



APPEARANCES

COMMISSIONERS

David Israel, Chairperson

Chuck Winner, Vice Chair

Richard Rosenberg

Jesse Choper

Steve Beneto

Bo Derek

George Krikorian

STAFF

Kirk Breed, Executive Director

Robert Miller, Staff Counsel

Jacqueline Wagner, Regulations/Legislation Manager

Harold Coburn

Mike Marten

Rick Arthur, Equine Director

ALSO PRESENT

Bryan Wayte, NOTWINC

Joe Morris, NOTWINC and Golden Gate Fields

Joe Harper, Del Mar Race Track

Craig Dato, Del Mar Race Track

Josh Rubenstein, Del Mar Race Track

Tawny Toscani, Sonoma County Fair

Richard Lewis, Sonoma County Fair.

APPEARANCES (CONT.)

ALSO PRESENT (CONT.)

Chris Korby, CARF

Ann Grattveit, CARF

Rick Pickering, California Exposition State Fair

Mike Pegram

Scott Daruty, Santa Anita Race Track

Alan Balch, California Thoroughbred Trainers

Jim Cassidy, California Thoroughbred Trainers

Jim Henwood, Fairplex

Mike Sedder

Rick Pickering, California Exposition and State Fair

George Haines, Santa Anita Race Track

Tom Robbins, Del Mar Race Track

Brad McKenzie, Los Alamitos Race Course

John Barr, Oak Tree Racing Association

Sherwood Chillingworth, Oak Tree Racing Association

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3. Discussion and action by the Board on the approval 4  
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4. Discussion and action by the Board regarding 5  
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## Proposed CHRB Rules:

- 2086, Definitions;
- 2086.5, Application for License to Operate Exchange Wagering;
- 2086.6, Operating Plan required;
- 2086.7, Exchange Wagering Data;
- 2086.9, Financial and Security Integrity

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## Audits Required;

- 2087.6, Cancellation of Matched Wagers;
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- -2089.5, Requirements to Establishing Wagering Account.

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12. Closed Session: For the purpose of receiving 284  
 advice from counsel, considering pending litigation,  
 reaching decisions on administrative licensing and  
 disciplinary hearings, and personal matters, as  
 Authorized by section 1126 of the Government Code.
- A. The Board may convene a Closed Session to  
 confer with and receive advice from its legal  
 counsel, considering regarding the pending  
 litigation described in the attachment to  
 this agenda captioned "Pending Litigation" as  
 authorized by Government Code section  
 11126(c).
- B. The Board may convene a Closed Session to  
 confer with and receive advice from its legal  
 counsel regarding the pending administrative  
 licensing or disciplinary matters described  
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 "Pending Administrative Adjudications," as  
 authorized by Government Code section  
 1126(c).

The Board may convene a Closed Session for the  
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- C. as authorized by Government Code section  
11256(a).

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P R O C E E D I N G S

9:30 a.m.

PROCEEDINGS BEGIN AT 9:30 A.M.

(The meeting was called to order at 9:30 A.M.)

SACRAMENTO, CALIFORNIA, THURSDAY, MAY 23, 2013

MEETING BEGINS AT 9:30 A.M.

EXECUTIVE DIRECTOR BREED: This meeting of the California Horse Racing Board will come to order. Please take all your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, May 23rd, 2013 at the California Exposition and State Fair Grandstand Club House, 1600 Exposition Boulevard, Sacramento, California.

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

Before we go on to the business of the meeting I need to take a few comments. The board invites -- 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 the public comment period if the matter concerns horse

1 racing in California.

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

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

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

22 When the names have been called the chairman will  
23 ask if there is anyone else who would like to speak on the  
24 matter before the board. Also, the -- the board may ask  
25 questions of individuals who speak.

1 If a speaker repeats himself or herself the chairman will  
2 ask if the speaker has any new comments to make. If there  
3 are none the speaker will be asked to let others make  
4 comments to the Board.

5 Mr. Chairman.

6 CHAIR ISRAEL: Thank you. First order of business  
7 is to introduce the newest member of the board, George  
8 Krikorian. Welcome. And if you'd like to say anything? Do  
9 you have any --

10 COMMISSIONER KRIKORIAN: (Off mike.) I'd like to  
11 say good morning. I'm grateful to be here and have this  
12 opportunity to sit on the CHRB Board. My esteemed  
13 colleagues here, I'm looking forward to working diligently  
14 with them on all of the pressing issues that are at hand.  
15 That's it.

16 CHAIR ISRAEL: Thank you, George. Okay.

17 First item on the agenda is an approval of the  
18 minutes for April 11th. Any comment?

19 VICE CHAIR WINNER: I just want to change, Mr.  
20 Chairman, on page 17 where it says Vice Chairman Israel  
21 seconded, it should be Vice Chairman Winner seconded.

22 CHAIR ISRAEL: Can you hear me? Can you hear me?

23 EXECUTIVE DIRECTOR BREED: That's the hot button.  
24 There's a hot button.

25 CHAIR ISRAEL: That's supposed to turn it off.

1 VICE CHAIR WINNER: Can you hear me?

2 COMMISSIONER DEREK: Yes.

3 VICE CHAIR WINNER: Okay. On page 17, Jackie, if  
4 you could just change where it says Vice Chairman Israel  
5 seconded, it should be Vice Chairman Winner seconded.

6 MS. WAGNER: Oh, okay. Got it.

7 CHAIR ISRAEL: Any other notes or comments on the  
8 minutes? Is there a motion?

9 VICE CHAIR WINNER: So moved.

10 CHAIR ISRAEL: Moved by Commissioner -- Vice Chair  
11 Winner. Is it seconded?

12 COMMISSIONER ROSENBERG: Second.

13 CHAIR ISRAEL: Seconded by Commissioner Rosenberg.  
14 Any opposition? The motion passes. Okay.

15 Public comment. There are no cards, Mike; is that  
16 right?

17 MR. MARTEN: No, not at this point. No.

18 CHAIR ISRAEL: Okay. We'll move on to discussion  
19 and action by the board on the approval of service, steward  
20 and official veterinarian contracts for the upcoming fiscal  
21 year. That's item number three.

22 EXECUTIVE DIRECTOR BREED: Mr. Chairman,  
23 Commissioners, every year we do this during -- in May in  
24 preparation for all the contracts that we have for the  
25 coming fiscal year. We've innumarated these contracts in

1 your -- in your packet. So if there is any questions I'll  
2 be happy to entertain whatever questions you have.

3 CHAIR ISRAEL: Anybody have any questions?

4 EXECUTIVE DIRECTOR BREED: Otherwise, I ask for an  
5 aye vote.

6 CHAIR ISRAEL: Okay. Is there a motion?

7 COMMISSIONER BENETO: I'll make a motion.

8 CHAIR ISRAEL: Commission Beneto moves it.  
9 Anybody second?

10 COMMISSIONER CHOPER: Second.

11 CHAIR ISRAEL: Seconded by Commissioner Choper.  
12 All in favor?

13 ALL COMMISSIONERS: Aye.

14 CHAIR ISRAEL: Opposed? The motion passes  
15 unanimously.

16 Agenda item number four, discussion and action by  
17 the board regarding the request from Northern California  
18 Off-Track Wagering, Inc. (NOTWINC) to continue the  
19 modification of the distribution of market access fees from  
20 advance deposit wagering as permitted under Business and  
21 Professions Code section 19604(f)(5)(E) for wagering  
22 conducted by thoroughbred associations in the northern zone.

23 Who's coming forward on that? Joe? Okay.

24 MR. WAYTE: Hello. My name is Bryan Wayte.

25 CHAIR ISRAEL: You need -- I think -- make sure

1 that green light is on, and introduce yourself please.

2 MR. WAYTE: Yes. My name is Bryan Wayte. I'm  
3 General Manager of Northern California Off-Track Wagering.

4 MR. MORRIS: Joe Morris, Chairman of NOTWINC.

5 CHAIR ISRAEL: Okay. Please tell us what you  
6 need.

7 MR. WAYTE: Well, what we would like to do is to  
8 have -- we've got a new agreement between Thoroughbred  
9 Owners of California and Golden Gate Fields to make the ADW  
10 distribution for NOTWINC at 2.5 percent. It's currently at  
11 2.9 percent. That agreement expires June 30th. And what we  
12 would like to do is extend six months at the lower rate.  
13 We're also not going to be asking the -- on the brick and  
14 mortar sites the 2.9 will revert to a 2.5, which is in  
15 accordance with that. So we're not asking for that. We're  
16 just asking to have the ADW with a 2.15 rate for the six  
17 month period from July 1st through December 31st.

18 CHAIR ISRAEL: Then what happens on December 31st?

19 MR. WAYTE: We would come back and see if -- where  
20 we were at with the expense fund. And if we needed a new  
21 agreement we would get Golden Gate Fields and the TOC to get  
22 a new agreement for the coming year.

23 CHAIR ISRAEL: Okay. Thank you. Anybody have any  
24 questions?

25 COMMISSIONER ROSENBERG: I'm just curious about --

1 it's rare to see cost savings and, actually, expenses lower.  
2 How did you accomplish that?

3 MR. WAYTE: Well, we've been reviewing the  
4 expenses in a lot of different areas, obviously cutting back  
5 in areas that -- that -- our biggest area of expense is the  
6 labor side. We have had some relief on the -- we've had  
7 some relief in that area. We've also streamlined some of  
8 our efficiencies within the departments, and we're looking  
9 over all the different contracts.

10 COMMISSIONER ROSENBERG: Was the -- was the relief  
11 in terms of the number of people you had to provide,  
12 sellers -- tellers you had to provide?

13 MR. WAYTE: Not mainly in that area but in the  
14 health and welfare costs that went down for us.

15 MR. MORRIS: You know, and a similar exercise  
16 happened at Golden Gate Fields where we reviewed all the  
17 expenses. We took that on to the NOTWINC side with working  
18 with CARF, made Bryan general manager. And we just found  
19 efficiencies and got them into place.

20 COMMISSIONER ROSENBERG: Great. Thank you.

21 CHAIR ISRAEL: Any other questions? Is there a  
22 motion?

23 COMMISSIONER ROSENBERG: Moved.

24 CHAIR ISRAEL: Moved by Commissioner Rosenberg.  
25 Second?

1 VICE CHAIR WINNER: Second.

2 CHAIR ISRAEL: Seconded by Vice Chairman Winner.

3 All in favor?

4 ALL COMMISSIONERS: Aye.

5 CHAIR ISRAEL: Opposed? The motion passes  
6 unanimately. Thank you.

7 MR. WAYTE: Thank you.

8 CHAIR ISRAEL: Great. Agenda item five,  
9 discussion and action by the board regarding the request  
10 from Golden Gate Fields to allow a jockey to wear  
11 Pivothead -- you got to love that -- Glasses during one  
12 designated turf race at Golden Gate Fields.

13 What? Do I look like a Pivothead? All right.  
14 Okay. There's -- Joe, you want to make the presentation?

15 MR. MORRIS: Yeah.

16 CHAIR ISRAEL: I'll pass this down. Here's -- so  
17 you can compare it to --

18 MR. MORRIS: Those are the normal --

19 CHAIR ISRAEL: Those are regular goggles.

20 MR. MORRIS: Yes. Joe Morris, Golden Gate Fields.  
21 This request comes from, you know, over the years -- a  
22 couple of years I've been up there we've been looking for  
23 ways to promote this sport even more. And one of our -- one  
24 of our guys up there, Sam Spear, got in contact with the New  
25 York Times. And we have what we believe to be a very

1 positive story, starting with the New York Times. They've  
2 already -- they've been out to the track a half a dozen  
3 times. They've written a 9,000 word story, and it's on  
4 Russell Baze, and on his career. They've been and  
5 interviewed his family. The story is written.

6           Now the good news is they also want to do a video  
7 presentation on NewYorkTimes.com. And they've shot all --  
8 all sorts of video of racing. They've been on the roof at  
9 sunrise and they've done it. They would love to get a race  
10 video, also, for the NewYorkTimes.com.

11           When I first got here a couple of years ago I  
12 remember meeting where there was a mounted. And, obviously,  
13 as you can see that isn't. Russell has worn those on  
14 numerous occasions in the morning. Paul Nicolo, your safety  
15 steward, has also reviewed it. And we think they're safe,  
16 you know, they won't come off. The -- the -- and we think  
17 it would be great to have that exposure on the New York  
18 Times for the industry. So we're requesting to be able to  
19 use those in one turf race at Golden Gate sometime between  
20 now and the end of our meet June 16th.

21           CHAIR ISRAEL: All right. I mean, they seem  
22 great. And they seem to solve all of -- all of the issues  
23 we had previously with -- with the request to use a live  
24 camera that were --

25           MR. MORRIS: Right.

1 CHAIR ISRAEL: -- basically a little video camera  
2 attached by a bungee cord to a helmet, which was too  
3 dangerous.

4 MR. MORRIS: I agree.

5 CHAIR ISRAEL: And I know what kind of  
6 presentation the Times wants to do. They did one this year  
7 called Snow Fall about an avalanche, and it one the Pulitzer  
8 Prize. It was breathtakingly good.

9 MR. MORRIS: Well, the interesting thing, the  
10 writer of the 9,000 words is a Pulitzer Prize award  
11 winner --

12 CHAIR ISRAEL: RIGHT.

13 MR. MORRIS: -- in past stories. And, I mean,  
14 it's just amazing to have them behind our sport anywhere and  
15 doing a positive story.

16 CHAIR ISRAEL: Right.

17 VICE CHAIR WINNER: I read where Russell talks  
18 about it did not cause any problems at all in his works.  
19 And he, obviously, strongly supports this.

20 COMMISSIONER DEREK: I'd just like to encourage  
21 the board to allow this. I think that, obviously, this is a  
22 big improvement on helmet cams. But I know I've seen on the  
23 internet workouts, morning workouts with old fashioned  
24 helmet cams that somehow got on the track. But there is  
25 something about that perspective that -- that really

1 demonstrates the excitement, the power of the horses like  
2 nothing else.

3 CHAIR ISRAEL: This is -- we finally have  
4 technology that makes sense, and it's like an in-car camera  
5 in an Indy car or a NASCAR car and it's -- it will show us  
6 all that they -- that those cameras show us.

7 MR. MORRIS: Right.

8 CHAIR ISRAEL: So any other questions or comments?

9 COMMISSIONER BENETO: I can't hear you because  
10 you're not talking into the mike.

11 CHAIR ISRAEL: Any other questions or comments?

12 COMMISSIONER BENETO: That's better.

13 CHAIR ISRAEL: The mixer did a better job. I'm  
14 talking the same way. All right. Is there a motion?

15 COMMISSIONER DEREK: Moved.

16 CHAIR ISRAEL: Moved by Commissioner Derek. I'll  
17 second it. Any -- all in favor?

18 ALL COMMISSIONERS: Aye.

19 CHAIR ISRAEL: Motion passes unanimously.

20 MR. MORRIS: Thank you.

21 CHAIR ISRAEL: Okay. Report from the Medication  
22 and Track Safety Committee.

23 COMMISSIONER DEREK: Oh. Already?

24 CHAIR ISRAEL: Yeah, we're going fast. You're  
25 going to make your flight.

1           COMMISSIONER DEREK: Yesterday the Medication and  
2 Track Safety Committee had a really good meeting, as we  
3 usually do when we go to UC Davis. We discussed a  
4 regulatory change that will help the CHRB take a step toward  
5 national uniformity in medication. We are way ahead of most  
6 jurisdictions in terms of having established authorized  
7 decision levels for permitted medications. So we don't need  
8 to make many changes.

9           A major one, though, is to establish thresholds  
10 for permitted medications in blood samples. We are setting  
11 out -- we are setting right out-of-bound lines, so trainers  
12 should be able to stay out of trouble. We will be making  
13 this information available to the industry. This matter  
14 should come before the board later this year.

15           What -- what Staff is trying to do, and Dr.  
16 Arthur, is not only release the new threshold levels of  
17 certain drugs, but also give a very clear withdrawal time.  
18 So for instance, whatever the drug is, it will say very  
19 clearly, do not give this drug within 48 hours of race day  
20 or 38 hours of race day. So it will be very clear. And the  
21 effort -- the -- the goal of this is to have fewer positives  
22 and fewer mistakes.

23           We discussed a regulation to prohibit a horse from  
24 starting in a race that has received an intra-articular  
25 injection of cortisone within seven days of a race. Dr.

1 Arthur pointed to a study indicating that such injections  
2 actually are most beneficial to horses when they are  
3 administered seven to ten days before a race. This is a  
4 horse welfare issue. Horsemen have adapted to a similar  
5 rule in Pennsylvania and New York. This is the beginning of  
6 the process. The goal would be to have the prohibition in  
7 place approximately one year from now. Although other  
8 jurisdictions do have this -- this regulation in place,  
9 California has been waiting until we feel completely secure  
10 that our testing is accurate. The problem with passing this  
11 before would have been without proper testing, then maybe  
12 some horses would still be having the effects on race day,  
13 some wouldn't. And this way the -- it will be fair to  
14 everyone.

15           We began discussions of improving backside  
16 security. We have reports from almost ten years ago when  
17 CHRB held a series of meetings that looked into camera  
18 surveillance in the backside, along with numerous other  
19 issues. A few of the recommendations stemming from the 2003  
20 and 2004 meetings were implemented. But the major issues of  
21 detention barns and/or camera surveillance were not  
22 resolved. Additional security personnel could be a  
23 possibility. Kirk Breed will be getting a group together,  
24 led by Chief Investigator Bill Westerman, to take a detailed  
25 look at backside and come with -- come up with

1 recommendations, including suggestions on how to pay for it.  
2 The TOC and the CTT support the concept of enhanced  
3 security. We could also make additional security a  
4 condition of date allocations.

5 One thing that was interesting is whereas in 2004  
6 it seemed the consensus that cameras would be the answer,  
7 now with experience it seems that probably more personnel  
8 security and putting the emphasis on personnel security that  
9 have serious horse -- that -- who are serious horsemen first  
10 so that they know what's going on, they're experienced. And  
11 as we've seen with our safety stewards, Luis Juaregui and  
12 Paul Nicolo, it's -- I think that's been very successful.  
13 So we'll be looking, probably, into more personnel like  
14 them.

15 We continued our discussion of jockey and exercise  
16 rider injuries. Dr. Peter Hitchens reported on a study that  
17 included jockey accidents that occurred on race day in 2007  
18 through 2011. Among the significant findings, during this  
19 period there were 351 workers compensation claims filed by  
20 jockeys totaling more than \$17 million. There were more  
21 accidents in quarter horse racing than thoroughbred racing.  
22 Of the jockey falls that resulted from catastrophic injuries  
23 to horses 60 percent of those jockeys were injured,  
24 resulting in workers compensation claims averaging more than  
25 \$100,000 each. Exercise rider injuries and claims average

1 just under \$30,000 each.

2           This research has illuminated the fact that  
3 exercise riders are injured at a surprisingly high rate, 213  
4 in a 22 month period. Dr. Arthur said that exercise riders  
5 will be added to the jockey injury database.

6           A great number of these accidents occur in the  
7 stable area. The committee is continuing to explore the  
8 possibility of limiting vehicular traffic in the stable  
9 area, which would help the roads in the stable area from  
10 being packed to the hardness of the asphalt. And our safety  
11 stewards will be meeting with and touring the stable areas  
12 regularly with the CTT to deal with their concerns and the  
13 areas of track safety, and the stable area conditions.

14           This is really important that we get the help of  
15 the tracks in this because there are some very obvious  
16 improvements that could be made for safety, but we must have  
17 cooperation with the race tracks themselves. Sometimes I  
18 think that the idea of softening our trails, our horse  
19 trails would be a big improvement. And especially if we  
20 could immediately get on the traffic problem, where the  
21 horses tend to congregate as they get off and on to the  
22 track.

23           We continued to discuss the possibility of  
24 assessing the qualifications of exercise riders and  
25 improving the licensing procedure to make certain that all

1 licensed exercise riders are qualified for the work. We've  
2 begun the process of developing a conditional license for  
3 exercise riders. And this is just an example of exercise  
4 riders seem to be getting licenses the old way. Somebody  
5 just sort of looks at them right and says you can do it.  
6 We'll be shifting these jockey and exercise rider injury  
7 matters to the new Jockey Welfare Committee, which is  
8 chaired by Commissioner Winner.

9 I'd just like to add one thing. This -- this new  
10 information about jockey and exercise rider injuries was  
11 provided by Dr. Peta Hitchens. And because of new budget  
12 problems, she's probably going to have to end her work very  
13 soon. And I'd like to work with anybody in the industry who  
14 could come up and help find a way to continue her work. I  
15 think it's very important for the safety of all of our  
16 riders in the industry. Thank you.

17 CHAIR ISRAEL: Chuck?

18 VICE CHAIR WINNER: If I can just add a couple of  
19 points to -- to stress what Commission Derek said. Sorry.  
20 If I can just add a couple of points to -- beyond what  
21 Commissioner Derek said.

22 With respect to the -- to the backside injuries  
23 and the injuries to exercise riders, along with the jockeys,  
24 it's a really important issue, not just because of the  
25 safety and the health issues and -- and the life and death

1 issues of these exercise riders and jockeys, of course, but  
2 it's also very expensive to the industry. When we talk  
3 about \$17 million a year that are going for -- for these  
4 workers comp cases, that -- that comes from us. That comes  
5 from the industry. So -- and there are ways to prevent --  
6 not all of them, of course, but there are ways to prevent a  
7 number of them. And as Commissioner Derek said, it really  
8 does require the cooperation of the tracks to help resolve  
9 some of these problems.

10           Some of these problems are pretty obvious. It has  
11 to do with the hardness of the surface. A lot of these  
12 injuries occur -- a huge number of them occur, as  
13 Commissioner Derek said, on the ingress and egress going  
14 into the tracks in the morning where all the horses  
15 congregate, where they're loading horses onto the vans at  
16 the very location where these horses are congregating,  
17 because of the -- the numbers of vehicles that are on the  
18 track that don't -- are in the backstretch, rather, that  
19 don't have to be there. These things can be resolved and we  
20 can cut down on these injuries significantly which would not  
21 only be a health benefit, obviously, but also it will be a  
22 financial benefit at a time when -- when we need it.

23           The other point that I'd also like to stress that  
24 Commissioner Derek made is that because of these budget  
25 problems the -- yesterday some of us had the opportunity of

1 Commissioner Derek, Commission Krikorian and myself, we had  
2 the opportunity of -- of again going through the lab at  
3 Davis, the Maddy Lab, and also experiencing some of the work  
4 that they're doing, and it's phenomenal. And it's extremely  
5 important, in my view, and I think in our view to racing in  
6 the state. And, frankly, they really are state of the art  
7 there. People have learned from -- from the Maddy. We have  
8 the best lab probably maybe in the world, certainly in the  
9 country. And -- and it not only serves our purposes from  
10 the health standpoint for the horses, but also it serves the  
11 industry globally.

12           So because of our budget problems we're going to  
13 need some help. And we're going to be working on trying to  
14 find ways to -- to enhance the -- the budget for those --  
15 for those purposes. Thank you.

16           CHAIR ISRAEL: Anybody have any questions? No?  
17 Okay.

18           Moving on to the next item on the agenda -- Bo, do  
19 you have anything that you want to add?

20           COMMISSIONER DEREK: Huh?

21           CHAIR ISRAEL: Anything else?

22           COMMISSIONER DEREK: Yes, actually. One more  
23 thing. We had another presentation after our meeting from  
24 Dr. Sue Stover regarding, again, we're on the verge of -- of  
25 a very important breakthrough in horse safety and welfare

1 regarding breakdowns. And we know now that over 85 percent  
2 of breakdowns have preexisting injuries. We are on the  
3 verge of being able to make recommendations to avoid those  
4 catastrophic injuries. And right now that research is so  
5 important, so that's another area where we will probably be  
6 coming to the industry to make sure that this -- this  
7 research continues.

8 CHAIR ISRAEL: Okay. Thank you. And thank you to  
9 the committee for all their hard work. Okay.

10 Our next item is the report from the Exchange  
11 Wagering Ad Hoc Committee.

12 Jackie?

13 COMMISSIONER BENETO: What number?

14 CHAIR ISRAEL: Seven.

15 EXECUTIVE DIRECTOR BREED: Seven.

16 CHAIR ISRAEL: Jackie, why don't you come forward  
17 because you can refresh us on the substance of the report.  
18 We had a meeting --

19 COMMISSIONER BENETO: That's eight; right?

20 CHAIR ISRAEL: No, seven. Report from the  
21 Exchange Wagering Ad Hoc Committee. They're basically -- we  
22 vote on this, on eight. Then --

23 COMMISSIONER BENETO: All right. Sorry.

24 CHAIR ISRAEL: Okay. I'll just say the committee  
25 met -- when did we meet, in April? About a month ago. It

1 was myself and Commissioner Rosenberg, who apparently are  
2 easily confused with each other. And it was -- it was a  
3 brief but good meeting in which we came to a clear  
4 resolution on all but one of the changes that Staff had  
5 prepared in order to meet the requests of the Office of  
6 Administrative Law. And then Jackie had subsequently  
7 chaired a meeting in Sacramento with some of the  
8 stakeholders in which they ironed out the one remaining  
9 issue.

10           So please report on that, and then we'll move on  
11 to eight where we can consider what the changes were.

12           MS. WAGNER: Jackie Wagner, CHRB staff. The  
13 report is as the chairman has outlined it. After our Ad Hoc  
14 Committee meeting we did -- Staff did meet with  
15 representatives of potential exchange wagering providers,  
16 which include representatives from Global Betting Exchange,  
17 Churchill Downs and Betfair. And we were able to -- we were  
18 able to come to a consensus on the one rule that was causing  
19 some frustration at the last meeting, and that was Rule  
20 2086.5, which addressed the fee, the subsequent fee and how  
21 we were going to collect that fee.

22           In summary, what we have in our package and what  
23 we're asking the board to instruct us to notice, that rule  
24 has been changed to provide that the term of an exchange  
25 wagering license is a maximum of 12 --

1 EXECUTIVE DIRECTOR BREED: Excuse me, Jackie.

2 Could you tell me what page that's on?

3 (Colloquy Between Commissioners)

4 MS. WAGNER: 88-23.

5 CHAIR ISRAEL: It starts at the bottom of 88-23 --

6 MS. WAGNER: 88-23.

7 CHAIR ISRAEL: -- and goes on to 8-24.

8 EXECUTIVE DIRECTOR BREED: 88-23?

9 MS. WAGNER: Correct. 88-23.

10 In summary, that particular rule has been changed  
11 to provide the term of an exchange wagering license as a  
12 maximum of 12 months. An original exchange wagering license  
13 will expire on June 30th in the year it is issued, the last  
14 day of the State of California's fiscal year, and thereafter  
15 will expire -- will be for a period of 12 months beginning  
16 July 1, ending June 30th. The total amount per fiscal year  
17 to be assessed to exchange wagering is now \$500,000. The  
18 assessment fee will be equally appropriated amongst the  
19 approved applicants and paid on a monthly basis.

20 CHAIR ISRAEL: A portion?

21 MS. WAGNER: Did I say appropriated?

22 CHAIR ISRAEL: Appropriated, yeah.

23 MS. WAGNER: Yeah, I'm sorry. Apportioned. Thank  
24 you. And will be paid on a monthly basis. The board shall  
25 provide notification of any adjustments to the monthly

1 assessment fees within seven days of an increase or decrease  
2 in the number of approved exchange wagering applicants,  
3 which basically means if we've got a new provider that comes  
4 onboard the next monthly assessment will be adjusted  
5 accordingly.

6           We've come to a consensus on that particular issue  
7 which was the major bone of contention when we last met.  
8 And the other rules have been adjusted as they were outlined  
9 at the Ad Hoc Committee. They were just minor grammatical  
10 changes that do not change the substance. And Staff would  
11 recommendation that the board instruct us to initiate the  
12 15-day comment period on the rules as presented.

13           CHAIR ISRAEL: Okay. Yeah, just sort of to  
14 expedite things, we're taking item seven and eight together  
15 here because that makes sense. And I know that Vice Chair  
16 Winner has some questions which, frankly, reflect some of my  
17 questions. So he has the floor.

18           MS. WAGNER: Absolutely.

19           VICE CHAIR WINNER: First of all, with respect to  
20 the -- to the payment issue, do I understand, Jackie, that  
21 the way it would work is if -- if -- let's assume that we  
22 started exchange wagering at the opening of the Santa Anita  
23 meet on December 26th.

24           MS. WAGNER: Uh-huh.

25           VICE CHAIR WINNER: So in order to participate in

1 that they would have to pay \$500,000 for the five days, and  
2 then they'd have to pay \$500,000 again?

3 MS. WAGNER: They would be assessed the fee  
4 pursuant to how many applicants are licensed. So if there's  
5 one applicant that's licensed they're fee is going to be --  
6 correct me if I'm wrong -- \$41,667.

7 VICE CHAIR WINNER: Yeah. I understand. But --  
8 yeah, per month.

9 MS. WAGNER: Per month.

10 VICE CHAIR WINNER: But what is the -- what is the  
11 timing? It says the last -- every original exchange  
12 wagering granted by the board expire on the last day of the  
13 State of California's fiscal year. So when would that --  
14 how would that work with respect to -- to the first year?

15 MS. WAGNER: The first year, if they were licensed  
16 in December their license would run through June --

17 VICE CHAIR WINNER: June.

18 MS. WAGNER: -- 30th.

19 VICE CHAIR WINNER: Okay. And if they were  
20 licensed in May?

21 MS. WAGNER: Their license would run through June  
22 30. So they would give us two payments.

23 VICE CHAIR WINNER: Right.

24 MS. WAGNER: And then they would be re-licensed.

25 VICE CHAIR WINNER: So if they were, let's

1 assume -- let's assume that it was the -- you know, that it  
2 was a month before, 30 days, 60 days, they would end up  
3 having to pay -- the problem is the first year instead of  
4 being a proportional amount they would have to pay the whole  
5 amount. No?

6 MS. WAGNER: No. No. It would -- they would  
7 still have to pay the monthly.

8 VICE CHAIR WINNER: And that's clear in here?

9 MS. WAGNER: Yes.

10 VICE CHAIR WINNER: Okay.

11 CHAIR ISRAEL: Well, here's -- I have a question  
12 to follow up on that.

13 VICE CHAIR WINNER: Please.

14 CHAIR ISRAEL: What -- where it becomes murky is  
15 let's say ADW Company A --

16 VICE CHAIR WINNER: Right.

17 CHAIR ISRAEL: -- starts racing in --

18 VICE CHAIR WINNER: That was my next question.

19 CHAIR ISRAEL: -- in July --

20 VICE CHAIR WINNER: Right.

21 CHAIR ISRAEL: -- you know, it starts taking  
22 exchange wagers in July.

23 VICE CHAIR WINNER: Uh-huh.

24 CHAIR ISRAEL: And then Company B comes along and  
25 decides to start taking exchange wagering in October.

1 VICE CHAIR WINNER: Uh-huh.

2 CHAIR ISRAEL: The cost -- now you've had three  
3 months of \$40,000 payments by one company --

4 VICE CHAIR WINNER: Right.

5 CHAIR ISRAEL: -- that then declined to, you know,  
6 to \$20,000 for two companies each.

7 MS. WAGNER: Right.

8 CHAIR ISRAEL: But built into some of those costs  
9 are costs that are spread over -- built into some of those  
10 charges are costs that are spread over the whole year, for  
11 instance, for the software and all that. So the company  
12 that's paid \$120,000 seems to be overcharged in retrospect.  
13 And how do you figure out how to credit that?

14 VICE CHAIR WINNER: That was my next -- that was  
15 my follow-up question.

16 MS. WAGNER: There are no credits.

17 COMMISSIONER ROSENBERG: Wait. They're in  
18 business. They're operating for three months.

19 CHAIR ISRAEL: I understand that. But built --

20 MS. WAGNER: Yeah.

21 CHAIR ISRAEL: Built into the first year's costs  
22 are the startup costs in any kind of software measurements.  
23 The security is going to be mostly measured by -- through  
24 using software systems that -- that -- that track betting  
25 patterns if I'm not mistaken; is that right? Okay. And so

1 there -- there are startup costs that -- that -- that are  
2 much higher than regular maintenance costs going forward.  
3 And it seems to me the first company is going to be eating a  
4 disproportionately high amount of those, even though Company  
5 B will benefit by the fact that those -- that -- that  
6 software is in place.

