request for money but there is
21 no money.

22 So therefore the two don't -- they don't weave
23 together. And I'm -- I'm concerned that if we are thinking
24 in terms of doing so much on track to make it a better
25 experience so that people will come back and, by the way,

1 hopefully wager. Just coming here is good, wagering is
2 better. But I don't -- but I've just learned that -- I
3 think we've all just learned that there is no money so far
4 budgeted for any of that stuff, so that's troubling.

5 So I just -- I hope, as the -- as the chairman
6 said and as Commissioner Israel said, maybe as you leave
7 here you might at least think about some of the things that
8 we've said. If you, you know, if you want we'll give you --

9 MR. VERGE: But I do think we're going to ask for
10 money in that budget. I mean, that will -- I mean, like the
11 Chandelier Room, we cleaned that up. It's just going
12 through budget with Gina and to clean it up --

13 COMMISSIONER WINNER: Well, the kids aren't going
14 to go to the Chandelier Room.

15 MR. VERGE: Oh, yes, they will. All of the kids
16 I've brought up there absolutely love it. I disagree with
17 you on that one 100 percent.

18 CHAIR BRACKPOOL: Okay. We've got to move on.

19 COMMISSIONER DEREK: Yeah. I just have one --

20 CHAIR BRACKPOOL: Commissioner Derek.

21 COMMISSIONER DEREK: Yeah. Just one small detail.
22 In the spirit of what you're trying to do and enhancing the
23 fan's experience, and you talk about how important the --
24 your stables are, the Wizard of Oz experience, for fan's to
25 be able to go to the stables, and you say that you want to

1 clean them up and fix them but there's no date on that. Yet
2 in marketing offices I understand they're not very nice, but
3 that's some place the public doesn't go, you are scheduled
4 to start working on those November 1st. You have a date.

5 MR. VERGE: We are not doing that.

6 COMMISSIONER DEREK: You're not doing that?

7 MR. VERGE: No, we are not doing that.

8 COMMISSIONER DEREK: Okay.

9 CHAIR BRACKPOOL: So that's taken out?

10 COMMISSIONER DEREK: I would --

11 MR. VERGE: That's taken out.

12 COMMISSIONER DEREK: I would put the priority on
13 the stables.

14 MR. VERGE: I agree. We -- we are learning a lot
15 here.

16 COMMISSIONER DEREK: Okay.

17 CHAIR BRACKPOOL: I want to leave you with an
18 overriding kind of thought here, and this is maybe for all
19 of you, not for any one specific; right? But as -- as we've
20 seen with the great success at Hollywood of bringing in all
21 those kids to the concert, that they got this tremendous
22 turnout every Friday night, but we just haven't yet been
23 able to figure out how to convert those into horseplayers;
24 right? You know, it seems to me that you'd have to be
25 remarkably convincing to get whatever corporate entity, you

1 know, would -- would make this approval to put money into
2 bars and everything else, the millions it would take to, you
3 know, to -- to renovate.

4 The reason Santa Anita wants a live audience here
5 is for handle. That's what's really key. Have you guys
6 ever thought about leasing out a piece of the rather large
7 space that we have here, etcetera, and saying to a bar
8 operator this is your bar, you fix it up, you do it,
9 etcetera, etcetera, or is this all vertical integration?

10 MR. VERGE: Yeah, we definitely -- I brought Mark
11 Levy who owns Mastro's Steakhouse to come out. He's taken
12 looks at it. We've brought Paul Hibler who owns Pitfire --

13 CHAIR BRACKPOOL: No, no. But --

14 MR. VERGE: Well, we know to lease out a property.

15 CHAIR BRACKPOOL: I don't need their names
16 dropped. But I mean -- but --

17 MR. VERGE: But -- but, no, exactly what you're
18 saying.

19 CHAIR BRACKPOOL: But you've brought people out,
20 and what's -- what's been the response?

21 MR. VERGE: The problem is, and it sounds table,
22 is the unions. They're worried about the unions, getting
23 around the unions. That's just -- Mark Levy who owns
24 Mastro's came out and he's still looking at it, but he's
25 trying to overcome the unions.

1 CHAIR BRACKPOOL: All right. So I understand what
2 the issue is.

3 MR. VERGE: But we definitely want to do that, and
4 we definitely want to have a Chinese restaurant and we're --
5 but it is the unions are a little tough.

6 CHAIR BRACKPOOL: So --

7 MR. VERGE: That would not be popular though.

8 CHAIR BRACKPOOL: I'm prepared to make a
9 conditional approval to -- for the -- for the meet, but it
10 is subject to the horsemen's agreement and the stabling and
11 vanning being complete and in our books by the time we have
12 the Board meeting, which I think is November 15.

13 MS. WAGNER: Correct.

14 CHAIR BRACKPOOL: I hear what Scott Daruty said
15 about the way Monarch does its contracts, etcetera,
16 etcetera. But I do want a presentation as to, again, you
17 know, if you think there are going to be any issues there or
18 whatever. Because our problem is that we don't have a meet
19 in between -- you know, a meeting in between the November
20 one and the time you open. All right. So we need an update
21 of where we are with that.

22 Do I have a second to approve the meet?

23 VICE CHAIR ISRAEL: Second.

24 COMMISSIONER WINNER: Second.

25 CHAIR BRACKPOOL: Seconded by Vice Chair Israel.

1 All in favor?

2 ALL COMMISSIONERS: Aye.

3 CHAIR BRACKPOOL: Have a good meet.

4 MR. VERGE: Thank you, guys.

5 CHAIR BRACKPOOL: Item number nine, discussion and
6 action by the Board on the application for license to
7 conduct a horse race meeting of the Pacific Racing
8 Association at Golden Gate Fields, commencing December 26th,
9 2012 through June 18, 2013, inclusive.

10 Names and affiliations please.

11 MR. MORRIS: Joe Morris, general manager of Golden
12 Gate Fields.

13 MR. CIRIMELE: Can Cirimele, director of
14 marketing, Golden Gate Fields.

15 MR. RAINEY: Cal Rainey, assistant GM, Golden Gate
16 Fields.

17 CHAIR BRACKPOOL: Okay. Let's again start the way
18 we did before, just with horse racing, you know, issues,
19 purses. And then I have a couple of different questions. I
20 know it's the same corporate entity, but I have a couple of
21 different questions on the marketing plan for this. So --

22 MR. MORRIS: You want me to start?

23 CHAIR BRACKPOOL: Yeah, please.

24 MR. MORRIS: So we're going to have a start of
25 December 26th, the same as Santa Anita, through June 16th.

1 It's roughly the same calendar we ran in this year, 2012,
2 101 days of racing, same as in 2012.

3 The purses, we're -- we start our fall meet today,
4 so we don't have our agreement with the TOC yet. But we
5 just need to see two or three weeks of racing to see where
6 are our purse is at. We're going in about 80,000 overpaid.
7 Our plan is to spend at the same rate that we did this last
8 winter-spring meet. So purses won't go up; they'll remain
9 the same as where they were.

10 We've added a stake's race. There will be 12
11 stake's races. Just in -- in 2011 in total Golden Gate ran
12 16 stake's races. In 2012 we're running 18. And in 2012
13 we'll be running 20 stake's races. So we -- we've continued
14 to add a little bit as we -- as we, you know, bring the
15 track back into relevance.

16 We are expecting to have the extended distribution
17 with TVG through this meet, as -- as we'll have it in the
18 small meet also. Our -- our marketing budget, we're going
19 to spend a little bit more, and I'll let Dan get into the
20 marketing side of things. You know, to date right now,
21 through the year -- and we run three meets, as everybody
22 knows -- we're .11 percent behind in all total, all in
23 handle. So that's a pretty good turnaround started for
24 Golden Gate Fields. And we're -- we're exciting about the
25 upcoming meet.

1 We've got about the same number of horses in the
2 backstretch as we did a year ago. And we still have
3 commitments from five or six stables. So we will be going
4 into this period actually with more horses than we had last
5 year at the same time. So it should be a good meet for us.

6 We've got more televisions coming -- coming in.
7 We're changing some carpets out, doing some cosmetic work to
8 the building, just to spruce it up a little bit. And we
9 changed some food and beverage offerings and menus. Our
10 sponsorship sales are up for the year. Our group sales are
11 up for the year. So a positive trend, positive turnaround
12 going.

13 CHAIR BRACKPOOL: Let me ask you a question which
14 I think is sort of fundamental to Golden Gate, which is
15 starters per race.

16 MR. MORRIS: Yes.

17 CHAIR BRACKPOOL: Last summer we convened a couple
18 of meetings, primarily of the racing secretaries but there
19 were some other people. I think it was just before you took
20 over, Joe. But your people were down, as well. I convened
21 a couple of these meetings. And we went through and we
22 looked at, you know, handle per race, and we looked at every
23 statistic and every marketing idea, etcetera. The
24 dominating piece of data was obviously starters per race.
25 And once you got from 6 to 8, I forget the exact statistic

1 so I might screw it up but I think it was, you know, a 30
2 percent increase from 6 to 8 approximately, and then there
3 was a further increment if you went from 8 to 10, and
4 interestingly not much of one from 10 to 12.

5 VICE CHAIR ISRAEL: Yeah.

6 CHAIR BRACKPOOL: But six to eight was the -- was
7 the big, big, big jump; right? You know, you are continuing
8 to propose here to run the same number of races a day, and
9 yet you're still plagued with these short fields. I just
10 want somebody one day to do the analysis for me that shows
11 me a chart. Everyone tells me, no, no, we make more by
12 running more races and it doesn't matter if they're not big
13 fields, etcetera. I just -- I don't buy it. I've just got
14 to believe there's a break there and we've got to do
15 something better. And even if it's painful for a few, you
16 know, long weeks, a couple of months or whatever, or perhaps
17 not giving everyone the race they want, get them to build up
18 with a little anticipation.

19 MR. MORRIS: Well, that's a big -- as I've said,
20 the two biggest problems we face at Golden Gate is -- is the
21 horse population. I mean, it's the first and second biggest
22 problem. We have dropped to seven races on Thursday. So
23 we -- we did do -- drop a race. And our average runners per
24 race is up a half a percent right now. It's still not good
25 but it -- but it's up. We'll end this year at over seven.

1 I don't know the last time we were over seven. We were at
2 6.95 last year and 6.8 the year before. So we do have
3 progress going in. We have five written strategies that we
4 use to go out and attract horses and bring them in.

5 So, you know, as I said, we dropped a race on
6 Thursdays. We've done some on -- on Fridays. And there is
7 a correlation between quality, which part of that would be
8 number of horses in a race, on top of the, you know, the
9 ability of the horses and handle, especially as the east
10 coast is looking and wagering on us. There's no question
11 about that.