7           COMMISSIONER CHOPER: Are the startup costs also  
8 allocated over a given period or are they all in the first  
9 month? I mean, I wouldn't think that a sensible system  
10 would have them all in the first month, to -- to respond to  
11 the problem. So how long you spread them out is another  
12 question. After all --

13           CHAIR ISRAEL: In other words --

14           COMMISSIONER CHOPER: -- the longer you're there  
15 the bigger advantage you have.

16           CHAIR ISRAEL: Right.

17           MS. WAGNER: Correct.

18           CHAIR ISRAEL: What -- what's the amortization  
19 schedule, is basically the deal?

20           MS. WAGNER: Well, we have not figured out an  
21 amortization schedule, per se. But what we have done is  
22 taken up the -- we have divided the yearly assessment fee  
23 into 12-month increments in order to equally spread out the  
24 fee amongst the providers that are coming forward.

25           COMMISSIONER ROSENBERG: That's an estimated. But

1 you used the word fee. I want to clarify with you, that's  
2 an estimate because it can be adjusted.

3 MS. WAGNER: Yes.

4 COMMISSIONER ROSENBERG: Correct?

5 MS. WAGNER: It can be adjusted.

6 COMMISSIONER ROSENBERG: That's the important  
7 thing.

8 MS. WAGNER: And I used the term fee. It should  
9 be --

10 COMMISSIONER ROSENBERG: Yeah.

11 MS. WAGNER: We're trying to use the term  
12 assessment.

13 COMMISSIONER ROSENBERG: Yeah.

14 MS. WAGNER: That \$500,000 assessment will be  
15 spread out over the -- the 12 months. And it would be  
16 predicated on the number of providers that are coming  
17 forward to be licensed.

18 VICE CHAIR WINNER: But first in -- first in pays  
19 more, in essence. In other words, if --

20 CHAIR ISRAEL: Yes.

21 MS. WAGNER: Well, if --

22 VICE CHAIR WINNER: -- if the chairman says --

23 MS. WAGNER: If we only have one, yes. If we only  
24 have one license in the first month that the --

25 VICE CHAIR WINNER: Right.

1 MS. WAGNER: -- the licenses are available --

2 VICE CHAIR WINNER: Right.

3 MS. WAGNER: -- they're going to be paying \$41,000  
4 until somebody else comes onboard.

5 COMMISSIONER ROSENBERG: Well, it doesn't matter.

6 MS. WAGNER: And that could be --

7 COMMISSIONER ROSENBERG: That's only fair.

8 MS. WAGNER: Yeah. And that could be for one  
9 month, two months, whatever the period of time it is before  
10 the next one comes along.

11 VICE CHAIR WINNER: One other question, Jackie.  
12 Excuse me just one second. One other question is you said  
13 that the three companies, GB, Betfair and Twinspires were at  
14 the -- at the -- did they all agree to this?

15 MS. WAGNER: Yes. We all agreed to this  
16 particular proposal in terms of collecting --

17 VICE CHAIR WINNER: Okay.

18 MS. WAGNER: -- the fee schedule.

19 VICE CHAIR WINNER: Okay.

20 CHAIR ISRAEL: Okay.

21 MS. WAGNER: We were all in agreement on that.

22 COMMISSIONER CHOPER: Well, initially people  
23 agreed with it.

24 MS. WAGNER: Yes.

25 COMMISSIONER CHOPER: Then to the extent that the

1 amortization may be too short, they're going to get the --  
2 they're going to get the bulk of it. They're not dumb.

3 MS. WAGNER: Right.

4 COMMISSIONER CHOPER: So that they know what  
5 they're doing. And there is an advantage to being first  
6 in --

7 MS. WAGNER: Right. We all --

8 COMMISSIONER CHOPER: -- I think.

9 CHAIR ISRAEL: Actually, most of the computer  
10 businesses there's been an advantage to being second,  
11 almost -- almost invariably.

12 COMMISSIONER CHOPER: So it's going to be a long  
13 wait for just one then.

14 CHAIR ISRAEL: Yes. I mean, they've got to be  
15 racing to be second. Otherwise, everybody's Compuserve.

16 MS. WAGNER: Right. I am -- I can report that,  
17 you know, that meeting that we had with -- with the  
18 providers, the staff had in Sacramento, it went very well.  
19 And it was -- we were able to work through our agreement --  
20 disagreements and to -- to get everybody's viewpoint. And  
21 we did leave the table agreeing that this was --

22 VICE CHAIR WINNER: Okay.

23 MS. WAGNER: -- the best way to handle it.

24 CHAIR ISRAEL: Rich would like to -- Rich would  
25 like --

1           COMMISSIONER ROSENBERG: I just wanted to clarify  
2 that I think like Commissioner Winner's last comment, it's  
3 really not our problem to worry too much about if the -- if  
4 the -- a private company is willing to go into this based on  
5 our arrangement. Our goal is to make the racing board  
6 budget whole --

7           VICE CHAIR WINNER: Yeah.

8           CHAIR ISRAEL: That's a very good point.

9           COMMISSIONER ROSENBERG: -- which this appears to  
10 do.

11          CHAIR ISRAEL: Right. Chuck?

12          VICE CHAIR WINNER: Okay. Jackie, going to  
13 2086.5(b) --

14          MS. WAGNER: 2086.5.

15          VICE CHAIR WINNER: -- that's page 88-23 --

16          MS. WAGNER: Yes.

17          VICE CHAIR WINNER: -- just a few questions.  
18 Number one, it says the applicant must be filed -- the  
19 application must be filed no later than 90 days.

20          MS. WAGNER: Uh-huh.

21          VICE CHAIR WINNER: Now, all throughout this  
22 document it talks about working days. Is this working days  
23 or is this --

24          MR. COBURN: Calendar.

25          VICE CHAIR WINNER: -- calendar days?

1 MS. WAGNER: Yes. And we've also changed the no  
2 back to not.

3 VICE CHAIR WINNER: Okay.

4 MS. WAGNER: After this was published -- I need to  
5 make that note.

6 VICE CHAIR WINNER: Okay.

7 MS. WAGNER: After this was published we did get a  
8 comment.

9 VICE CHAIR WINNER: Okay. So now as I understand  
10 this that means that it -- that it's -- the application must  
11 be filed no later or not later than 90 days in advance of  
12 the scheduled start of operation. Now that means that  
13 it's -- that they can't start the operation until at least  
14 90 days, is that correct, on the application being filed?

15 MS. WAGNER: No.

16 VICE CHAIR WINNER: Okay.

17 MS. WAGNER: No.

18 VICE CHAIR WINNER: So explain it to me please.

19 MS. WAGNER: That means that they need to submit  
20 their application before -- on their application they give  
21 us an anticipation -- an anticipated start date with which  
22 they intend to start. So we're asking that they submit that  
23 application to staff at least 90 days before that particular  
24 start date that's on that application. That -- this time  
25 period is solely for staff to be able to evaluate and review

1 the application for completeness. It is not tied to the  
2 time that we bring it to the board for hearing as to whether  
3 or not they will be issued a license.

4 CHAIR ISRAEL: Okay. So in other words, it gives  
5 you enough time to pursue a full and thorough  
6 investigation --

7 MS. WAGNER: Yes.

8 CHAIR ISRAEL: -- of --

9 MS. WAGNER: Yes.

10 CHAIR ISRAEL: -- of the procedures that will be  
11 followed by the --

12 MS. WAGNER: Correct.

13 CHAIR ISRAEL: -- exchange wagering company?

14 MS. WAGNER: And this -- and this particular  
15 language is consistent with the application filing times for  
16 our other applications that come before the board.

17 VICE CHAIR WINNER: Okay. Again, just to clarify,  
18 to me that still means at least 90 days before, doesn't it?

19 MS. WAGNER: Yes.

20 CHAIR ISRAEL: What she just said is that's  
21 consistent with --

22 VICE CHAIR WINNER: Yeah, I know.

23 CHAIR ISRAEL: Yeah.

24 VICE CHAIR WINNER: I understand.

25 MS. WAGNER: Yes.

1           VICE CHAIR WINNER: So it's at least 90 days  
2 before they commence or days before the scheduled start of  
3 their operation. So there's a 90-day window?

4           MS. WAGNER: The 90-day window, yes. And that 90-  
5 day window is for us to review the applications.

6           VICE CHAIR WINNER: Okay.

7           MS. WAGNER: And the scheduled start --

8           VICE CHAIR WINNER: So you can reduce it, but they  
9 can't?

10          CHAIR ISRAEL: Only the board can reduce it.

11          VICE CHAIR WINNER: Right.

12          MS. WAGNER: Yeah, only the board can reduce that.

13          VICE CHAIR WINNER: All right. Okay. We can  
14 reduce it. But -- but they can -- in other words, they must  
15 submit 90 days before?

16          MS. WAGNER: Correct. Correct.

17          CHAIR ISRAEL: So for example, last month when we  
18 approved the ADW application of that -- I forget what it was  
19 called, that gaming company based in North Dakota --

20          MS. WAGNER: Uh-huh.

21          CHAIR ISRAEL: -- they had applied 90 days  
22 previous --

23          MS. WAGNER: To --

24          CHAIR ISRAEL: -- to you bringing it before the  
25 board?

1 MS. WAGNER: Correct. That's correct.

2 CHAIR ISRAEL: So that's --

3 MS. WAGNER: That's --

4 CHAIR ISRAEL: It's standard operating procedure?

5 MS. WAGNER: It is.

6 CHAIR ISRAEL: Okay.

7 MS. WAGNER: That's standard operating procedure.

8 VICE CHAIR WINNER: But it's -- what I'm trying to  
9 get at, the two clarifications are one is working day versus  
10 calendar day.

11 MS. WAGNER: It's calendar days.

12 VICE CHAIR WINNER: Okay. And two is in my -- the  
13 way I would say it, at least 90 days before they have to  
14 submit; correct? The application must be filed no later  
15 than -- means at least --

16 CHAIR ISRAEL: Yeah.

17 MS. WAGNER: Yes.

18 VICE CHAIR WINNER: -- 90 days before or sooner.

19 MS. WAGNER: Yes.

20 CHAIR ISRAEL: Or 120 days or 180 days or  
21 whatever.

22 VICE CHAIR WINNER: Yeah, or 150 or whatever.

23 MS. WAGNER: Yeah, they can go --

24 CHAIR ISRAEL: All right.

25 MS. WAGNER: -- outside of 90 days.

1 VICE CHAIR WINNER: Okay. Thank you. And then --

2 CHAIR ISRAEL: Wait. George has a question.

3 VICE CHAIR WINNER: I'm sorry. Go ahead, George.

4 CHAIR ISRAEL: Commissioner Krikorian, you had a  
5 question?

6 COMMISSIONER KRIKORIAN: No, not now.

7 CHAIR ISRAEL: Oh, not now?

8 COMMISSIONER KRIKORIAN: It's been already  
9 answered.

10 CHAIR ISRAEL: Oh, okay. I can't hear you.

11 COMMISSIONER CHOPER: You know, there was a big  
12 deal made about the fact that the statute requires natural  
13 persons; right?

14 MS. WAGNER: Right.

15 COMMISSIONER CHOPER: Is Betfair a natural person?

16 MS. WAGNER: No.

17 COMMISSIONER CHOPER: Is Twinpires a natural  
18 person? So I don't understand that. What a deal. We  
19 changed about eight provisions --

20 MS. WAGNER: Right.

21 COMMISSIONER CHOPER: -- to make sure that  
22 everybody was natural; right? So I'm just curious about  
23 that.

24 MS. WAGNER: The -- the provider is not a natural  
25 person. If the natural person was made as it pertained to

1 the --

2 COMMISSIONER CHOPER: Well, the better has to be.

3 CHAIR ISRAEL: The better has to be a natural  
4 person.

5 COMMISSIONER CHOPER: -- a natural person.

6 MS. WAGNER: The better has to be a natural  
7 person.

8 COMMISSIONER CHOPER: I'm just curious, why is  
9 that?

10 MS. WAGNER: I wish I could tell you.

11 CHAIR ISRAEL: I can answer that question.

12 COMMISSIONER CHOPER: Go ahead.

13 CHAIR ISRAEL: I went online and Googled it. And  
14 you, the lawyer, should know this, there actually is a  
15 definition in California Law of natural persons, which I  
16 went and read on Google. So I understood it when --

17 COMMISSIONER CHOPER: What did it say?

18 CHAIR ISRAEL: It said -- it said a natural person  
19 is not a corporation, it's -- it's a human being.

20 COMMISSIONER CHOPER: Well, of course, that's what  
21 a natural person is. But --

22 CHAIR ISRAEL: Yeah.

23 MS. WAGNER: And --

24 CHAIR ISRAEL: In other words, in a corporation --  
25 it's trying to stop syndicates from -- from --

1           COMMISSIONER CHOPER: So if a syndicate, which is  
2 obviously going to be involved in this in some way or  
3 another --

4           CHAIR ISRAEL: Right.

5           COMMISSIONER CHOPER: -- whatever it is. Maybe  
6 it's not a corporation but it's a partnership. Is a  
7 partnership a natural person? How did you -- where you did  
8 you find out that definition, David?

9           MS. WAGNER: I don't think so. And, you know,  
10 Commissioner Choper, that request that we made pertaining to  
11 natural persons was at the -- at the request of the Office  
12 of Administrative Law. They're being very --

13          COMMISSIONER CHOPER: I -- no, I understand.

14          MS. WAGNER: Yeah. Yeah.

15          COMMISSIONER CHOPER: And it is -- the statute  
16 uses the term --

17          MS. WAGNER: Right.

18          COMMISSIONER CHOPER: -- natural person.

19          MS. WAGNER: Yes.

20          COMMISSIONER CHOPER: That's why I wondered where  
21 it's coming from to begin with. And I did see in your  
22 explanation here that it's so. But -- but it does not make  
23 a lot of sense, I must say. You say that's not your  
24 problem?

25          MS. WAGNER: No.

1           COMMISSIONER CHOPER: Okay. I tell you, it is  
2 going to cause problems. Because the true betters are going  
3 to include people who are not natural persons.

4           CHAIR ISRAEL: How do you include people who are  
5 not natural persons?

6           COMMISSIONER CHOPER: A partnership. A  
7 partnership is an entity. I don't know --

8           CHAIR ISRAEL: Well, what --

9           COMMISSIONER CHOPER: -- how it defines. Maybe if  
10 it does, if it says only corporations.

11          CHAIR ISRAEL: The account has to be in an  
12 individual's name --

13          MS. WAGNER: Yeah.

14          CHAIR ISRAEL: -- is basically what it means.

15          MS. WAGNER: The account has to be in an  
16 individual's name.

17          CHAIR ISRAEL: So now -- and now --

18          COMMISSIONER CHOPER: Well, that then becomes a  
19 fiction.

20          CHAIR ISRAEL: Well, now, if it's discovered that  
21 the individual is a front for some corporation that's  
22 doing --

23          COMMISSIONER CHOPER: Not a corporation, a  
24 partnership.

25          CHAIR ISRAEL: Okay.

1 COMMISSIONER CHOPER: And for a corporation also.

2 I mean --

3 CHAIR ISRAEL: Right.

4 COMMISSIONER CHOPER: -- again, that's going to --  
5 I don't know if the -- if these syndicates are corporations.  
6 I doubt it. But they are going to be -- they've got all  
7 kinds today of forms for forming a business that aren't  
8 corporations that have many of the qualities of  
9 corporations. They've got, you know, a limited liability  
10 company.

11 MS. WAGNER: Absolutely.

12 COMMISSIONER CHOPER: They got that. That's not a  
13 corporation.

14 MS. WAGNER: And they place wagers.

15 COMMISSIONER CHOPER: Pardon me?

16 MS. WAGNER: And they would be placing wagers.

17 COMMISSIONER CHOPER: Well, I don't know.

18 CHAIR ISRAEL: But a limited liability company  
19 would not be a natural person. It would be a limited  
20 liability company.

21 COMMISSIONER CHOPER: Well, then, no, neither  
22 would a partnership.

23 CHAIR ISRAEL: Okay.

24 COMMISSIONER CHOPER: And if a partnership  
25 wouldn't, then they're just simply going to put the -- you

1 know, the partnership doesn't go up and place a bet. One of  
2 the partners, or an employee of a partnership places a bet.

3 I'm just saying, look, the statute says what the  
4 statute says. But it -- you know, as -- as I know, David,  
5 that you don't like lawyers. But one of the -- one of  
6 the -- one of the reasons that lawyers have -- and you'll  
7 admit some value -- is that they can identify things that  
8 become problems in the future.

9 MS. WAGNER: Absolutely.

10 COMMISSIONER CHOPER: That's all I want --

11 MS. WAGNER: And if it does become a problem in  
12 the future after the rules have been approved, we have the  
13 ability to --

14 COMMISSIONER CHOPER: I've served my profession  
15 and I've done what I could.

16 MS. WAGNER: -- to take care of that.

17 CHAIR ISRAEL: Wait. Let me point out one thing.  
18 If lawyers have value by showing that this is going to be a  
19 problem, they also can take credit for creating the problem  
20 because they, the lawyers, devised the language. They  
21 drafted the damn thing.

22 VICE CHAIR WINNER: I think it also prevents --

23 COMMISSIONER CHOPER: Well, you can't win. You  
24 know, I'm not going to --

25 VICE CHAIR WINNER: I think it also prevents the

1 companies themselves from participating in a wager --

2 MS. WAGNER: Absolutely. Absolutely.

3 VICE CHAIR WINNER: -- because they're not natural  
4 persons.

5 MS. WAGNER: Absolutely.

6 VICE CHAIR WINNER: So the exchange itself can not  
7 be layer or -- or takeaway here.

8 CHAIR ISRAEL: Well, the real purpose is to  
9 prevent sort of betting hedge funds using robo-computers  
10 to --

11 VICE CHAIR WINNER: Which is what they're going to  
12 do.

13 CHAIR ISRAEL: -- to dominate -- to dominate this,  
14 which they can --

15 COMMISSIONER CHOPER: Yeah. Yeah. And they're --

16 VICE CHAIR WINNER: Absolutely.

17 COMMISSIONER CHOPER: And they're inevitably going  
18 to --

19 CHAIR ISRAEL: -- just -- just the way they  
20 dominate the --

21 COMMISSIONER CHOPER: -- they're going to do it  
22 anyway.

23 VICE CHAIR WINNER: Right.

24 CHAIR ISRAEL: But then if they --

25 COMMISSIONER CHOPER: Why -- why --

1 CHAIR ISRAEL: But if they get caught it's  
2 illegal. So this is -- this is -- this has to stay.

3 COMMISSIONER CHOPER: Well, you say it's illegal.  
4 They'll have the bet placed by one person. They'll say, no,  
5 no, we didn't place it.

6 CHAIR ISRAEL: That still would be illegal.

7 COMMISSIONER CHOPER: One person did.

8 CHAIR ISRAEL: All right.

9 COMMISSIONER CHOPER: Anyway --

10 MS. WAGNER: I ask that the -- that the board --

11 COMMISSIONER CHOPER: You might think about that.

12 MS. WAGNER: Yeah. I ask that the board instruct  
13 us to initiate the 15-day comment period on the proposed  
14 regulations.

15 CHAIR ISRAEL: Okay. Any other questions or  
16 comments on this? Richard?

17 Now do we have to --

18 COMMISSIONER ROSENBERG: Just procedurally --

19 CHAIR ISRAEL: Procedurally we have to go every  
20 one -- each individual regulation?

21 MS. WAGNER: No, no, no.

22 CHAIR ISRAEL: Richard, would you like to make a  
23 motion?

24 COMMISSIONER ROSENBERG: A motion to have the  
25 exchange wagering rules sent out for a 15-day notice, at

1 which time we will calendar this at another board meeting in  
2 the near future.

3 MS. WAGNER: Correct.

4 CHAIR ISRAEL: Okay. I'll second. I'll second  
5 that. And all in favor?

6 ALL COMMISSIONERS: Aye.

7 CHAIR ISRAEL: Opposed? The motion passes. Okay.

8 Item number nine, discussion and action by the  
9 board on the application to conduct a horse racing meeting  
10 at Del Mar Thoroughbred Club, commencing July 17th through  
11 September 4th, 2013, inclusive.

12 Look at this crew. Welcome.

13 MR. HARPER: Hey.

14 MR. DATO: Thank you.

15 EXECUTIVE DIRECTOR BREED: Thanks.

16 CHAIR ISRAEL: Go ahead. Oh, wait. We're waiting  
17 for Mike Ernst. He's got the money. They can't talk unless  
18 he signs the checks.

19 MR. HARPER: Well, we have -- our application is  
20 in front of you. And we'd certainly be happy to answer any  
21 questions or give you a little curtain raiser, if you want.

22 EXECUTIVE DIRECTOR BREED: Introduce yourselves.

23 MR. HARPER: Joe Harper, President, Del Mar Race  
24 Track.

25 CHAIR ISRAEL: Okay. It seems that the

1 application is in order. All we are missing is the fire  
2 clearance, which I assume will --

3 MR. HARPER: After the fair.

4 CHAIR ISRAEL: -- after the fair will be coming  
5 from the county.

6 MS. WAGNER: Did he identify himself?

7 CHAIR ISRAEL: He identified himself. Joe  
8 Harper --

9 MS. WAGNER: Okay.

10 CHAIR ISRAEL: -- President and CEO, Grand  
11 Pubbah --

12 MR. HARPER: All around swell guy, yeah.

13 CHAIR ISRAEL: -- majordomo, minordomo.

14 MR. HARPER: We -- we have some -- some comments  
15 on the -- on it if you'd like to hear them.

16 CHAIR ISRAEL: Sure. Absolutely.

17 MR. DATO: Craig Dato from Del Mar. We're very  
18 bullish on this upcoming meet that we will have another very  
19 successful meet. We expect the attendance numbers to remain  
20 strong, in the 18,000 per day range, which would put us  
21 second in the country, keep us at second in the country.  
22 And as it states in the license app, we -- we're going to be  
23 offering daily average purses of about \$645,000 a day, which  
24 we're very proud to say is the highest in the history of  
25 California racing and, again, ranks as second nationally.

1           This will be year three of the Ship-And-Win  
2 program, which we're excited about again. This has  
3 contributed significantly to an increase in field size from  
4 8.2 horses per race prior to the program to 8.7 horses last  
5 year. Last year we had 137 out-of-state horses qualify for  
6 the program. And those horses made 221 starts. We have  
7 increased the purse bonus this year from 25 percent to 33  
8 percent. So we are hopeful that those numbers will actually  
9 increase again.

10           And as Joe said, everything else in the  
11 application, and we're happy to answer any questions you  
12 might have.

13           CHAIR ISRAEL: Are you -- are you -- is your  
14 signal being shared with HRTV and TVG?

15           MR. RUBENSTEIN: Josh Rubentstein, Del Mar.  
16 Currently just with TVG. However, we have had discussions  
17 with TVG, HRTV and the TOC about expanding that  
18 distribution.

19           CHAIR ISRAEL: Well, last year was it was shared?

20           MR. RUBENSTEIN: No.

21           CHAIR ISRAEL: No? But it's been successful when  
22 it's been shared at other meets; is that correct?

23           MR. RUBENSTEIN: Yes.

24           CHAIR ISRAEL: Okay.

25           COMMISSIONER CHOPER: So what do you think the

1 chances of success are?

2 MR. RUBENSTEIN: Well, we currently have an  
3 agreement with TVG for broadcast exclusivity --

4 COMMISSIONER CHOPER: I understand.

5 MR. RUBENSTEIN: -- through 2016. However, we  
6 have been in talks with both Santa Anita or HRTV, TVG and  
7 the TOC about expanding that distribution.

8 COMMISSIONER CHOPER: Maybe --

9 MR. RUBENSTEIN: And we're open to it. We're very  
10 open to it.

11 COMMISSIONER CHOPER: Maybe they ought to do a  
12 mutual exchange with you.

13 MR. RUBENSTEIN: That has been discussed.

14 COMMISSIONER CHOPER: That has been discussed?

15 MR. RUBENSTEIN: Yes.

16 CHAIR ISRAEL: Well, it's been --

17 COMMISSIONER CHOPER: You'd think someone would  
18 actually do it.

19 CHAIR ISRAEL: Well, it's been done with Hollywood  
20 and Santa Anita, if I'm not mistaken; right?

21 MR. RUBENSTEIN: Yeah. It started --

22 CHAIR ISRAEL: At Golden Gate.

23 MR. RUBENSTEIN: I believe it started last -- last  
24 year with Golden Gate.

25 CHAIR ISRAEL: Right.

1 MR. RUBENSTEIN: And the -- the current quote  
2 "experiment" is up with the spring Hollywood Park meet.

3 COMMISSIONER ROSENBERG: So is your exclusivity --  
4 the contract of exclusivity through 2016, you said?

5 MR. RUBENSTEIN: Yes.

6 CHAIR ISRAEL: Okay. Anybody else have questions?

7 COMMISSIONER DEREK: I just have one question.  
8 Are you still having the auction of horses at the end of the  
9 meet?

10 MR. RUBENSTEIN: The paddock sale at Del Mar will  
11 take place on the opening Sunday of the meet.

12 COMMISSIONER DEREK: Oh, it is?

13 MR. RUBENSTEIN: And we did consider it a success  
14 last year. And we're hoping to do it bigger and better this  
15 year with the help of our friends from Barrett's.

16 COMMISSIONER DEREK: Great. Great. Thank you.

17 CHAIR ISRAEL: Anybody else? George? Steve?  
18 Anybody? Bo?

19 COMMISSIONER DEREK: Uh-huh.

20 CHAIR ISRAEL: Any other questions?

21 COMMISSIONER ROSENBERG: I have one more question.

22 CHAIR ISRAEL: Go ahead, Richard.

23 COMMISSIONER ROSENBERG: There was talk of having  
24 a train stop put in at the track which was under discussion,  
25 not by the track itself --

1 MR. HARPER: Yes.

2 COMMISSIONER ROSENBERG: -- but by the -- the  
3 fairgrounds.

4 MR. HARPER: Yeah. The -- the problem with that  
5 is parking. And now the city has looked at it and the  
6 city -- one of the city councilmen brought it up in a  
7 meeting and was promptly booed out of the room by the  
8 citizenry of Del Mar.

9 It's just a question of -- of cost and where you  
10 can park, things like that. So it's -- it's a difficult  
11 thing to do. A number of years ago the train station was  
12 moved from the actual town of Del Mar to Solano Beach was a  
13 very helpful move, a very smart move, because it's easier  
14 for us to get our patrons in from that -- that facility.

15 COMMISSIONER ROSENBERG: Right.

16 MR. HARPER: So with the bus service that we have  
17 from the existing station it's -- it's pretty good. There  
18 have been some other platforms looked at but, you know, it's  
19 in a very environmentally sensitive area there. And -- but  
20 we continue to look at it because it would be -- it would be  
21 for the fairgrounds, actually, to have it, a little stop  
22 where you can walk from the train.

23 COMMISSIONER ROSENBERG: And one more question --

24 CHAIR ISRAEL: Yes, Richard.

25 COMMISSIONER ROSENBERG: -- sort of political,

1 this one is. There's been talk of the Del Mar Fairgrounds  
2 being ruled or governed by a group of local entities.

3 MR. HARPER: Yes.

4 COMMISSIONER ROSENBERG: Presently it's not done  
5 that way. Would that -- do you believe this would be  
6 positive, negative, or neutral to the -- the race track?

7 MR. HARPER: The talk is that it would be a  
8 group --

9 COMMISSIONER ROSENBERG: What's it called?

10 MR. HARPER: Yeah, what's it called? It's a JPA,  
11 Joint Powers Authority with the -- with the county of San  
12 Diego, thereby giving some more local input into the -- into  
13 the operation of the fair -- the fair site. It does not  
14 take away the state Race Track Leasing Commission, nor would  
15 it affect our lease and agreement with -- with the state.

16 CHAIR ISRAEL: Let me just say from personal  
17 experience I can tell you that JPAs aren't always the way to  
18 go. So --

19 MR. HARPER: We have one already in place. That's  
20 how we financed the grandstand and everything else.

21 CHAIR ISRAEL: But operating JPAs are something  
22 entirely different.

23 COMMISSIONER ROSENBERG: What about your lease, a  
24 five year anniversary or something?

25 MR. HARPER: That's correct, yeah, five year with

1 the re-openers.

2 COMMISSIONER ROSENBERG: Okay.

3 CHAIR ISRAEL: Anybody else have any questions?  
4 Is there a motion?

5 VICE CHAIR WINNER: So moved.

6 COMMISSIONER BENETO: Second.

7 CHAIR ISRAEL: Chuck motioned. Vice Chairman  
8 Winner made the motion. It was seconded by Commissioner  
9 Beneto. All in favor?

10 ALL COMMISSIONERS: Aye.

11 CHAIR ISRAEL: Opposed? The motion passes.

12 MR. HARPER: Thank you.

13 MR. DATO: Thank you.

14 CHAIR ISRAEL: Great racing. Knock them dead.  
15 Okay.

16 Item number ten, discussion and action by the  
17 board on the application to conduct a horse racing meeting  
18 of the Sonoma County Fair at Santa Rosa, commencing July 24  
19 through August 11, 2013, inclusive.

20 MS. TOSCANI: Hello. I'm Tawny Toscani, the fair  
21 manager at the Sonoma County Fair. And with me I have  
22 Richard Lewis, our director of racing.

23 CHAIR ISRAEL: Thank you and welcome. Okay. My  
24 first question is -- let's shoot the elephant in the room  
25 right away. What's the deal between you and CARF?

1 MS. TOSCANI: For several years we've been  
2 asked -- well, let's back up in the sense that we do a lot  
3 of cost accounting at our fair and look at where we're  
4 trending with the different programs at our fair. When we  
5 did cost accounting and was looking at racing we saw that  
6 although our revenues were declining somewhat, our expenses  
7 were either staying the same or going -- getting a little  
8 higher.

9 So over the last several years we've requested  
10 information, which has been a little difficult to get from  
11 CARF about, you know, where our expenses were going, how  
12 these decisions were being made. In early fall we explained  
13 to CARF that we needed to see some reduction in some of the  
14 expenses that were being passed on to us because of the  
15 fiduciary responsibility that our fair board has to the  
16 County of Sonoma, and so we asked for that.

17 A situation occurred with our overpayments. We  
18 were singled out as the one fair that's part of the  
19 consolidated purse program that would be responsible for  
20 covering our overpayments for our Wednesday race meets from  
21 2012. So that also created another concern on the part of  
22 our board.

23 So in -- in December we sent a letter that asked  
24 that we have a 15 percent reduction in costs for all the  
25 fairs, not just ours, in considering that the -- the focus

1 of CARF had gone from over 100 days of racing to roughly 58  
2 with the new racing schedule. And we felt that there should  
3 be some consideration given and some concern -- and we  
4 voiced concern for the salary increases and things like that  
5 that had occurred over the last few years when so many JPAs,  
6 state agencies, public agencies, and private agencies have  
7 had to do layoffs and salary cuts.

8           The -- we did draw the --

9           CHAIR ISRAEL: Can you be more specific about the  
10 salary increases? We're not away of --

11           MS. TOSCANI: In the budget and in the financial  
12 statements for CARF there has been salary increases,  
13 somewhere between three and ten percent for employees over  
14 the last couple years in CARF.

15           MS. TOSCANI: Annually?

16           MS. TOSCANI: I believe annually. Not every  
17 employee every year, but annual salary increases.

18           So we -- we did draw the line in the sand and we  
19 said we need to see a 15 percent reduction in expenses or we  
20 are going to have to withdraw our membership from CARF. And  
21 there was some consideration from the CARF board, that they  
22 would be willing to look at it after the 2013 race meet.  
23 But our board was solid that they wanted to see some -- some  
24 consideration for the 2013 race meet.

25           And also at the time we had already taken our

1 budget to the Sonoma County Board of Supervisors and had it  
2 approved, and in December received the 2013 for CARF that  
3 suggested even more increases in those expenses.

4 CHAIR ISRAEL: Okay. Continue along the -- I  
5 mean, there -- there -- in many ways I understand your  
6 position. But I'm concerned how it might impact everybody  
7 else in the racing world --

8 MS. TOSCANI: And I agree. And --

9 CHAIR ISRAEL: -- for -- well, let me --

10 MS. TOSCANI: Oh, okay.

11 CHAIR ISRAEL: For -- for example, according to  
12 the application you don't have a paymaster of purses. I'm  
13 not sure how you're going to handle overpayments or  
14 underpayments going forward if you're not a member of CARF,  
15 which seems to help resolve those issues as it goes forward.  
16 Or how you're going to organize your -- I mean, where you  
17 getting a starting gate from? Where you getting a tote  
18 board from?

19 MR. LEWIS: Richard Lewis.

20 CHAIR ISRAEL: Where -- where -- where -- you  
21 know, who are your -- who's your starting gate crew and --  
22 and all of that. All those things I know CARF -- and I'm  
23 not advocating for CARF.

24 MS. TOSCANI: Uh-huh.

25 CHAIR ISRAEL: I just know that they -- there's a

1 certain organization and infrastructure that they do supply.  
2 You may feel you're being overcharged for it, and I  
3 understand that. But how is that being made up? How are  
4 you -- how are you compensating for that absence?

5 MS. TOSCANI: Just so you know, with the exception  
6 of the paymaster challenge, all the other contracts are all  
7 in place. We reached out to anybody who had contracted  
8 through CARF for us. And we've reached out and we've got  
9 contracts from the tote company, starting gate. Everything  
10 is in place, with the exception of paymaster.

11 So -- and I have to say thank you to the industry.  
12 The industry, for the most part, has taken a higher road  
13 and has just said, okay, you know, we love racing, we want  
14 Sonoma County to succeed. Sonoma County has been a strong  
15 racing track for us. And they've all provided us contracts.  
16 We've got everything signed.

17 And Richard has done -- you know, and we've got  
18 Richard Lewis on our team who is an amazing director of  
19 racing. And -- and he's done a great job of lining up many  
20 of the same personnel, actually, who have worked for us in  
21 the past. And, you know, 25 years ago the fairs were all  
22 doing this on their own. And so -- and, actually, we were  
23 doing mutuels on our own. I hate to tell you this, but I  
24 was at Sonoma County Fair way back when, when we also  
25 managed mutuels.

1           So fairs, you know, we can do this. And I feel  
2 strongly that we've got the team to make this happen. We  
3 also have another person on our team who was a past employee  
4 of CARF who's got ten years of experience in the racing  
5 secretary's office who has also done a lot with us.

6           CHAIR ISRAEL: Okay. But do --

7           MS. TOSCANI: So --

8           CHAIR ISRAEL: Will -- will TOC members have to  
9 wait a year for either overpayments or underpayments to be  
10 compensated? How are you going to do that?

11          MR. LEWIS: Part of the TOC contract is that after  
12 the meet is over any overpayments in excess of a certain  
13 amount will be paid back to the horsemen immediately. This  
14 way, being on our own we can have the books balanced a lot  
15 sooner than we have in the past where it's been late  
16 December, early January.

17          CHAIR ISRAEL: Okay. And are you close to getting  
18 a paymaster?

19          MR. LEWIS: We --

20          MS. TOSCANI: Let me answer. We reached out --  
21 and I want to address the overpayment situation.

22          CHAIR ISRAEL: Uh-huh.

23          MS. TOSCANI: You had mentioned that. Last year  
24 we were overpaid. And as I mentioned, it was -- it was  
25 directed to us from CARF that we were going to have to cover

1 our overpayments in the consolidated purses. But, of  
2 course, we would need to be underpaid this year. So if you  
3 look at the way that scenario would work we would have  
4 covered the overpayments and paid back the consolidated  
5 purse fund. The consolidated purse fund would have reaped  
6 the value of our underpayments in 2013. So that was  
7 obviously a concern.

8           The races we've written for this year does take  
9 into the fact the overpayments that we had last year and  
10 looked at cutting back our stake races to \$50,000 -- some of  
11 them were at \$75,000 -- and managing our racing program a  
12 little bit differently.

13           The other thing, too, is we are going to start our  
14 Friday program at 3:15 so we line up a little closer with  
15 Del Mar. And a lot of concern was voiced by CARF because of  
16 us running Wednesdays. But with Del Mar running Wednesdays  
17 we feel that we have a need in our industry to run on  
18 Wednesdays too. So --

19           CHAIR ISRAEL: Okay. I'd like to ask TOC and  
20 Chris Korby to come forward, because I think there are going  
21 to be some questions for you from some of the other  
22 commissioners. So if you could join them at the table  
23 please.

24           MS. TOSCANI: Do you want me to address the  
25 paymaster question?

1 CHAIR ISRAEL: Oh, yeah. Go ahead

2 MS. TOSCANI: Okay. So when we were out looking  
3 for a paymaster many of the paymasters that we were talking  
4 to and many people in the industry said, you know, there  
5 really is an advantage in the same paymaster providing  
6 services for the summer fair meets. So we sent a letter to  
7 CARF which I thought clearly stated we would like to  
8 contract with CARF to hire the services of Vicki Lane who  
9 was their paymaster. There was no indication that we needed  
10 any help from the standpoint of the paymaster account or the  
11 encompass program. We had already arranged all of that. We  
12 have funds available to create the paymaster account.

13 Unfortunately, there was a misunderstanding of  
14 what our request was. And apparently, based on a  
15 conversation I heard that happened at the CARF meeting, it  
16 was considered that we were asking CARF to let us use their  
17 funds, their paymaster account.

18 So since then I've sent a second letter that  
19 explains that, no, really, all we want to do is contract for  
20 the services of Vicky Lane, and we realize we will actually  
21 probably have to pay more for Vicki Lane's services than  
22 we've paid in the past because we're no longer members.

23 It's been indicated to me through correspondence  
24 from CARF's attorney that it will be put on their board  
25 meeting for June 4th. So we really would prefer to use

1 Vicki Lane, CARF's paymaster. I think the industry has said  
2 that that would really provide a lot of services for our  
3 horsemen. But we're still working on other alternatives  
4 should CARF deny our request.

5 CHAIR ISRAEL: Okay. I just have one more  
6 question, then I'll turn it over to the others. On the  
7 items still needed one of the things we're missing, I mean,  
8 is -- well, there aren't any horsemen's agreements unless --  
9 there are now? Okay. And a NOTWINC audio-visual agreement;  
10 has that been made?

11 MS. TOSCANI: Yes.

12 CHAIR ISRAEL: Yes. And the director's license  
13 expired six months, five --

14 MR. LEWIS: That was my license. It's been  
15 renewed.

16 MS. TOSCANI: He did it this weekend.

17 CHAIR ISRAEL: It's been renewed?

18 MS. TOSCANI: Yeah.

19 CHAIR ISRAEL: Did we give him a license?

20 MS. WAGNER: We did give him a license.

21 CHAIR ISRAEL: Okay. He's good for it?

22 MS. WAGNER: Yeah.

23 CHAIR ISRAEL: Okay. So that answers my  
24 questions.

25 Jesse, you had --

1 COMMISSIONER CHOPER: No. I just --

2 CHAIR ISRAEL: Or Chuck? Okay.

3 VICE CHAIR WINNER: No, no. I thought you were  
4 asking about the CARF thing.

5 CHAIR ISRAEL: You wanted to ask something?

6 COMMISSIONER CHOPER: Yes, that's all I was -- I  
7 just asked about having more people to respond to something.

8 VICE CHAIR WINNER: So it might be a good idea to  
9 hear from CARF. It might be a good idea to hear -- to  
10 hear -- oh, good.

11 CHAIR ISRAEL: There you go. Now you're on.

12 VICE CHAIR WINNER: It might be a good idea to  
13 hear what -- what your position is.

14 MR. KORBY: Chris Korby, Executive Director,  
15 California Authority of Racing Fairs. I'm here to answer  
16 any questions and respond as necessary. But I'm going to  
17 turn this over to CARF's Legal Counsel, Ann Grattveit who's  
18 been handling many of the legal matters with the -- in the  
19 separation between CARF and Sonoma County Fair.

20 CHAIR ISRAEL: I'd just like to point out that  
21 I'm -- it's interesting there's a DMZ between the two of  
22 you, while TOC sitting right next to that. So feel free.

23 That was not intentional. Ann Grattveit from  
24 Consories and Conway (phonetic), legal counsel for  
25 California Authority of Racing Fairs.

1           While I would disagree with the characterization  
2 of the separation between CARF and Sonoma County Fair, I  
3 don't think that's necessarily Germaine to the issue in  
4 front of you and I don't want to take up your time on that.  
5 But we can answer any specific questions that the board has  
6 with respect to statements made and the application.

7           COMMISSIONER CHOPER: Well, I guess the -- the  
8 issue is do you disagree with any of the statements  
9 submitted as facts that you heard made by the  
10 representatives from Santa Rosa?

11           MS. GRATTVIEIT: Yes. I would respectfully  
12 disagree with the timeline and I would disagree with the  
13 characterization of the overpayment. The separation was not  
14 raised with CARF until January of this year. And at that  
15 time two letters were sent by CARF to Sonoma requesting the  
16 opportunity to meet with Sonoma to go over what services are  
17 provided by CARF so they had every understanding and  
18 expectation moving forward. That opportunity was rejected  
19 by Sonoma unless CARF presented a budget with a 15 percent  
20 rejection -- reduction to the budget.

21           Unfortunately, the budget had already been  
22 approved by the CARF board the prior December. There had  
23 been no submission or involvement by Sonoma requesting those  
24 reductions prior to the board considering the budget.

25           With respect to the overpayment, the overpayment

1 was placed on the meeting agenda, I believe for February  
2 board meeting. And it was -- a settlement proposal was  
3 provided to Sonoma. It was rejected. And in March, I  
4 believe, the proposal was put again forward and the  
5 overpayment has been taken care of and returned to Sonoma.

6           There was some history with respect to some  
7 discussion last year with respect to Wednesday dates. And I  
8 think Sonoma was well advised about the concerns that the  
9 CARF board had in 2012 regarding their racing season.

10           COMMISSIONER CHOPER: Would you repeat the -- the  
11 Wednesday again?

12           MS. GRATTVEIT: There was --

13           COMMISSIONER CHOPER: I understand the issue, but  
14 I didn't quite understand what you said.

15           MS. GRATTVEIT: There was a great deal of  
16 discussion in the spring of 2012 at the live racing meetings  
17 with CARF regarding the Wednesday dates. And it's well  
18 documented in the meeting minutes that those concerns were  
19 raised with Sonoma at that time, including the possibility  
20 of overpayments and how those would be dealt with.

21           COMMISSIONER CHOPER: Uh-huh. So do I understand  
22 you to say -- and I don't mean to put words in your mouth, I  
23 just want to hear what you've got to say -- that the -- that  
24 the budget issue is going to be seriously addressed around  
25 the time of the next budget, which I take it is towards the

1 end of the year?

2 MS. GRATTVVEIT: What budget issue are you  
3 referring to?

4 COMMISSIONER CHOPER: Well, the budget issues  
5 that, I take it, are the major reason why they withdrew from  
6 CARF.

7 Is that right?

8 MS. TOSCANI: That's correct. Yes.

9 COMMISSIONER BENETO: Can I ask a question?

10 CHAIR ISRAEL: Wait. Just wait until Jesse gets  
11 an answer.

12 MR. KORBY: The -- the -- the budget for 2014,  
13 which would be the next annual budget --

14 COMMISSIONER CHOPER: I understand.

15 MR. KORBY: -- will be considered and -- and  
16 prepared in the latter part of this year, that's correct,  
17 somewhere between September and December. It's typically  
18 approved in December.

19 COMMISSIONER CHOPER: Uh-huh. And what -- what do  
20 you think the chances of -- of getting some sort of -- I  
21 don't want the -- not the details, but some sort of  
22 satisfactory resolution of this? I'm just curious.

23 MS. TOSCANI: Well, and to be honest with you, you  
24 know, this was one of the harder things -- I have 26 years  
25 in fair management. And this was one of the harder things

1 to do because our -- our fellow fairs were hurt. And we  
2 understood going -- you know, and we -- we said we don't  
3 want to hurt the other racing fairs, but something needs to  
4 be done. And I believe if there was resolution -- we would  
5 gladly go back into CARF if there was some financial  
6 consideration resolution done here. Because we can't  
7 continue to have increasing expenses and decreasing revenues  
8 and hope that our racing programs can stay strong,  
9 especially when you have the strongest fair meets saying  
10 that to you.

11           And so if there was some consideration done I  
12 would gladly -- we've done so much analysis of this that I  
13 would gladly sit down and offer to sit down with staff at  
14 CARF and say, you know, we need to really take a look at  
15 this and we need to do something about this.

16           But on our part this whole question of us having  
17 to pay back consolidated purse funds for overpayments, being  
18 the singled out fair to do that also is going to affect our  
19 ability to join back into CARF.

20           MS. GRATTVEIT: Commissioner, that's a  
21 mischaracterization. Sonoma was not singled out. The  
22 overpayment wasn't addressed initially so it could be an  
23 item for board consideration. It came up for board  
24 consideration after Sonoma made the determination that they  
25 no longer wanted to use CARF administrative services. At

1 that time a proposal was made that CARF would look to try  
2 and reduce their budget by ten percent across the board, not  
3 just with respect to Sonoma.

4 COMMISSIONER CHOPER: The -- the increase was 15;  
5 is that right?

6 MS. GRATTVEIT: The decrease they requested was  
7 15.

8 COMMISSIONER CHOPER: Yeah.

9 MS. GRATTVEIT: I don't believe -- and Chris will  
10 have to speak to this. I don't believe there was a 15  
11 percent increase in the budget from 2013 -- from 2012.

12 COMMISSIONER CHOPER: Well, I don't -- I don't  
13 think we want to get into --

14 MS. GRATTVEIT: Exactly.

15 COMMISSIONER CHOPER: -- you know, exact details.  
16 But it does seem -- and the overpayment issue for the past  
17 was resolved?

18 MS. GRATTVEIT: Correct.

19 COMMISSIONER CHOPER: Okay.

20 CHAIR ISRAEL: All right.

21 COMMISSIONER CHOPER: So I guess I just -- I just  
22 want to say one last thing. It does seem to me that you  
23 folks ought to get together and try. It's May. I mean,  
24 we're talking about what, August, July -- July. So, you  
25 know, maybe you could even in some way straighten it out for

1 this year, but if not for this, that you can straighten it  
2 out before November and December of next year and see where  
3 we're -- see where we're going.

4 MS. TOSCANI: And I appreciate that. And the  
5 timing is really important. Because one thing all of the  
6 fairs have to do is we all -- our budgets are all due to  
7 some sort of a higher force usually October or November. So  
8 it's very difficult when you've already gone to your board  
9 of supervisors, gotten an approved budget, and then found  
10 out you need to expend another \$50,000 in expenses.

11 COMMISSIONER CHOPER: Yeah. No, I understand.

12 CHAIR ISRAEL: Thank you. That's --

13 COMMISSIONER CHOPER: Okay.

14 CHAIR ISRAEL: Steve?

15 COMMISSIONER BENETO: Question.

16 MS. TOSCANI: Uh-huh?

17 COMMISSIONER BENETO: What's the savings? I  
18 didn't hear this.

19 COMMISSIONER ROSENBERG: In dollars.

20 COMMISSIONER BENETO: In dollars.

21 MS. TOSCANI: In dollars? You know, we're  
22 still --

23 COMMISSIONER BENETO: I mean, what you would have  
24 to pay CARF and what you think you're going to say. What --  
25 what -- give me a number.

1 MS. TOSCANI: Originally it was about \$70,000  
2 savings.

3 COMMISSIONER BENETO: \$70,000? Well, how much  
4 does CARF charge you to run the meet?

5 MS. TOSCANI: Well, we pay dues to CARF of  
6 \$21,000. And then for every contract negotiated on our  
7 behalf CARF charges a 7.5 percent administrative fee. So  
8 with us negotiating these contracts on our own we don't have  
9 that additional fee. And then also from a standpoint of the  
10 difference in personnel costs -- I'm sorry I didn't bring  
11 the number with me -- but, for example, racing secretary  
12 through CARF was costing us \$28,000. Yeah, it cost us  
13 \$28,000.

14 COMMISSIONER BENETO: So I don't want to keep --

15 MS. TOSCANI: Yeah. Uh-huh.

16 COMMISSIONER BENETO: -- keep you rattling on  
17 here. I just want to know a bottom line. What's your  
18 savings going to be?

19 MS. TOSCANI: We estimate it to be \$70,000. But  
20 we're still -- you know, the paymaster thing is still up in  
21 the air.

22 COMMISSIONER BENETO: \$70,000, I mean -- I mean,  
23 if they were overcharging you, you think you're being  
24 overcharged \$70,000 compared to what you can do it for?

25 MS. TOSCANI: We believe that we can do it for

1 \$70,000 less than what we were being charged through CARF.

2 COMMISSIONER ROSENBERG: I have a question.

3 CHAIR ISRAEL: Yeah, Richard?

4 COMMISSIONER ROSENBERG: My question -- I'm not  
5 sure we should get too deeply into this -- this issue,  
6 except for one thing that someone alluded to before.  
7 Actually, Mr. Korby did. I'd just like to know, is this --  
8 by -- by Sonoma going outside of CARF, what exact impact  
9 will it have, in your opinion, on fair -- the other fairs in  
10 terms of the racing at those fairs?

11 MR. KORBY: Well, as a general -- as a general  
12 principle or statement I think it's better if fairs are  
13 working together and presenting a consistent comprehensive  
14 program. That's what we've always strived to do through  
15 CARF.

16 One of the -- one of the -- the fundamental  
17 disagreements between CARF -- and it's not -- it's CARF  
18 meaning other racing fairs in Northern California -- between  
19 those fairs and Sonoma County Fair had to do with certain  
20 decisions about racing dates, fundamental decisions about  
21 what made more sense in these changing times, racing five  
22 days a week or four days a week. Everyone else in Northern  
23 California is going to four days a week. The CARF member  
24 fairs felt that four days a week was an appropriate racing  
25 schedule for the summer. We based our purse projections on

1 four days a week.

2           There were -- there were -- there were extended  
3 discussions about the financial impact of running five days  
4 a week at Sonoma. It was our projection that they would be  
5 significantly overpaid if they did that because they would  
6 not generate enough revenue to cover their purses. That  
7 turned out to be the case.

8           So in general the answer to your question is I  
9 think the fairs are better served if we're working together.  
10 But that's completely dependent on fairs having a common  
11 outlook and consistent policy about how they're going to  
12 conduct their business.

13           COMMISSIONER BENETO: Chris?

14           COMMISSIONER ROSENBERG: Okay. Thank you.

15           COMMISSIONER BENETO: Chris, is the other fairs  
16 going to have to absorb this cost? Because I know you guys  
17 got overhead that's not going to go away.

18           MR. KORBY: There will be some reductions in  
19 costs.

20           COMMISSIONER BENETO: So losing Santa Rosa, that's  
21 going to affect the rest of the fairs; is that correct?  
22 Because, I mean, you're going to have to raise your ante  
23 to -- you're going to have to get the revenue somewhere  
24 to -- to break even.

25           MR. KORBY: There will be some adjustments. There

1 will be some savings because we're not providing services  
2 for Santa Rosa.

3 COMMISSIONER BENETO: Yeah. But you've still  
4 got --

5 MR. KORBY: But there will be different formulas  
6 that apply.

7 COMMISSIONER BENETO: -- tractor drivers and --

8 MR. KORBY: There will be --

9 COMMISSIONER CHOPER: In the end it's going to  
10 cost everybody some more money, wouldn't you say?

11 MR. KORBY: Probably.

12 COMMISSIONER CHOPER: That's all.

13 CHAIR ISRAEL: But not Santa Rosa.

14 COMMISSIONER BENETO: Yeah.

15 COMMISSIONER CHOPER: No.

16 MR. KORBY: Well, I think we'll see after this  
17 year what -- what the costs turn out to be.

18 VICE CHAIR WINNER: Well, will it be as much as  
19 \$70,000?

20 COMMISSIONER BENETO: I'd like to see you guys  
21 work this out.

22 MR. KORBY: You'll have to ask them that.

23 VICE CHAIR WINNER: No. I'm talking about would  
24 your -- would your costs to other fairs balance out the  
25 \$70,000 that they're saving?

1 MR. KORBY: No.

2 CHAIR ISRAEL: All right. I just -- Rick, just a  
3 second.

4 Joe, the horsemen are copasetic with this?

5 MR. MORRIS: Yeah. We've signed an agreement with  
6 them. We've looked at the purses and the stakes' schedule  
7 and they've reduced both a little bit. And we're confident  
8 that, you know, they'll be able to afford what they've laid  
9 out. We're not happy about the inconvenience factor, I  
10 would call it, where if you're a horseman that's going to be  
11 at Santa Rosa you're going to be able to get your purse  
12 money from Santa Rosa. But if you're just coming up from  
13 Pleasanton and you have money on that account you're --  
14 you're going to be out of luck.

15 And that's one of the -- you know, having the  
16 universal paymaster, that's -- that's a nice service for  
17 horsemen to have in claiming horses, paying help, shipping,  
18 any of that. We were hoping that would get worked out, and  
19 we're -- and we're still hoping that will get worked out.

20 CHAIR ISRAEL: Well, you've got -- you've got two  
21 months to try to do it.

22 MR. MORRIS: Right.

23 CHAIR ISRAEL: Now, do -- forgive me for not  
24 knowing this, does each fair post a separate bond or does  
25 CARF post a bond for the racing?

1 EXECUTIVE DIRECTOR BREED: Each fair posts a  
2 separate bond.

3 CHAIR ISRAEL: So you've posted a bond?

4 EXECUTIVE DIRECTOR BREED: They will.

5 CHAIR ISRAEL: In the amount of how much?

6 EXECUTIVE DIRECTOR BREED: What is it, Jackie?  
7 Ten?

8 CHAIR ISRAEL: \$100,000?

9 EXECUTIVE DIRECTOR BREED: Or are they exempt?

10 MS. WAGNER: They're exempt.

11 MR. KORBY: Fairs are exempt.

12 EXECUTIVE DIRECTOR BREED: Fairs are exempt.

13 CHAIR ISRAEL: Fairs are exempt from posting a  
14 bond?

15 MS. WAGNER: Yes.

16 CHAIR ISRAEL: By -- by statute?

17 MS. WAGNER: Yes.

18 EXECUTIVE DIRECTOR BREED: Yeah.

19 CHAIR ISRAEL: Jesus, you guys have had a pretty  
20 good -- huh?

21 EXECUTIVE DIRECTOR BREED: Yeah.

22 CHAIR ISRAEL: You're exempt. Wow. This is --  
23 okay, this is legislation somebody's got to look into,  
24 anybody in Sacramento who's listening to this.

25 Rick Pickering, please.

1           MR. PICKERING: Yes. Thank you, Mr. Chairman.  
2 Rick Pickering, CEO, California Exposition State Fair, CARF  
3 board member, previously with the Alameda County Fair in  
4 Pleasanton, California.

5           Having been on the CARF board for a number of  
6 years I'm sure we've made good decisions and I'm sure we've  
7 made mistakes, like everybody else. But from an historical  
8 point of view the increased cost in horse racing to all  
9 fairs is costs that were previously absorbed by CARF when  
10 CARF was receiving money from license fees on horse racing.  
11 So back in the day, just within the last five years, CARF  
12 received a certain amount of money from the State of  
13 California through the horse racing board known as license  
14 fees.

15           Fairs and expositions, a division of Food and  
16 Agriculture, had actually received \$34 million on an annual  
17 basis up to four or five years ago. And a portion of that  
18 \$32 million was moved to CARF which supported racing at  
19 fairs, particularly Northern California fairs, but other  
20 fairs, as well. So track maintenance and safety, backside  
21 improvements, a number of things were supported by those  
22 license fees. Those license fees were almost zeroed out.  
23 So fairs and exposition was moved into the general fund of  
24 the State of California for \$32 million a year.

25           So CARF, during those two-year period of time --

1 and I say two-year period of time because after two years  
2 fairs were complete zeroed out and received zero funding  
3 from the State of California -- CARF still had members, CARF  
4 still was trying to help fairs run race meets. There was no  
5 more track safety money available, no more backside  
6 improvement money available because there were no more  
7 license fees. And the straight general fund had many other  
8 demands on its resources as opposed to supporting fairs and  
9 live racing fairs.

10           So how do we keep -- how do we keep horse racing  
11 running at fairs? We fairs had to step forward and step up  
12 and pay for soil amendments, pay for track safety and  
13 maintenance, pay for equipment that previously CARF absorbed  
14 because CARF was receiving support from license fees in  
15 fairs and expositions. So every live racing fair has seen  
16 their cost go up. Costs that were previously covered by the  
17 industry through license fees are now being borne by CARF  
18 members.

19           So there's a lot of philosophical debate on why  
20 CARF's costs go up. It's because we used to have a  
21 different way to pay for it. Now those costs have to be  
22 paid for all of those who are in the racing business.

23           So that's -- that's just a brief history, probably  
24 more pertinent to the new members of the horse racing board.  
25 So CARF used to receive funds from license fees, then for a

1 two-you period of time received some level of funding from  
2 the state general fund through fairs and expositions. That  
3 was all zeroed out two years ago. So what we've seen over  
4 the last two years, those of us who have squirreled a few  
5 pennies away, we've now spent those pennies. So we have to  
6 come forward and recreate ourselves as CARF, recreate  
7 ourselves as racing fairs and as an industry. Otherwise,  
8 we're not going to have funds for track safety and  
9 maintenance.

10           So CARF is -- CARF, as a joint powers authority,  
11 passes the cost of business onto its members. The problem  
12 is CARF isn't receiving money in the right hand anymore, so  
13 it has to charge more money in the left hand.

14           So that's -- that's a little bit of an explanation  
15 of why CARF cost of fairs have gone up.

16           COMMISSIONER CHOPER: What's going to happen?  
17 What do you think should happen? I mean, the -- you know,  
18 the problem is not peculiar to racing fairs.

19           MR. PICKERING: Correct.

20           COMMISSIONER CHOPER: As, you know, someone who  
21 has taken -- and many of the people that work for our  
22 agency, as you know, have taken holidays, have -- or if you  
23 haven't taken a holiday at least you've taken a reduction in  
24 pay for different periods of time.

25           MR. PICKERING: Well, let's --

1           COMMISSIONER CHOPER: So how should this be  
2 resolved? You're on the -- you're on the same -- you're in  
3 the same situation as Santa Rosa is in; is that correct? I  
4 mean, you haven't withdrawn. But the question is: Who  
5 pays; right?

6           MR. PICKERING: Right.

7           COMMISSIONER CHOPER: So very often that becomes  
8 the root question --

9           MR. PICKERING: Correct.

10          COMMISSIONER CHOPER: -- to a lot of these issues.

11          MR. PICKERING: Right.

12          COMMISSIONER CHOPER: Who pays?

13          MR. PICKERING: I think we're stronger together  
14 than we are apart.

15          COMMISSIONER CHOPER: Yes, yes, yes, I know. And  
16 motherhood and apple pie are good for everybody. But how do  
17 we do it?

18          MR. PICKERING: And the state fair opens on June  
19 12th, and we'll have a lot of motherhood and apple pie, and  
20 you're all welcome to come back.

21          COMMISSIONER CHOPER: I get you.

22          MR. PICKERING: I don't have the straight -- I  
23 don't have the easy answer.

24          COMMISSIONER CHOPER: Yeah. Well, there's no  
25 straight answer because --

1 MR. PICKERING: As the economy picks up --

2 COMMISSIONER CHOPER: -- the straight answer has  
3 to be compromise --

4 MR. PICKERING: Right.

5 COMMISSIONER CHOPER: -- and everyone giving some.

6 MR. PICKERING: Yes.

7 COMMISSIONER CHOPER: And unless and until the  
8 competing members of this industry get that point, then  
9 we're all going to -- you know, it will -- the long run will  
10 be shorter for racing. And the faster people begin to  
11 understand and try to do something about that the longer --  
12 the longer run will be.

13 CHAIR ISRAEL: All right.

14 COMMISSIONER CHOPER: I don't know anything  
15 either, except that. I mean, there's got to be give on  
16 everybody's part.

17 COMMISSIONER KRIKORIAN: Mr. Chairman?

18 CHAIR ISRAEL: George has -- George. Wait. Wait.  
19 Hold on. George has a question.

20 COMMISSIONER BENETO: I just wanted to ask Rick a  
21 question. Is that all right?

22 CHAIR ISRAEL: Yes. Go ahead, George.

23 COMMISSIONER KRIKORIAN: Yes. Thank you. I  
24 just --

25 CHAIR ISRAEL: You need -- make sure the light is

1 on. Push the center button and make sure the light is on.

2 COMMISSIONER KRIKORIAN: Oh, okay. Sorry. Sorry.

3 I did have a question. I wanted to ask you, does -- does  
4 CARF support the -- does CARF support the concept of  
5 satellite wagering facilities within 20 miles of the  
6 existing CARF locations?

7 CHAIR ISRAEL: That would be for Chris Korby.  
8 Rick is the Cal Expo.

9 COMMISSIONER KRIKORIAN: Oh, okay.

10 CHAIR ISRAEL: Rich is the head of CARF.

11 COMMISSIONER KRIKORIAN: Okay. Sorry.

12 MR. KORBY: Well, the current statute requires  
13 that a satellite give its consent for any satellite that's  
14 proposed within a 20-mile radius.

15 CHAIR ISRAEL: Well, he -- Chris --

16 MR. KORBY: So that would be up to each satellite.  
17 We support that each satellite has the -- has the right to  
18 make that decision.

19 COMMISSIONER KRIKORIAN: Well, can you tell me  
20 which ones support it and which ones don't, do you know?  
21 And if they don't support it can you tell me why they don't?

22 MR. KORBY: Which satellites?

23 CHAIR ISRAEL: He wants to know which one of your  
24 members --

25 MR. KORBY: That would depend on --

1           CHAIR ISRAEL: Wait. Wait. Hold on. He wants to  
2 know which one of your members supports allowing satellite  
3 facilities within the 20-mile radius, and if they don't  
4 support it, why don't they?

5           COMMISSIONER KRIKORIAN: That's correct.

6           COMMISSIONER ROSENBERG: I don't know if Chris is  
7 going to be able --

8           MR. KORBY: It's the law.

9           COMMISSIONER ROSENBERG: -- he can't answer. Did  
10 CARF oppose the legislation that was attempted to be passed  
11 in the last couple of years --

12          MR. KORBY: Yes.

13          COMMISSIONER ROSENBERG: -- reducing the mileage  
14 from 20 to 15?

15          MR. KORBY: Yes.

16          COMMISSIONER ROSENBERG: It did? And do they  
17 still oppose that legislation?

18          MR. KORBY: I'd have to -- I'd have to ask the  
19 CARF board. That was several years ago.

20          COMMISSIONER ROSENBERG: So it's never come up  
21 again?

22          MR. KORBY: It has not.

23          COMMISSIONER BENETO: Tracks -- Rick mentioned  
24 track safety. That kind of rang my bell.

25          MR. KORBY: May I -- may I -- Mr. Beneto, may I --

1 may I offer -- something just occurred to me that I think  
2 is -- is relevant to this question. Since that  
3 legislation -- and this, by the way, was something that CARF  
4 advocated when that legislation came forward. Rather  
5 than -- than having a confrontation over this we recommended  
6 that there be a site-by-site discussion when a particular  
7 satellite wished to -- when -- when a particular entity  
8 wished to have a satellite within a 20-mile radius.  
9 Subsequently, there have been several satellites that have  
10 been approved with the consent of an existing satellite.  
11 So --

12 COMMISSIONER CHOPER: Without conditions of split  
13 fees? That's okay.

14 MR. KORBY: I don't know the terms of all of them.

15 COMMISSIONER CHOPER: Yeah, well, look, this is  
16 all an illustration of the same problem. It just is. And I  
17 don't have anything more to add. You know, I remember the  
18 last time we had a board --

19 CHAIR ISRAEL: It's just street gangs are at  
20 large.

21 COMMISSIONER CHOPER: I think --

22 CHAIR ISRAEL: It's all about --

23 COMMISSIONER CHOPER: Yeah.

24 CHAIR ISRAEL: It's all about protecting turf.

25 COMMISSIONER CHOPER: Well, I remember the last

1 time we met here in Sacramento. I don't remember how many  
2 years it was, it was -- but I gave -- I made a similar  
3 comment. At that time there was at least still some hope  
4 that we could generate some alternative sources of revenue,  
5 but that is dimmer and dimmer, from, you know, let's say  
6 from racinos, although I don't think they were called that  
7 then, but that's out for California, I think, unless we  
8 go -- we'd have to go to the ballot for -- for that.