12 CHAIR BRACKPOOL: I mean, one of the things I'd
13 like to -- to see, and it's a conversation we'll continue to
14 have as we go through with CMC this year and the meetings
15 with them, etcetera, and with the TOC. But, you know, I'd
16 certainly like to see a discussion of, you know, whether a
17 couple of those, you know, nice Golden State races, you
18 know, couldn't be moved back up north. Because, you know,
19 sometimes we have an embarrassment of riches as to what's
20 going on, on -- on a race day here comparatively.

21 MR. MORRIS: Yeah.

22 CHAIR BRACKPOOL: And I, you know, look for a
23 \$250,000 race, I'm going to get on a plane and fly now to
24 San Francisco and watch my horse. So, you know, I don't
25 think a horse is not going to ship for that sort of purse

1 money or whatever.

2 MR. MORRIS: Right.

3 CHAIR BRACKPOOL: I think that it's incumbent upon
4 us to continue to try and do what we can to boost the north,
5 because I don't think boosting the north is a short-term
6 Band-Aid. I think it could be the start of, you know, a big
7 resurrection. But you've got to get the quality product
8 going and people have got to show up understanding there's a
9 quality product to bet on.

10 MR. MORRIS: No, I agree with you completely. We
11 need to get that fixed. And we need to get the racing
12 schedules fixed, which is a conversation for a later date.
13 But those are the -- the two things that are holding Golden
14 Gate back from really getting back to relevant and viable in
15 that area. And that place has to be the anchor. There's --
16 there's nothing else up there.

17 CHAIR BRACKPOOL: Right. Now, I'll wait until
18 Commissioner Winner comes back. I think he's got a couple
19 of marketing questions as well. But when I read this it was
20 funny because we have Santa Anita sitting here saying the
21 worst day of the week for them is Sunday, and --

22 MR. MORRIS: It's the number one --

23 CHAIR BRACKPOOL: -- it's your best day.

24 MR. MORRIS: It's the number one day we have.

25 And --

1 CHAIR BRACKPOOL: It's your best day. So --

2 MR. MORRIS: -- the ethnic days are our biggest
3 days on top of that. Our Chinese Day, the Filipino Days,
4 the Hispanic Days are by far our biggest days we've got.

5 CHAIR BRACKPOOL: You don't lump them all
6 together?

7 MR. MORRIS: We --

8 CHAIR BRACKPOOL: Well --

9 MR. MORRIS: We haven't done that yet.

10 CHAIR BRACKPOOL: But --

11 COMMISSIONER CHOPER: Is the handle up on
12 Sunday --

13 MR. MORRIS: Yeah.

14 COMMISSIONER CHOPER: -- commensurate with the --
15 with the attendance?

16 MR. MORRIS: Short of -- short of your Derbies,
17 your Preaknesses, your Belmonts, your Breeders' Cups,
18 Sundays are my highest on-track handles there. So it is up
19 with it.

20 VICE CHAIR ISRAEL: Might that have something to
21 do with the fact that Professor Choper is in attendance --

22 COMMISSIONER CHOPER: Well --

23 VICE CHAIR ISRAEL: -- as opposed to at a game at
24 Cal?

25 MR. MORRIS: That -- that helps. We're always

1 happy to see him.

2 CHAIR BRACKPOOL: All right. So perhaps with
3 that, take us through a summary of what you're doing
4 differently about the marketing. I mean, I don't really
5 want you to spend ten minutes reading me the dire situation
6 or analysis, but -- but that was interesting reading. But
7 I'm more interested with the things that are starting to
8 work and the things that might work.

9 MR. MORRIS: And we've done a fair amount of
10 research, as you can see.

11 CHAIR BRACKPOOL: I understand. I read it.

12 MR. MORRIS: Okay.

13 CHAIR BRACKPOOL: I read it. I read it.

14 MR. CIRIMELE: Yeah. We're going to keep with the
15 Dollar Days, because we'd be foolish to get rid of them.
16 Those are our Sundays. Average attendance on that, about
17 4,500 to 5,000.

18 CHAIR BRACKPOOL: Right.

19 MR. CIRIMELE: So we'll keep with that. In the
20 springtime we'll bring out the concerts, offer free
21 concerts.

22 CHAIR BRACKPOOL: But on the Dollar Day is it
23 crucial that it's Sunday or is it crucial that it's \$1.00?

24 MR. CIRIMELE: You know, in the market that we're
25 in it's really tough because we have five major leagues

1 teams. On Saturdays it's -- we've done Saturdays with a
2 Dollar Day in the past. And when it compares with a Giants
3 game or a Niner game or anything like that we just get
4 stomped.

5 CHAIR BRACKPOOL: Well, none of them are in --
6 none of them are playing the first four to five months --

7 MR. CIRIMELE: True.

8 CHAIR BRACKPOOL: -- four months of your meet.

9 VICE CHAIR ISRAEL: Right.

10 MR. CIRIMELE: When it comes to other events we've
11 noticed that Sunday, it's a wide-open market for us and --
12 and we totally capitalize on all of that. So keeping it on
13 a Sunday --

14 CHAIR BRACKPOOL: Because Sunday is a home game
15 for the football teams.

16 MR. CIRIMELE: True. True.

17 CHAIR BRACKPOOL: So I don't understand what the
18 Saturday is. Is it just too many competing events?

19 MR. CIRIMELE: There is. I mean, you can have
20 racing in San Francisco. We have America's Cup. There are
21 so many events that go on, on the Saturdays, that we've just
22 noticed -- and our branding for the last probably eight
23 years has been Dollar Day Sunday, Dollar Day Sunday. So to
24 all of a sudden now say Saturday is always --

25 CHAIR BRACKPOOL: No, no, no. I'm just -- my

1 question was: Is it the dollar or is the day? But you're
2 saying it's both.

3 MR. CIRIMELE: It's both, yeah. They've coupled
4 together. And it's -- and as we alluded in our -- in our
5 marketing plan, it's great to have but it's also tough.
6 It's cannibalizing other days in the week. What we've done
7 for this year is we've actually teamed up with the Haas
8 School of Business at Cal and we got an MBA program that has
9 come in and they're actually going to analyze. We have a
10 focus group that's planned for next Saturday to come out.
11 We're going to start seeing what can we do for Saturday to
12 offer an event as consistent as our Sundays.

13 Our advertising dollars we can't cover every
14 weekend that we run. But our Dollar Days are so well
15 branded that people will come out, and even on weekends that
16 we don't go.

17 So that's what we're doing is we've teamed up with Haas
18 School of Business. We're looking to brand our Saturdays.
19 And we're right at the base of the Cal campus. So we're
20 looking at seeing how can we get college students just to
21 come over, even for a Dollar Day. Just to get ourselves
22 into our college campus would be great. So those are two
23 goals with Haas is trying to identify what do we do with
24 Saturdays, how do we get our Cal students.

25 As Joe had mentioned, our heritage days have been

1 great for us. It's our third year that we're going after
2 the Hispanic and Asian markets. And every year that we do
3 it we've just seen increases in all of our heritage days.
4 Last year with our Fiesta Hispana, our Hispanic day, we had
5 almost 10,000 patrons on track. That was our largest
6 attendance that we've had in months.

7 CHAIR BRACKPOOL: But going to the question
8 that -- I forget which Commissioner asked of -- of Santa
9 Anita --

10 MR. CIRIMELE: Uh-huh.

11 CHAIR BRACKPOOL: -- when you see an increase
12 in -- in attendance --

13 MR. CIRIMELE: Uh-huh.

14 CHAIR BRACKPOOL: -- it's not always a direct
15 correlation to handle; right? So have you been able through
16 this process to say it's much better to go out and get this
17 particular group than this particular group?

18 MR. CIRIMELE: It's interesting that you bring
19 that up. We just had our first Filipino Fest. We went --
20 we do a Chinese New Year Festival, we do a Filipino
21 Festival, and we do an Hispanic Heritage Day. Hispanic
22 Heritage Day we see double-digit growth on our handle
23 from -- compared to the year before. Chinese New Year we
24 see some good increase also. Filipino Fest, we saw an
25 increase in attendance but the handle didn't increase

1 either.

2 CHAIR BRACKPOOL: Right.

3 MR. CIRIMELE: So to segment our groups, then,
4 yeah, we are seeing that different groups are betting at
5 different -- different rates. And it could be something
6 that could just be with the even itself. We could be
7 keeping them from the windows --

8 CHAIR BRACKPOOL: Right.

9 MR. CIRIMELE: -- as opposed to offering them an
10 opportunity to wager.

11 CHAIR BRACKPOOL: Okay.

12 MR. MORRIS: Well, and there's an educational
13 process that, I've found from the years in the business.
14 You get a person in the first time; if they're not familiar
15 with it they're going to get some \$2.00 across the board
16 bets. It's something they can understand. And as they come
17 back you teach them how to play an exact and a trifecta and,
18 you know, they -- it's -- it's a learning process to develop
19 a player.

20 COMMISSIONER WINNER: Perhaps you can share some
21 of that research that you've done with Mark about which --
22 which of the Asian markets tend to do better. There might
23 be something to learn from that.

24 MR. MORRIS: And -- and the twilights worked well
25 for us. You know, we moved our post time up behind

1 Hollywood on theirs, and then we went side by side with Del
2 Mar in the summer. And -- and those actually helped our --
3 our attendance and our handle on those days.

4 CHAIR BRACKPOOL: Commissioner Beneto.

5 COMMISSIONER BENETO: Yes. I -- you say on
6 Sundays you're around 5,000 --

7 MR. CIRIMELE: Uh-huh. Correct.

8 COMMISSIONER BENETO: -- in attendance? What
9 would be a Saturday?

10 MR. CIRIMELE: Saturday would be probably about
11 2,000.

12 COMMISSIONER BENETO: Uh-huh.

13 MR. MORRIS: We get 2,000 to 3,000 on Saturdays
14 depending what's going on, and 5,000 to 8,000 on Sundays,
15 again, depending on what -- what's going on and what time.

16 COMMISSIONER BENETO: Is that free parking too
17 or --

18 MR. MORRIS: We don't. We -- we actually --
19 that -- the parking is expensive up in that area. Our valet
20 is \$8.00 and our general parking is \$4.00. So -- except for
21 on the Dollar Day, then it's \$1.00.

22 COMMISSIONER BENETO: A dollar for parking on
23 Sunday?

24 MR. MORRIS: Yeah.

25 MR. CIRIMELE: And one other --

1 COMMISSIONER BENETO: So \$1.00, \$1.00, huh?

2 MR. CIRIMELE: One other thing that's come with
3 our heritage days if we've seen sponsors jump onboard, with
4 last year as our first time. Because we were able to tell
5 them, we've got our Fiesta Hispana. Almost 10,000 came out
6 for the day. And River Rock Casino, one of our major
7 sponsors, they actually came in, gave us free giveaway to go
8 in for our Filipino Festival. So that's another advantage
9 that we've seen about going into it is not only are we going
10 for it but some of these major brands like Miller, Coors are
11 also looking at these markets, too, and looking to piggyback
12 on our events with us.

13 MR. MORRIS: That's a way to expand -- expand the
14 marketing budget without having it come out of our own
15 dollars. So that --

16 COMMISSIONER BENETO: Right.

17 MR. MORRIS: That's worked well for us.

18 COMMISSIONER BENETO: On your Sundays, what's your
19 on-track handle?

20 MR. MORRIS: You know, the highest it will get is
21 around 600,000 for -- for right on-track. But it's usually
22 400,000 to 500,000 on-track on a day that's somewhere
23 usually around 2.8 to 3 million in total handle.

24 COMMISSIONER BENETO: I've forgotten, what's that
25 track hold attendance-wise?

1 MR. MORRIS: Well, you know, we've -- we put about
2 11,000 on Hispanic Day in there. I -- 12,000, 14,000 would
3 probably fill that place up.

4 COMMISSIONER CHOPER: I remember close to 20,000
5 one day.

6 MR. MORRIS: There was a day, yeah. That was a
7 day.

8 COMMISSIONER CHOPER: Yeah. I was up here.

9 MR. MORRIS: Yeah. We sell the dining room out
10 pretty regularly. That holds about 1,100 people. So
11 that -- that's a good, good spot for us, and we do a lot.
12 We do over \$1 million a year in group sales, and \$200,000 to
13 \$300,000 in sponsorship sales. So these are just things
14 we've added to try to bring the place back, and that will
15 continue to grow.

16 The other good news for us was the El Camino Real
17 was accepted as one of the Derby prep races.

18 CHAIR BRACKPOOL: I know. That was very good.

19 MR. MORRIS: Yeah. So we had a couple of races
20 move on well through the year out of that race this last
21 year, one in the --

22 CHAIR BRACKPOOL: Yeah.

23 MR. MORRIS: -- the Derby and the Preakness.

24 CHAIR BRACKPOOL: Yeah. Well, you're going to
25 have an ally with me certainly, with the TOC and the CMC

1 about trying to move a couple of these Cal-bred races up
2 there. That's what we need to be -- we need to be doing.
3 You know, we've got all this money. I was just saying,
4 Chuck, you know, we have sort of this plethora of riches
5 that's, you know, going on here in a day, and we really
6 should be using it to promote a couple of those. Because
7 for that sort of purse money any horseman is going to take
8 his horse up there. So --

9 MR. MORRIS: Yeah.

10 CHAIR BRACKPOOL: -- you know, I really think
11 that's something we need to continue to -- to work towards.

12 And we're going to get to the issue of Humboldt
13 and where we are in a moment on that. But one of the things
14 that -- and I think this is -- this is -- this is important,
15 Commissioner Choper, for one of your concerns of last year
16 with the two meets running, you know, overlapped. Forget
17 the financial issues or anything. But one of the things I
18 had spoken to you about was trying to differentiate between
19 the meets, make yours more of a turf festival --

20 MR. MORRIS: Yes.

21 CHAIR BRACKPOOL: -- promise to do --

22 MR. MORRIS: Yeah. And we've --

23 CHAIR BRACKPOOL: -- no low claiming race so that
24 we -- we actually make a difference. So can you just give
25 the Board --

1 MR. MORRIS: Yeah. What --

2 CHAIR BRACKPOOL: -- get to it in that

3 discussion --

4 MR. MORRIS: Right.

5 CHAIR BRACKPOOL: -- as well.

6 MR. MORRIS: So just on that part of it, we're --
7 we'll open on that -- that week starts with an August 14th
8 which is a Wednesday. And we'll take that first weekend and
9 the second weekend. And we will do the first ever Golden
10 Gate Field Turf Festival. And I don't know, I've -- we've
11 still got -- it depends how many horses we have on. But my
12 guess is we would be able to run at least more than half of
13 our races on those two weekends onto the turf.

14 We ran an all-turf Pick 4 a year ago. And we
15 generally will do around 50,000 in handle on a late Pick 4.
16 We cracked 100,000 on that one with the -- with the all-
17 turf. So we'll do some things like that and tie it into
18 some golf, you know, different turf things to make it into a
19 festival. So we'll do that.

20 Then the second thing we'll do is looking at the
21 condition books, and my secretary David Jerkins working with
22 Bomber from the fairs, we'll come up with a bottom level
23 that we won't write races below. So, you know, I don't know
24 if that's \$4,000 or \$6,000 claimers or whatever it is. But
25 over probably the three weeks because, I mean, it takes

1 three weeks to -- a horse could race any time in those. And
2 over the -- the -- the three-week period we won't write any
3 races.

4 CHAIR BRACKPOOL: Right. So we start to have a
5 point of difference between the meets --

6 MR. MORRIS: Right.

7 CHAIR BRACKPOOL: -- I think is -- is important.

8 COMMISSIONER CHOPER: Well, I think you're doing
9 what you can with the horses. I think --

10 MR. MORRIS: It's commented. And --

11 COMMISSIONER CHOPER: You would know better than
12 I, but I think the -- the latter is probably better than the
13 former, and that is it's the -- it's the -- it's the purse
14 money, the lower ones.

15 MR. MORRIS: Well, if you, you know, if you --

16 COMMISSIONER CHOPER: Because they run these
17 through -- you -- you run the -- you run the turf races,
18 right, and they run \$4,000 claimers and \$12,500 out on --

19 MR. MORRIS: I know.

20 COMMISSIONER CHOPER: -- turf races, never raced
21 on a turf before --

22 MR. MORRIS: You know --

23 COMMISSIONER CHOPER: -- I've been seeing that a
24 lot -- not a lot but, you know, frequently that --

25 MR. MORRIS: We're working on the 2013 racing plan

1 now. We need to get that set. And then we're going to go
2 right into the 2014 plan, as we discussed. And that gives
3 fairs times to be able to look at schedules and carnival
4 schedules. And we need to come up with a different
5 schedule. And if we can get that right and get the stabling
6 and vanning set right, in 2014 Golden Gate's purses could be
7 over \$150,000 a day. I mean, it's still not a lot compared
8 to a lot of places, but that's kind of a magical number for
9 us up there. And, you know, that would be good for us.

10 CHAIR BRACKPOOL: Can I get to a couple of the
11 documents that are missing in the application, and a couple
12 of them that I'm not too happy --

13 COMMISSIONER CHOPER: Same ones.

14 CHAIR BRACKPOOL: -- about. Well, but I wish it
15 were only the same ones. The horsemen's agreement, we
16 understand the issue. And -- and that will be delivered to
17 us prior to the November meeting.

18 MR. MORRIS: Absolutely. And we -- we don't have
19 any issues, other than we haven't run a race in fall meet
20 and we need to see where the purses come up.

21 CHAIR BRACKPOOL: I understand. But that will be
22 in.

23 MR. MORRIS: Absolutely will be in.

24 CHAIR BRACKPOOL: If you're still here that will
25 be delivered to us by the November meeting.

1 MR. MORRIS: Yes.

2 CHAIR BRACKPOOL: Your ADW contracts I understand
3 is the same Monarch issue --

4 MR. MORRIS: The same.

5 CHAIR BRACKPOOL: -- that's there. But we have
6 not received the basic notices on requesting the -- the low
7 takeout adjustment on the Pick 5 --

8 MR. MORRIS: I've --

9 CHAIR BRACKPOOL: ranges.

10 MR. MORRIS: I've seen all that, so I don't know
11 if it's just missing. But I've seen the letters from --

12 MS. WAGNER: Yeah.

13 MR. MORRIS: -- from TOC and --

14 CHAIR BRACKPOOL: Okay.

15 MR. MORRIS: -- and emails going back.

16 CHAIR BRACKPOOL: So what we have --

17 MR. MORRIS: So if those are gone --

18 CHAIR BRACKPOOL: But can you please --

19 MR. MORRIS: -- I apologize.

20 CHAIR BRACKPOOL: -- make sure that on an
21 ongoing -- and, obviously, you'll have to tell me by
22 November that we've got them, but -- but it's not just a
23 matter of I've seen them. Let's --

24 MR. MORRIS: Right.

25 CHAIR BRACKPOOL: -- really make sure.

1 MR. MORRIS: I thought they were.

2 CHAIR BRACKPOOL: But some communication between
3 there and do that. And then we have two fire clearances --

4 MR. MORRIS: Right. And those --

5 CHAIR BRACKPOOL: -- from Berkeley and Albany.

6 MR. MORRIS: Right.

7 CHAIR BRACKPOOL: When will they be done?

8 MR. MORRIS: We'll have those for the November
9 meeting.

10 CHAIR BRACKPOOL: All right. So we'll have those.
11 So I would be prepared to make a motion to approve the meet
12 subject to those documents that I've just gone through being
13 delivered to us by November.

14 COMMISSIONER CHOPER: Second.

15 CHAIR BRACKPOOL: Seconded by Commissioner Choper.

16 All in favor?

17 ALL COMMISSIONERS: Aye.

18 CHAIR BRACKPOOL: Have a good meet.

19 MR. MORRIS: Thank you.

20 MR. CIRIMELE: Thank you.

21 MR. RAINEY: Thank you.

22 CHAIR BRACKPOOL: Okay.

23 VICE CHAIR ISRAEL: Do you want me to take this
24 one?

25 CHAIR BRACKPOOL: Yeah.

1 VICE CHAIR ISRAEL: Okay. We'll go on to our next
2 item which is the application for a license to conduct a
3 horse racing meeting of Watch and Wager, LLC at Cal Expo
4 from December 26th, 2012 through May 11th, 2013.

5 Jackie, do you need to do anything? Nope? Okay.

6 Please introduce yourselves and state your names
7 and affiliations on the -- for the record please.

8 MR. CUMMINGS: Ed Cummings, chief operating
9 officer, Watch and Wager.

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

11 MR. SCHICK: Good morning, Vice Chairman Israel
12 and Commissioners. Christopher Schick, Watch and Wager,
13 Golden Bear Racing.

14 VICE CHAIR ISRAEL: Okay. Would you like to
15 summarize your application or should we go straight to
16 questions?

17 MR. SCHICK: Well, our -- our application, you
18 know, we're going to begin that Wednesday, opening day of
19 Santa Anita, December 26th. That's going to mark what we
20 hope will be part of a return to a three-day week for
21 harness racing in California. As you know, the previously
22 application was all two-day weeks. And as we know Cal Expo
23 dropped to two days last winter. And it's fundamental to
24 start rebuilding this industry that we -- we reach that
25 three-day milestone. And we're -- at this point today

1 we're -- we're very optimistic that we're going to have
2 enough horses to do that. Our recruiting effort that has
3 been ongoing the last -- since our last license was approved
4 is -- has gone very well, quite frankly.