9           So we got to survive and we've got to give in the  
10 survival process. I can't -- yeah, that's it. But, look,  
11 everybody knows it. The problem is that very few people do  
12 anything about it.

13           CHAIR ISRAEL: All right, Jesse.

14           COMMISSIONER CHOPER: Okay.

15           CHAIR ISRAEL: George wants to --

16           COMMISSIONER CHOPER: I'm done preaching.

17           COMMISSIONER KRIKORIAN: Well, I was just going to  
18 say that --

19           COMMISSIONER DEREK: Good preaching.

20           COMMISSIONER KRIKORIAN: -- you know, before we  
21 leave this issue, if we could possibly be provided with the  
22 facts on what locations within the 20-mile radius of  
23 existing satellite facilities are in existence now, which  
24 ones support, which ones don't, maybe we can analyze that  
25 for our next meeting.

1 CHAIR ISRAEL: Well, you mean, you're talking  
2 about CARF?

3 COMMISSIONER KRIKORIAN: Yes.

4 CHAIR ISRAEL: Well, I mean, the -- the biggest  
5 dispute we had was over something within 20 miles of San  
6 Mateo. That was probably back in 2009. And that -- and  
7 that -- that facility, which was in San Francisco, never got  
8 opened. And it was maybe half a mile within the radius. It  
9 was like 19.5 miles.

10 MR. MORRIS: There is activity in San Francisco  
11 again right now.

12 CHAIR ISRAEL: There is? Okay.

13 MR. MORRIS: Golden Gate Fields is working with  
14 them.

15 CHAIR ISRAEL: All right.

16 MR. KORBY: And subsequent to --

17 COMMISSIONER CHOPER: I think there was one  
18 opening in which there was an agreement between San Mateo  
19 and Del Mar.

20 MR. KORBY: And subsequent to that there was an  
21 agreement reached -- CARF played a role in that -- between  
22 San Mateo Fair and Golden Gate Fields that allowed  
23 development of a satellites or satellites, plural, in San  
24 Francisco. So San Francisco is open for development --

25 CHAIR ISRAEL: Right.

1 MR. KORBY: -- if anyone wishes to do it.

2 CHAIR ISRAEL: Well --

3 MR. KORBY: And Golden Gate is making an effort.

4 CHAIR ISRAEL: But we lost --

5 MR. KORBY: And we're talking with the Cal pals  
6 (phonetic).

7 CHAIR ISRAEL: But we lost the momentum a few  
8 years ago when we were trying to get this done. So, all  
9 right, we --

10 MR. KORBY: Mr. Chairman, may I -- may I -- may  
11 I -- may I jus say one thing? We're here to talk about  
12 the -- the Sonoma County Fair application.

13 CHAIR ISRAEL: Yeah.

14 MR. KORBY: But Commissioner Choper has raised  
15 some very good points. And I think that if we look at this  
16 from a little higher elevation it -- it is critical that we  
17 be working together. We're -- we're at a transition point  
18 in our industry and we really need to look at different and  
19 new ways of doing things. And -- and we're open and ready  
20 to participate in those kinds of discussions.

21 CHAIR ISRAEL: Well, when we get to the next  
22 agenda item we're going to deal with that in a very large  
23 way.

24 COMMISSIONER ROSENBERG: Back to the --

25 CHAIR ISRAEL: I want to --

1 COMMISSIONER ROSENBERG: -- limitation.

2 CHAIR ISRAEL: I want to get a vote quickly.

3 COMMISSIONER ROSENBERG: Just very quickly, I  
4 believe the point Commissioner Krikorian has asked -- is  
5 referring to is specific information. Because you can not  
6 answer us as to a specific fair's position on whether they  
7 would waive the right -- their -- their rights to block a  
8 minisatellite. We -- I believe the board has expressed its  
9 opinion before, that we're very much in favor of  
10 minisatellites as the wave of the future. So that would be  
11 very helpful to get a report from NOTWINC, and maybe  
12 SCOTWINC, who are responsible for licensing these or helping  
13 getting these minisatellites off the ground as to -- as to  
14 specific attempts that have been made or attempts that are  
15 in the works. And then get -- and then have the specific  
16 fair come before us, not CARF, and tell us what their  
17 position is and why they're taking that position.

18 CHAIR ISRAEL: Well, let me suggest you have a  
19 committee meeting in which you can address that next month.  
20 And you can insist that they prepare that for the committee,  
21 and then the committee make a report to the full board.

22 COMMISSIONER ROSENBERG: We could do that.

23 CHAIR ISRAEL: Yeah. That way -- so --

24 COMMISSIONER ROSENBERG: It's already on the --

25 CHAIR ISRAEL: -- you're the -- you're the chair.

1           COMMISSIONER ROSENBERG: NOTWINC is already on  
2 the -- actually on the agenda.

3           CHAIR ISRAEL: And SCOTWINC should be also.

4           COMMISSIONER ROSENBERG: Yeah.

5           CHAIR ISRAEL: Okay.

6           COMMISSIONER ROSENBERG: And SCOTWINC.

7           CHAIR ISRAEL: Yeah. Otherwise --

8           COMMISSIONER DEREK: I just have one comment.

9           CHAIR ISRAEL: Yes, Bo. Go ahead.

10          COMMISSIONER DEREK: One thing I'd like to clear  
11 up. It's -- I don't know if it's necessary. It's probably  
12 just oversight and a couple of words. On 1022 regarding  
13 your first aid protocols, this ambulance crew --

14                 "This ambulance and crew are present whenever  
15 horses are on the track during both racing and warm-up hours  
16 and are responsible for initiating basic life support."

17                 I assume now that your paramedics would be  
18 advanced life support.

19          MS. TOSCANI: Correct. I'm sorry, yes, that is  
20 correct. And we've had paramedics on our track for years.

21          COMMISSIONER DEREK: Right.

22          MS. TOSCANI: Yeah.

23          COMMISSIONER DEREK: Right.

24          MS. TOSCANI: And actually --

25          COMMISSIONER DEREK: And then --

1 MS. TOSCANI: -- we have two teams of paramedics  
2 on our fairgrounds when racing is running.

3 COMMISSIONER DEREK: And then on 35 it just says  
4 that it's -- under security,

5 "As soon as possible a member of the track  
6 security staff shall report to the scene of the accident and  
7 thereafter take directions from the EMT."

8 I assume that's going to be the paramedic.

9 MS. TOSCANI: The paramedic, yes.

10 COMMISSIONER DEREK: Okay.

11 MS. TOSCANI: Sorry about that. Thank you.

12 COMMISSIONER DEREK: No, that's fine. Thank you.

13 CHAIR ISRAEL: So you got -- you're okay?

14 COMMISSIONER DEREK: I'm good.

15 CHAIR ISRAEL: Okay. All right. Is there -- is  
16 there -- is there a motion to approve this license?

17 COMMISSIONER ROSENBERG: Yes, I'll make the  
18 motion.

19 CHAIR ISRAEL: Commissioner Rosenberg made the  
20 motion. Is there a second?

21 COMMISSIONER KRIKORIAN: I'll second.

22 CHAIR ISRAEL: Commissioner Krikorian seconded.

23 All in favor?

24 CHAIR ISRAEL: Aye.

25 COMMISSIONER ROSENBERG: Aye.

1 COMMISSIONER CHOPER: Aye.

2 VICE CHAIR WINNER: Aye.

3 COMMISSIONER DEREK: Aye.

4 COMMISSIONER KRIKORIAN: Aye.

5 CHAIR ISRAEL: Opposed?

6 COMMISSIONER BENETO: Me.

7 CHAIR ISRAEL: You're -- you're opposed?

8 COMMISSIONER BENETO: Yeah.

9 CHAIR ISRAEL: The motion passes six-to-one.

10 MR. LEWIS: Thank you.

11 CHAIR ISRAEL: Thank you. Okay. Before we move  
12 on to item 11 I'd like to ask Mary Ann Breed to step  
13 forward. It's her birthday. She's Kirk Breed's wife,  
14 although I suppose that's not necessarily how she wants to  
15 be --

16 EXECUTIVE DIRECTOR BREED: Known.

17 CHAIR ISRAEL: -- known. Well, happy birthday.

18 COMMISSIONER DEREK: Happy birthday.

19 CHAIR ISRAEL: Happy birthday. We're sorry we  
20 ruined your birthday with this meeting.

21 (Colloquy Between Commissioners)

22 CHAIR ISRAEL: And we're -- and we're going to do  
23 everybody a favor and not sing Happy Birthday. Okay.

24 Number 11, discussion and action by the board  
25 regarding allocation of 2014-2015 race dates and related

1 issues for 2014-2015.

2 I'd like to start with the north, please. So if  
3 Chris Korby could come forward again, along with Joe Morris.  
4 And then they're going to punt, so --

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

6 MR. KORBY: Chris Korby, California -- Chris  
7 Korby, California Authority of Racing Fairs, sitting here  
8 right next to --

9 CHAIR ISRAEL: Okay. And --

10 MR. KORBY: -- right next to Joe Morris.

11 CHAIR ISRAEL: Okay. And Santa Rosa is also  
12 coming forward.

13 MR. LEWIS: Richard Lewis, Sonoma County Fair.

14 CHAIR ISRAEL: Okay.

15 MR. MORRIS: We've been in conversations on our  
16 dates, as we always are.

17 CHAIR ISRAEL: Yeah.

18 MR. MORRIS: And -- and most of the -- most here  
19 is in agreement, as it always is. One of the challenges we  
20 have is with really the north being the tail and the south  
21 being the dog. We really need to know what the racing  
22 schedule is down there, especially at Golden Gate because  
23 we're talking about turf festivals and -- and other events  
24 like that. So we -- we'd like to have a little more time.  
25 And the conversations are ongoing. We think we can get

1 closer if we can get another month to -- to work on this  
2 together, and then come back for the next meeting.  
3 Supposedly the south will be there.

4 CHAIR ISRAEL: Okay. Chris and Rick?

5 MR. KORBY: I echo that. We're -- we're in  
6 agreement on that.

7 CHAIR ISRAEL: Okay. I mean, I --

8 MR. KORBY: We'd like a little more time.

9 CHAIR ISRAEL: I think it makes sense because we  
10 need to resolve the south and then -- and then fill in  
11 some -- fill in some blanks.

12 MR. KORBY: I would like to add one thing. We  
13 applaud the board for looking at a multi-year calendar.  
14 We've supported this for years. We think it's a good way to  
15 move through this transition period. And we -- we would  
16 even be open to planning for a three-year calendar if others  
17 would be willing to talk about it.

18 COMMISSIONER CHOPER: Well, do I understand the  
19 major difference to be the overlap with Ferndale?

20 CHAIR ISRAEL: Jesse, we're not going to deal with  
21 this now.

22 COMMISSIONER CHOPER: Well, I just want to ask  
23 that question.

24 CHAIR ISRAEL: Well, but we're --

25 COMMISSIONER CHOPER: Okay.

1 CHAIR ISRAEL: We're going to deal with this in  
2 another meeting when we can get into some detail because  
3 it's not -- they have to resolve it. They just can't deal  
4 with it right now.

5 MR. MORRIS: It's summer dates.

6 CHAIR ISRAEL: Yeah. It's the summer dates. But,  
7 you know, but they -- they -- they're working towards a  
8 resolution.

9 COMMISSIONER BENETO: Mr. Chairman?

10 CHAIR ISRAEL: Yes, sir?

11 COMMISSIONER BENETO: We're not going to have -- I  
12 want to get something cleared up. There's not going to be  
13 any overlaps at Golden Gate and the fairs; is that correct?

14 CHAIR ISRAEL: Well, that's the same thing. We'll  
15 deal with this when -- when they come back.

16 MR. KORBY: We would like to end up with a  
17 calendar like that.

18 COMMISSIONER BENETO: What?

19 MR. KORBY: We would like to end up with a  
20 calendar with no overlaps --

21 COMMISSIONER BENETO: No overlaps?

22 MR. KORBY: -- at some point.

23 MR. LEWIS: No overlaps of any types, Golden Gate  
24 or fairs --

25 COMMISSIONER BENETO: I mean, we don't want to get

1 into that mess again. We were there with Bay Meadows and --

2 MR. KORBY: We'd like to move past that.

3 CHAIR ISRAEL: They just asked to this -- for this  
4 to be put off, so we're going to -- we're going to put it  
5 off. We'll put it off until next month and we'll move --  
6 we'll deal with it then.

7 MR. MORRIS: Thank you.

8 MR. KORBY: Thank you very -- thank you very much.

9 MR. LEWIS: Thank you.

10 CHAIR ISRAEL: Thank you. Okay. Joe, you might  
11 as well stay there. Joe, where are you going? All right.

12 Now we're going to move on to the south. And I'd  
13 like everybody to take positions at the table please. TOC,  
14 the Stronach Racing Group or Santa Anita, Del Mar, Fairplex,  
15 and CTT, if there's a representative here.

16 Alan, are you hear, or Jim? Oh, Jim is here, too.  
17 Wow, look at that. Please come forward. Find a place at  
18 the table.

19 Mike, can you help and make sure there are enough  
20 chairs please?

21 VICE CHAIR WINNER: Is there anybody we're  
22 missing?

23 CHAIR ISRAEL: Yeah. There is one person we're  
24 missing. He's not allowed to be here.

25 VICE CHAIR WINNER: Yeah.

1 CHAIR ISRAEL: Yes, Jackie?

2 MS. WAGNER: Jackie Wagner, CHRB staff. If I  
3 could just put on the record, there is a typo in the package  
4 on page 11-5 concerning Del Mar's request for their 2015  
5 dates. The analysis indicates that Del Mar's 2015 summer  
6 race meet would be July 15th to October the 18th. That  
7 should read July 15th to September the 7th. And I just  
8 wanted to make sure that everybody's aware of that.

9 CHAIR ISRAEL: That wouldn't constitute a typo.

10 VICE CHAIR WINNER: September the what?

11 CHAIR ISRAEL: Seventh.

12 MS. WAGNER: September the 7th.

13 VICE CHAIR WINNER: Thank you.

14 (Colloquy Between Commissioners)

15 CHAIR ISRAEL: Okay. Let's start -- all right,  
16 please, let's start with -- I want to discuss first the  
17 stabling and vanning issues, because they -- probably  
18 everything comes out of that. And I'd like TOC to address  
19 how the resolution -- what resolution you've reached,  
20 discuss, and CTT to make their comments, because I know  
21 they're concerned about that. And that -- that's where  
22 we'll start the conversation.

23 So, Joe, is Mike here?

24 MR. MORRIS: Mike is here somewhere, yeah.

25 CHAIR ISRAEL: Mike Pegram?

1 MR. PEGRAM: Yo?

2 CHAIR ISRAEL: Are you going to join us up here or  
3 are you going to sit -- yeah.

4 MR. PEGRAM: How about Mr. Harper?

5 CHAIR ISRAEL: Oh, he'll come up. You probably  
6 should sit with your guys. We'll try to keep this team  
7 related here. Can you put a chair between you -- by Joe  
8 Morris, and then -- thanks. I asked for an extra long  
9 table. This is the one we got. This is the longest one  
10 we've ever had, I will say that.

11 COMMISSIONER DEREK: Somebody should take a  
12 picture of it.

13 CHAIR ISRAEL: It's great to see the diversity in  
14 the management of racing. We're really making progress.  
15 There are White guys with hair and White guys without hair.  
16 Okay.

17 Joe?

18 MR. MORRIS: On the stabling issue?

19 CHAIR ISRAEL: Yes, stabling.

20 MR. MORRIS: I'll start where we ended up.

21 CHAIR ISRAEL: Okay.

22 MR. MORRIS: We ended up with a scenario where  
23 there's three facilities. We also ended up in one -- the  
24 one scenario we can afford. The Stabling and Vanning Fund,  
25 that will decrease with Hollywood ending and with the new

1 racing scenario. So we need to be able to afford what we  
2 do. And that fund is already about \$1.5 in the deficit. So  
3 there's no room for -- to make that go higher. So Santa  
4 Anita will be the -- will stable while they're racing,  
5 obviously. When Del Mar opens, Santa Anita's barn area will  
6 close. They will be open for the fall. There will be  
7 roughly 55 days of stabling for Santa Anita at their normal  
8 rate.

9           We -- we also have San Luis Rey Downs in the mix.  
10 And Santa Anita is talking about making a major upgrade to  
11 that facility. And it would be open 365 days a week. And  
12 it would stable somewhere right around 500 horses. So we'd  
13 have 1,900, roughly, stalls at Santa Anita, 500 at San Luis.  
14 We need more stalls. And the ones we could afford were at  
15 Los Alamitos. And we have --

16           COMMISSIONER ROSENBERG: Excuse me. How many more  
17 stalls?

18           MR. MORRIS: So we've got up to 500 stalls at Los  
19 Alamitos. We don't think probably there's 500 horses that  
20 are going to go there. We think there's a level of horses  
21 that will probably move back out to the farms, probably  
22 should be on the farms already. But we have got stabling  
23 for roughly 2,900 horses that will fit in the Stabling and  
24 Vanning Fund currently.

25           CHAIR ISRAEL: And currently how many horses are

1 stabled and ready for racing in the south?

2 MR. MORRIS: Somewhere right around there, 2,900,  
3 3,000. The ready-for-racing side of it, probably 2,650,  
4 2,700.

5 CHAIR ISRAEL: Okay. So --

6 MR. MORRIS: There's probably 3,000 in stabling --

7 CHAIR ISRAEL: Right.

8 MR. MORRIS: -- ready for racing.

9 CHAIR ISRAEL: But there are 200 or 300 that are  
10 basically lay-ups that are at the tracks?

11 MR. MORRIS: Right.

12 CHAIR ISRAEL: And you'd like them to be returned  
13 to the farms?

14 MR. MORRIS: If they can go to the farms or if we  
15 can -- that's probably where they belong, yeah.

16 CHAIR ISRAEL: Okay.

17 COMMISSIONER ROSENBERG: Excuse me. Let me  
18 clarify. The lay-ups is one thing. That implies that a  
19 horse has been injured and needs some time off or just needs  
20 time off in general.

21 CHAIR ISRAEL: Right.

22 COMMISSIONER ROSENBERG: What about the young  
23 horses that appear at major race tracks? You know, it's  
24 more seasonal than that.

25 MR. MORRIS: Well, what -- so there's -- so

1 there's 2,900 stalls that the fund can afford right now,  
2 that the -- that the Stabling and Vanning Fund can afford.  
3 We look at this as a two-year challenge. It's -- it's the  
4 best of the worst type of a situation.

5           And what we're -- what we're asking, the TOC is  
6 asking is that we establish another industry fund that the  
7 tracks that are getting the additional dates from Hollywood  
8 are going to make some additional profits off of that, and  
9 we're asking or an industry fund to be set up that would be  
10 owned by Santa Anita, Del Mar, and the TOC that over a  
11 couple year period of time could be upwards of \$3 million in  
12 it, because we need to secure more stabling.

13           And it's critical that we do that. Because as our  
14 owners look, and as our trainers look, we need to show  
15 stability in our industry, that there's a place for them to  
16 be. And the best of the worst, it isn't a long time tenable  
17 situation. We don't know what will happen at Los Al long  
18 term. And the other side of it is at some point down the  
19 road Santa Anita will probably do more developing, and their  
20 barn area will probably be reduced. So we've got to factor  
21 in having those stalls replaced somewhere in the stall also.

22           CHAIR ISRAEL: How -- what -- okay. So this is a  
23 two-year fix --

24           MR. MORRIS: Right.

25           CHAIR ISRAEL: -- that will -- that will work to

1 carry us -- it will bridge to the next -- to the next idea.

2 MR. MORRIS: Right.

3 CHAIR ISRAEL: But we have to be working on the  
4 next idea now.

5 MR. MORRIS: Right.

6 CHAIR ISRAEL: So what is it? What's the idea  
7 going forward? I mean, just so that we understand, very  
8 briefly. I know we're not going to vote on it or anything.

9 MR. MORRIS: Right. On the stabling side of it --

10 CHAIR ISRAEL: Yeah.

11 MR. MORRIS: -- it would be for the -- for this --  
12 for this industry fund to go out and possibly buy San Luis,  
13 but probably buy another training facility, buy/create  
14 another training facility that could stable 500, 1,000  
15 horses so we have the stability we need to conduct racing  
16 into the -- the next five to ten years.

17 CHAIR ISRAEL: Okay. And part of the improvements  
18 being made to San Luis besides the barn area -- and Scott  
19 May want to -- also includes adding a turf training  
20 facility?

21 MR. DARUTY: Yes, that's correct.

22 CHAIR ISRAEL: Good.

23 MR. DARUTY: First of all, as far as San Luis Rey,  
24 for those of you who have seen it, it is an adequate  
25 training facility as it currently exists. It's safe. But

1 it's not what we would like it to be if it's going to be a  
2 major training center for our industry. Not that long ago  
3 the view was that San Luis Rey was probably not necessary  
4 for our industry, and it was actually being marketed and  
5 was -- was sold -- in escrow to be sold. But as things have  
6 played out over the last few months it has become clear  
7 that, you know, we can talk about racing dates later, but  
8 without a place to train it might be a little irrelevant.

9           And in a commitment to the industry, Santa  
10 Anita -- Stronach Group has -- has pulled San Luis Rey off  
11 the market and is prepared to invest a very significant sum  
12 of money, in the range of \$5 million, perhaps in excess, to  
13 really upgrade it and make it something that we all will be  
14 proud of, that horsemen will be happy to go and train.  
15 Those improvements include renovations and overhaul of the  
16 barn areas. It includes reworking the dirt training  
17 surface. It includes putting a 7/8ths turf course on the  
18 interior of the dirt surface. It also includes a turf-  
19 gallop that will be constructed. All of this, we believe,  
20 can be accomplished in approximately six months time.

21           So if we can, you know, get some decisions made  
22 fairly quickly we will get --

23           CHAIR ISRAEL: Like today.

24           MR. DARUTY: -- you know, get the shovels going  
25 and the dirt moving and get busy and have this ready,

1 ideally by the end of the year when we lose the Hollywood  
2 Park facility.

3           So we at the Stronach Group are -- are definitely  
4 prepared to make that commitment and make that investment.  
5 It's something we recognize as necessary for the industry,  
6 and we're proud to step up and do it.

7           CHAIR ISRAEL: Okay. Thank you, Scott.

8           Alan, we're all in receipt of the letter that you  
9 and Jim sent, the seven-page letter. Has everybody seen it?

10          COMMISSIONER DEREK: Uh-huh.

11          CHAIR ISRAEL: All the members of the board have  
12 seen it? If not, I think Mike or Jackie has -- Jackie, you  
13 have copies of that letter; right? Jackie? Huh?

14          MS. WAGNER: I will get them.

15          COMMISSIONER ROSENBERG: I have one.

16          COMMISSIONER BENETO: I got it. I got it.

17          CHAIR ISRAEL: Oh, okay. No, I have it too. I  
18 just wanted to make -- but I think not everybody at the  
19 table has seen the letter. But -- but I want to give you  
20 and opportunity to air your position here.

21          COMMISSIONER KRIKORIAN: Can I ask a question?

22          COMMISSIONER BENETO: George has got a question.

23          CHAIR ISRAEL: Sure. Yeah.

24          COMMISSIONER KRIKORIAN: Mr. Morris, I have a  
25 question for you. You said -- you've indicated that you

1 were going to work on a plan to -- to generate revenues,  
2 okay, from the tracks that are going to be the beneficiaries  
3 of these additional race dates. Can you enlighten us on  
4 what that plan is, when you expect those funds to come in?  
5 And have you considered that when and if those funds come in  
6 that there could be any consideration given to Fairplex as  
7 being an option to spend those dollars there to provide you  
8 with the additional stalls, as opposed to looking for a new  
9 facility?

10 MR. MORRIS: The fund will start when the -- when  
11 the additional days start. So I'll start with the Del Mar  
12 side of that. So Del Mar would pick up their fall -- fall  
13 meet. And we've talked with them. And what they've agreed  
14 to do with this thing -- and so they -- they have their  
15 summer meet. Most of their expenses go into that.  
16 They'll -- they'll run the fall meet. They'll cover their  
17 expenses. They'll cover their payment to the 22nd AG. And  
18 the additional profits over costs would go into the fund,  
19 all dollars going in. I mean, it's -- I mean, that's a heck  
20 of a commitment from them, and it's a significant amount of  
21 money.

22 With -- with the -- with the Stronach Group, we're  
23 still in conversations with them. And they're going to pick  
24 up about 11 -- 11 weeks of racing. And we want a payment to  
25 the fund for those 11 weeks. And -- and we're working on

1 that number with them.

2

3 COMMISSIONER KRIKORIAN: But they've not made any  
4 commitments yet?

5 MR. MORRIS: What's that?

6 COMMISSIONER KRIKORIAN: They've not made any  
7 commitments --

8 MR. MORRIS: Well, I wouldn't --

9 COMMISSIONER KRIKORIAN: -- contingent --

10 MR. MORRIS: -- you know, we're in -- we're in --

11 COMMISSIONER KRIKORIAN: -- contingent upon  
12 getting the dates.

13 MR. MORRIS: -- I would say in sincere  
14 conversations with them right now.

15 COMMISSIONER KRIKORIAN: Okay.

16 MR. MORRIS: Have we got to the complete deal?  
17 No, no, we haven't. But it is something that is getting  
18 worked on between us.

19 MR. DARUTY: We have -- you know, we're prepared  
20 to make a commitment on the investment and improvement in  
21 San Luis Rey Downs. Part of what we're discussing is what  
22 sort of credit do we get for that. We're not opposed to the  
23 concept of -- of an industry training fund. At the same  
24 time, you know, we need something immediately. And that's  
25 we're prepared to step up and make the investment now. We

1 want to make sure whatever happens with the fund is -- is  
2 fair and reasonable in light of the investment we're making  
3 up front.

4 COMMISSIONER KRIKORIAN: I know. But if you --

5 CHAIR ISRAEL: Commissioner -- okay. Go ahead.  
6 Go ahead.

7 MR. MORRIS: I'll go to the last part of the  
8 question. So the first thing I did, the first meeting I  
9 went to as a TOC employee, that was probably four -- four  
10 weeks or so ago, I went to Fairplex with Doug Verge  
11 (phonetic) from the CTBA. And TOC board thought it was that  
12 important to go look at that facility to see if we could  
13 make it work. And we had -- we actually had a very good  
14 meeting with -- with Mike Sedder and Kim Lloyd and -- and  
15 Doug and I, and we went down through their stable numbers  
16 line item by line item to -- to try to get it to fit into  
17 the fund. We know it's the closest place. We know the  
18 trainers would like to go there.

19 We've got to be able to afford wherever we go.  
20 And there is more than double gap of where their expenses  
21 are to where other similar expenses for stabling are that I  
22 know of. And point blank, Pleasanton is -- is the auxiliary  
23 stabling for the north, and it's \$6,500 a day up there. And  
24 the Stronach Group has come in with the San Luis Rey Downs  
25 number for a similar number of horses that's right in line

1 with that Pleasanton number. And Fairplex on either 1,000  
2 or 600 horses is either at \$16,000 and change a day, or  
3 they're at \$13,000 and change a day, and we just can't  
4 afford it. Do we want to go there? Sure, it would be a  
5 great place to go. We have to afford wherever we go.

6 COMMISSIONER KRIKORIAN: I appreciate what you're  
7 saying, but that's really not -- not what I'm getting at.  
8 My -- my question is this, is try and understand what  
9 revenues can be generated. And Fairplex is only one place  
10 to consider using those revenues possibly to cover stabling  
11 costs. Okay. But San Luis Rey -- if San Luis Rey Downs  
12 goes ahead and they -- and they remodel their facility and  
13 they spend money you're going to be -- we're going to be  
14 paying -- we're going to be paying stabling costs there;  
15 right?

16 MR. MORRIS: Yes.

17 COMMISSIONER KRIKORIAN: Okay. So if you're going  
18 to be paying stabling costs then they wouldn't be entitled  
19 to any of these additional funds that could be generated.  
20 That would be a whole different pool of money; correct?

21 MR. MORRIS: I'm not sure I understand the  
22 question.

23 COMMISSIONER KRIKORIAN: In other words, you  
24 have --

25 MR. MORRIS: But --

1           COMMISSIONER KRIKORIAN: In other words, you're  
2 not asking -- you're not asking to -- to take -- Santa Anita  
3 is not going to be asking to be reimbursed for their costs  
4 to -- you know, of capital to rebuild San Luis Rey and --  
5 and get some -- some portion of revenues that are generated  
6 from -- from additional monies earned for their additional  
7 race dates, or the cut of that. Are you?

8           MR. DARUTY: No. Let me try to answer the  
9 question as best I can. From where we sit it appears as if  
10 we're being asked to contribute twice. Once we're being  
11 asked to make the investment in San Luis Rey, which we're  
12 willing to do. And then secondarily we're being asked to  
13 contribute to an industry fund. And our view is that  
14 because we're making this up front investment -- again,  
15 we're not opposed to the industry fund, but we want to make  
16 sure we're not paying twice or we're getting some credit in  
17 what we contribute to that fund. We're getting some credit  
18 for what we've already spent. We -- there's no point at  
19 which we've asked for a return of capital on the investment  
20 in San Luis Rey. The \$6,100 Joe referred to, that's simply  
21 the ongoing operating expense which the stabling fund  
22 would -- would pay for, just as it pays for the stabling at  
23 other stabling facilities.

24           COMMISSIONER CHOPER: You know what, I think  
25 that's a fair point. But what I think you need is some

1 formula. And I guess it's largely -- not largely. We ought  
2 to have Fairplex a little bit involved. You need some  
3 formula to determine what the additional revenue is, right,  
4 at each place. And you have to have some fair allocation of  
5 that additional revenue.

6 Now, I think if -- if the Stronach Group is not  
7 just Santa Anita, it's also San Luis Rey, so it's the same  
8 pocket. And I think your -- your point is a fair one. I  
9 think that ought to at least -- at least at first thought it  
10 ought to go into that pot. But the trick is to determine  
11 how much more you're going to get. That's not an easy  
12 trick. And the -- after that you can make a fair allocation  
13 as to how much ought to go into this fund, whether all of it  
14 or some of it or what have you.

15 MR. MORRIS: Good point on the word fair. We're  
16 trying to be fair on all sides of this. But being factored  
17 into the fund is -- is a rate, and there is a reduction for  
18 the Stronach Group for return on their investment. It's not  
19 a payback of the investment, but there is a return factored  
20 into the fund.

21 COMMISSIONER ROSENBERG: The paperwork and -- you  
22 know, all these discussions, you talk as if there's a deal  
23 there already in terms of specific terms of agreements.

24 MR. MORRIS: Well, I can tell you for --

25 COMMISSIONER ROSENBERG: Is there anything in

1 writing or is this all talk?

2 MR. MORRIS: There's no deal in writing at this  
3 point. This is something we have been working on fairly  
4 close to nonstop for about three weeks.

5 COMMISSIONER ROSENBERG: We've -- we've had  
6 promises --

7 MR. MORRIS: I wouldn't say there's promises. But  
8 there has been back and forth negotiations trying to work  
9 out this scenario so we wouldn't be working it out here  
10 sitting in front of you guys, frankly.