5 So we're -- we're -- we're not 100 percent certain
6 but we're -- we're optimistic that we'll be able to go --
7 that will be this kickoff of our three-day weeks.
8 Obviously, the -- the rest of the schedule through May 11th
9 is essentially three days a week through the end of April.
10 And then the last two weeks, when a lot of our horses tend
11 to leave for possibly the east coast, we're going to go back
12 to two days for the last days in May. So that -- that's
13 kind of the -- the broad overview of the plan.

14 VICE CHAIR ISRAEL: Okay. I'd be remiss if --
15 and -- and would incur the wrath of the chairman if I didn't
16 mention that we are really pleased that we received all the
17 necessary documents from you. And the only thing that seems
18 to be outstanding is fire clearance, which is something you
19 have to get done with the local authorities.

20 MR. KENNEY: We are. We are. The -- the
21 walkthrough is tomorrow morning at 8:30.

22 VICE CHAIR ISRAEL: There you go.

23 MR. KENNEY: We'll have it in to you next week,
24 Jackie.

25 MS. WAGNER: Good.

1 VICE CHAIR ISRAEL: So Professor Choper will not
2 be fining you. He was going to take that money and use it
3 for trifectas, by the way. So --

4 COMMISSIONER CHOPER: For whatever -- for whatever
5 it's worth you -- you ought to correct -- somebody ought to
6 correct -- he first page says three days a week, three
7 nights per week, Friday through Saturday.

8 VICE CHAIR ISRAEL: Yeah.

9 COMMISSIONER CHOPER: So --

10 VICE CHAIR ISRAEL: It's Friday through Sunday.
11 No, that's ours.

12 COMMISSIONER CHOPER: No, it's Thursday through
13 Saturday.

14 MS. WAGNER: Oh, it is.

15 VICE CHAIR ISRAEL: It's Thursday through
16 Saturday, right.

17 COMMISSIONER CHOPER: Yeah.

18 VICE CHAIR ISRAEL: That's -- those are our cover
19 pages.

20 MS. WAGNER: No. That's not --

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

22 VICE CHAIR ISRAEL: That's our fault. It's not
23 your fault, it's our fault.

24 MR. KENNEY: Okay.

25 VICE CHAIR ISRAEL: All right. My -- I have a

1 question before we get started. What -- what confuses me is
2 who bears ultimate financial responsibility in the event of
3 a problem? Because it says Watch and Wager is the
4 applicant, but nobody from Watch and Wager, as far as I can
5 tell, is listed on the application.

6 COMMISSIONER WINNER: That's right.

7 VICE CHAIR ISRAEL: Only people affiliated with
8 Golden Bear are listed on the application. So if there's
9 some sort of financial failure what happens? Who is
10 actually applying? Who has the financial responsibility to
11 make things right?

12 MR. CUMMINGS: I'll take that one. It's -- it's
13 Watch and Wager. Watch and Wager is the -- the applicant.
14 All the contracts, the lease agreement with Cal Expo is with
15 Watch and Wager. I should be on the -- if I'm not on the
16 license I certainly should be.

17 VICE CHAIR ISRAEL: Well, I don't think you are.

18 MR. CUMMINGS: I'm not on there as a member of
19 staff, but I'd be -- I'm the ultimate responsible -- the
20 person who is ultimately responsible.

21 (Colloquy Between Vice Chair Israel and Ms. Wagner)

22 MR. CUMMINGS: So what we -- yeah. Yeah, I am
23 there.

24 VICE CHAIR ISRAEL: Okay.

25 MR. CUMMINGS: So what we've done is, obviously,

1 Watch and Wager is the license holder. It has the financial
2 responsibility. And we've contracted with Golden Bear with
3 a management agreement to physically run the track, which is
4 going very well. We've got a good relationship.

5 VICE CHAIR ISRAEL: Okay.

6 MR. CUMMINGS: But, yeah, to be clear, it's us.

7 VICE CHAIR ISRAEL: It's us -- it's you? Okay.

8 I'll start with Commissioner Beneto. Do you have any
9 questions?

10 COMMISSIONER BENETO: Yeah. Did you put up any
11 money or -- or a letter of credit or anything?

12 MR. CUMMINGS: Yeah. We -- initially we put up
13 the 100K surety bond, just in hard cash. We have now
14 achieved a surety bond through an insurance company in San
15 Francisco, so the money is being swapped out. But the bond
16 is in place. But at the time we just put 100,000 in cash as
17 a gesture of good faith. But we've got the bond now. And
18 also --

19 COMMISSIONER BENETO: What happens after -- what
20 happens after that's gone?

21 MR. CUMMINGS: Well, that's just a bond held with
22 the CHRB. In terms of the finances, obviously, we put a
23 deposit on our lease agreement with Cal Expo for \$200,000.
24 And we've injected some working capital into the meeting
25 for -- which -- which we believe is more than adequate to

1 run the meeting over the next two years.

2 COMMISSIONER BENETO: How much was that?

3 MR. CUMMINGS: It totals around 410K.

4 COMMISSIONER BENETO: And who's holding that?

5 MR. CUMMINGS: It's held in our Watch and Wager
6 bank accounts. But we have, obviously, an agreement with
7 Golden Bear. They're -- they're running it day to day. We
8 have certain procedures and policies in place so we have
9 control of -- of how that all works, in conjunction with our
10 settlement partners CRIMS (phonetic).

11 COMMISSIONER BENETO: Okay. Thank you.

12 MR. CUMMINGS: All right.

13 VICE CHAIR ISRAEL: Commissioner Winner.

14 COMMISSIONER WINNER: There was -- there were
15 those stories and the issue about the backstretch and the
16 housing for the personnel in the backstretch. I just want
17 to make sure that that's been resolved and that those people
18 have living conditions and living space or has --

19 MR. KENNEY: We've met three of four different
20 times since we -- we last were licensed with Cal Fire in
21 conjunction with Cal Expo. And what we did is we devised a
22 plan with Cal Expo to submit to Cal Fire to see what their
23 response would be as far a living, for the grooms to live
24 there for this year.

25 As part of that plan Cal Fire asked that we put in

1 windows in each tack room, windows that would sort of break
2 out as a secondary escape.

3 COMMISSIONER WINNER: Right.

4 MR. KENNEY: We have done that in every tack room
5 at Cal Expo. We -- we have submitted our plan with Cal Expo
6 to -- to Cal Fire and we await their response.

7 COMMISSIONER WINNER: So where are those people
8 living now?

9 MR. KENNEY: Those people are not living in tack
10 rooms.

11 COMMISSIONER WINNER: So they're in trailers or --

12 MR. KENNEY: Yes.

13 COMMISSIONER WINNER: -- wherever, tents or
14 wherever they can --

15 MR. KENNEY: That's correct.

16 COMMISSIONER WINNER: -- go. Huh-uh.

17 MR. SCHICK: If I could just follow up to what Ben
18 said, Ben's been in a large number of meetings with the fire
19 marshal. And -- and CHRB staff has been attending those
20 meetings and have been very helpful, along with Cal Expo.
21 And we're -- we -- we were hoping to come here today and
22 have this resolved. We're very close. We -- it may be --
23 it may happen this afternoon, it may happen tomorrow, but
24 I'd like to characterize that their final approval of this
25 conditional use is imminent because I believe that it is.

1 So we -- we -- once that happens we have a plan in
2 place to orderly move the people who have been moved out,
3 back into those rooms. And we're -- we're very optimistic
4 that that -- that will happen, you know, very shortly,
5 within the -- we have -- actually, there's a meeting. We
6 got an email this morning that there's a meeting -- a
7 meeting tomorrow morning with the fire marshal at the race
8 track at 8:15.

9 So we're -- we're -- we're optimistic that it's
10 going to happen. We think it's going to happen. And we've
11 worked really hard with all of the parties to try to develop
12 this plan to make it happen.

13 COMMISSIONER WINNER: Yeah. And I think all of us
14 appreciate that very much. And it's obviously, at least to
15 me and I think all of us, an important issue.

16 The only follow-up question I would have is has
17 anything been done or is anything being done to in some way
18 compensate those people for having been put into -- either
19 having to move into a cheap motel or into a tent or into a
20 trailer or something of that sort? Has -- has that even
21 been considered?

22 MR. KENNEY: No. We have not considered that.
23 Right now we -- our -- our number one goal is to be in
24 compliance. And let me say, our horsemen have done a great
25 job. I mean, they've gone to great lengths to make sure

1 that nobody is staying in there and that we're not in any
2 violation with -- with Cal Fire.

3 COMMISSIONER WINNER: Right. We appreciate that.

4 MR. KENNEY: So, yes.

5 COMMISSIONER WINNER: Right. Thank you.

6 COMMISSIONER BENETO: I had a question.

7 CHAIR BRACKPOOL: Commissioner Beneto.

8 COMMISSIONER BENETO: What's your obligation to
9 Cal Expo? I forgot to ask that question.

10 MR. CUMMINGS: In terms of the lease?

11 COMMISSIONER BENETO: Yes.

12 MR. CUMMINGS: Yeah. The lease, it's a five-year
13 term. There is a two-year break clause on the lease.

14 COMMISSIONER BENETO: What are they trying --

15 MR. CUMMINGS: And then there's -- there's a 200K
16 deposit. And then there's a rental per race day.

17 COMMISSIONER BENETO: What -- what's your rent for
18 the year?

19 Southern California I believe it's -- the base
20 rate is \$2,500 per day.

21 COMMISSIONER BENETO: Okay.

22 MR. SCHICK: So based upon 71 days it's like
23 170,000. And we've negotiated a formula based on daily
24 commissions where if commissions went over a certain daily
25 mark that they would be entitled to a percentage of

1 commissions above a daily mark that would kind of put us at
2 a breakeven pro forma where there would be a partner in the
3 operation going forward.

4 COMMISSIONER BENETO: And your base rent is 175
5 for the meet?

6 MR. SCHICK: Yeah, based on 71 days, whatever
7 that -- that math, it's right -- right in that ballpark.

8 CHAIR BRACKPOOL: Okay. Do I have --

9 VICE CHAIR ISRAEL: Jesse -- well, Jesse here, and
10 Bo.

11 CHAIR BRACKPOOL: Oh, do I have any more
12 questions? No. I didn't see any more.

13 VICE CHAIR ISRAEL: Okay.

14 CHAIR BRACKPOOL: Do we have a motion to approve
15 the -- the meet?

16 COMMISSIONER CHOPER: Moved.

17 COMMISSIONER WINNER: So moved.

18 CHAIR BRACKPOOL: Motion made by Commissioner
19 Choper. Seconded by Commissioner Winner. All in favor?

20 ALL COMMISSIONERS: Aye.

21 CHAIR BRACKPOOL: Have a good meet.

22 MR. SCHICK: Thank you.

23 MR. KENNEY: Thank you.

24 CHAIR BRACKPOOL: Item number 11, discussion and
25 action by the Board on the application for license to

1 conduct a horse race meeting of the Los Alamitos Quarter
2 Horse Racing Association at Los Alamitos Race Course,
3 commencing December 28th, 2012 through December 22nd, 2013,
4 inclusive.

5 Names and affiliations please.

6 MR. ENGLISH: Rick English, Los Alamitos.

7 MR. BAEDECKER: Rick Baedeker. I'm a consultant
8 for Los Alamitos in governmental relations.

9 CHAIR BRACKPOOL: Right. Jackie, what do we have?

10 MS. WAGNER: Los Alamitos has filed their
11 application to race from December the 28th, 2012 through
12 December 22, 2013. They will be racing 155 days, which is
13 one day more than they raced in 2012.

14 They'll be racing three nights per week, Friday
15 through Sunday, except for February the 3rd, 2013, 7 to 15
16 live races per night, and up to between 8 and 16 simulcast
17 races. The first post time is 7:00 p.m. on Friday and
18 Saturday, with a 5:30 p.m. post on Sunday. Their ADW
19 provider is TVG. The application is noting one outstanding
20 item which is the fire clearance that needs to be updated.
21 It expires March 6th, 2013.

22 CHAIR BRACKPOOL: Okay. Do we have any comments?

23 MR. BAEDECKER: I think that states -- that
24 summarizes the application. So we would entertain your
25 questions, certainly.

1 CHAIR BRACKPOOL: Okay. Well, this is always an
2 unusual one, obviously, compared to the rest because it's an
3 entire year. It's not a specific meet or -- or anything
4 else.

5 Commissioner Winner?

6 COMMISSIONER WINNER: I don't have anything.

7 CHAIR BRACKPOOL: Commissioner Beneto?

8 COMMISSIONER BENETO: No.

9 VICE CHAIR ISRAEL: Nothing.

10 CHAIR BRACKPOOL: No? Commissioner Derek has a
11 question.

12 COMMISSIONER DEREK: Just one thing. I'd just
13 like you to consider that your race day charities, that you
14 keep in mind that we would love to see more actual horse
15 related categories.

16 MR. ENGLISH: We're aware of that.

17 COMMISSIONER DEREK: Thank you.

18 CHAIR BRACKPOOL: And when you say we're aware of
19 that, that -- that -- that sounded almost to me like
20 something else. But --

21 MR. ENGLISH: Oh, no.

22 COMMISSIONER DEREK: Didn't you see the smile?

23 CHAIR BRACKPOOL: Oh.

24 MR. ENGLISH: Oh, yeah.

25 COMMISSIONER DEREK: It was a big smile.

1 MR. ENGLISH: Yes.

2 CHAIR BRACKPOOL: We're aware of it and we are --

3 MR. ENGLISH: Looking forward to increasing the --
4 our share of the contribution towards some of it.

5 CHAIR BRACKPOOL: Excellent. Excellent --

6 VICE CHAIR ISRAEL: Way to go, Rick.

7 CHAIR BRACKPOOL: -- response, Rick. Excellent
8 response.

9 VICE CHAIR ISRAEL: Because I think it was \$3,500
10 of race -- of -- right? Wasn't it something like \$2,500 or
11 \$3,500?

12 COMMISSIONER DEREK: It was minimal.

13 VICE CHAIR ISRAEL: It was small. Yeah.

14 MR. BAEDECKER: Yeah. Going -- going back to
15 that, the -- the choice has to be made between the
16 chaplaincy program and -- and some of the horse related
17 programs. So, you know, there has to be some give and take
18 there. But we're -- we're aware of the desire and we'll
19 produce the result for you.

20 CHAIR BRACKPOOL: That's what I like. I got two
21 confirmations now.

22 MR. ENGLISH: That's why he's the spokesman.

23 CHAIR BRACKPOOL: Very, very successful
24 application, I feel, on it's way.

25 Commissioner Winner has a question.

1 COMMISSIONER WINNER: Yeah. I just -- can you --
2 can you -- I'm not sure I saw it in here. What -- what
3 percentage of the races are quarter horse? What percentage
4 of the races are thoroughbred? What percentages of the
5 races are Arabian, etcetera?

6 MR. ENGLISH: Approximately 70 percent of the --
7 70 to 75 percent of the races are quarter horse races.

8 COMMISSIONER WINNER: And the rest are what?

9 MR. ENGLISH: Thoroughbreds. That's all we're
10 running right now, quarter horses and thoroughbreds.

11 COMMISSIONER WINNER: Quarter horses and
12 thoroughbreds.

13 VICE CHAIR ISRAEL: Would you -- would you like to
14 get to almost 100 percent of quarter horses, or is that not
15 possible?

16 MR. ENGLISH: It's not possible given the mix
17 of -- given the horse population these days.

18 VICE CHAIR ISRAEL: Okay. But is it --

19 COMMISSIONER WINNER: It's not possible.

20 VICE CHAIR ISRAEL: Would it be -- is it an
21 aspiration to have a pure quarter horse meet and not -- and
22 not run any thoroughbreds or not, or would that -- that
23 would be detrimental to the -- to the financial aspect of
24 the business?

25 MR. ENGLISH: At one time we were pure quarter

1 horses. I know that was the initial inspiration by Los
2 Alamitos, but it's a function of how the market is today.
3 And quarter -- thoroughbred -- there aren't enough quarter
4 horses to begin with. And thoroughbreds do offer an
5 expanded interest to -- to our fans, I think. So I don't
6 think we'll be able to go back just to quarter horses.

7 VICE CHAIR ISRAEL: Well, you break out -- as you
8 break out races are -- are you -- are you better off -- is
9 your handle better off -- are you doing better with the
10 thoroughbreds or the quarter horses or is it a wash?

11 MR. ENGLISH: They're about -- the handle per race
12 is about the same.

13 VICE CHAIR ISRAEL: About the same? Okay.
14 Thanks.

15 CHAIR BRACKPOOL: Okay. Do I have a motion to
16 approve?

17 COMMISSIONER BENETO: Mr. Chairman?

18 CHAIR BRACKPOOL: Oh.

19 COMMISSIONER BENETO: Mr. Chairman, I've got to
20 ask a question. How big a field is your average in your
21 races?

22 MR. BAEDECKER: We've down -- this year we're down
23 below seven.

24 COMMISSIONER BENETO: Oh, really? Oh. Thank you.
25 I thought you were more than that.

1 COMMISSIONER WINNER: I have one more question.
2 These -- this -- the stakes' schedule, which is -- which is
3 impressive, I think, are those all quarter horse or are
4 there -- are there --

5 MR. ENGLISH: Yes, they are. We're not allowed to
6 have thoroughbred stakes' races.

7 COMMISSIONER WINNER: Right. That's what I
8 thought. But there's no -- and there's no other breed
9 stake's race?

10 MR. ENGLISH: Correct.

11 COMMISSIONER WINNER: You don't have any other
12 breeds running there now?

13 MR. ENGLISH: Correct.

14 CHAIR BRACKPOOL: Right.

15 MR. ENGLISH: There is an Appaloosa stakes' race,
16 but that's not currently --

17 CHAIR BRACKPOOL: It is an impressive amount of
18 money, though --

19 COMMISSIONER WINNER: It is impressive.

20 CHAIR BRACKPOOL: -- on stakes' races.

21 COMMISSIONER WINNER: Yeah.

22 CHAIR BRACKPOOL: I've always been impressed by
23 how much is offered on those stakes' races.

24 VICE CHAIR ISRAEL: Well, it's \$1 million.

25 CHAIR BRACKPOOL: Yeah. No. They offer some

1 really great --

2 COMMISSIONER WINNER: Right.

3 CHAIR BRACKPOOL: -- races in that program. Okay.

4

5 Well, I'd be happy to make a motion to approve.

6 Do I have a second?

7 COMMISSIONER WINNER: Yes.

8 CHAIR BRACKPOOL: Seconded by Commissioner Winner.

9 All in favor?

10 ALL COMMISSIONERS: Aye.

11 CHAIR BRACKPOOL: Motion carries. Thank you.

12 MR. ENGLISH: Thank you very much.

13 CHAIR BRACKPOOL: Okay. Item number 12, due to a
14 clerical error in the posting of the notice we were not able
15 to include on the October agenda a vote on the rules for
16 exchange wagering as we had said we would. We will be
17 hearing -- we will be hearing the -- the rules' vote at the
18 November meeting. And we will also be hearing license
19 applications at the -- not for specific meets but just for
20 general license availability. So we do apologize to all of
21 the exchange wagering providers for that clerical error.

22 And when we pointed that out, Betfair requested
23 that they come forth and give a quick presentation on their
24 operation here in the United States. So although we don't
25 normally just allow corporate presentations, in this

1 particular case we are pleased to do so.

2 Name and affiliation please.

3 MR. HINDMAN: Thank you, Chairman Brackpool. John
4 Hindman, H-i-n-d-m-a-n, general counsel of Betfair U.S. and
5 TVG. And I'm joined today by Tom Large; it's spelled as it
6 sounds. He's the director of the U.S. exchange for Betfair
7 U.S.

8 We thought it might be helpful to the Board to
9 provide a presentation -- we provided it in advance -- about
10 who we are and what we'd like to do with exchange wagering
11 since for months, by necessity, the conversation has been
12 about the rules and the rules only. And some of the
13 commissioners, especially the new ones, have never had a
14 chance to hear from us about any of this.

15 So we have a presentation we provided in advance.
16 We're happy to go through it quickly, as the chairman said,
17 and point out a few aspects or highlights per slide. Or if
18 you'd like us just to -- to answer any questions. Really,
19 what's more important to us is that we give you the
20 opportunity to ask us anything that you'd like about our
21 future plans regarding exchange wagering and a project that
22 we're very excited about.

23 CHAIR BRACKPOOL: Well, I think if the purpose of
24 this is for the Board, then the Board has seen the slides
25 and we could walk through and ask any questions. If you

1 feel that it's important that, you know, the audience also
2 gets to hear, I don't mind if you take five minutes and walk
3 through the slides. I just -- I didn't want it to be a 20-
4 minute slide presentation.

5 MR. HINDMAN: And I completely understand.
6 Really, the purpose of this is for the Board --

7 CHAIR BRACKPOOL: Right.

8 MR. HINDMAN: -- and especially with the new
9 members who haven't been, you know, around for previous
10 presentations. So it's at your pleasure.

11 CHAIR BRACKPOOL: Well, let me ask the pleasure of
12 the two newest commissioners who weren't here at the start
13 of this, Commissioners Winner and Beneto, as to whether
14 you'd like them to actually walk through the slides or
15 whether you'd just like to --

16 COMMISSIONER WINNER: Thank you, Mr. Chairman, and
17 thank you. I've had the opportunity, and I appreciate the
18 fact to have received it in advance too. I've gone through
19 it.