11 COMMISSIONER ROSENBERG: No. But my point is --  
12 Joe, my point is if this is all --

13 COMMISSIONER CHOPER: And everyone's included in  
14 those discussions?

15 MR. MORRIS: Those particular discussions on -- on  
16 the fund part of it --

17 COMMISSIONER CHOPER: Yeah.

18 MR. MORRIS: -- are between -- and on the racing  
19 schedule are more Del Mar and -- and the Stronach Group and  
20 us. But there has been -- it has been well vetted at our  
21 board level and -- and at some of the meetings.

22 COMMISSIONER CHOPER: How about the Fairplex?

23 MR. MORRIS: So we'll start with the first meeting  
24 I went to was at Fairplex. And we followed that up a week  
25 later with a meeting at the CTBA that Doug hosted with

1 probably 25 industry people there. There was a few breeders  
2 there. There were trainers there.

3 COMMISSIONER CHOPER: Do you know, the trainers  
4 have -- have --

5 CHAIR ISRAEL: Yeah, wait. Wait.

6 COMMISSIONER CHOPER: Can I just make one more  
7 point?

8 COMMISSIONER ROSENBERG: Can I finish my question?

9 COMMISSIONER CHOPER: The trainers have -- have  
10 said that they --

11 CHAIR ISRAEL: What is the question?

12 COMMISSIONER CHOPER: -- essentially, effectively,  
13 all right, excluded from the --

14 MR. MORRIS: I would disagree with that.

15 CHAIR ISRAEL: Okay. Richard would like to finish  
16 his question.

17 (Feedback from the audio system.)

18 CHAIR ISRAEL: What's going on here?

19 COMMISSIONER DEREK: I think it's Joe.

20 CHAIR ISRAEL: Richard would like to finish his  
21 question. And then -- and then Chuck has a question.

22 COMMISSIONER ROSENBERG: My question --

23 CHAIR ISRAEL: Then do something about it. Hold  
24 it. What do you got to eliminate the feedback? Because  
25 you've got -- what? Wait a second.

1 (Colloquy Between Commissioners)

2 CHAIR ISRAEL: Are we recording still? Can you  
3 hear us? Okay.

4 Richard, go ahead.

5 COMMISSIONER ROSENBERG: (Off mike.) (Inaudible)  
6 in terms of solving the stabling problem. But (inaudible)  
7 plenty of opportunity (inaudible) stakeholders coming in and  
8 making promises (inaudible) promises at meetings about what  
9 they're going to do and they're going to do. So I don't  
10 understand where (inaudible) no deal (inaudible).

11 MR. DARUTY: Well, they're -- you're correct.  
12 There is no deal on paper. There have been a lot of  
13 discussions. I think it's pretty close in a lot of  
14 respects, but there are still some issues that are  
15 outstanding.

16 CHAIR ISRAEL: Chuck?

17 VICE CHAIR WINNER: I have a couple of -- I'm  
18 sorry, go ahead Mike.

19 MR. PEGRAM: I think it all comes back down to  
20 dates. That's the reason why there hadn't been a deal cut  
21 on stabling is because everybody's waiting on dates. So  
22 it's -- there's been fair negotiations going on, but there's  
23 been some fair posturing going on. And once we get through  
24 this date thing I think we will get to the stabling. I  
25 think everybody will admit to that one.

1           VICE CHAIR WINNER: Well, there's some question on  
2 that. I know some people raise the question whether --

3           CHAIR ISRAEL: Hold on. Can you -- you've got to  
4 get rid of this or what?

5           UNIDENTIFIED MALE: (Inaudible.)

6           CHAIR ISRAEL: What do you mean it's -- why did it  
7 start all of a sudden? Turn off the damn sound then.

8           (Colloquy Between Commissioners and Audio.)

9           VICE CHAIR WINNER: Why doesn't everybody turn off  
10 their mike for a second and see what happens? Okay.

11          CHAIR ISRAEL: All right.

12          VICE CHAIR WINNER: Okay. Now let's just turn on  
13 the mikes of those people who are speaking.

14          CHAIR ISRAEL: Chuck, you speak.

15          COMMISSIONER BENETO: I can't shut mine off, so --

16          VICE CHAIR WINNER: Yeah. Now they won't turn  
17 off. Can you hear us? Okay.

18          CHAIR ISRAEL: Can you hear us now?

19          VICE CHAIR WINNER: Okay. A couple of questions.

20                 First of all, when we talk about the San Luis Rey  
21 being completed in a certain period of time, what are the  
22 regulatory processes that you have to go through? Do you  
23 need an EIR to -- to grow that (inaudible) that you're  
24 talking about and to -- to improve the tracks? How do we  
25 know that you're going to be able to get through the

1 regulatory processes in time to meet the commitment that  
2 you're making?

3 MR. DARUTY: The -- the work that we are going to  
4 be doing on the facility is all within the current  
5 entitlements. So we do not need regulatory approval.

6 VICE CHAIR WINNER: To make -- to make changes?

7 MR. DARUTY: Correct.

8 VICE CHAIR WINNER: Okay. Thank you. That's very  
9 good.

10 Secondly, with respect to -- to Santa Anita, you  
11 talked about the work you're going to be doing at San Luis  
12 Rey, which I think everybody appreciates. How about the  
13 backstretch at Santa Anita, both in terms of just improving  
14 and upgrading it, which we've been talking to other  
15 commissioners before I got on the board, we've been talking  
16 about it for years, as well as some of the things we talked  
17 about earlier today with respect to the safety issues in the  
18 backstretch? Can -- is there -- are you willing to make  
19 some kind of a commitment with respect to the backstretch  
20 upgrades?

21 MR. DARUTY: Well, certainly when we talk about  
22 safety that's of utmost importance. And we do have a  
23 regular process of going through on the backside and making  
24 sure it's -- it's safe and meets all health and safety codes  
25 and similar requirements.

1           As far as what we would call a renovation or a  
2 rebuild for the backside, the challenge is that the storm  
3 water runoff requirements are --

4           VICE CHAIR WINNER: Right.

5           MR. DARUTY: -- are such a big piece of any  
6 expenditure there. You know, we could go spend \$5 million,  
7 \$10 million just trying to fix that problem but not touch  
8 the barns in a way that the trainers and you would see a  
9 difference. So what we're trying to do is work with the  
10 Regional Water Quality Control Board to come up with a plan  
11 over time that will allow us to both upgrade the barns, but  
12 also comply with the storm water runoff requirements.

13           VICE CHAIR WINNER: And as you do that are you not  
14 going to have to reduce the number of barns possibly?

15           MR. DARUTY: You say possibly. I suppose anything  
16 is possible. It is not clear to us as we sit here that that  
17 would be a requirement. In other words, we could  
18 potentially solve that problem without reducing the number  
19 of barns. Perhaps the number of barns would come down,  
20 which is why there's been these discussions about an  
21 industry fund that could -- could fund additional stabling  
22 if we lose stabling at Santa Anita.

23           VICE CHAIR WINNER: How about -- and just the last  
24 question, Scott. And I recognize that -- I recognize what  
25 you're talking about in terms of the overall improvements in

1 the water issue. What about --

2 CHAIR ISRAEL: Go ahead. Keep talking.

3 VICE CHAIR WINNER: I don't know if she'll be able  
4 to hear.

5 CHAIR ISRAEL: No, she can hear you.

6 VICE CHAIR WINNER: What about just some of the  
7 safety issues that we've been talking about earlier in the  
8 backstretch in the ingress and egress? Can you work -- work  
9 with us to help solve that problem?

10 MR. DARUTY: Absolutely.

11 VICE CHAIR WINNER: I mean, it's a safety issue.  
12 It's also a cost issue to the industry. Okay. Thank you.

13 CHAIR ISRAEL: Okay.

14 COMMISSIONER BENETO: I have a question.

15 CHAIR ISRAEL: All right. I'd like to get to the  
16 trainers, if I may, so we can --

17 COMMISSIONER BENETO: I want --

18 CHAIR ISRAEL: Go ahead.

19 MR. BALCH: Alan Balch, B-a-l-c-h, Executive  
20 Director at California Thoroughbred Trainers, CTT.

21 I think, Commissioners, with all respect, what  
22 you're hearing right now, for the last whatever it's been,  
23 15 to 20 minutes, it's exactly why we believe that assigning  
24 dates today is premature. We look at exactly the opposite  
25 of what Mr. Pegram said. We think the training issue must

1 be resolved first. This is the first altogether stakeholder  
2 discussion we have been invited to be a part of. Yes, it's  
3 true that we have had representation at two small meetings  
4 which were informal. But we've never had a meeting like  
5 this where we've had the tracks represented, Pomona,  
6 everybody together.

7           Our letter is self-explanatory, so I won't go  
8 through all those points. But I'll just comment on a couple  
9 of things that we've heard just now.

10           First of all, in a big picture way you all  
11 understand the calendar as it exists now. When Santa Anita  
12 has been open Hollywood Park has received close to \$18,000 a  
13 day from the Stabling and Vanning Fund. When Hollywood has  
14 been open Santa Anita has received approximately the same  
15 amount, just under \$18,000 a day. When Del Mar has been  
16 open either Santa Anita or Hollywood in alternate years has  
17 received the same amount. The same thing has happened in  
18 the fall, back and forth between Santa Anita and Hollywood  
19 Park.

20           The idea that there is not funding available to  
21 cover Pomona's costs we believe to be incorrect. The -- the  
22 knock on Pomona comes from the fact that it is being  
23 compared to a training center owned by one of the race  
24 tracks and by the incremental costs at Los Alamitos, which  
25 are no doubt lower. But our position is, particularly in

1 the short term, the first year we dare not, we ought not say  
2 that we can't afford Pomona. We have to come to a method  
3 of -- in a combination of negotiating with Pomona as to  
4 reduction of any possible discretionary costs and fund  
5 raising, whether it's from this industry fund, stall rent or  
6 otherwise, we need Pomona.

7           We believe that Santa Anita's interest, rightly  
8 understood, is that they need Pomona. Consider the drastic  
9 expansion in consecutive racing weeks at Santa Anita. In  
10 order to sustain field size and that length of a race  
11 meeting they need every horse they can get at Santa Anita  
12 and very close to Santa Anita.

13           Mr. Morris's figures that he just cited, 1,900 at  
14 Santa Anita, it's actually 1,800 thoroughbreds, we've always  
15 been told. And you need to consider that when the Breeders'  
16 Cup operates there 300 stalls are taken out for a goodly  
17 portion of that meeting for a Breeders' Cup compound. It's  
18 also been ignored in these discussions that we have not been  
19 a part of that in the absence of Hollywood Park we no longer  
20 have the quarantine facility at Hollywood Park.

21           CHAIR ISRAEL: Can I -- can I ask you -- can I ask  
22 a question please, Alan?

23           Do you need me to turn on the microphone?

24           You know, you say you haven't been a part of it.  
25 But we went about a year or two ago through the transitional

1 period with TOC and the upheaval of the -- of the CTT. And  
2 CTT wound up with five positions, either in the executive  
3 suite of -- or six positions on the board or in the  
4 executive -- or among the officers of TOC. And that was the  
5 resolution that was reached so that there was fair  
6 representation for the trainers. And there are trainers  
7 from the north, trainers from the south. Kathy Walsh and  
8 John Stadler is an officer of TOC. And Baffert is a member  
9 of the board. And -- and Moser and Maury, I think are.

10 COMMISSIONER CHOPER: And Harrington.

11 CHAIR ISRAEL: And Harrington. So that's a  
12 substantial representation of trainers who have seemed to  
13 have been involved in this from the beginning. And I  
14 thought the whole point of -- of that election was so that  
15 you had representation and were involved in these  
16 discussions.

17 MR. BALCH: I'm very glad you brought that out.  
18 And I know that Jim, as a trainer, wants to respond to that.  
19 But from a standpoint of the staff who has observed this,  
20 first of all, those are trainers who also have owners'  
21 licenses, and they are not representatives of CTT. In fact,  
22 we have invited the TOC to join with us in what we used to  
23 have prior to the election where we each attended the  
24 other's board meetings and could participate. The previous  
25 President of CTT, Lou Raffetto, had to come to our board

1 meeting --

2 CHAIR ISRAEL: TOC.

3 MR. BALCH: -- of TOC -- excuse me -- Mr. Raffetto  
4 had to come to our board meeting to get fully informed on  
5 what the negotiations were with Los Alamitos. And we held  
6 the only open meetings where all trainers could participate.

7 Now, we don't -- we have -- we're not privy to the  
8 meetings at TOC. We do hear what the trainers tell us  
9 happened at the meeting at TOC.

10 CHAIR ISRAEL: Well, wait, wait. But you are,  
11 because, I mean, I'm under the impression that that was the  
12 deal that was made and voted on.

13 MR. BALCH: Well, sir, I think -- I know Jim wants  
14 to talk. But let me just say, we do not receive the -- any  
15 kind of documented information. The numbers that I just  
16 gave you are incontrovertible. Nobody, I think, at this  
17 table is going to dispute them. There is a Stabling and  
18 Vanning Fund that is governed according to the law with the  
19 SCOTWINC committee that has never had a meeting on this.  
20 We're not members of that. TOC is, but we had been in the  
21 past invited to attend so we could look at these minutes and  
22 look at the numbers, look at the line item detail ourselves.  
23 We can be very helpful, we believe, in negotiating with  
24 Pomona in order -- as -- as Joe Morris knows, was the case  
25 in Northern California in assisting with getting the

1 Pleasanton numbers under control.

2           So there's a lot of things that the CTT  
3 organizationally can do that represents all the trainers,  
4 not just the owner-trainers, but all the trainers.

5           COMMISSIONER BENETO: Mr. Chairman?

6           CHAIR ISRAEL: Yes, sir?

7           COMMISSIONER BENETO: I've got a question. What's  
8 the difference between San Luis Rey and -- and Pomona is  
9 about a 70 mile difference, 80 mile difference?

10          MR. BALCH: Probably more like 100.

11          COMMISSIONER BENETO: Who's going to pay that  
12 vanning bills for horses moving back and forth? We haven't  
13 addressed that? The price of fuel today, the cost to run a  
14 horse from Santa Anita to -- to San Luis Rey rather than go  
15 to Pomona, you're talking quite a bit of money there. Who's  
16 going to foot that bill, the vanning bill?

17          CHAIR ISRAEL: Stabling and Vanning Fund.

18          COMMISSIONER BENETO: Is the owners going to do  
19 it, like myself, or is it going to be done by the vanning  
20 fund?

21          MR. CASSIDY: Jim Cassidy, President of CTT. Yes,  
22 it's done by the Stabling and Vanning Fund. And it will be  
23 an extra cost.

24          COMMISSIONER BENETO: Has anybody -- has anybody  
25 figured that out yet?

1 MR. CASSIDY: It costs from Del Mar to Santa Anita  
2 it's \$150 to \$200 one way.

3 COMMISSIONER BENETO: And what's the vanning --  
4 what's the vanning fee from Santa Anita to Fairplex, \$50.00?

5 MR. CASSIDY: \$50.00.

6 COMMISSIONER BENETO: It seems like there's a lot  
7 of money here that will be --

8 COMMISSIONER ROSENBERG: It's going to be \$200.

9 MR. BALCH: I would just say that -- that's just  
10 the tip of the iceberg, Commissioner. These things do add  
11 up a great deal. This is, you're correct, the Stabling and  
12 Vanning Fund. And that's the type of itemization budgeting  
13 and forecasting that we believe is necessary to see in  
14 detail.

15 Again, I want to emphasize the point. We don't  
16 deny that the -- the daily cost to Pomona, the marginal  
17 incremental cost to Pomona is likely to be higher than the  
18 San Luis Rey-Los Alamitos combine, but you're getting what  
19 you pay for.

20 CHAIR ISRAEL: Yeah.

21 MR. BALCH: You may lose some of it and a lot of  
22 it in the vanning distances that are involved in the vanning  
23 side of the fund. As far as we know nobody has examined  
24 that. But even if there is a gap, there are ways to fill  
25 the gap. If you go back to where we're operating right now

1 with roughly \$17,000 to \$18,000 a day for -- for Santa Anita  
2 and Hollywood Park every day they're open, we need the 1,000  
3 stalls that are available at Pomona, almost adjacent to  
4 Santa Anita.

5           And we can't afford, and frankly, gentlemen, we  
6 don't believe Santa Anita and the horsemen, the owners can  
7 afford not to be at Pomona. If the field size drops one  
8 horse during this upcoming year or the extended meetings at  
9 Santa Anita, these funds, the Stabling and Vanning Fund, all  
10 of the funds that are associated with handle are going to be  
11 in a disastrous situation.

12           COMMISSIONER CHOPER: Can I ask you a question  
13 please?

14           CHAIR ISRAEL: Well, wait. I mean, just to answer  
15 that, because you keep -- you're a doomsayer. Let's be  
16 pretty honest here.

17           MR. CASSIDY: We're trying not to be.

18           CHAIR ISRAEL: But -- but you are.

19           MR. CASSIDY: No, we're not. No, we're not.  
20 We're the only ones that have hope, to be honest with you.

21           CHAIR ISRAEL: Okay. All right. But the fact is  
22 there's no more statistical proof that we're going to have  
23 smaller fields than -- than there is of proof of anything  
24 else.

25           MR. CASSIDY: Most trainers that will be at San

1 Luis Rey will think twice before running a horse at Santa  
2 Anita, for whatever reason. And Pomona is -- it's so close  
3 that it won't be an issue. Most of your trainers that go to  
4 San Luis Rey will be big -- large outfits that will have  
5 their second string at San Luis Rey.

6 CHAIR ISRAEL: Right.

7 COMMISSIONER CHOPER: May I ask one question?

8 MR. BALCH: Mr. Choper, before you do, I just  
9 think --

10 COMMISSIONER CHOPER: Yeah. Go ahead.

11 MR. BALCH: -- there -- there are a couple of us  
12 here in this room who remember when all of the stabling was  
13 at the operating track. That was a key factor -- that was a  
14 key factor in field size being what it used to be. Even the  
15 Hollywood Park-Santa Anita ship or the Pomona-Santa Anita  
16 ship is more difficult for just the mentality and the  
17 psychology of entries. And you get -- the further you get  
18 away from an operating track the more difficult it is  
19 psychologically for the trainers and everybody else.

20 Now, we believe there are possibly financial  
21 incentives, all kinds of things that could be developed to  
22 stimulate the trainers away from the track.

23 CHAIR ISRAEL: I'm not saying change isn't hard.  
24 Change is hard. But the business has been in a downward  
25 spiral for a great long time. And we need to find some way

1 to reverse it. Now, what we have to do is -- nobody's happy  
2 about Hollywood Park deciding to shut its doors. We would  
3 be better off if Hollywood Park were a well maintained,  
4 terrific operating race track, yes, but it's closing. So we  
5 have to find the best way forward. And that includes maybe  
6 changing the way we do business and changing the way we  
7 think. And trainers may find, you know, if I give this new  
8 a chance it might really be a good way to do things.

9           Off-track training, offsite training is successful  
10 in many, many, many jurisdictions. In the east no one  
11 thinks twice about vanning a horse 200 or 300 miles to run a  
12 race. I grew up there.

13           MR. BALCH: Right now, Commissioner --

14           CHAIR ISRAEL: I mean, you know --

15           MR. BALCH: -- we're all based on offsite  
16 stabling. It's just where the offsite is, the more versus  
17 the less convenience. And I do want to point out to you a  
18 couple of other statistical points. You mentioned  
19 statistics, objective statistics. Field size and numbers of  
20 horses, that is unique number of horses registering starts  
21 or recorded works have recovered somewhat in the last two  
22 years.

23           CHAIR ISRAEL: Right.

24           MR. BALCH: And --

25           CHAIR ISRAEL: Because the economy has gotten

1 better. That -- there's no question about that.

2 MR. BALCH: Well, of course. And --

3 CHAIR ISRAEL: But -- but we still have -- we  
4 still have a precipitous decline in number of foals which is  
5 going to lead going forward --

6 MR. BALCH: Correct.

7 CHAIR ISRAEL: -- to fewer horses. Hopefully that  
8 will rebound because breeding increased.

9 MR. BALCH: Yes, sir.

10 CHAIR ISRAEL: Yeah.

11 MR. BALCH: And I'm trying to respond to your  
12 point. We're not saying doom. We have hope. We want to  
13 provide the conditions and a platform for growth. We're not  
14 going to have growth if we don't have capacity adjacent to  
15 and near Santa Anita for racing this extended season. We  
16 have much more capacity at Pomona than anywhere else.

17 COMMISSIONER CHOPER: I want to make a one-  
18 sentence statement, and then ask a very simple question. No  
19 racing would operate in this state or any other without the  
20 cooperation of all of the members of this group sitting  
21 before us. That's number -- that's the statement.

22 Now, if you wanted representation input at  
23 everything that goes on here, right, and you say that the  
24 owner-trainers that are members of the TOC are not providing  
25 that adequate representation -- I mean, I said that, and I

1 don't know if I fully understand that, but they have a  
2 conflict also if they're owner-trainers, okay -- how many  
3 trainers, non owner-trainers do you think ought to  
4 participate in these meetings?

5           Now, these -- you know, we've been talking about  
6 the details back and forth are details that you guys ought  
7 be to talking about all the time. I mean, this -- these --  
8 these matters are at the root of the future of racing in  
9 California. And I think all of you make your living that  
10 way; right? And I assume that you'd like to continue making  
11 that living that way. Now, if -- if we could avoid having  
12 to have these questions answered, and so you got questions,  
13 you -- you guys ought to be answering them in meetings  
14 together.

15           So how many -- how many representatives of non  
16 owner-trainers do you think ought to participate in these  
17 meetings? I'd just like to know. Now, maybe there's  
18 disagreement about it, but how many?

19           MR. BALCH: We have copied this board on our prior  
20 letters to TOC. The latest one was May 6th, in which we  
21 suggested exactly that, that there should be a meeting of  
22 all these stakeholders. And the trainers are very happy to  
23 have two individuals attend.

24           COMMISSIONER CHOPER: So the answer, in a word, is  
25 two?

1 MR. BALCH: Right. And a very small group of 10  
2 to 12, maybe, total people; maybe the people sitting right  
3 at this table could really get to the bottom of all this in  
4 a pretty big hurry.

5 COMMISSIONER BENETO: Well, I got a question.

6 CHAIR ISRAEL: Okay.

7 COMMISSIONER BENETO: What's the negative of going  
8 to Fairplex? Can anybody answer at the table here?  
9 What's -- what's the -- what's the negative?

10 CHAIR ISRAEL: Joe?

11 VICE CHAIR WINNER: Cost.

12 MR. MORRIS: We can't afford it.

13 COMMISSIONER BENETO: What do you mean, you can't  
14 afford it? You've got \$18,000 a day. What do you mean, you  
15 can't afford it?

16 MR. MORRIS: If you do the math for what we  
17 need --

18 COMMISSIONER BENETO: Plus you don't have to van  
19 these horses clear --

20 MR. MORRIS: There still -- there is still a  
21 vanning. And there's going to be about -- there's going to  
22 be somewhere around \$5.8 million in the Stabling and  
23 Vanning. The current scenario we have out for stabling will  
24 take about \$4.3 million of that, leaving \$1.5 million for  
25 vanning. We're going to have to change the way we van to

1 fit into the \$1.5 million.

2 The other issue at Fairplex --

3 CHAIR ISRAEL: Well, explain. Explain what you  
4 mean by change the way you van?

5 MR. MORRIS: So there's -- sometimes there's  
6 multiple trucks from a location. And we're going to have to  
7 coordinate set times, like the school bus. There's going to  
8 have to be one to get into the vanning scenarios to get from  
9 our stabling to who's racing, you're going to have to get on  
10 at a set time.

11 CHAIR ISRAEL: In other words, I mean, what you're  
12 trying to say in simple English is vans that have a capacity  
13 of six horses leave with two horses?

14 MR. MORRIS: They do.

15 CHAIR ISRAEL: And --

16 MR. MORRIS: And all of them going on one truck,  
17 if that's possible.

18 CHAIR ISRAEL: Right. That -- well, that makes  
19 sense.

20 MR. MORRIS: Right.

21 CHAIR ISRAEL: And the fact that you haven't been  
22 doing that --

23 MR. BALCH: Well --

24 CHAIR ISRAEL: -- heretofore --

25 MR. BALCH: Well --

1 CHAIR ISRAEL: -- is a disgrace, frankly. I mean,  
2 it's not good for the environment and it makes no goddamn  
3 sense financially.

4 COMMISSIONER ROSENBERG: Are you doing that daily  
5 or a couple -- certain days of the week? I'm just curious  
6 about this.

7 CHAIR ISRAEL: For racing.

8 MR. MORRIS: It's going to be race days.

9 MR. MORRIS: So they'll be --

10 COMMISSIONER ROSENBERG: So just race days?

11 MR. MORRIS: Yeah. They'll need to be -- the  
12 other thing that's still out there -- and believe me, I went  
13 through their numbers. Doug Verge went back and stalked to  
14 Fairplex to see if there was movement. Jim went back and  
15 talked to Fairplex and has continued to talk to them. There  
16 hasn't been movement. We're not opposed to Fairplex. We're  
17 opposed to not being able to afford it.

18 The second thing that needs to be taken into  
19 consideration there is -- is similar to others is a storm  
20 water drainage system there. That would have to be fixed if  
21 they did year-round training. And that number, I don't know  
22 what it is, but I've been told it's seven figures plus that  
23 they want the industry to pay for. So there's another  
24 question there.

25 Now, on the industry fund, we can't use that for

1 training. That -- that's our future. We've got to have,  
2 you know, another state-of-the-art training facility  
3 somewhere so our owners and trainers have a place to keep  
4 investing in horses and be able to look out five to eight  
5 years.

6           The biggest -- the biggest challenge we face on --  
7 on getting this done right now is we're going to have people  
8 leaving. There's -- there's people looking at sending  
9 strings east right now because they don't know what they're  
10 looking at. So, you know, we've got to get the dates  
11 scheduled. We've got to get our temporary two-year training  
12 facility set. And we need a plan to -- to be able to take  
13 care of this for the future.

14           VICE CHAIR WINNER: So -- so -- so with respect  
15 to -- with respect to what you just said, we looked at this  
16 survey that was sent to us by the CTT and the number of  
17 trainers who say they prefer Fairplex to Los Al to -- to San  
18 Luis Rey, etcetera. What -- is there any indication from  
19 any of those trainers that if they don't get what they want,  
20 which is Fairplex, they're going to leave or reduce their  
21 string, or -- or do you have any numbers with respect to  
22 that? I mean, it's one thing to say they'd prefer it. It's  
23 another thing to say that it would be a deterrent to not  
24 have it.

25           MR. CASSIDY: Well, certainly, Commissioner, it's

1 speculation. But there has been a lot of indication that if  
2 the guys had to split up with small stables they couldn't  
3 afford it and they'd have to get out. And some others that  
4 claim that they would leave the state, go to Texas, Arizona,  
5 back east. I mean, we already have three large trainers  
6 having strings back -- going back east.

7           So we're trying to preserve as many horses as we  
8 possibly can here. And the more difficult, the more  
9 obstacles that we put in front of them the less chance we --  
10 we have of being successful.

11           I'm happy with Joe saying that they're -- they  
12 have no problem with Fairplex. So I don't see why we don't  
13 have a deal with that.

14           COMMISSIONER DEREK: Can I ask why Fairplex is so  
15 much more expensive?

16           MR. CASSIDY: Los Alamitos, for instance, already  
17 has a meeting going, Commissioner Derek, where their  
18 expenses -- they already have expenses. So their expenses  
19 will be lower, of course. They'll be implemental expenses.

20           And as far as San Luis Rey is concerned, I can't  
21 tell you what their expenses would be. But Fairplex, you'll  
22 have to talk to them yourselves.

23           MR. HENWOOD: Good morning, I'm Jim Henwood. I'm  
24 President and CEO of Fairplex. Well, let me clarify a  
25 couple points here, if I could.

1 Joe did come on over and had a great conversation,  
2 and we're looking forward to having a good relationship with  
3 Joe, as we've always had with the TOC. But there was a  
4 couple comments there that aren't necessarily accurate.

5 One is the cost that -- that San Luis Rey is going  
6 to be experiencing is historical cost as truly a non-  
7 auxiliary training center. When I get into that, that topic  
8 gets a little bit more topic because it deals with matters  
9 that this industry has established as minimum criteria on  
10 the way in which we run training centers. Fairplex runs  
11 like Santa Anita runs or like Hollywood Park runs. That's  
12 the standard. And we are measured at that standard by a lot  
13 of different sets of eyes.

14 One of the eyes is organized labor. Organized  
15 labor is who runs the backsides of auxiliary training  
16 centers, and there is a cost for that. There's also a cost  
17 that this and our industry have said is a minimum criteria  
18 at which we need to operate. Now, Fairplex -- and I take  
19 exception to the concept that Fairplex is out gouging. I  
20 mean, that's the implied statement; we're just too  
21 expensive. That is absolutely a falsehood.

22 CHAIR ISRAEL: Well, wait. I don't think anybody  
23 implied you were gouging.

24 MR. HENWOOD: Well, wait a minute. Wait a minute.

25 CHAIR ISRAEL: They -- they just -- they just

1 said --

2 MR. HENWOOD: Well, because two examples -- two  
3 examples were used.

4 CHAIR ISRAEL: Okay.

5 MR. HENWOOD: Excuse me. Two examples were  
6 used -- and I'm sorry Chairman, but two examples were used  
7 where it kind of sets like holy smokes, this is -- this is  
8 crazy. Why is this at 16,000 and why is this at 8,000?  
9 Well, we don't set that.

10 CHAIR ISRAEL: 6,500, by the way.

11 MR. HENWOOD: Huh?

12 CHAIR ISRAEL: 6,500, not 8,000.

13 MR. HENWOOD: 6,500. Well, the 6,500 is even a  
14 better one because Rick Pickering is back here, and he'll  
15 get up and talk a little bit. But Northern California has  
16 been challenged, as Joe knows because Joe runs Golden Gate.  
17 And up at Golden Gate their cost, you get, I think \$10,000 a  
18 day, Joe. And how much is your training cost?

19 MR. MORRIS: I used to get.

20 MR. HENWOOD: Used to get.

21 MR. MORRIS: Yeah.

22 MR. HENWOOD: Well, the problem in Northern  
23 California is there's just not enough money in the fund.  
24 And those that have dates, a large amount of dates, have to  
25 absorb some of that cost in their training, and that's what

1 they do. As far as Pleasanton is concerned, they've had --  
2 they've had an historical challenge with that. And I'm not  
3 certain that they've ever really matched their cost against  
4 their training. And at that facility they have made a  
5 choice, the way in which they operate, to do that, and  
6 that's their choice.

7           We do not have that luxury when you have three  
8 weeks of racing. The only thing that we've ever received is  
9 exactly the cost that it's cost us to operate our facility,  
10 not a dime more. We're not taking a dime from anybody.  
11 And -- and we will work with the industry any way we can.  
12 And if someone can come up with the magic formula as to how  
13 the daily costs can come down we'll be the first in line to  
14 say let's go ahead and do it.

15           I would also say to you, though, that probably  
16 will be a pattern that will find its way over at Santa Anita  
17 and other ways because we'll be changing the way the  
18 industry views the costing or the way in which it takes to  
19 operate the backsides of a race track.

20           CHAIR ISRAEL: Chuck?

21           VICE CHAIR WINNER: Jim -- Jim, can you assure us  
22 that -- that if -- if some agreement, and I'm not suggesting  
23 there should be an agreement, but if there were an agreement  
24 to use Fairplex that Fairplex will -- will be there to be  
25 used for a period of time?

1           MR. HENWOOD: The short answer, Commissioner  
2 Winner, is, yes. But we have this one issue dealing with  
3 water quality. And it is true that we've looked to the  
4 industry for an industry solution on our water quality  
5 issues. But we've also at the same time said, hey, what  
6 about these dates that are currently vacated in this new  
7 proposed schedule? What about if Fairplex were to have some  
8 of those dates?