20 CHAIR BRACKPOOL: Right.

21 COMMISSIONER WINNER: I really don't have any
22 questions. I think most of the questions I think will come
23 up at the licensing --

24 CHAIR BRACKPOOL: Right.

25 COMMISSIONER WINNER: -- meeting, if there are

1 questions. And so therefore I'm -- I'm very comfortable
2 just --

3 COMMISSIONER BENETO: I agree with that.

4 COMMISSIONER WINNER: -- with the presentation
5 that we've already received.

6 CHAIR BRACKPOOL: Okay.

7 MR. HINDMAN: Great. Thank you.

8 CHAIR BRACKPOOL: I do think it -- it was -- it
9 was interesting. There was -- there was something in --
10 in -- you know, again, obviously, we're back to statistics
11 on exchange wagering and, you know, demographics, etcetera,
12 which I don't think is necessarily for this. Because
13 license applications are going to be heard only if the rules
14 are passed. And if the rules have been passed then the
15 rules are the rules and we're down to -- we're -- we're down
16 to that.

17 But, you know, you did put this together. If
18 there are a couple of highlights you just want to make,
19 John, in a couple minutes, and we'll see if there are any
20 questions, go ahead. But I found the information useful.

21 Commissioner Choper.

22 VICE CHAIR ISRAEL: No, I have a question.

23 CHAIR BRACKPOOL: Oh, sorry. Commissioner Israel.

24 VICE CHAIR ISRAEL: My only question is -- oh, I'm
25 sorry. John or Tom, whichever one of you is -- what's the

1 difference between the Betfair group and the Sporting
2 Exchange Limited? And why does Sporting Exchange Limited
3 have this small interest in ODS, which is effectively TVG?

4 MR. HINDMAN: So Betfair Group and Sporting
5 Exchange Limited are basically the same thing. Betfair
6 became the trade name of the Sporting Exchange Limited which
7 was the original company. And then went -- Betfair then
8 went public on the London Stock Exchange.

9 The Sporting Exchange U.S., LLC acquired a small
10 piece of TVG during the transaction. Because it was
11 necessary to keep the limited partnership alive there had to
12 be more than one partner, for no other reason than a legal
13 formality. So by the partnership agreement.

14 VICE CHAIR ISRAEL: By -- by what partnership
15 agreement?

16 MR. HINDMAN: ODS, TVs partnership agreement. If
17 there wasn't more than one partner the partnership would
18 have ceased. So when they bought the company they had a
19 very small portion of it bought by -- all the companies --

20 VICE CHAIR ISRAEL: So there's TSE, you --

21 MR. HINDMAN: -- are owned by the same thing.

22 VICE CHAIR ISRAEL: So all of it -- so TSE is a
23 wholly-owned subsidiary of Betfair?

24 MR. HINDMAN: That's correct.

25 VICE CHAIR ISRAEL: Oh, so it isn't some separate

1 entity with different ownership?

2 MR. HINDMAN: No.

3 VICE CHAIR ISRAEL: Okay.

4 CHAIR BRACKPOOL: Okay. So was there anything
5 specific you wanted to point out?

6 MR. HINDMAN: Well, I think a couple of different
7 things. I think one -- a couple of different things very
8 quickly.

9 First of all, I think one of the things, the
10 unique things that the exchange brings to the table is the
11 process for integrity real-time monitoring of betting. If
12 you look in the U.S. right now probably 80 percent of our
13 betting is anonymous, and 100 percent of it is not subject
14 to real-time monitoring. They've tried for years with the
15 tote system to have a reliably real-time monitoring system
16 and they haven't been able to do it. We are bringing this
17 to the table and providing it to -- to all the regulators
18 who regulate us without charge, and that's something that is
19 unique and I think really helps racing from an integrity
20 standpoint, find out what's actually going on, what the
21 players are doing down to an account level. And we work
22 cooperatively with regulators across the world to do that.

23 The second thing hat I would say is, is -- is
24 there was some summary about TVG. You know, both companies
25 are -- are very reliant on the racing industry for Betfair

1 globally. Racing is its largest revenue driver. And for
2 TVG it's all racing does. So we understand the need to work
3 cooperatively with the racing associations and the horsemen
4 to make sure that the product benefits, because we're only
5 as good as the product.

6 And the third thing is if -- if you want Tom to
7 walk through a little bit in summary, what we have found and
8 what we think the opportunity is here is that the exchange
9 has proven to bring in a different demographic from
10 financial traders, to technology savvy people, to others
11 that aren't currently using our product today. And we
12 believe that that's a big opportunity here in California.

13 CHAIR BRACKPOOL: I think that's right. We are,
14 though, then venturing back into, you know, conversations
15 about the merits, other people's views may be different, but
16 the merits, you know, lack thereof of exchange wagering.
17 And I think what you had asked for was to make a
18 presentation on the strength of the entity, the way you
19 look, etcetera, etcetera. And --

20 MR. HINDMAN: And that's -- that's certainly
21 included in here. And I would just point out as far as our
22 company globally, we have over 5 million customers. We have
23 over \$110 million a year EBIDA. We have \$200 million in the
24 bank. We are completely debt free. And we hold over \$400
25 million in client funds which are held in trust immune from

1 bankruptcy or administration. So we believe from that
2 standpoint we are a very suitable applicant. And we both --
3 Betfair and TVG have been in business over ten years, and
4 neither company has ever had any regulatory issues.

5 CHAIR BRACKPOOL: Commissioner Winner.

6 COMMISSIONER WINNER: I just have a question, Mr.
7 Chairman, just for the record. I just want to make sure
8 that the reason that Betfair is presenting today is because
9 they so requested.

10 CHAIR BRACKPOOL: Correct.

11 COMMISSIONER WINNER: And that none of the other
12 potential applicants have made a similar request or they
13 would have also been granted similarly.

14 CHAIR BRACKPOOL: Correct. Correct. Correct.
15 And -- and if anyone wants to do that, obviously at the next
16 meeting people can do it as part and parcel of the license
17 application. But, yes, we did offer that.

18 COMMISSIONER WINNER: Thank you, Mr. Chair.

19 CHAIR BRACKPOOL: So I think that is -- what was
20 the statistic again about how many transactions compared to
21 the New York Stock Exchange?

22 MR. HINDMAN: We do 8 million transaction a day,
23 which is more than the New York Stock Exchange. So it's --
24 8 million is the number that Betfair does.

25 CHAIR BRACKPOOL: It's a bit of a cute statistic,

1 though, because the average -- the -- the daily volume on
2 the New York Stock Exchange would dwarf your volume. So
3 it's number of transactions; right?

4 MR. HINDMAN: Yes, it is. Yes. Yes.

5 MR. LARGE: It's more about the capacity. It's --
6 it's a huge technical feat to process that many --

7 CHAIR BRACKPOOL: Right. Right. Right. Right.

8 MR. LARGE: -- irrespective of the size of the
9 transaction.

10 CHAIR BRACKPOOL: What is the average size of a
11 transaction?

12 MR. LARGE: I think our average bets are probably
13 around \$12.00.

14 CHAIR BRACKPOOL: \$12.00?

15 MR. LARGE: Yeah.

16 MR. HINDMAN: And TVGs is ten.

17 CHAIR BRACKPOOL: Is ten? Interesting. Okay.
18 Thank you very much. We'll look forward to being back here
19 in November. And again, we apologize to everyone on the
20 exchange side that -- that we weren't able to hear the --
21 the rules at this time. But it's all been posted and we're
22 good to go; right?

23 MS. WAGNER: Good to go.

24 CHAIR BRACKPOOL: Okay.

25 COMMISSIONER WINNER: Great.

1 CHAIR BRACKPOOL: Thank you. We're now going to
2 move back to item number seven. Was it seven? Yeah, seven.
3 Discussion and action by the Board regarding the 2013
4 allocated race dates to Pacific Racing Association at Golden
5 Gate Fields and Humboldt County Fair at Ferndale and the
6 overlap and host fee revenues with these 2013 race meetings.

7 So -- yeah, I have the four of you, I think would
8 be good. I don't know whether -- maybe Del Mar would be
9 good, as well, because they are a component of this.

10 And for the benefit perhaps, again, of the two
11 commissioners on the Board who were not on the Board for
12 certainly the last three years we've had this discussion --

13 VICE CHAIR ISRAEL: Three?

14 CHAIR BRACKPOOL: Well, but I've -- I've had it
15 for the last three. You've had it for four or five but I've
16 had it for the last three. You know, we -- you understand
17 the basic problem, you know, which is the -- which is the
18 calendar and who should get what etcetera.

19 Last year, I'm summarizing now, but last year we
20 were able to conclude a negotiated arrangement whereby
21 Golden Gate ran at approximately the same time, the dates
22 aren't exact, but approximately the same time as Humboldt
23 ran. And I was able to offer my office's, you know,
24 assistance to -- to broker something that said the -- the
25 TOC, Del Mar, and Golden Gate will make a contribution

1 because, you know, this is going to be a weaning process
2 here now for Humboldt. Everybody agreed that there would be
3 a weaning process.

4 What we are now trying to work out is how much of
5 that, you know, whether we call it supplement subsidy -- I
6 don't want to get into using those words because they mean
7 different things to different participants here -- as to
8 what that would be. I think we have made, over the last 30
9 days, progress on most of the issues. And I think we're
10 down substantially to one issue, but it's a big issue
11 financially. I think we have substantially agreed who's
12 going to race on which days.

13 I think I'm very pleased to have gotten Golden
14 Gate's agreement, as they said earlier in their application,
15 that they would, you know, attempt this turf festival and
16 restrict the limit at which they could -- they could -- they
17 could run so that there's a real reason for the horse
18 population to move towards Humboldt.

19 I think, again, in context of an overall
20 transaction, I think the TOC and Del Mar have come up with a
21 position that would be generally acceptable to the parties.
22 But the remaining difficult obstacle here is which entity
23 would be assigned to be the host on which days. And
24 obviously the host commission is a big deal.

25 Without putting words in people's mouth, but I'm

1 trying to do that, would that be a reasonably fair summary
2 of where we are?

3 MR. MORGAN: Jim Morgan, Humboldt County, Special
4 Counsel, yes.

5 MR. MORRIS: Joe Morris, Golden Gate Fields. I
6 would -- I would agree with that also.

7 CHAIR BRACKPOOL: Okay. So, you know, this is
8 pretty turgent (phonetic) stuff. And I don't know if it
9 really lends itself to, you know, seven, or in our case
10 today, six commissioners sitting here and listening to an
11 argument for, you know, a minute or two and making a
12 decision as to which way it is.

13 I am really pleased with how much you've all
14 worked towards a resolution this time. I've had far less
15 involvement than I did last time intentionally because I
16 want you to work this out. If you can't work it out we will
17 work it out and we will just make a determination. But, you
18 know, to use Commissioner Choper's analogy sometimes of a
19 court, you know, this is the judge and we're sitting here
20 and we're saying, you know, you really should, because one
21 of you is not going to like what the decision is going to be
22 otherwise.

23 So given that the race dates are agreed, given
24 that most of the other parameters are agreed, without
25 wishing in any way to punt I would much rather encourage you

1 to continue to resolve this issue. You can continue to
2 involve me. But if it's not resolved I will make a
3 recommendation to this Board at the next meeting as to what
4 that split should be. And this Board, as you've probably
5 seen, is not really in the business of splitting babies.
6 We're going to pick someone. And you need to understand the
7 consequences of not making a decision.

8 So I really don't expect the Board to have to make
9 a decision next time because I'm really confident that you
10 can all continue to work this out. But I don't think
11 anybody should be speculating as to which way we will go on
12 that -- on that -- on that decision.

13 So that would be my recommendation to the Board as
14 to -- as to where we are, just because, you know, if were to
15 sit and say, well, let's split this or split that it takes
16 out of context the other agreements that have been put forth
17 that make this possible. So it's really a case where if you
18 remove one brick a bunch of others start to -- start to fall
19 down.

20 Comments? Commissioner Choper.

21 VICE CHAIR ISRAEL: I just -- I --

22 COMMISSIONER CHOPER: This is the -- what's at --
23 what's at stake is the ADW for how many days?

24 MR. MORRIS: What's at stake is who gets the host
25 fees, really.

1 COMMISSIONER CHOPER: Oh, I get it. I understand.

2 MR. MORRIS: Yeah.

3 COMMISSIONER CHOPER: For how many days?

4 MR. MORRIS: Well, that kind of changed today.

5 But either -- probably the -- either -- either the
6 Wednesday-Thursday of both weeks or the first week. I mean,
7 that's -- that's changed a little bit.

8 COMMISSIONER CHOPER: Can I just -- just -- and I
9 don't -- I don't mean to prolong this, so you stop me if
10 I --

11 COMMISSIONER BENETO: I can't hear him.

12 COMMISSIONER CHOPER: -- if I'm going against what
13 you said.

14 COMMISSIONER BENETO: Can you talk into the mike?

15 COMMISSIONER CHOPER: If I can, how much are we
16 really talking about? I'd just like to know that and then
17 I'm going to quit.

18 MR. MORRIS: The -- the Wednesday-Thursdays we
19 were talking about is -- is a difference of about \$120,000
20 to Golden Gate Fields, where if we're not --

21 COMMISSIONER CHOPER: Total?

22 MR. MORRIS: -- if we're --

23 COMMISSIONER CHOPER: Total?

24 MR. MORRIS: Total on commissions. And then
25 there's a purse side, also, on that. But the commission

1 side of it off of this year's numbers was 120. I don't know
2 what the week is because I hadn't run those scenarios. That
3 was a new one today.

4 MR. MORGAN: If I could address that briefly.

5 COMMISSIONER CHOPER: I can't hear you.

6 CHAIR BRACKPOOL: Into the mike.

7 COMMISSIONER BENETO: I can't hear.

8 MR. MORGAN: Yes. Last year --

9 VICE CHAIR ISRAEL: But you've got to identify
10 yourself.

11 MR. MORGAN: Jim Morgan, Humboldt County Fair,
12 Special Counsel.

13 Last year when we had host status for the
14 Wednesdays and Thursdays where we raced without overlap we
15 generated a little less than \$100,000 in host fees. In lieu
16 of trying to have a share of the host status for our opening
17 weekend, Friday through Sunday, Golden Gate Fields
18 generously provided a lump sum of \$50,000, and TOC and Del
19 Mar provided a percentage of the monies wagered on Golden
20 Gate Fields during that initial weekend which gave us a
21 windfall benefit of about \$104,000.

22 This year what Humboldt's position has been, and
23 there's a bit of an impasse, is basically to continue with
24 the Wednesday-Thursday, when they're not racing, our opening
25 Wednesday-Thursday to have host status. The Wednesday when

1 we and they don't, to have host status. And a portion, we
2 suggested 50 percent, a portion of the host status fees for
3 the first weekend of Friday through Sunday, leaving clear
4 Pacific Classic week, which is the following weekend we both
5 race in overlap, but that would be all-host status for
6 Golden Gate Fields.

7 What we're looking for is a permanent solution.
8 And giving us host status would give us an avenue to
9 revenues and purses that would sustain our meet. To put
10 into numbers, last year the total amount of revenue received
11 by Humboldt, according to our figures, is \$519,000.

12 COMMISSIONER CHOPER: How much?

13 MR. MORGAN: \$519,000. In -- in 2010 when we had
14 one week without overlap and with those host fees we
15 received \$551,000. 2011 when we were overlapped the entire
16 meet and received two-and-a-half days of host commissions we
17 received \$255,000. The numbers different because the -- the
18 negotiation is moving. But our numbers on what's been
19 offered for 2013 is about half of the \$500,000 number, which
20 would mean who's in and who's out, and which is not enough
21 for us to sustain our meet, and therein lies the impasse.

22 And I appreciate Chairman's comments. And I would
23 hope that if we're going to table this for now, and I think
24 that's a good idea, that perhaps there would be a CHRB
25 resource that we could use to facilitate communication,

1 because it's difficult for us to discuss these issues or
2 mediate them.

3 COMMISSIONER BENETO: Hi, Jim. Those \$500,000
4 figures that you threw out, was that when Cal Expo was
5 racing those dates at Golden Gate?

6 MR. MORGAN: No, it wasn't. No it wasn't. It
7 was -- 2010 was a year when Humboldt had a year without
8 overlap and with host commissions. We understand that the
9 whole industry benefits when Golden Gate Fields runs also on
10 those dates. All we want is access to a fair share of the
11 host status so that we can generate enough purses and
12 revenue out of those August dates to sustain our meet.

13 COMMISSIONER BENETO: Okay. If Golden Gate was
14 dark during your meet how much of that revenue do you think
15 you'd get on the -- being a host of Del Mar?

16 MR. MORGAN: More than we need to sustain. But it
17 would probably be upward of \$1 million, yeah, based on 2010.
18 We understand that the host commissions generated by Santa
19 Rosa this summer racing overlapped with Del Mar but not
20 Golden Gate was close to \$1 million for their -- their meet.
21 We don't need that much, but we do need a sustainable share.

22 COMMISSIONER BENETO: Well, I'm kind of -- I'm
23 kind of confused. The \$1 million, was it -- did you ever
24 get \$1 million or --

25 MR. MORGAN: No. No. Our high water mark was

1 2010 where we received \$551,800, and we had a week of host
2 status and no overlap. We accept and understand and it is
3 not our position that we need a week of un-overlapped. We
4 need a share of the host status.

5 COMMISSIONER BENETO: What do you need?

6 MR. MORGAN: What we would like to have is the
7 Wednesday-Thursday where we race without overlap, host
8 status there. The second Wednesday where we race without
9 overlap, the host status there. And we've asked for 50
10 percent of the host status on the initial weekend, not the
11 Pacific Classic weekend but the initial weekend, and that
12 we've asked them for.

13 COMMISSIONER BENETO: And that would give -- so --

14 MR. MORGAN: And that would sustain us in
15 perpetuity.

16 COMMISSIONER BENETO: So that would get you half-
17 a-million dollars? Is that --

18 MR. MORGAN: Yes.

19 COMMISSIONER BENETO: That's your number? Okay.

20 MR. MORGAN: Yes.

21 VICE CHAIR ISRAEL: So -- but then -- then there's
22 the corollary which is how much the horsemen lose when you
23 run un-overlapped.

24 MR. MORGAN: We're not asking to run un-
25 overlapped, just our initial Wednesday and Thursday. And

1 the reason for that, Vice Chairman, is because the horse
2 population is at Santa Rosa and we're trying to get them to
3 migrate up north. We had 170 horses this year. We only had
4 2 come down from -- from Oregon, whereas before there was
5 60. We're just trying to sustain our horse population.

6 VICE CHAIR ISRAEL: Lou, is that going to happen?
7 People don't want to run there; right?

8 MR. RAFFETTO: Is which part going to happen? I'm
9 sorry.

10 VICE CHAIR ISRAEL: The horses coming.

11 MR. RAFFETTO: Pardon me?

12 VICE CHAIR ISRAEL: Are the thoroughbred horsemen
13 going to run at Humboldt?

14 MR. RAFFETTO: There's a small percentage of them
15 that run there. But obviously, you know --

16 VICE CHAIR ISRAEL: So how much money --

17 MR. RAFFETTO: -- I don't have those numbers.

18 VICE CHAIR ISRAEL: How much -- how much money do
19 the horsemen wind up losing in this deal?

20 MR. RAFFETTO: Last year, well, we didn't lose
21 anything because of the overlap --

22 VICE CHAIR ISRAEL: Right.

23 MR. RAFFETTO: -- regenerated our purses. I mean,
24 but we did give up \$60,000 from Del Mar, we did lose that,
25 that went to their operation in -- in this year. And -- and

1 in addition to that the -- the assembly bill gives them
2 another \$23,000 out of purse money. So they -- we actually
3 come up with \$83,000 towards our operation in -- in this
4 current year. We did --

5 VICE CHAIR ISRAEL: Right. Right. And would
6 there be a fewer number of races run, Joe?

7 MR. MORRIS: At Golden Gate?

8 VICE CHAIR ISRAEL: Yeah.

9 MR. MORRIS: Well, under the scenario they had
10 there, yeah. I'm not even sure I'd be able to run any on
11 that scenario. I mean, that's -- that would be more than
12 what we gave them this year --

13 COMMISSIONER CHOPER: Yeah.

14 MR. MORRIS: -- which was --

15 COMMISSIONER CHOPER: How much was it this year
16 altogether?

17 VICE CHAIR ISRAEL: Half of what they're asking;
18 right? It was around 250 total; right?

19 MR. MORGAN: What -- what we got this year was --

20 VICE CHAIR ISRAEL: You said it was 250.

21 COMMISSIONER CHOPER: 2,000?

22 VICE CHAIR ISRAEL: 250,000.

23 MR. MORGAN: No, 250 was 2011. That's what we --

24 COMMISSIONER CHOPER: And what about 2012?

25 MR. MORGAN: 2012 --

1 COMMISSIONER CHOPER: That's been done already,
2 so --

3 MR. MORGAN: -- we got \$319,000 in host-related
4 and -- and revenues, even when Golden Gate Fields was with
5 host fees. Then we got 155,000; 50,000 from Golden Gate,
6 105,000 from TOC and Del Mar, to make up for our lack of --
7 our racing overlap, Golden Gate coming over for the first
8 time in 2012 into our entire meet, overlapping both weeks.
9 So we got a total of 519, that would be 319 from revenue,
10 155 from Golden Gate, TOC, and Del Mar. And then the SB
11 763 -- or AB 763 gives us about \$7,000 a day, not enough to
12 sustain a meet, but \$7,000 a day. When Golden Gate runs an
13 overlap with us we get about another 45,000 from that.