9           If we could have those dates we would use the  
10 proceeds off of that money, off of that race meet to take  
11 care of the water quality issues at our expense. But we can  
12 not make that climb -- we've invested well over \$3 million  
13 in -- in water quality issues already which hasn't found  
14 their way into any concept of reimbursement. We've also  
15 explored near \$1 million in our cost to try to figure out  
16 industry solution at Fairplex to be a training center and to  
17 be a compliment to the industry. We're not asking for any  
18 of that. But we don't have the resources to go ahead and  
19 put a water quality issue in with a three-week race meet.  
20 If we had more dates we'd be happy to talk about it.

21           COMMISSIONER CHOPER: Through December? That's  
22 the -- those are open.

23           MR. HENWOOD: Yeah. Yeah. And it's amazing.

24           VICE CHAIR WINNER: Well, let me just --

25           MR. HENWOOD: I don't know, I mean, I haven't had

1 part of the --

2 COMMISSIONER CHOPER: You haven't thought about  
3 it?

4 VICE CHAIR WINNER: Can I please follow up on --

5 MR. HENWOOD: No, I have thought about it,  
6 Commissioner. I have just not been part of that discussion.

7 VICE CHAIR WINNER: Can I follow up on my  
8 question?

9 MR. HENWOOD: Yes, sir.

10 VICE CHAIR WINNER: Have you submitted proposals  
11 for other projects having nothing to do with racing that  
12 part of those proposals would be removing the track or not  
13 having racing?

14 MR. HENWOOD: Historically? Yes.

15 VICE CHAIR WINNER: Recently.

16 MR. HENWOOD: Recently two -- two -- and what are  
17 you referring to?

18 VICE CHAIR WINNER: The Shea Homes proposal  
19 that --

20 MR. HENWOOD: Okay. I can --

21 VICE CHAIR WINNER: -- that we made.

22 MR. HENWOOD: I can speak to that. Shea  
23 Development has come to us. They're an Orange County firm,  
24 actually called Shea Properties.

25 VICE CHAIR WINNER: Uh-huh.

1 MR. HENWOOD: And they've asked us to get involved  
2 with them in the area north of Fairplex. It's White Avenue.  
3 It's not the race track. And we have been working with some  
4 local universities to try to expand some educational things  
5 on their campus --

6 VICE CHAIR WINNER: Right.

7 MR. HENWOOD: -- that would compliment our campus.

8 VICE CHAIR WINNER: But the university has said  
9 the only way they'd proceed is if the racing did not exist;  
10 correct?

11 MR. HENWOOD: Not --

12 VICE CHAIR WINNER: And you agreed to that, didn't  
13 you?

14 MR. HENWOOD: No. No, I -- no, no, no, no, no.  
15 actually, the racing problem that they had wasn't horse  
16 racing, it was --

17 VICE CHAIR WINNER: Yeah, it was both.

18 MR. HENWOOD: -- it was drag racing.

19 VICE CHAIR WINNER: It was both.

20 MR. HENWOOD: Well, I -- well, I know you're on  
21 that --

22 VICE CHAIR WINNER: Right.

23 MR. HENWOOD: -- consortium. But, no, we won't --  
24 we would -- we would not do -- we would not move forward  
25 with that. And --

1 VICE CHAIR WINNER: Without -- without the --

2 MR. HENWOOD: With that --

3 VICE CHAIR WINNER: You would not move forward  
4 with it if it meant no racing; is that what you're saying?

5 MR. HENWOOD: That's correct. That's correct.  
6 We -- we did -- we said we would not accept that as a  
7 condition.

8 VICE CHAIR WINNER: Okay. Thank you. That's very  
9 important.

10 CHAIR ISRAEL: Jim, I have a question --

11 MR. HENWOOD: Yes, sir.

12 CHAIR ISRAEL: -- for you or Mike or Kim. The  
13 waste water problem --

14 MR. HENWOOD: Yes.

15 CHAIR ISRAEL: -- is it only related to the -- to  
16 the horse race track, or does it have something to do with  
17 the toxic waste from the drag racing and other -- other  
18 things that occur at the facility, which is an enormous  
19 facility and used for so many other things?

20 MR. HENWOOD: We -- well, a very good question,  
21 Mr. Chairman. We are challenged, like any real estate owner  
22 in Southern California, with enormous water quality issues.  
23 This issue is confined to the racing enclosure, and that is  
24 the barn areas, the track, the track area, where the horses  
25 are.

1 CHAIR ISRAEL: Yeah.

2 MR. HENWOOD: And that --

3 CHAIR ISRAEL: Well, they obviously --

4 MR. HENWOOD: That -- the solution -- and it --  
5 and it deals with -- it deals with containment of that in an  
6 enclosure where we can treat that water and then deal with  
7 it either in a downstream manner, or reuse it as recycled  
8 water.

9 COMMISSIONER BENETO: What's your breakeven point  
10 of cost to train there?

11 MR. HENWOOD: On the training it is exactly the  
12 cost that is out there. The issue isn't so much on a markup  
13 or anything like that, because that's not --

14 COMMISSIONER BENETO: No, I know that.

15 MR. HENWOOD: -- that's not it. The issue is the  
16 minimum criteria that the industry has established for the  
17 concept of an auxiliary training center; it is that simple.  
18 And if we could come up with a way in which that  
19 formulazation can be brought down we're -- we're part of it.  
20 We did not make this rule up. We are the place that is  
21 being used for this.

22 COMMISSIONER BENETO: So if I want to move in  
23 today, what's the cost?

24 MR. HENWOOD: For us right now?

25 COMMISSIONER BENETO: Yeah. If I want to move

1 thousands, I want thousands of stalls --

2 CHAIR ISRAEL: He's saying --

3 MR. HENWOOD: I'm going to move over. This is  
4 getting to real numbers.

5 CHAIR ISRAEL: Yeah, right.

6 MR. HENWOOD: Mike Cedar --

7 CHAIR ISRAEL: All right, Mike.

8 MR. HENWOOD: -- needs to address that.

9 CHAIR ISRAEL: Well, what Steve is asking, Mike,  
10 is if -- if he were to move in today, let's say he were --

11 COMMISSIONER BENETO: And I want a thousand  
12 stalls.

13 MR. SEDDER: To pay for training?

14 CHAIR ISRAEL: Yeah.

15 MR. SEDDER: Okay. So what -- what we did when we  
16 met with -- I'm sorry, Mike Sedder -- when we met with Joe  
17 was we kind of laid out a few scenarios. We said if there's  
18 more than 1,000 horses on the property these are the costs.  
19 It ended up being just over 16,000 a day. The majority of  
20 that, as Jim has mentioned, is labor. And -- and that's a  
21 heavily burdened cost.

22 We looked at a variety of scenarios. We said,  
23 well, what if there -- what if we only operate six days a  
24 week, not seven days a week, what does that do to the cost?  
25 And it drops it by -- I can't remember -- but let's say

1 \$1,000 or \$1,500 a day. The other variable we looked at was  
2 what if there are 800 horses on the property? What if there  
3 are 500 horses on the property? So we tried identify it in  
4 a variety of ways to say, look we -- we're open to different  
5 scenarios, but each different scenario will drive a  
6 different cost. And the -- even at the -- at the lowest  
7 number, which we had at 500 horses, you have a lot of fixed  
8 costs. You've got to open the track. You've got to open  
9 the backside. You've got to have 24-hour work. You've got  
10 to take the straw, manure -- at the cost it was about  
11 \$13,000 a day.

12 COMMISSIONER BENETO: But I commit to 1,000 stalls  
13 at 16,000; right?

14 MR. SEDDER: Right. That's what we figured --

15 COMMISSIONER BENETO: Now --

16 MR. SEDDER: -- the incremental cost was.

17 COMMISSIONER BENETO: -- the big -- the big  
18 question here is how much money are we going to save in  
19 vanning from San Luis Rey to -- to Santa Anita? I mean,  
20 there's going to be a big cost there. It might be a couple  
21 million bucks a year, at least. So there's more to -- I  
22 mean, you gave us a number, but --

23 MR. BALCH: Commissioner, if I may, the first  
24 question that Mr. Henwood asked of Joe, I think it was  
25 really never answered. My understanding from Golden Gate is

1 their daily costs for training is about 15,000 to 16,000,  
2 but the racing association contributes approximately \$5,000  
3 of it because they know they need the training for the  
4 racing.

5 Joe, is that a true statement?

6 MR. MORRIS: True statement.

7 MR. BALCH: Right. So that's what we're facing  
8 here in the south, and that's really the essence of what I  
9 was suggesting in my first remarks. If there's going to be  
10 an industry fund and if there are going to be this windfalls  
11 coming from extended racing dates at racing associations, at  
12 least for the short term, until we can readdress what's  
13 happened to the Stabling and Vanning Fund which is declined  
14 by several millions of dollars a year as -- as betting has  
15 migrated to ADWs, until that can be addressed, in the short  
16 term the racing associations may need to subsidize the  
17 convenient training in order that the field size can be  
18 maintained going forward and that we have room to grow.  
19 That's essentially our point on training first in order to  
20 facilitate these racing dates.

21 MR. MORRIS: Well, one point I'd make, though --

22 CHAIR ISRAEL: You need a microphone, Joe.

23 MR. MORRIS: Joe Morris. One point I'd make in  
24 the north, it is more expensive to run a race track than it  
25 is auxiliary stabling. And the Pleasanton 600 stalls, same

1 unions, same everything, is \$6,500 a day. That's a big  
2 different from 1,100 horses at Golden Gate at the -- at the  
3 15,000.

4 COMMISSIONER KRIKORIAN: I have a question.

5 COMMISSIONER ROSENBERG: In terms of that specific  
6 issue --

7 CHAIR ISRAEL: Turn on your microphone.

8 COMMISSIONER ROSENBERG: It's on.

9 CHAIR ISRAEL: Well, lean into it.

10 COMMISSIONER ROSENBERG: The specific issue of  
11 these costs associated with running an auxiliary training  
12 center, has that been calculated? Are you -- will you be  
13 considered an auxiliary training center, just as if Pomona  
14 would be?

15 MR. DARUTY: I'm sorry. Are you referring to San  
16 Luis Rey Downs or to Santa Anita?

17 COMMISSIONER ROSENBERG: Yeah, San Luis Rey Downs.  
18 I'm sorry. Yeah, San Luis Rey Downs.

19 MR. DARUTY: Yeah. San Luis Rey Downs would be  
20 considered an auxiliary training facility. Our costs will  
21 be \$6,100 per day. That does not include any recoupment of  
22 investment or land valuing.

23 COMMISSIONER ROSENBERG: But that includes --

24 MR. DARUTY: That's purely operating costs.

25 COMMISSIONER ROSENBERG: That -- you would comply

1 with the same requirements that -- that Pomona has to comply  
2 with by having horses; correct?

3 MR. DARUTY: Right.

4 CHAIR ISRAEL: Wait. No. And they would have a  
5 mile -- a mile dirt track and a 7/8ths mile turf track.

6 COMMISSIONER ROSENBERG: Well, hopefully.

7 MR. HENWOOD: And they can only -- only house half  
8 the horses.

9 CHAIR ISRAEL: I understand that. But, I mean,  
10 we -- we -- you know, it's fair to point out the advantages  
11 which is you have a mile dirt track and a 7/8ths mile turf.

12 MR. HENWOOD: At 400 horses it's great, yeah.

13 COMMISSIONER ROSENBERG: So if it's 6,500 -- 6,100  
14 sounds attractive because it's much lower than 16,000. But  
15 in terms of proportionate numbers it's -- what is it, 240  
16 percent? The cost at Pomona is 16,000 a day to hold 1,000  
17 horses.

18 COMMISSIONER DEREK: A thousand horses.

19 COMMISSIONER ROSENBERG: Is that correct? The  
20 cost -- the cost --

21 COMMISSIONER DEREK: Twelve hundred horses.

22 COMMISSIONER ROSENBERG: Oh, 1,200 hundred.

23 CHAIR ISRAEL: Twelve hundred.

24 COMMISSIONER ROSENBERG: So here we have a little  
25 under 600 horses you're going to have at San Luis Rey Downs;

1 correct?

2 MR. DARUTY: Well, that is correct, but I think  
3 there's two -- I think there's two factors --

4 CHAIR ISRAEL: You're going to have 500 horses.

5 MR. DARUTY: -- we're losing sight of. One is  
6 that -- one is that there needs to be a huge capital  
7 investment in Fairplex to deal with the storm water runoff  
8 issue before they can even get to the point where they  
9 charge \$16,000 a day.

10 COMMISSIONER ROSENBERG: But I'm comparing just  
11 the actual costs charged, irrespective of the storm water  
12 issue.

13 CHAIR ISRAEL: You can't because they're willing  
14 to eat the -- the capital improvement cost.

15 COMMISSIONER ROSENBERG: No, they want to improve  
16 it.

17 CHAIR ISRAEL: And as I understand it -- no.

18 MR. DARUTY: We're not seeking --

19 CHAIR ISRAEL: And you want an industry fund to  
20 pay for the --

21 COMMISSIONER ROSENBERG: Yeah. But, no, no.

22 CHAIR ISRAEL: -- the required improvements.

23 COMMISSIONER ROSENBERG: He wants to get more  
24 dates, just like Santa Anita is getting a whole calendar  
25 here. They're the ones benefitting financial which, by the

1 way, the whole thing missing from this discussion is we  
2 don't know how much money Santa Anita is going to make from  
3 running all those extra dates.

4 CHAIR ISRAEL: Well, we -- we -- we're going to  
5 get --

6 COMMISSIONER ROSENBERG: We have no idea.

7 CHAIR ISRAEL: We're going to get to that when --

8 COMMISSIONER ROSENBERG: We're talking about --

9 CHAIR ISRAEL: -- we get to the dates.

10 COMMISSIONER ROSENBERG: -- all these costs. They  
11 should bear some of the cost.

12 CHAIR ISRAEL: All right. We're -- we're going  
13 to -- obviously, that's the case, and we're going to get to  
14 that when we get to the -- to the dates. I mean, they're --  
15 they're going to have approximately 11 more weeks than they  
16 have now of racing.

17 MR. DARUTY: Well, and we'll also remember that  
18 \$17,500 a day training number that Santa Anita has been  
19 receiving, we will no longer receive that.

20 CHAIR ISRAEL: Because they'll be running.

21 MR. DARUTY: So it's going to be -- it's -- you  
22 know, there's about \$1.7 million coming out of the stabling  
23 fund currently that will no longer come out of the stabling  
24 fund. It will -- it will not be received by Santa Anita.

25 COMMISSIONER ROSENBERG: How about when -- and

1 when Del Mar is open, how about that? Does that apply when  
2 Del Mar is open?

3 MR. DARUTY: The -- the one time of the year when  
4 we're going to shut down is during Del Mar's summer meet to  
5 allow safety improvements and cleanup and that sort of  
6 thing.

7 VICE CHAIR WINNER: Well, how about when Del Mar,  
8 in the fall, if there's a fall meet at Del Mar --

9 MR. DARUTY: We would remain --

10 VICE CHAIR WINNER: -- would you get --

11 MR. DARUTY: Santa Anita would remain open for --  
12 for stabling. That would be the -- the only period during  
13 which we would receive the stabling funds.

14 VICE CHAIR WINNER: So you wouldn't be receiving  
15 during -- during -- during that --

16 MR. DARUTY: And it ends up being 55 days.

17 VICE CHAIR WINNER: Right.

18 MR. DARUTY: Whereas the other facility, San Luis  
19 Rey Downs or Fairplex or going to be receiving it 365 days.  
20 So we have to remember when we're -- when we're talking  
21 about a difference of \$10,000 a day, we can say, well, maybe  
22 that's not that much. But \$10,000 a day times 365 days is  
23 \$3.6 million. That's almost the entire fund right there  
24 just to have the stabling at Fairplex. And that doesn't  
25 account for the fact that there's a multi-million dollar

1 investment up front that has to be made to solve the storm  
2 water problems.

3 COMMISSIONER ROSENBERG: Well, that begs the issue  
4 about profitability of operating your meeting for an extra  
5 one week.

6 MR. DARUTY: And I don't want to sound like we're,  
7 you know, criticizing Fairplex. It's purely an economic  
8 issue of whether or not we can afford it. And it doesn't  
9 seem to me like we can.

10 COMMISSIONER BENETO: How many horses you got at  
11 Santa Anita when Del Mar is open?

12 CHAIR ISRAEL: Zero.

13 MR. DARUTY: Well, when --

14 COMMISSIONER BENETO: No, I want to know.

15 MR. DARUTY: Well, so --

16 COMMISSIONER BENETO: For training.

17 MR. DARUTY: When Del Mar -- so assuming Del Mar  
18 has two meets in the future, a summer meet and -- and a fall  
19 meet, during their fall meet --

20 COMMISSIONER BENETO: No, I meant right now. I  
21 want to know --

22 MR. DARUTY: Well, right --

23 COMMISSIONER BENETO: -- during the Del Mar meet,  
24 when the horses move out of Santa Anita or Hollywood to Del  
25 Mar, Hollywood is open; is that correct?

1 MR. DARUTY: Well, it switch -- it alternates.

2 CHAIR ISRAEL: Every other year they alternate.

3 COMMISSIONER BENETO: Okay. Well, how many horses  
4 are there, 500, 1,000?

5 MR. DARUTY: Oh, no. Well over 1,000. I mean, we  
6 have --

7 COMMISSIONER BENETO: And it would be at Santa  
8 Anita?

9 CHAIR ISRAEL: Yeah.

10 MR. DARUTY: Correct.

11 CHAIR ISRAEL: Yeah. That's where, you know,  
12 we --

13 COMMISSIONER BENETO: Well, wait a minute. I want  
14 to --

15 CHAIR ISRAEL: For years --

16 COMMISSIONER BENETO: Let me finish up here.

17 CHAIR ISRAEL: Well --

18 COMMISSIONER BENETO: And you're still getting  
19 \$18,000 a day with 1,000 horses if you're only half full?

20 MR. DARUTY: Correct.

21 COMMISSIONER BENETO: Well, that's pretty good  
22 profit, isn't it?

23 MR. DARUTY: Well, but we're not going to get that  
24 anymore. So if that was a problem, it's going away.

25 COMMISSIONER BENETO: No. No, it won't. Not --

1 MR. DARUTY: It is.

2 COMMISSIONER BENETO: Well, how could it? If Del  
3 Mar is open you're going to still be stabling horses over  
4 there.

5 CHAIR ISRAEL: Because they're operating. You  
6 only get the stabling money fund if you're not running.

7 COMMISSIONER BENETO: I know. They won't be --  
8 they won't be running.

9 COMMISSIONER ROSENBERG: Well, we don't know  
10 whether you're getting a windfall before or not. That's  
11 what Commissioner Beneto has been really referring to. If  
12 you're making a profit that's --

13 CHAIR ISRAEL: Well, let me say one thing though.  
14 You just sort of answered your question about people  
15 shipping from San Diego to Los Angeles or back again.  
16 Horses are shipped all summer long from Los Angeles to Del  
17 Mar to run, and nobody thinks twice about it. It's been  
18 going on for generations.

19 COMMISSIONER BENETO: Yeah.

20 CHAIR ISRAEL: So -- and it's just that vanning  
21 cost is -- actually, Del Mar is further away from Los  
22 Angeles than --

23 COMMISSIONER BENETO: Well, how many horses are  
24 vanned?

25 CHAIR ISRAEL: -- San Luis Rey.

1 MR. DARUTY: I don't know. Joe?

2 CHAIR ISRAEL: But you -- you ran at Del Mar but  
3 you didn't train at Del Mar; right?

4 COMMISSIONER BENETO: Yeah, I did.

5 CHAIR ISRAEL: No. George. You're not George.

6 COMMISSIONER BENETO: Sorry George.

7 COMMISSIONER KRIKORIAN: I've done a little of  
8 everything.

9 CHAIR ISRAEL: Yeah. But you -- you've -- you've  
10 shipped horses from -- from Los Angeles --

11 COMMISSIONER BENETO: Yeah.

12 COMMISSIONER KRIKORIAN: Yes, that's correct.

13 CHAIR ISRAEL: -- to run on a daily basis; right?

14 COMMISSIONER KRIKORIAN: That's correct. And a  
15 lot of people do that.

16 CHAIR ISRAEL: Yeah.

17 MR. BALCH: Yes, Commissioner. But we're talking  
18 about the 11 weeks of additional racing at Santa Anita for  
19 the San Luis Rey potential vanning.

20 But one thing that I think needs to be made clear  
21 on the water quality, first of all, as far as I understand  
22 from Santa Anita, I don't know what their costs are but the  
23 water quality issue at Santa Anita has not been addressed;  
24 is that correct, Scott?

25 MR. DARUTY: Well, it has been addressed in -- in

1 small part. But there's a much bigger solution that will  
2 need to be implemented.

3 MR. BALCH: Correct. So in the short term,  
4 presumably there are some other short-term solutions as far  
5 as Fairplex. There have been -- we've done some preliminary  
6 research on this. And there was a major water quality issue  
7 at Hollywood Park that was taken care of that was originally  
8 budgeted at 13 million, I'm told, and ended up being about 6  
9 million involving infield lakes and so forth. And the water  
10 quality issue at Los Alamitos that was addressed was done  
11 for \$1 million or less, we are advised.

12 So there are many ways, apparently, of addressing  
13 this water quality issue. And -- and we would hope that we  
14 could really get involved in this altogether and figure out  
15 the most economical way to address the water quality issue.

16 VICE CHAIR WINNER: Are you suggesting that the  
17 water quality issue that we've been talking about is  
18 additional cost to Fairplex? You're saying there is another  
19 way of dealing with that they wouldn't have to --

20 MR. BALCH: We believe potentially. Actually,  
21 Santa Anita, that's the main example. Santa Anita has taken  
22 small steps for many, many years, we're advised.

23 VICE CHAIR WINNER: What does Fairplex have to say  
24 about that?

25 MR. HENWOOD: This is -- this is Jim Henwood.

1 We've been dealing with the same issues that Santa Anita has  
2 been dealing with for about the same period of time. The  
3 reference -- and Santa Anita is doing the same thing we're  
4 doing right now, best management practices. And we are  
5 working with the Regional Water Control Board on a direct  
6 basis. Incidentally, we have common counsel in that regard  
7 to try to help mitigate these issues. But the greater  
8 issues, which Scott is referencing, is the -- the water  
9 quality industry here in Southern California ultimately  
10 wants us to contain this water. And they do not want this  
11 water downstream.

12 I would go further and say for racing in  
13 California you face the same challenge, no matter where  
14 these horses are being run. Water running off of property  
15 dealing with the CAFO (phonetic), which is the containment  
16 area for these animals, which is, by way of example at a  
17 federal level, is the same as a feed lot. The water quality  
18 agencies up and down this state take a very dim view of what  
19 goes on on our backside unless we manage our water, and  
20 that's what we're talking about.

21 CHAIR ISRAEL: Wait. But, now, but --

22 MR. HENWOOD: But we're using best management  
23 practices and we have done that.

24 CHAIR ISRAEL: All right. Okay. But  
25 realistically, this isn't an issue for us to really decide

1 or -- or even pretend to have any expertise in, frankly.  
2 This is up to independent governmental authorities that will  
3 make demands upon -- upon the private entities to have to  
4 comply. And while -- while everybody wants to say they know  
5 what it costs, you don't know. You don't. They may decide  
6 that -- that what's required of Santa Anita is entirely  
7 different from what's required at Pomona, or they may decide  
8 it's the same thing. We don't know and we can't determine  
9 that. So -- so --

10 MR. BALCH: Which is why we don't think that  
11 should be a factor in making the decision on training.

12 CHAIR ISRAEL: Well, it is going to be a factor.  
13 Go ahead, George.

14 COMMISSIONER KRIKORIAN: The question is: Is  
15 that -- is it going to be in an immediate issue that has to  
16 be dealt with? And it sounds like it's not. So if that's  
17 the case, then --

18 CHAIR ISRAEL: Well, it sounds like it's not at  
19 Santa Anita but it might be at Pomona. That's --

20 COMMISSIONER KRIKORIAN: Well, is it?

21 CHAIR ISRAEL: Because Pomona hasn't been  
22 operating on a year-round basis. And they don't -- they  
23 don't really know what they're facing --

24 COMMISSIONER KRIKORIAN: I mean --

25 CHAIR ISRAEL: -- whereas --

1           COMMISSIONER KRIKORIAN: I mean, nobody can make  
2 decisions if they don't know what their -- if they can't  
3 keep their obligations. So either there's a cost or there  
4 might be a cost or it might be two years from now or five  
5 years from now. What is it?

6           MR. HENWOOD: Okay. Right now our best guess is  
7 about \$2 million to put a containment system in. The number  
8 may come in under that, but that's the cost. We have had  
9 conversations about the gap dates. And we've not really --  
10 it's not really got any feedback on. But if we were able to  
11 get one or two of the gap dates and be able to have a race  
12 meet we can fund this capitalization cost. And we would go  
13 further by pledging funds off of that -- those particular  
14 race meets to improve our facility with a dedication of all  
15 of those monies.

16           The problem is, is that the industry at large  
17 would -- I think would rather have us, at this juncture,  
18 have our fair race meet dates. We'll run our Barrett sales  
19 operation. And as you hear, they're looking at other  
20 alternatives, which we have not been a party to, as to how  
21 to manage the necessary training of thoroughbreds here in  
22 Southern California.

23           We can move and we can talk to the water quality  
24 agencies, as has been implied -- and Santa Anita knows this  
25 because we're doing the same thing -- to weather a storm.

1 If we -- if we say we're going to put these in within X  
2 amount of time, they'll -- the water quality agencies do  
3 work with us. We have an ability to move, but it takes all  
4 of us cooperatively saying this would be the best move.  
5 We're not here saying it's the best move. That's not, I  
6 think, our place. Other people are making that statement  
7 and making those judgments.

8 COMMISSIONER KRIKORIAN: So you're saying a \$2  
9 million cost.

10 MR. HENWOOD: Right.

11 COMMISSIONER KRIKORIAN: Okay. And \$16,000 a day  
12 and --

13 MR. HENWOOD: The \$16,000 a day --

14 COMMISSIONER KRIKORIAN: -- for 1,200 horses.

15 MR. HENWOOD: -- 1,200 horses. That's the number  
16 right now. And we'd be happy to sit down and figure out --

17 COMMISSIONER KRIKORIAN: And if you get --

18 MR. HENWOOD: -- how to whittle the cost down.

19 COMMISSIONER KRIKORIAN: And if you get some  
20 racing dates you'll contribute your profit from those racing  
21 dates against those costs.

22 MR. HENWOOD: That's correct.

23 COMMISSIONER KRIKORIAN: That's what -- so that's  
24 your -- that's your proposal?

25 MR. HENWOOD: Yes.

1           COMMISSIONER KRIKORIAN: Okay. And then what's  
2 being proposed is 500 -- is it 500 stalls or approximately  
3 500 stalls? What's the minimum number of stalls at San Luis  
4 Rey?

5           MR. DARUTY: Well, the -- there's an issue when  
6 you exceed 500 horses related to the storm water. The CAFO  
7 definition, you have a different trigger at 500 horses. So  
8 we would stay below that number.

9           COMMISSIONER KRIKORIAN: So right now it's 500?

10          MR. DARUTY: 495.

11          COMMISSIONER KRIKORIAN: Okay. And that's going  
12 to be how much a day?

13          MR. DARUTY: \$6,100.

14          COMMISSIONER KRIKORIAN: \$6,100 and no return on  
15 your investment, or are you asking for something else in  
16 addition to that?

17          MR. DARUTY: The \$6,100 is purely our operating  
18 cost. There's no return on the \$15 million-plus of capital  
19 invested.

20          COMMISSIONER KRIKORIAN: Okay. But is that your  
21 proposal, you'll take \$6,100?

22          MR. DARUTY: Yes, we've said that. We will --

23          COMMISSIONER KRIKORIAN: Okay.

24          MR. DARUTY: -- stable for \$6,100.

25          COMMISSIONER KRIKORIAN: But that's -- but then

1 there's going to be -- but you're going to have 700 stalls  
2 less.

3           So where -- where do you get the 700 stalls, Mr.  
4 Morris?

5           MR. MORRIS: Well, that's -- the 700 is, we  
6 believe, is probably closer to 300. But we have 500 stalls  
7 allotted at Los Alamitos.

8           COMMISSIONER KRIKORIAN: And that's about 3,500 a  
9 day?

10          MR. MORRIS: For 3,000 a day.

11          COMMISSIONER KRIKORIAN: 33,000?

12          MR. MORRIS: For 3,000.

13          COMMISSIONER KRIKORIAN: Oh, 3,000?

14          MR. MORRIS: Three thousand a day.

15          COMMISSIONER KRIKORIAN: Okay.

16          MR. MORRIS: And again, trying to get a two --  
17 trying to get across a bridge for two years to where we can  
18 have this other industry fund we're talking about and be  
19 able to go out and buy or make a training facility that will  
20 carry California into the next five to ten years of racing.

21          COMMISSIONER KRIKORIAN: Okay. But on the surface  
22 you've got \$16,000 and 1,200 stalls --

23          MR. MORRIS: But the other issue with that is --

24          COMMISSIONER KRIKORIAN: -- or approximately 800  
25 stalls for --

1           MR. MORRIS: We don't think there's 1,200 horses  
2 that would go there on -- on -- on that size of a track for  
3 year-round training. We think maybe 600 would go there or  
4 some number maybe a little higher than that. But we don't  
5 think 1,200 horses would move there from Hollywood.

6           VICE CHAIR WINNER: Joe, didn't they -- what about  
7 that survey that I just read? That has a lot more than 600  
8 horses going there.

9           COMMISSIONER KRIKORIAN: Well, but if they -- but  
10 if they were less they would maybe drop -- my understanding  
11 is they said they would drop the fee if there were less.

12          CHAIR ISRAEL: Yeah, 600 was \$13,000.

13          COMMISSIONER KRIKORIAN: It was 13, so --

14          CHAIR ISRAEL: Yeah.

15          COMMISSIONER KRIKORIAN: Okay. So those are --

16          CHAIR ISRAEL: Yeah.

17          VICE CHAIR WINNER: But didn't your numbers come  
18 to more than 600?

19          CHAIR ISRAEL: Right, Mike, it was 13? It was  
20 13,000 for 600; right?

21          MR. CASSIDY: Yes, they did. I think what Joe --  
22 Joe was referring to is he's thinking 1,200 horses on a  
23 5/8ths of a mile race track would be -- you need a stop  
24 sign, a yield sign, a couple of policemen, you know, that  
25 sort of thing.

1 CHAIR ISRAEL: Okay. So that's 1,200 on a 5/8ths  
2 track.

3 MR. CASSIDY: That -- that's what he's --

4 CHAIR ISRAEL: So completely impractical.

5 MR. CASSIDY: That's what he's referring to.

6 Well, no, I don't think so.

7 CHAIR ISRAEL: You don't think it's impractical?

8 MR. CASSIDY: No, absolutely not.

9 COMMISSIONER CHOPER: Well, how -- if this is  
10 truly a two-year transition, right, I think I understand the  
11 problems of smaller trainers. Is there any reason why the  
12 trainers, and all the trainers, CTT might get together and  
13 find some fair way to allocate some of those costs that have  
14 to be borne for a two-year period in order to keep the  
15 smaller trainers solvent? I guess that's what I -- what I  
16 want to say. Again, it's going to take some cooperation.  
17 And cooperation means you've got to pay at the door.

18 MR. BALCH: We agree completely, but you have to  
19 get in the door. And we haven't been through the door.

20 COMMISSIONER CHOPER: That's fair. But that --

21 MR. BALCH: So --

22 COMMISSIONER CHOPER: That's fair too. I don't  
23 disagree with that.

24 MR. BALCH: So we would -- we have said all along  
25 in all our correspondence, we just want to be at the table

1 and help work these issues out. Jim just said there's maybe  
2 some whittling that can be done on his costs. Make no  
3 mistake, we want San Luis Rey open. But we want San Luis  
4 Rey and Pomona open together because we think particularly  
5 the first year is going to be the most important year to  
6 sustain the racing at Santa Anita.

7           COMMISSIONER CHOPER: I think that's -- that's a  
8 fair point that, you know, you lose a trainer, they go away.  
9 They take horses away. They get sent someplace else than  
10 there. I mean, we -- we have -- you know, we've got a lot  
11 of sunshine here, but not a lot of cash. There's a  
12 difference in a bottom line.