14 That's how we come up with the 519,000 figure.
15 It's down from 2010 when we raced without overlap for one
16 week and we had 551,000. But it was much more than 2011
17 when we were overlapped the entire meet at 255,000.

18 VICE CHAIR ISRAEL: What benefit is it to Golden
19 Gate and Del Mar that Humboldt's running?

20 MR. MORRIS: There isn't one.

21 COMMISSIONER BENETO: I think there is because --

22 VICE CHAIR ISRAEL: Well, I didn't ask you, Steve,
23 I asked them. They're testifying.

24 So explain, why isn't there one?

25 MR. RUBENSTEIN: Well, from Del Mar's standpoint

1 there really isn't. Josh Rubenstein, Del Mar Thoroughbred
2 Club. We participated last year with TOC and with Golden
3 Gate to try to broker a deal on behalf of California. From
4 our standpoint the revenue that's generated in the north
5 stays in the north. But we provided this industry support
6 subsidy last year to try to get a deal done. We're willing
7 to do it this year, but it also needs to work for Golden
8 Gate based on their host days.

9 VICE CHAIR ISRAEL: Okay. And, Joe, can you
10 explain your position?

11 MR. MORRIS: Yeah. I mean, we -- we have a
12 position in front of them. But we, you know, we're -- we're
13 trying to work with all the fairs in the north to make the
14 northern industry come back. I mean, and it needs to come
15 back. And this is a fair that's run -- except for 2010 it's
16 actually run overlapped for 40 or 50 years. It was always
17 to Bay Meadows or some other San Francisco dates, but it's
18 always been there. There was -- and there was state money
19 that helped with that.

20 Last year we tried to fill the gap that the
21 state -- that they lost in state money. That's the other
22 side of that story. So -- and that's what we did.

23 So we're willing to work with them, and we all
24 need to get along up there. We're -- we're -- we're saying
25 for this year we would give them the purses from the two

1 Wednesdays, which would be about \$71,000. We'd write them a
2 check for 50 again, same -- same amount to -- to try to make
3 sure they kept going with it. The SB 763 money is another
4 75 grand. They can run eight more simulcasts every day that
5 they didn't do this last year. That would bring another 15
6 grand in, in commissions to them and purses. Then when you
7 add up all those dollars it's 166,000 from the industry,
8 another 112 for purses, on top of the turf festival and the
9 other things we talked, on top of us dropping the Wednesdays
10 and Thursdays which we had applied for. And we'd also help
11 them from the NOTWINC board if they did a minisatellite,
12 which every other racing fair has. The NOTWINC board would
13 work on them to take some of the revenue and put it to that.

14 VICE CHAIR ISRAEL: All right. So let me try to
15 summarize it.

16 MR. MORRIS: Yeah.

17 VICE CHAIR ISRAEL: So the donut hole is being
18 caused by the absence of money from the general fund of the
19 State of California because -- yes, that's what he said.

20 MR. MORRIS: Yeah.

21 MR. MORGAN: That's their position. Yes, exactly.

22 VICE CHAIR ISRAEL: Yeah. Okay. Well, from --
23 from the donut -- that's -- that's the hole in the donut.

24 MR. MORRIS: Yes.

25 VICE CHAIR ISRAEL: And that's due to a decline in

1 tax revenues which has changed the way budgets are done in
2 Sacramento. You've tried to fill some of that hole as best
3 you can.

4 MR. MORRIS: Yes.

5 VICE CHAIR ISRAEL: It seems to me you don't want
6 any of the pain and suffering that's being inflicted upon
7 all -- many other public entities such as schools, roads,
8 police, fire. Everybody's had to cut back. You can ask the
9 chairman's friend, the mayor of Los Angeles, how much pain
10 and suffering he's experiencing. You can ask the governor.
11 All you've got to do is turn on your TV set and watch all
12 those propositions to -- begging to raise tax revenue in
13 order -- in order to fund the schools and the hospitals and
14 everything else we need.

15 So I don't understand why Humboldt, you know,
16 doesn't take its fair share of the pain and suffering.

17 MR. MORGAN: We have taken our fair share of the
18 pain and suffering. We had \$180,000 deficit when we had to
19 overlap.

20 Where we have a disconnect in our perception, Vice
21 Chairman, is that every other race meet in California, CARF
22 or otherwise, has a piece of host status. What is happening
23 is Golden Gate has expanded its meet over onto our meet and
24 has, over the last two years, kind of wedged us out of any
25 host status.

1 VICE CHAIR ISRAEL: Well, that's just not --

2 MR. MORGAN: Host status gives --

3 VICE CHAIR ISRAEL: The facts don't support that.
4 For 40 or 50 years you did -- that wasn't the case.

5 MR. MORGAN: We're not -- we're not dealing --

6 VICE CHAIR ISRAEL: You had -- it was your -- it
7 was the case for one -- you're trying to make the aberration
8 the norm.

9 MR. MORGAN: No. In --

10 VICE CHAIR ISRAEL: The norm wasn't the
11 aberration.

12 MR. MORGAN: Before 2011 only CARF had been
13 awarded by this Board those dates. In 2010 we had one week
14 with host status and not overlap. We made our expenses.
15 The plea for the -- we're trying to be a good partner on the
16 horse racing landscape.

17 CHAIR BRACKPOOL: The chairman's -- the vice
18 chairman's question is what happened prior to 2010, not what
19 happened post-2010.

20 MR. MORGAN: I wasn't there.

21 CHAIR BRACKPOOL: I understand. That doesn't --

22 VICE CHAIR ISRAEL: Because, well, I --

23 CHAIR BRACKPOOL: That's doesn't answer the --

24 VICE CHAIR ISRAEL: Yeah. Here's what happened.

25 They ran at Bay Meadows, okay, under -- as the San Mateo

1 Fair, so it was CARF's meet. That's -- there's not really a
2 difference here. Golden Gate it filling that space, you
3 know? So that money went to CARF through Bay Meadows.
4 They're -- they're trying to make you whole by having the
5 money that would go to -- some of the money that would go to
6 them go to you.

7 That's the deal. That's -- that's what -- that's
8 the part that -- and the fact is, is the subsidy you were
9 granted through the state budget has -- has declined.
10 It's -- it's something that's occurred to virtually
11 everybody who -- who deals with the government. It's
12 just -- it's -- there -- there have been declining tax
13 revenues in California now for a significant number of years
14 and -- and the budget is being impacted by it. We also -- a
15 lot -- because of our initiative system, very little of the
16 budget is even fungible anymore. So -- so, you know, you're
17 dealing in margins here of 15 percent of the total budget.

18 MR. MORGAN: With all due respect, every other
19 fair gets host status. Every other fair needs host status.
20 Santa Rosa made about \$1 million on its host status. We
21 don't need that much. But to wean us off of host status,
22 host status drive commissions and it also drives revenues.
23 By --

24 CHAIR BRACKPOOL: All right. We're going to
25 Commissioner Beneto.

1 COMMISSIONER BENETO: Well, I'm kind of confused
2 with what the vice chair said here, because we're talking
3 two different things. We're talking host -- being the host
4 with Del Mar, which -- which has nothing to do with the
5 government. And if -- and we said if they went dark you'd
6 have -- you'd get \$1 million, and you're not asking for
7 that.

8 MR. MORGAN: It's not good for the industry that
9 Golden Gate go dark. I don't think it's good for the
10 industry that -- that Humboldt --

11 COMMISSIONER BENETO: Well, wait a minute. They
12 took Cal Expo's dates is what they did. They're running
13 those dates.

14 VICE CHAIR ISRAEL: They took San Mateo County
15 Fair's dates.

16 COMMISSIONER BENETO: The -- the thing is, and I
17 agree with our chairman, you guys need to get together and
18 make Ferndale whole one way or another. It's got to happen
19 and --

20 CHAIR BRACKPOOL: Well, that was -- that's --
21 that's absolutely not what I said.

22 COMMISSIONER CHOPER: Not quite.

23 CHAIR BRACKPOOL: That's not what I said.

24 COMMISSIONER BENETO: I never said you said that.
25 I said --

1 CHAIR BRACKPOOL: Oh, you said that. Yeah.

2 COMMISSIONER BENETO: I'm saying that. That's
3 my -- my --

4 CHAIR BRACKPOOL: Right.

5 COMMISSIONER BENETO: -- my spiel.

6 CHAIR BRACKPOOL: I understand. I understand.
7 And mine is a more general admonition which is you can
8 handicap, you can read faces, you can listen to what's going
9 on, and some haven't said anything. You need to work this
10 out.

11 COMMISSIONER BENETO: I say it too.

12 CHAIR BRACKPOOL: You need to work this out. And
13 it will be on the agenda, but I hope it's only a report.
14 Yes?

15 MR. MORGAN: Is there any contact that the parties
16 have with the CHRB during this month-long process?

17 CHAIR BRACKPOOL: Yeah. You can -- you can use --
18 you can -- I want you to have another session. And then I'd
19 like you each to send me, you know, your -- your accounting.
20 Because the problem I've got is that each time you send me
21 emails, both sides of you, you go back to arguing equity and
22 merits and I -- I know all of that; right?

23 MR. MORGAN: Okay.

24 CHAIR BRACKPOOL: This is numerical at this state
25 because we're down, honestly, to numerical. So please send

1 me something that's numerical. And see if you can't agree
2 on a statement of uncontested factual numbers.

3 MR. MORGAN: All right. Okay.

4 COMMISSIONER CHOPER: Yeah. You know, I want
5 to -- oh, I'm sorry.

6 CHAIR BRACKPOOL: No. That's fine.

7 COMMISSIONER CHOPER: You know, you've seen
8 there's a division of opinion on the Board.

9 MR. MORGAN: Yes.

10 COMMISSIONER CHOPER: I think it behooves both
11 parties to try to do something to get this thing settled.
12 And I think it's absolutely true that nobody's going to get
13 every one -- everything they want, unless you want to put
14 it, you know, up to the Board. Then you better count noses.
15 And I've said enough.

16 CHAIR BRACKPOOL: Okay.

17 COMMISSIONER CHOPER: Okay.

18 CHAIR BRACKPOOL: Okay. So that's where we are on
19 this. Thank you. That concludes that item.

20 Santa Anita had asked to make an announcement
21 about an event they've got coming up, but I don't see
22 anybody here from Santa Anita.

23 MS. WAGNER: Santa Anita?

24 CHAIR BRACKPOOL: So, okay, that's concludes the
25 open portion of this -- actually, Counsel, we're not going

1 into closed.

2 MR. MILLER: There's no need to.

3 CHAIR BRACKPOOL: So there's no closed session
4 today. So that actually convenes the Board meeting. Thank
5 you.

6 (The Commission meeting adjourned at 12:28 p.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 California Horse Racing Board Meeting; that it was thereafter transcribed.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of October, 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

October 23, 2012