13           So I know that there's a great push to have this  
14 resolved today. Okay.

15           CHAIR ISRAEL: You know what?

16           COMMISSIONER CHOPER: What?

17           CHAIR ISRAEL: You don't think what?

18           COMMISSIONER CHOPER: I say I know that there's a  
19 great effort being made to resolve this issue today. And  
20 I'd be as happy as anybody to do it. Maybe we can -- maybe  
21 we can resolve it on a conditional basis. But I do think  
22 that there ought to be quickly some inclusive agreements,  
23 including -- including Fairplex, including the non owner-  
24 trainers to discuss these things.

25           You know, a bunch of you are business people;

1 right? I mean, you've got to do these things. Like it or  
2 not it has to be done. I'm sure you don't look forward to  
3 negotiations with unions either, but you do it. I think  
4 you've got to do this, as well.

5 CHAIR ISRAEL: Mike?

6 MR. SEDDER: Well, I think you're missing the  
7 little something that the -- the TOC has been dealing with  
8 this issue. And I take offense to Alan. I mean, we became  
9 pen pals and we're right down the street from each other.

10 So with that being said, the TOC has voted this  
11 issue. And there has been a lot of stuff that's gone into  
12 it. We can not spend money we do not have. That's just  
13 plain and simple; we got a fiduciary responsibility. And if  
14 we overspend, that money comes out of the purse fund. And I  
15 understand, I feel for trainers. You know, they're a big  
16 part of our industry. But so are owners.

17 COMMISSIONER CHOPER: You're right.

18 MR. SEDDER: And the TOC has been elected to  
19 evaluate this thing and we have. We have worked with the  
20 race tracks. We have six members of our board that are  
21 owner-trainers. We have had open conversations. I mean,  
22 we're not big letter writers.

23 When we've been invited to come to the CTT  
24 meetings we've been there, Alan. You know, I take -- I take  
25 offense of where you've been because there's been a lot of

1 work been done by the TOC, and we have not excluded anybody.  
2 You can get the breeders up here. They have been through  
3 this whole process. Doug Verge is here right now. Call him  
4 up and see if the TOC has excluded them.

5 So my point of it is as it sits right now, I think  
6 the board needs to consider the TOC who has got the  
7 legislative power to represent the horsemen.

8 CHAIR ISRAEL: Okay. There is a question of  
9 statutory right which resides --

10 MR. SEDDER: So --

11 CHAIR ISRAEL: -- for whatever reason with the  
12 TOC.

13 COMMISSIONER BENETO: Let me get -- we got a  
14 problem here. You got Los Alamitos and you got San Luis Rey  
15 Downs and you got Santa Anita. If a guy can't get a horse  
16 in at San Luis Rey Downs he's got to go to -- to Los  
17 Alamitos; right? He may have to split -- his stable split  
18 three ways. And he's -- he's got -- he's going 100 miles to  
19 see a horse at -- at San Luis Rey. And I'm not against San  
20 Luis Rey. I mean, I think we've got to keep them both open.  
21 I agree on that. But the thing is we got -- we got a real  
22 plum with -- with Fairplex and we better use that,  
23 especially during this transition period. Because we don't  
24 know what the hell is going to go on a year or two from now.  
25

1 MR. SEDDER: And, Steve, you're a businessman.  
2 How do you get more than 100 pennies out of a dollar?

3 MR. BALCH: Mike, you don't, but you ask other  
4 people to put pennies in. And the one missing gap here is  
5 no racing association that's receiving a windfall has yet  
6 stated what they're going to put into the pot. The Stronach  
7 Group has been putting \$5,000 a day, roughly, apparently,  
8 into the pot to keep Golden Gate going for training at  
9 Golden Gate Fields when Golden Gate is an auxiliary training  
10 center.

11 Now, the windfall is coming from the Stronach  
12 Group and from Del Mar. And there have been -- we've heard  
13 a lot of things in the last hour or so about we've had talks  
14 and we're not sure about the industry fund. The first we,  
15 as the CTT, knew about the industry fund was in a media  
16 report a couple of days ago when Mr. Harper was quoted in  
17 the paper.

18 Now, I don't expect the tracks to sit here right  
19 now today and say what their commitment will be, but that's  
20 where the windfall is. Their fixed costs are already  
21 covered through the existence of their other race meets.  
22 That's where the negotiation would be. We don't expect the  
23 TOC or the owners or the purse fund or horsemen to pay these  
24 bills. But the -- the excess revenue, so to speak, if I  
25 were Mr. Stronach I would want -- I would want it for

1 myself, of course I would. But we're trying to suggest that  
2 even Santa Anita's self interest rightly understood is to  
3 contribute to this training fund.

4 And as we all sit here today we don't know what  
5 the number is and what the 100 pennies to the dollar would  
6 be. And that's where we think a 30-day window here where we  
7 could have a small group of stakeholders sit down and really  
8 talk about this and figure out how the industry fund works  
9 and the training can be paid for.

10 CHAIR ISRAEL: Well, I don't -- I don't want to --  
11 I don't want to get to where we --

12 MR. DARUTY: May I --

13 CHAIR ISRAEL: -- vilify -- just a second -- where  
14 we vilify individuals, frankly.

15 MR. BALCH: I'm not vilifying anybody.

16 CHAIR ISRAEL: Well, I mean, you know, by singling  
17 out Stronach, you know, he's -- he's a representative of one  
18 of the -- look, unless it serves my purpose, then I'll be  
19 happy to vilify anybody. But --

20 MR. BALCH: Well, I vilify Joe Harper at the same  
21 time.

22 CHAIR ISRAEL: But -- you know, and I think we're  
23 all aware that they're -- they're -- look --

24 MR. BALCH: Let's make -- can I --

25 CHAIR ISRAEL: I just want to finish one thing.

1 Santa Anita is going to make out nicely in this. I don't  
2 think anybody involved with Santa Anita denies that.  
3 They've picked up -- I mean, we have to be real here.  
4 They're not just picking up the 11 weeks that they'll  
5 probably get in this new calendar, you know, going from late  
6 April through July 4th weekend. They've also, in the last  
7 two years, picked up the four weeks that Oak Tree always ran  
8 and, you know, where they got paid as -- as a landlord and  
9 not as an association. So, you know, they've done nicely.

10           On the other hand, in their defense, they're  
11 committed, as is Del Mar, to staying in the racing business  
12 when it's been in decline and to investing in the racing  
13 business when it's been in decline. I don't need to make an  
14 argument for them. But -- but we've got to make sure they  
15 have a sustainable business that justifies the use of that  
16 real estate for racing, just as we have to make sure Del Mar  
17 has a sustainable business that justifies -- well, they  
18 don't own the real estate -- but that justifies itself.

19           And while -- you know, I understand Fairplex's  
20 problem. They're not -- they're not gouging anybody.  
21 Nobody, I think, tried to imply that. Your costs are -- are  
22 incrementally higher for a variety of reasons, apparently,  
23 many of them, including your labor agreements, and the fact  
24 that you don't run that often. But you're not -- you're  
25 not -- your principal business isn't horse racing. Your

1 principal business is operating the county fair and a  
2 convention site and hotels. It's -- you do -- actually, you  
3 have, I think if I'm not mistaken, many more days of drag  
4 racing than you have of horse racing.

5 MR. HENWOOD: No more.

6 CHAIR ISRAEL: Huh?

7 MR. HENWOOD: No more.

8 CHAIR ISRAEL: Oh, no more? Oh, you used to.

9 But -- so --

10 MR. HENWOOD: Noise.

11 CHAIR ISRAEL: But, you know, the other two -- two  
12 entities, Del Mar and Santa Anita, their principal and sole  
13 business is horse racing. And -- and so they're -- they're  
14 the guys that are in it for the long run. And we've got to  
15 find some way to make it work with them.

16 Yes, go ahead.

17 COMMISSIONER BENETO: Joe, when -- when -- when  
18 you're not racing, what do you get a day at Golden Gate?

19 MR. MORRIS: 10,500.

20 COMMISSIONER BENETO: 10,500? How much you pay  
21 Pleasanton?

22 MR. MORRIS: 6,500.

23 COMMISSIONER BENETO: How much does it cost  
24 Pleasanton to operate?

25 CHAIR ISRAEL: You need a microphone. We've

1 got -- start this over and use a microphone.

2 MR. MORRIS: We pay 10,500 at Golden Gate, get  
3 paid. And Pleasanton gets paid 6,500 a day.

4 COMMISSIONER BENETO: How much do they lose?

5 MR. MORRIS: They don't.

6 COMMISSIONER BENETO: They don't?

7 MR. MORRIS: They don't.

8 COMMISSIONER BENETO: Rick, how much did it cost  
9 you to run Pleasanton?

10 MR. MORRIS: He's not to -- he's not too anxious.

11 COMMISSIONER BENETO: Well, I just want to know.

12 CHAIR ISRAEL: Well, isn't there -- there's nobody  
13 here from Pleasanton? You've got to speak for your old  
14 place? He doesn't represent Pleasanton.

15 COMMISSIONER BENETO: Just give me a number.  
16 That's all I'm asking.

17 CHAIR ISRAEL: Go ahead.

18 VICE CHAIR WINNER: Introduce yourself, Rick.

19 MR. PICKERING: Yes. Rick Pickering, CEO of the  
20 California Exposition and State Fair, previously with the  
21 Alameda County Fair in Pleasanton.

22 There are pieces of paper that have the answers to  
23 everybody's questions as far as Golden Gate Fields and  
24 Pleasanton. It actually is an audited fund, and it  
25 specifies how much goes to Pleasanton for manure removal,

1 for tractors, for equipment for harrows, all that is  
2 specified in writing in the -- in the agreements in Northern  
3 California.

4           So to answer your question, the \$6,500 a day,  
5 Pleasanton is not being reimbursed for wear and tear of  
6 their equipment. They're not being paid rent for the use of  
7 the facilities. Pleasanton started at 8,000 plus a day. We  
8 had asked for 10,000. We negotiated it to 8,000. It  
9 dropped to 7,000. Last year it dropped down to about  
10 \$6,400, \$6,500.

11           Part of the decrease, we went and met with the  
12 owners and the trainers and they said, well, what if we had  
13 this many fewer security guards, we could save some money.  
14 They said we we're only running four days a week. What if  
15 we take one day a week off from starting gate training? So  
16 the owners and trainers made sacrifices on the number of  
17 days of training, the extent of training, reduce the amount  
18 of security, etcetera. So people shared the pain quite a  
19 bit.

20           COMMISSIONER BENETO: For how many stalls?

21           MR. PICKERING: Well, there's -- there's  
22 over 800 stalls. Depending on the time of the year it could  
23 be 500 thoroughbreds. It could be 700 thoroughbreds  
24 depending on the time of year.

25           COMMISSIONER BENETO: So it was a loser?

1 MR. PICKERING: I believe Pleasanton is training  
2 to help the industry, yes.

3 COMMISSIONER ROSENBERG: All right. Can I ask a  
4 question? I have a question.

5 COMMISSIONER DEREK: If we take action on these  
6 dates today --

7 COMMISSIONER BENETO: Thank you, Rick.

8 MR. PICKERING: You bet.

9 COMMISSIONER DEREK: -- I'm assuming these  
10 negotiations could still go on as to where -- where to put  
11 horses for training?

12 VICE CHAIR WINNER: No.

13 COMMISSIONER DEREK: No?

14 CHAIR ISRAEL: I think we can move on the dates.

15 VICE CHAIR WINNER: How can we --

16 MR. MORRIS: I understand that the stabling  
17 scenario needs to run through the stabling fund which is a  
18 subset of SCOTWINC anyhow. I think that's where the actual  
19 members themselves --

20 CHAIR ISRAEL: Right. I mean, I don't -- we  
21 actually don't --

22 MR. MORRIS: Right.

23 CHAIR ISRAEL: -- we don't have statutory right to  
24 vote on your stabling issues.

25 MR. MORRIS: And there will be a SCOTWINC meeting,

1 probably in the next month.

2 CHAIR ISRAEL: But we do -- we do have an  
3 obligation to make sure that things are being done in the  
4 best interest --

5 COMMISSIONER ROSENBERG: That's right.

6 CHAIR ISRAEL: -- of horse racing. So we will  
7 continue to work through this. What we do have is a  
8 statutory right to vote on the dates and to -- and to grant  
9 dates. So --

10 COMMISSIONER ROSENBERG: May I be recognized?

11 COMMISSIONER BENETO: How can -- how can we grant  
12 dates --

13 COMMISSIONER ROSENBERG: Wait, wait, wait, wait,  
14 wait. I have a question.

15 COMMISSIONER KRIKORIAN: Can I give my opinion on  
16 that?

17 COMMISSIONER ROSENBERG: Mr. Pickering made the  
18 comment that his board has a fiduciary obligation to do the  
19 right thing and they did, voted on something.

20 How could your board have voted on approving a  
21 specific plan for stabling and racing when you didn't have  
22 the information? The deal isn't done.

23 MR. CASSIDY: What we voted on was the scenarios.  
24 We laid out different scenarios, Commissioner.  
25 Hypotheticals.

1           COMMISSIONER ROSENBERG: Okay. So my point is how  
2 can we, with a fiduciary obligation to the racing industry  
3 and to the public, vote on something assigning dates, which  
4 I need clarification on, whether those dates -- the  
5 calendars could be changed at a later date by the board --

6           CHAIR ISRAEL: Yes, they can be.

7           COMMISSIONER ROSENBERG: -- and if so -- so this  
8 assignment of dates is really hypothetical to, in a sense  
9 that it could be modified if, in fact, these people don't  
10 agree on a stabling scenario or agree on a different one?  
11 So we're going to approve these -- these. Are we approving  
12 them with a specific stabling concept --

13          CHAIR ISRAEL: We don't have --

14          COMMISSIONER ROSENBERG: -- or with no stabling  
15 concept?

16          CHAIR ISRAEL: We have no authority over where the  
17 horses are stabled.

18          COMMISSIONER ROSENBERG: Well, we have --

19          CHAIR ISRAEL: Any -- any --

20          COMMISSIONER ROSENBERG: We have the right -- no,  
21 I disagree with you. We can -- we can -- we have to  
22 consider that there's room for the horses to be trained  
23 before we can evaluate a calendar.

24          CHAIR ISRAEL: No. Because horses can be trained  
25 offsite, vanned in, and run in a race.

1 COMMISSIONER ROSENBERG: Well, name the sites.

2 CHAIR ISRAEL: You know, we don't -- we don't have  
3 an -- well, they can be trained on a farm.

4 COMMISSIONER CHOPER: We can, I think, approve it  
5 conditionally.

6 COMMISSIONER ROSENBERG: On?

7 COMMISSIONER CHOPER: I mean, if we -- I don't  
8 know why we would do it, but I'm willing to do it.

9 COMMISSIONER KRIKORIAN: Okay. And let me -- let  
10 me come back a little bit.

11 COMMISSIONER CHOPER: May I -- might I just finish  
12 this?

13 CHAIR ISRAEL: Go.

14 COMMISSIONER CHOPER: But conditioned on a  
15 resolution of these issues with full participation of all  
16 the stakeholders. I just think that's the fair way to do  
17 it. You know, just as I suggested that maybe, at least for  
18 the short run, that there be some internal agreement among  
19 trainers of allocation of certain costs that are -- that  
20 are -- that are going between small trainers and large  
21 trainers. You know, the -- the horsemen might want to think  
22 about that too.

23 So that's -- that's what I -- if we want to  
24 approve them, I mean, the dates look good. But I would do  
25 it only on condition that they be -- these issues be -- at

1 least be discussed, if not discussed and voted upon. And I  
2 don't know if it's -- maybe it -- I would hope it's -- I  
3 hope it's by concurrence of all. But if it's not, then it's  
4 going to be not. We'll hear who it is and who it isn't.

5 COMMISSIONER BENETO: Mr. Chairman?

6 CHAIR ISRAEL: Wait. Let Steve go ahead. And  
7 then George.

8 COMMISSIONER BENETO: Maybe they'll have -- maybe  
9 they'll --

10 CHAIR ISRAEL: Wait, wait. Hold it. And then  
11 George will follow Steve.

12 COMMISSIONER BENETO: Maybe they ought to bring it  
13 to a vote with all the trainers and see where they want to  
14 do off-track training.

15 CHAIR ISRAEL: You actually have that. You have  
16 that information.

17 COMMISSIONER CHOPER: On --

18 COMMISSIONER DEREK: It's in that letter.

19 CHAIR ISRAEL: It's in that letter.

20 COMMISSIONER BENETO: I saw that. But I'm talking  
21 about a secret ballot where they vote on it where they want  
22 to -- where they want to train off -- for their offsite  
23 training. I mean, they're the guys that are going to be  
24 doing all the work.

25 CHAIR ISRAEL: Well, but they're going to be

1 voting with their feet, I think.

2 COMMISSIONER BENETO: I mean, they got -- they  
3 either -- they got to look at economics, where is -- where  
4 is it best for them to train, the less cost to them, instead  
5 of driving 100 miles every other day to check on horses and  
6 stuff. I mean, we got -- this thing is pretty serious. And  
7 we can't just sit here and vote for dates if we don't have a  
8 place to put the horses.

9 MR. MORRIS: But we do have a place. I mean,  
10 we've got one scenario out there with -- with known  
11 facilities --

12 COMMISSIONER BENETO: You got three -- three --  
13 you got three --

14 MR. MORRIS: -- safe facilities, and that we can  
15 afford for. And on the -- on the 100-mile drive, I mean, I  
16 lived in Lexington, Kentucky and moved to California for a  
17 job. Sometimes you have to move for your job.

18 COMMISSIONER BENETO: Well, that's not -- that's  
19 not a good answer.

20 COMMISSIONER ROSENBERG: But no one wants to go to  
21 Los Alamitos. We're not talking about that.

22 CHAIR ISRAEL: No, no, no. That's right. You  
23 know, there are guys at Hollywood -- if I just might answer  
24 that one question before George -- I recognize George.

25 MR. CASSIDY: If anybody -- if anybody wants --

1 CHAIR ISRAEL: Jim, Jim, hold on a second. There  
2 are trainers who are currently at Hollywood full time for  
3 whom Los Alamitos is more convenient because they live on  
4 the West Side. Los Alamitos is, relatively speaking --

5 COMMISSIONER ROSENBERG: Are you saying that  
6 because it's closer?

7 CHAIR ISRAEL: Yeah. It's --

8 COMMISSIONER ROSENBERG: Well, don't just make  
9 that assumption. People don't want to train thoroughbreds  
10 with quarter horses.

11 CHAIR ISRAEL: No, I know that. I know that to be  
12 a fact, that there are people who on the -- who already live  
13 on the West Side who train at Hollywood who -- who would  
14 prefer training at Los Alamitos. And there are enough to  
15 make that request.

16 George, yeah, George, go ahead.

17 COMMISSIONER KRIKORIAN: Well, I think I have a  
18 little different opinion. Because I think you get -- you  
19 get what you negotiate for. And I think when you give away  
20 the horse racing dates, if you do that today there are a lot  
21 of unresolved issues that haven't been discussed. And when  
22 you -- and when you do that you, you know, you lose your  
23 leverage. Okay.

24 So I think that, you know, a lot of things that  
25 haven't been talked about need to be talked about. I mean,

1 that's -- that's my opinion. So I would not -- I would not  
2 support that myself.

3 MR. CASSIDY: Jim Cassidy. Can I make a  
4 statement? I -- about San Luis Rey Downs --

5 CHAIR ISRAEL: Yeah.

6 MR. CASSIDY: -- as far as we're concerned we  
7 wouldn't even consider San Luis Rey Downs until the  
8 renovations were completed. Because if you (inaudible) it's  
9 not going to happen.

10 MR. DARUTY: Well, I believe it will happen, and I  
11 know it will happen. But it will only happen if we have a  
12 decision. In other words, I've heard the suggestion, let's  
13 all go away, let's wait 30 days and we'll figure it out.  
14 We're running towards a cliff right now. On December 31st  
15 we will not have Hollywood Park to train our horses.

16 We are prepared, not asking for a five-year deal,  
17 not asking for a three-year deal, we, the Stronach Group,  
18 are prepared, if we know what the dates are for 2014, to go  
19 ahead and start the improvements so that it will be ready in  
20 time for December 31st.

21 And, you know, I just feel like, you know, no plan  
22 is a lot worse than a plan that's maybe not perfect. And is  
23 San Luis Rey perfect? Nothing is perfect.

24 COMMISSIONER KRIKORIAN: But the delay is going to  
25 be because you haven't put all your cards on the table. You

1 haven't told us a lot of things. You haven't made any  
2 commitments, contingent upon getting dates?

3 CHAIR ISRAEL: We haven't -- we haven't gotten to  
4 the dates yet.

5 MR. DARUTY: Well, if there's any commitment, I'm  
6 sorry, if there's any commitment you'd like to hear, I'm  
7 happy to address the question.

8 COMMISSIONER KRIKORIAN: Well, I think -- I  
9 think --

10 MR. DARUTY: As I said, we're committed to put in  
11 \$15 million.

12 COMMISSIONER KRIKORIAN: Well, to give you an  
13 example, I think earlier people talked about track safety,  
14 replacing barns at -- at Santa Anita. It's never happened.  
15 There was some discussions and commitments made by people  
16 at Santa Anita about offering simulcast -- I mean, yeah,  
17 simulcast dates within your 20-mile radius. We get no  
18 responses. All we ever here is, well, we're going to work  
19 on this, we're going to get back to you on that. But how  
20 about some blunt answers to those questions? Commitments?

21 MR. BALCH: Scott, you know, and this was before  
22 your time, but the testimony before this board of your  
23 predecessors has been very clear commitments to improve the  
24 stable area at Santa Anita which have not been delivered on,  
25 sadly. And -- and I agree -- we agree completely with --

1 with -- with what Mr. Krikorian said, 30 days to make sure  
2 this is clarified and the commitments are really made,  
3 that's critical to horsemen. And we're for San Luis Rey  
4 Downs, make no mistake. But as our letter pointed out,  
5 there's a great deal that has needed to be done at Santa  
6 Anita for a long time. The same types of commitments have  
7 been made and have never been delivered on.

8           So I think -- we think that the allocation of  
9 dates is premature, and that the allocation of dates needs  
10 to be tied to specific performance. And with all due  
11 respect to Mike, we think that should be part of the TOC  
12 negotiation too.

13           COMMISSIONER ROSENBERG: What's the objection? I  
14 don't see your objection to this delay for this reason, no  
15 one is -- we haven't gotten -- we haven't gotten to the  
16 specific dates, but we all know what they are. I don't  
17 think anyone is objecting at this point based on the  
18 realization that you're the only big race track and that  
19 region that's available to race more dates that they'll  
20 be -- you'll be getting dates.

21           Why are you concerned about that when none of the  
22 details have been spelled out in writing? There's so many  
23 other things we have to worry about. It's more about the  
24 training facility at Los Alamitos versus Pomona that we're  
25 focusing on, we have been focusing on, not about whether

1 Santa Anita should get more dates.

2 MR. DARUTY: Well, you know --

3 COMMISSIONER ROSENBERG: And second, wait. One  
4 last thing.

5 MR. DARUTY: Sorry.

6 COMMISSIONER ROSENBERG: And because you heard  
7 earlier that a calendar could be modified by the board at  
8 any time, you're not applying for a license yet. You're not  
9 applying for the specific dates. So there's always that  
10 risk anyway that your dates could -- you know, would be  
11 different than you hoped them to be.

12 MR. DARUTY: Well, I just -- I understand what  
13 you're saying. At the same time, a statement by this board  
14 that we would have a set dates, subject to later applying  
15 for licenses, that we have set dates, that's what we would  
16 be comfortable moving forward on.

17 And as for the comment that -- well, how do know  
18 we're really going to do it, first of all, who would be hurt  
19 most if we don't do it? Santa Anita, where the bulk of the  
20 racing dates are going to be run if there's not enough  
21 training. And secondly, if you want to make the actual  
22 implementation of this redevelopment of San Luis Rey Downs a  
23 condition upon the granting of the dates, that sounds  
24 reasonable to me.

25 VICE CHAIR WINNER: Why, Jim, did you say --

1 COMMISSIONER KRIKORIAN: Where are you on the  
2 Breeders' Cup?

3 VICE CHAIR WINNER: -- that San Luis Rey Downs  
4 wouldn't -

5 COMMISSIONER KRIKORIAN: Where are you on -- on  
6 the resolution of where the Breeders' Cup is to go between  
7 Del Mar and Santa Anita? Have you resolved that?

8 MR. DARUTY: That issue is still up in the air.

9 VICE CHAIR WINNER: What was that, George, the  
10 Breeders' -- were you talking about the Breeders' Cup?

11 COMMISSIONER KRIKORIAN: The Breeders' Cup.

12 VICE CHAIR WINNER: Yeah. Okay. Got it.

13 COMMISSIONER KRIKORIAN: You know, Del Mar would  
14 like to have -- have alternate days --

15 VICE CHAIR WINNER: Right.

16 COMMISSIONER KRIKORIAN: -- for the Breeders' Cup.

17 VICE CHAIR WINNER: Right.

18 COMMISSIONER KRIKORIAN: I don't think Santa  
19 Anita -- I haven't heard if --

20 CHAIR ISRAEL: George, you're jumping the -- no.  
21 They have presentations to make on the dates.

22 COMMISSIONER KRIKORIAN: Okay.

23 CHAIR ISRAEL: Okay. They -- we haven't -- we're  
24 still dealing with --

25 COMMISSIONER KRIKORIAN: That's fine. I can hold

1 my comments --

2 CHAIR ISRAEL: -- stabling and --

3 COMMISSIONER KRIKORIAN: -- until later, but --

4 CHAIR ISRAEL: Yeah. Yeah.

5 COMMISSIONER KRIKORIAN: -- I was just trying to  
6 make a point.

7 VICE CHAIR WINNER: Jim, can you just respond to  
8 the -- you said you didn't think San Luis Rey -- or  
9 something to the effect that you didn't think they'd do it  
10 based on history or something. What are you talking about?

11 MR. CASSIDY: Well, in the past, what we were just  
12 discussing as far as the stable area at Santa Anita, help  
13 there in as much as they promised various things. A couple  
14 of the race tracks, they were cut short of where they were  
15 supposed to be. And, you know, the --

16 VICE CHAIR WINNER: But that's conjecture on your  
17 part; correct?

18 MR. CASSIDY: Yes. And also --

19 VICE CHAIR WINNER: That they won't deliver, is  
20 what you're suggesting?

21 MR. CASSIDY: -- I've been advised about permit  
22 problems at -- at San Diego County and how difficult it is  
23 to get those sort of things.

24 VICE CHAIR WINNER: Well, didn't you say the  
25 entitlements are all taken care of?

1           MR. DARUTY: That -- that is correct. And I also  
2 think we can alleviate this concern by having the grant of  
3 2014 dates be conditional upon us actually moving forward  
4 and making the investment in San Luis Rey.

5           CHAIR ISRAEL: Look, I -- look, I understand what  
6 you're saying about the backstretch. I've been on the board  
7 long enough to have heard some of those un-kept promises  
8 too, as -- as have Jesse and -- and Bo. But -- but, you  
9 know, we -- we do have the authority, I've been advised by  
10 counsel through Kirk, to condition the grant of the dates  
11 upon certain -- on -- to San Luis Rey, maybe improving  
12 certain other things. And -- and Del Mar, you know, will  
13 have to meet some conditions too.

14           We, for instance, we -- the Medication Committee  
15 met yesterday, and Track Safety Committee, discussed  
16 security, backstretch security which --

17           MR. DARUTY: I know. I was there.

18           CHAIR ISRAEL: -- which is woefully inadequate and  
19 which ways -- what would be best. And that will be one of  
20 the conditions put upon all training facilities that operate  
21 more than four weeks a year. We're going to be  
22 significant --

23           VICE CHAIR WINNER: Including San Luis Rey.

24           CHAIR ISRAEL: Including San Luis Rey. Including  
25 Los Alamitos. Including Cal Expo, everybody. It's not just

1 thoroughbreds. So, you know, that's -- that's going to be a  
2 condition everybody is going to have to meet going forward.

3           So we -- I think we can look at these dates,  
4 impose the conditions, but then everybody -- and I hope to  
5 do it -- we can do it for two years so we can address the  
6 Del Mar Breeders' Cup issue in 2015 and -- and get these --  
7 at least have some structure that you can work off of as you  
8 deal with meeting the conditions on where you train.  
9 Instead, look, I don't think kicking everything down the  
10 can, which government does time after time after time in  
11 every issue, accomplishes anything. All it does is delay --  
12 delay the inevitable and -- and lead to more discussion, and  
13 less work gets done.

14           And -- and I think if we can -- we can agree on  
15 dates we can -- we can determine what the conditions are for  
16 those dates to be run, and everybody will have a plan to go  
17 forward from this meeting to work out the final resolution  
18 for where you train and -- and the final resolution for what  
19 conditions the training will be conducted under. And -- and  
20 we have the power and authority to do that, and I think we  
21 should do it now. Because we're only -- we're only six  
22 months out from -- from the turning point with Hollywood  
23 Park, you know?

24           COMMISSIONER CHOPER: It's only one month.

25           CHAIR ISRAEL: What? Well, one month is a big

1 deal, Jesse, when you got to build things, when you have to  
2 get -- when you have to get -- it's a huge deal. And -- and  
3 there aren't going to be stalls for horses on December 31st.  
4 They got nowhere to go. And -- and I'm not for delaying one  
5 month. Everybody wants to hand in their homework late. I  
6 think that's bullshit. You know, we scheduled this meeting  
7 to get this done and we're going to goddamn getting it done.

8 COMMISSIONER CHOPER: We're punishing ourselves.

9 CHAIR ISRAEL: We're not punishing anybody.

10 There's going to be a condition.

11 COMMISSIONER CHOPER: You're punishing the  
12 industry.

13 COMMISSIONER KRIKORIAN: With all due respect to  
14 what you're saying, I think the can that's getting kicked  
15 down the street, the unresolved issues that I was trying to  
16 bring up -- and I -- and I think it's -- like I said, you  
17 lose your leverage to -- to get things done that are  
18 important for the benefit --

19 CHAIR ISRAEL: But we don't lose leverage, George,  
20 because --

21 COMMISSIONER KRIKORIAN: Let me finish please.

22 CHAIR ISRAEL: -- they have to come back to us.

23 You need to understand how the system works. They can't run  
24 a day of racing --

25 COMMISSIONER KRIKORIAN: Yeah.

1           CHAIR ISRAEL:  -- without coming back and getting  
2 granted for the meet.

3           COMMISSIONER KRIKORIAN:  Well, forgive me, it's my  
4 first day being here.

5           CHAIR ISRAEL:  Yeah.

6           COMMISSIONER KRIKORIAN:  So I'm -- I'm probably  
7 out of order.  But I'm just telling you, I'm just looking  
8 out for the best interest of horse racing in the big  
9 picture, not the little picture.  I mean, handing out the  
10 dates, to me that's -- that's the last thing --

11          COMMISSIONER DEREK:  They don't have a license  
12 yet.

13          COMMISSIONER KRIKORIAN:  -- you want to do.

14          CHAIR ISRAEL:  But they're not licensed.  So the  
15 thing is -- in the past we had done this one year at a time,  
16 so nobody could plan anything.  Nobody could figure out what  
17 a long investment strategy they want to make.  And as a  
18 result my belief is that's why it's so screwed up now --

19          COMMISSIONER KRIKORIAN:  Well, what about --

20          CHAIR ISRAEL:  -- because everything was, well,  
21 what are we going to do this week, what are we going to do  
22 next week, what are we going to -- and everybody -- and  
23 nobody ever had a goddamn long term plan --

24          COMMISSIONER KRIKORIAN:  No, I understand.

25          CHAIR ISRAEL:  -- you know?

1           COMMISSIONER KRIKORIAN: And planning is  
2 important. But the planning should be coming from their  
3 side, from the track side, and it's not. They're not making  
4 any commitments.

5           CHAIR ISRAEL: They will be. We can --

6           COMMISSIONER KRIKORIAN: Well, you don't know  
7 that. You don't know that.

8           CHAIR ISRAEL: If you're -- if there's a  
9 conditional grant of the dates the conditions have to be  
10 met.

11          COMMISSIONER ROSENBERG: What conditions? Name  
12 some conditions. I don't get your point. The conditions --  
13 we can't come up with the exact terms of the conditions  
14 today as it relates to the specific terms of deals they may  
15 work out. They may never work out a different deal. So how  
16 can there be --

17          CHAIR ISRAEL: Well --

18          COMMISSIONER ROSENBERG: It's a false -- if it  
19 makes -- it makes Santa Anita happier, Stronach Group happy  
20 to do that, we can do that. But they're not going to get  
21 any real commitment out of this if the condition -- if it's  
22 very conditional and specifically clear that it's not really  
23 firm. Who are we kidding here? I don't get how you can do  
24 that.

25          COMMISSIONER CHOPER: I agree with that statement

1 that Commissioner Rosenberg just made. I think if you want  
2 to condition it, that's fine. But all you've done is kick  
3 the question of conditions down the road either way. Santa  
4 Anita knows that --

5 CHAIR ISRAEL: So what you're proposing --

6 COMMISSIONER CHOPER: Excuse me.

7 CHAIR ISRAEL: -- is kicking every question --

8 COMMISSIONER CHOPER: Santa Anita knows --

9 CHAIR ISRAEL: -- down the road.

10 COMMISSIONER CHOPER: -- that they've got a lot of  
11 authority, a lot of juice in this game; right? Where else  
12 are they going to be? A couple of weeks at Del Mar,  
13 something like that, maybe December. No. Del Mar is going  
14 to take some dates also. But -- but -- and so I wouldn't --  
15 I wouldn't worry too much about it, all right? But I -- I  
16 just think that while it is true, the -- the perfect is the  
17 enemy of the good. I do know that.

18 CHAIR ISRAEL: Yes, it is.

19 COMMISSIONER CHOPER: I believe in those things.  
20 But I would be inclined to give it another month. I don't  
21 think -- I don't think that's going to hurt it. All right.

22 If it's not done in a month then I would say this, unless  
23 you have some obstreperous participants, then you only got  
24 yourselves to blame. You'll all be represented. You may be  
25 outvoted, but -- and that's something that we'll have to

1 look at, at the time.

2 But I agree with Commissioner Rosenberg, and I  
3 think Commissioner Krikorian, as well, that we ought to put  
4 it off for one month.

5 VICE CHAIR WINNER: Scott, can I ask you a  
6 question?

7 COMMISSIONER CHOPER: And then --

8 VICE CHAIR WINNER: Go ahead.

9 COMMISSIONER CHOPER: -- you men just get your  
10 whatever, you know, down on chairs together and work this  
11 thing out, including, if you can, if you can at least put  
12 the participation of -- so if you don't get people that are  
13 complaining, they haven't been heard.

14 VICE CHAIR WINNER: Scott, can I just ask you one  
15 quick question? If we were to, quote, "kick the can down  
16 the road 30 days," okay, does that -- are you -- would you  
17 tell us that then would make it impossible for you to make  
18 the improvements at San Luis Rey in time, that you would  
19 have to -- are those 30 days going to make a difference in  
20 your construction project?

21 MR. DARUTY: It is already an exceedingly tight  
22 timeframe. And to wait 30 more days puts us in a very  
23 difficult spot as an industry because it may be that on  
24 January 1 we're not done yet. So our preference, look, if  
25 we knew that we had 2014 dates, again, subject to a

1 licensing process, if you want to condition those dates to  
2 us being on us actually building out, you know, the facility  
3 as we've said we would, we can get started.

4 VICE CHAIR WINNER: But you know, Scott, that  
5 you're going to get additional days. They may not be  
6 exactly what you want, but you know you're going to get  
7 additional days; right? I mean, you -- in other words, are  
8 you saying that until you have those days, conditional or  
9 otherwise -- I don't know what conditional means. I'm kind  
10 of with Commissioner Rosenberg. I don't know what that  
11 means, conditional. Conditional on what?

12 I mean, so the question is: What -- what do you  
13 need to know today in order to proceed with the improvements  
14 at San Luis Rey? That -- that's a question that I would  
15 have.

16 MR. DARUTY: What we need today -- okay. I never  
17 want to lay a, you know, take it or leave it type of  
18 concept. So I'm certainly happy to go back and talk to  
19 other executives in the company. But coming into this  
20 meeting we were prepared to move forward with the San Luis  
21 Rey development starting immediately if we received an award  
22 of 2014 dates.

23 Now, think about that from our perspective. Think  
24 about the risks that there is that maybe we don't get  
25 anything for 2015, or maybe we make the investment and get

1 less than we wanted to.

2 VICE CHAIR WINNER: Well, maybe. Maybe. But --  
3 but, you know, specific dates for 2014 or -- I mean, you  
4 know that you're going to get dates for 2014, additional  
5 dates; right?

6 CHAIR ISRAEL: Well, let me -- let me just --  
7 obviously, you know you're going to get dates.

8 VICE CHAIR WINNER: Right.

9 CHAIR ISRAEL: The problem is, is Jim said he  
10 won't sign off on San Luis Rey until the project is done.  
11 So if they won't start it, and he won't sign off until it's  
12 finished, where are we going to put horses?

13 COMMISSIONER DEREK: Yeah.

14 COMMISSIONER BENETO: Fairplex.

15 COMMISSIONER KRIKORIAN: You could Fairplex for a  
16 couple months.

17 COMMISSIONER DEREK: You can't.

18 COMMISSIONER BENETO: Fairplex. We've got a  
19 place.

20 COMMISSIONER DEREK: It's not ready.

21 CHAIR ISRAEL: You -- let me ask the owners. You  
22 want to pay for it?

23 COMMISSIONER BENETO: What?

24 CHAIR ISRAEL: You want to pay the extra money?  
25 Are you willing to pay for a stall? You're willing to pay

1 for stalls?

2 COMMISSIONER BENETO: We've already got \$18,000 a  
3 day.

4 CHAIR ISRAEL: Are you willing to pay for -- they  
5 don't have \$18,000 a day.

6 COMMISSIONER KRIKORIAN: No. I would say --

7 CHAIR ISRAEL: They don't --

8 COMMISSIONER KRIKORIAN: I would say yes to that.

9 CHAIR ISRAEL: They don't have \$18,000 a day.

10 COMMISSIONER BENETO: Where in the hell --

11 CHAIR ISRAEL: That's only paying when you're not  
12 running.

13 COMMISSIONER BENETO: How the hell did they get  
14 it?

15 CHAIR ISRAEL: You don't understand how it works,  
16 for Christ's sake?

17 COMMISSIONER CHOPER: You know that we're going to  
18 have to have --

19 COMMISSIONER BENETO: Goddamn it, I give --

20 COMMISSIONER CHOPER: You know that we're going to  
21 have to have the stalls at San Luis Rey Downs. You know it,  
22 we know it, and everybody at this table knows it. I suggest  
23 that you might see your way clear to go ahead and do what  
24 you got to do to accommodate horses in the month of January.

25 MR. DARUTY: Understood.

1 CHAIR ISRAEL: But -- but here's the problem --

2 COMMISSIONER BENETO: Five hundred stalls is  
3 nothing. I need -- I need over 1,000 stalls.

4 CHAIR ISRAEL: Yeah.

5 COMMISSIONER BENETO: Yeah. San Luis Rey is just  
6 a spot in the road compared to what we need.

7 CHAIR ISRAEL: This is a two-year fix to get them  
8 to the point where they can do something that would be more  
9 permanent.

10 COMMISSIONER ROSENBERG: It's only a one-year fix.

11 COMMISSIONER BENETO: Well, the permit is only 500  
12 stalls.

13 CHAIR ISRAEL: No, he's not -- no, he's not --  
14 he's not willing to take one year, not on San Luis Rey.

15 COMMISSIONER KRIKORIAN: Well, I don't think we --  
16 I don't think we should have to wait two years to get --

17 CHAIR ISRAEL: No, on the calendar, not on San  
18 Luis Rey. But, see, Del Mar wants the 2015 calendar because  
19 they -- they want -- they want to --

20 COMMISSIONER ROSENBERG: No, I understand that.  
21 I'm talking about a specific --

22 CHAIR ISRAEL: Well, let me fucking finish  
23 because -- don't start pissing me off. I mean, I never lose  
24 my -- I'm -- I'm where I'm from.

25 COMMISSIONER ROSENBERG: So am I. So don't hold

1 it against me.

2 CHAIR ISRAEL: And -- and, you know, Del Mar --  
3 Del Mar would like to make some plans, too, and they want to  
4 know that they -- they have -- they got -- they have -- they  
5 have a reason to bid for the 2015 Breeders' Cup, which may  
6 result -- they're already committed to putting in a larger  
7 turf course, and may result in them putting in a dirt main  
8 track, which would be beneficial for everybody.

9 MR. RUBENSTEIN: Josh Rubenstein from Del Mar.  
10 We're in a little bit of -- of a different situation.  
11 We're -- we're obviously not in the year-round training  
12 discussion. But from -- from a racing dates statement in  
13 '14, even '15, we don't own our facility. We're simply  
14 renters. The 22nd AG District controls the facility. And  
15 they're currently booking events through 2016. And they  
16 basically told us, we need a commitment from you guys if  
17 you're going to run in the fall of '14 and '15, to let us  
18 know when those dates are happening. Because if -- if we're  
19 not going to run they're going to book events. So we  
20 basically told them, you know, we hope to get this done at  
21 the -- at the May CHRB meeting.

22 And our -- our lobbyist Anthony Gonzales is here  
23 as well. And as he's pointed out to us there are  
24 legislative things that need to be done if we're going to  
25 change the racing calendar as early as 2014.

1           So, you know, while a month may not seem like a  
2 lot, given the timeframe we're under with the training  
3 scenario of Hollywood Park likely, you know, closing their  
4 doors after their -- their fall meet --

5           CHAIR ISRAEL: Most likely they're closing their  
6 doors.

7           MR. RUBENSTEIN: Right.

8           CHAIR ISRAEL: Right.

9           MR. RUBENSTEIN: And, you know, the pressure we're  
10 under to basically reserve dates, not just for '14 but for  
11 '15, with our landlord, you know, 30 days is -- is precious.

12           COMMISSIONER BENETO: Can't we give them dates  
13 now? We can vote on their dates, can't we?

14           CHAIR ISRAEL: Well, everybody's dates are  
15 independent. I mean, here's what we're doing.

16           COMMISSIONER BENETO: For Del Mar we can --

17           CHAIR ISRAEL: Look, with -- with no disrespect  
18 intended to Fairplex, Fairplex is widely called the bullring  
19 because it's a 5/8ths mile track with tight turns that you  
20 don't run particular expensive horses on, for the most part.  
21 Their big stakes races are \$50,000. So we're spending a lot  
22 of time --

23           MR. HENWOOD: It's \$100,000.

24           CHAIR ISRAEL: Okay. You've got the \$100,000  
25 stake. That's right.

1           So, you know, they're -- with all due respect to  
2 them, they're not the future of thoroughbred racing in  
3 California. The future of thoroughbred racing in California  
4 is these two tracks. They're the centerpiece. They may be  
5 the two best thoroughbred tracks in the world. There's  
6 nothing close to them, not Belmont, not --

7           COMMISSIONER CHOPER: And they know it.

8           CHAIR ISRAEL: Well, which is --

9           COMMISSIONER CHOPER: So --

10          CHAIR ISRAEL: Well, fine. If I -- I would want  
11 to know it too. I'd be proud of it if I --

12          COMMISSIONER BENETO: Mr. Chairman?

13          CHAIR ISRAEL: Yes.

14          COMMISSIONER BENETO: Mr. Chairman?

15          CHAIR ISRAEL: So, I mean, we've got to figure out  
16 a way to let this work, not --

17          COMMISSIONER BENETO: Mr. Chairman?

18          CHAIR ISRAEL: -- not how to make Fairplex work.

19          COMMISSIONER ROSENBERG: No. It's the training  
20 facility.

21          COMMISSIONER BENETO: Fairplex is a training  
22 center --

23          COMMISSIONER ROSENBERG: It's not about racing

24          COMMISSIONER BENETO: -- just like.

25          COMMISSIONER ROSENBERG: It's not about racing.

1           COMMISSIONER BENETO:  -- San Luis Rey Downs.  It's  
2 strictly for training.  Two-year-olds; you've got all your  
3 two-year-olds.

4           CHAIR ISRAEL:  Yeah, but --

5           COMMISSIONER DEREK:  Again, I'm sorry, but this  
6 board can't -- if I'm correct, we can't mandate that they  
7 open, that they pay the money for Fairplex to work as a  
8 training center.

9           COMMISSIONER BENETO:  What do you mean?

10          COMMISSIONER DEREK:  This is not our decision.

11          CHAIR ISRAEL:  It's more expensive.  We can't tell  
12 them --

13          COMMISSIONER DEREK:  We can't tell them --

14          CHAIR ISRAEL:  -- to spend the extra money.

15          COMMISSIONER DEREK:  -- to use Fairplex.  I know  
16 you keep saying that --

17          COMMISSIONER BENETO:  No.  They --

18          COMMISSIONER DEREK:  -- but we can't.

19          CHAIR ISRAEL:  SCOTWINC is a separate company.

20          COMMISSIONER ROSENBERG:  But we don't have a deal  
21 in front of us.  We have nothing in front of us to  
22 approve --

23          COMMISSIONER DEREK:  We have --

24          COMMISSIONER ROSENBERG:  -- a calendar.

25          COMMISSIONER DEREK:  We have, from the industry --

1 CHAIR ISRAEL: We have a calendar. What do you  
2 mean?

3 COMMISSIONER DEREK: -- the best solution --

4 CHAIR ISRAEL: No, no.

5 COMMISSIONER DEREK: -- that they've come up with.

6 CHAIR ISRAEL: They do -- they have an agreement.  
7 They have a plan.

8 COMMISSIONER DEREK: They've agreed.

9 CHAIR ISRAEL: You just don't agree with it.

10 COMMISSIONER ROSENBERG: No, wait. What's the  
11 plan? You tell me what the plan --

12 CHAIR ISRAEL: The plan is to --

13 COMMISSIONER ROSENBERG: Wait a minute. I asked  
14 the question earlier. There is no written proposal. There  
15 was no specific deal made. There was a hypothetical. Mr.  
16 Pegram said they approved a concept. They voted on  
17 different concepts as to where they should race.

18 CHAIR ISRAEL: All right. Joe, would you like to  
19 address that question?

20 MR. MORRIS: Well, on the stabling issue, the  
21 scenario that's going to go to the Stabling and Vanning  
22 Committee, which is part of SCOTWINC, is using Santa Anita  
23 for 55 days in the -- in the fall, using San Luis Rey Downs  
24 for 365 days, and using Los Alamitos for 365 days. And  
25 we've got agreed to prices on each of those. It will hold

1 2,800, 2,900 horses.

2 CHAIR ISRAEL: Okay. Now -- now please explain,  
3 who votes for the -- on the -- on that?

4 MR. MORRIS: So there's -- there's a Stabling and  
5 Vanning Committee that's a part of SCOTWINC. And SCOTWINC  
6 is made up of TOC, Santa Anita, Del Mar, Hollywood -- I'm  
7 not sure they'll vote of the future, but they're on there  
8 now. Fairplex is on there. Oak Tree is on there.

9 CHAIR ISRAEL: Okay. So if this agreement  
10 includes Del Mar, Santa Anita and TOC, is that more than 50  
11 percent of the votes?

12 MR. MORRIS: Yes.

13 CHAIR ISRAEL: And you've agreed to this? Okay.  
14 There's an agreement.

15 MR. BALCH: Wait. With all respect, Mr. Chairman,  
16 I believe that -- and maybe Mr. Miller needs to get into  
17 this, the operating agreement of the shareholders of  
18 SCOTWINC needs to be reviewed because it's -- while it would  
19 be common sense that a majority would rule, our information  
20 is that the SCOTWINC shareholders agreement provides that  
21 all agreements related to stabling and vanning be unanimous.  
22 And if they're not, that they come back to this board for  
23 resolution.

24 And that's precisely our point. The Stabling and  
25 Vanning Committee should not be meeting after the dates are

1 allocated but prior to the dates or allocation.

2 CHAIR ISRAEL: Can you address that?

3 COMMISSIONER ROSENBERG: Jack Liebau is not here.  
4 He's the president of SCOTWINC. He probably don't even  
5 knows.

6 CHAIR ISRAEL: Mr. Miller, can you address that?

7 MR. MILLER: I don't have the operating agreement  
8 in front of me. But I know that this board has the  
9 authority to --

10 CHAIR ISRAEL: Will somebody call Liebau?

11 MR. MILLER: -- resolve disputes involving  
12 SCOTWINC.

13 CHAIR ISRAEL: All right. Well, Joe, you've been  
14 doing this so long, give Joe the mike. Wait. Wait. Give  
15 Joe the microphone. Hold on. Hold on.

16 MR. HARPER: Joe Harper, Del Mar. All the  
17 votes -- I've been on the Stabling and Vanning Committee  
18 for -- since, I don't know, Eclipse was a two-year-old. But  
19 the fact is that -- that I never -- I've never once seen it  
20 all -- it's not been a unanimous vote. It's -- the vote is  
21 different to pass, on the Stabling and Vanning Committee,  
22 it's different than the percentages of the full committee,  
23 the full SCOTWINC. So what Stabling and Vanning can do --  
24 one thing, it goes to the full SCOTWINC board for -- for --  
25 for their vote. But --

1 CHAIR ISRAEL: So it doesn't have to be unanimous?

2 MR. HARPER: I will tell you --

3 CHAIR ISRAEL: Alan, where -- where are you  
4 getting that from?

5 MR. HARPER: -- it might say that. I'm not going  
6 to say it doesn't say that. But we have never, in the  
7 history of it have -- because there have been some time  
8 when -- when, for instance, Del Mar voted along with --  
9 with -- with the horsemen and Pomona and was against Santa  
10 Anita and Hollywood, and that -- that carried. So --

11 CHAIR ISRAEL: On a Stabling and Vanning Fund  
12 issue?

13 MR. HARPER: On a Stabling and Vanning Fund issue.

14 CHAIR ISRAEL: Right.

15 MR. HARPER: This board, I mean, we have to go  
16 within the -- the percentages. And that percentages can be  
17 changed. But the percentages -- we have to come to you to  
18 get a change in the percentage of -- of how much of that,  
19 what, two-and-a-half percent fund we need for the -- for the  
20 stabling --

21 CHAIR ISRAEL: But not -- but not in terms of  
22 voting something that already exists.

23 MR. BALCH: Yes.

24 CHAIR ISRAEL: So, Alan, where --

25 MR. HARPER: We've never done it.

1 CHAIR ISRAEL: -- do you have the bylaws or are  
2 you just --

3 MR. BALCH: I don't -- I don't have them with me.  
4 But my understanding is --

5 CHAIR ISRAEL: No, this isn't an understanding. I  
6 mean --

7 MR. BALCH: Wait. Whoa, whoa. I'm trying to  
8 answer you, Mr. Chairman.

9 CHAIR ISRAEL: All right.

10 MR. BALCH: There was -- there was litigation  
11 ongoing with San Luis Rey Downs. And as a matter of  
12 discovery the shareholders agreement had to be disclosed.  
13 And in the event that the vote is not unanimous, any  
14 aggrieved party has the right to bring it to the racing  
15 board for resolution, for -- because the racing board, I  
16 think Mr. Miller just indicated, resolves any disputes. Now  
17 that doesn't mean that if the aggrieved party in a majority  
18 vote doesn't want to make an issue of it with the racing  
19 board they don't have to, but they can. And that has been  
20 our position all along in advocating for Fairplex that the  
21 Stabling and Vanning Committee needs to have a meeting to go  
22 through the information that we're here verbally arguing  
23 about.

24 CHAIR ISRAEL: CTT --

25 MR. BALCH: Many -- may I finish, sir?

1 CHAIR ISRAEL: Sure.

2 MR. BALCH: Many representations have been made  
3 here as to costs of San Luis Rey. We've heard verbally at  
4 least three different representations of what the costs and  
5 conditions are of San Luis Rey Downs.

6 CHAIR ISRAEL: Well, look --

7 MR. BALCH: We've heard Fairplex say that their  
8 number is X or Y.

9 CHAIR ISRAEL: Alan, wait.

10 MR. BALCH: It could be pulled down.

11 CHAIR ISRAEL: What -- wait. What costs have you  
12 heard three -- I've heard 6,100 three times.

13 MR. BALCH: Well, we've heard it started at 8,500,  
14 600 plus \$2,500 for reimbursement. Then that changed. Then  
15 it was six. The number San Luis Rey Downs of -- of horses  
16 started at 575. Now it's under 400. These things are --

17 CHAIR ISRAEL: No, it's -- wait, wait.

18 MR. BALCH: Under 500.

19 CHAIR ISRAEL: It was 495.

20 MR. BALCH: Under 500. It started at 575 and now  
21 it's 495. This is a moving target, Ladies and Gentlemen.  
22 An the Stabling and Vanning Fund needs to have -- Committee  
23 needs to have a meeting so it can act on the full  
24 information --

25 CHAIR ISRAEL: Well, let me --

1 MR. BALCH: -- and you don't have it.

2 CHAIR ISRAEL: Let me ask you a question. What's  
3 your standing in this?

4 MR. BALCH: That's really the problem.

5 CHAIR ISRAEL: You have no legal standing; right?

6 MR. BALCH: We have --

7 CHAIR ISRAEL: You're not a member -- are you a  
8 member of SCOTWINC?

9 MR. BALCH: Mr. Israel, under the law --

10 CHAIR ISRAEL: Are you a member of SCOTWINC?  
11 Answer the question.

12 MR. BALCH: No.

13 CHAIR ISRAEL: Okay.

14 MR. BALCH: Under the law --

15 CHAIR ISRAEL: Can you vote -- can you vote on  
16 this issue?

17 MR. BALCH: No. Under the law --

18 CHAIR ISRAEL: So basically you're trying to throw  
19 a grenade in the room to get what you want because you --

20 MR. BALCH: No.

21 CHAIR ISRAEL: -- you didn't get it when it was  
22 being negotiated.

23 MR. BALCH: We weren't involved in the discussion  
24 when it was being negotiated.

25 CHAIR ISRAEL: That's not true. You were

1 involved.

2 MR. BALCH: It is so true.

3 CHAIR ISRAEL: I mean, you talked about meetings  
4 you went to.

5 MR. BALCH: It is so true. Now, Mr. Israel, I  
6 think you and Mr. Miller would agree that the racing law  
7 trumps any kind of agreements. And the racing law gives the  
8 specific authority to negotiate agreements related to track  
9 safety and backstretch conditions to the thoroughbred  
10 trainers organization, which we are. And we are sitting  
11 here with that standing which we believe is critically  
12 important.

13 This board needs to understand the conditions on  
14 the backstretch, the conditions that people are living and  
15 training in. And we, with all due respect, believe that the  
16 interest of the racing associations will be properly served  
17 if we have convenient close training to keep all this going.

18 Now, we should be consulted as a key constituent  
19 because our future is their future, and vice versa. And --  
20 and thank you for hearing us out.

21 COMMISSIONER CHOPER: Vice Versa.

22 CHAIR ISRAEL: Would you like to answer?

23 COMMISSIONER CHOPER: Everybody is a vice versa.  
24 You ought to keep that in mind, folks.

25 CHAIR ISRAEL: Do you have anything to say? All

1 right.

2 Josh, you want to continue where you were? Talk  
3 about your issues.

4 MR. RUBENSTEIN: On what dates?

5 CHAIR ISRAEL: Yes.

6 MR. RUBENSTEIN: So as I mentioned, you know,  
7 from -- from a date standpoint I think you've got Del Mar's  
8 date request in front of you. 2014 is fairly simple. It's  
9 our traditional seven-week meet from July 16th through  
10 September 3rd. We are requesting a fall meet, a four-week  
11 fall meet from November 5th through November 30th in 2014.  
12 2015, the way the calendar falls we'd be able to operate an  
13 eight-week meet in the summer, July 15th through September  
14 7th. And then we're requesting a five-week meet in the  
15 fall, October 28th through November 29th.

16 And the July 15 -- or excuse me, the -- the  
17 dates -- the fall dates in 2015 revolve around the Breeders'  
18 Cup. As has been tradition in Southern California the  
19 Breeders' Cup dates would flip-flop between Hollywood Park  
20 and Santa Anita. So we're -- we're basically asking that --  
21 that that continues. 2014 we're proposing that -- that  
22 Santa Anita has the -- the Breeders' Cup dates. And then in  
23 2015 they would revert to Del Mar, and then flip back to  
24 Santa Anita in 2016.

25 COMMISSIONER CHOPER: Assuming we continue to

1 get -- have you considered settling for one out of three?

2 CHAIR ISRAEL: No, no. That's not -- the issue is  
3 actually to make more money when they're run out of town.

4 MR. RUBENSTEIN: Yeah. When I say Breeders' Cup  
5 dates, Del Mar --

6 COMMISSIONER CHOPER: You mean to the host track?

7 MR. RUBENSTEIN: Exactly.

8 CHAIR ISRAEL: To the host track.

9 MR. RUBENSTEIN: (Inaudible.)

10 CHAIR ISRAEL: Yeah.

11 COMMISSIONER DEREK: Be the host track.

12 MR. RUBENSTEIN: Right.

13 CHAIR ISRAEL: Yeah.

14 MR. RUBENSTEIN: But just real quick, back on the  
15 discussion of -- of timing, you know, as I mentioned  
16 earlier, we're simply the renter. We do not control the  
17 facility.

18 CHAIR ISRAEL: Right.

19 MR. RUBENSTEIN: And, again, the 22nd AG District,  
20 our landlord there, are booking the facility 2015, 2016.  
21 And unless we're able to go to them and say, you know, Del  
22 Mar has allotted these X dates we're in jeopardy of being  
23 able to run those dates in '14 and '15.

24 COMMISSIONER ROSENBERG: Can I ask you a question?  
25 As I recall you paid rental of about \$7 million to the AG

1 District last year, \$7 million, something in that  
2 neighborhood as rent, which basically your profits that are  
3 left over from running the meeting; right? On this proposed  
4 new calendar for the three weeks, how -- how is the rent  
5 going to be calculated if you intend to give some of the  
6 profits back that you might have made to this fund?

7 MR. RUBENSTEIN: Sure. Great question. What we  
8 are proposing for Del Mar's fall dates is the 22nd AG  
9 District would be given a facility rental. But all of the  
10 additional race meet revenue would be put into this industry  
11 fund to deal with our long term training issue.

12 COMMISSIONER ROSENBERG: And can you tell me  
13 what -- whether the -- how much that facility rental would  
14 be in terms of being attractive to the Agricultural  
15 District? Instead of trying to lease it out on weekends, as  
16 they do for events, you'd be using it more dates and  
17 obviously paying, I would assume, paying them much more  
18 money than they would get in rentals; correct?

19 MR. RUBENSTEIN: Yeah. I mean, their main gain is  
20 going to be in food and beverage. So --

21 COMMISSIONER ROSENBERG: Right.

22 MR. RUBENSTEIN: -- the -- you mentioned the \$7  
23 million that we contributed for the summer meet. That does  
24 not include food and beverage.

25 COMMISSIONER ROSENBERG: Right.

1           MR. RUBENSTEIN: So the 22nd AG District, their  
2 big win in the fall meet is going to be in food and  
3 beverage.

4           COMMISSIONER ROSENBERG: Right.

5           MR. RUBENSTEIN: We anticipate, you know, their  
6 gain, their net revenue from food and beverage in a fall  
7 meet to be on the low end of about \$1 million --

8           COMMISSIONER ROSENBERG: So --

9           MR. RUBENSTEIN: -- nearly.

10          COMMISSIONER ROSENBERG: So don't you anticipate  
11 that if today there was no decision made and you went back  
12 and told them it would be a month, they'd hold off with some  
13 of these smaller rentals until you told them there would be  
14 a good probability of getting the -- the calendar approved  
15 next month?

16          MR. RUBENSTEIN: I can't guarantee that. I mean,  
17 I can only pass on --

18          COMMISSIONER CHOPER: No guarantees, I know.

19          MR. RUBENSTEIN: Yeah. What -- what they've --

20          COMMISSIONER CHOPER: But -- but it is true, I  
21 think, tell me if it's not, that Del Mar, you know, that you  
22 folks run a pretty good operation. And the Agricultural  
23 District is the beneficiary of the -- of that operation, as  
24 well. We're not asking them to wait two years to make these  
25 rental agreements. We're talking about kicking the can in

1 the road -- I hate that, too, but it's true, but it's true,  
2 it's a true criticism of what we're doing -- for 30 days.

3 MR. HARPER: Jesse, Joe Harper. Let me just jump  
4 in here a minute. If -- if we were sitting here two months  
5 ago and you made that speech I would say absolutely right.  
6 We're not. We're sitting here this month.

7 There are some things that are coming up very  
8 shortly that are critical to us to have to know what dates  
9 we're going to run. Kicking that can down the road is going  
10 to stop the very thing you want to go on, it's going to  
11 hamper it, and that's negotiation for this stuff. For  
12 the -- we got to know. If we know where we are in '14 and  
13 '15 we're going to have a lot better idea what we can afford  
14 to do. We're also going to have a jump on the legislation  
15 that we have to -- to get through to make this all happen  
16 legally anyway.

17 As far as the 22nd District, yes, that's true, we  
18 give them a pretty good rent check. And it goes into a  
19 capital improvement fund for the benefit of the race track  
20 at Del Mar, and the fairgrounds. And that's where the new  
21 grandstand has come. That's why over the years we've given  
22 over \$200 million to improve that racing facility. So when  
23 I hear this, you know, we have no stake in the game, I get a  
24 little testy.

25 So -- but what that means is if the -- if the --

1 if the fair board has an opportunity to let's say put a gun  
2 show in on Breeders' Cup day where they can make a lot more  
3 money for themselves, it all goes to them, rather than just  
4 into the capital improvement fund where they have to use it  
5 for capital improvements fund, we have almost a little --

6 COMMISSIONER CHOPER: Conflict.

7 MR. HARPER: -- competition.

8 COMMISSIONER CHOPER: Yeah.

9 MR. HARPER: You know, we have a little conflict.  
10 They've been very supportive of us, granted. It's been a  
11 great relationship over the years. But this is new  
12 territory. And we've had a number of meetings with them  
13 just to figure out what the parking is going to look like  
14 for their antique shows at the same time we might have a  
15 race meet.

16 So the numbers are a lot closer together to each  
17 other than they would be in a summer meet. And that's why  
18 we really have to know as soon as possible. And -- and I  
19 don't think there's any reason not to make a decision today  
20 on the dates. We're not asking for a license. We're not,  
21 actually, probably not even officially applying for the  
22 dates. But if you say that the letter we sent you, you like  
23 it and you approve of it, you've still got the opportunity  
24 to say, you know, on your license application we're going to  
25 take that date away from you or change a few things, you

1 know?

2 COMMISSIONER CHOPER: Well --

3 MR. HARPER: We're going to get together. We're  
4 going --

5 COMMISSIONER CHOPER: If that's the case, I said  
6 in the very beginning if it's conditional on everything  
7 then -- and it makes people happy to have -- to have that  
8 word, that's all right. But, you know, I think you could  
9 put -- I hear you. However, as I understand it, you and  
10 Santa Anita have not been able to agree on this; is that  
11 right?

12 MR. HARPER: Well, that's correct.

13 COMMISSIONER CHOPER: Okay. Yeah.

14 MR. HARPER: And I think that --

15 COMMISSIONER CHOPER: So -- so --

16 MR. HARPER: -- I mean --

17 COMMISSIONER CHOPER: So you know what you -- you  
18 kick the can, both of you, down the road to whom? To us; is  
19 that right?

20 MR. HARPER: Right.

21 COMMISSIONER CHOPER: Right. And you want a  
22 decision today; is that right?

23 MR. HARPER: That's right.

24 COMMISSIONER CHOPER: Yeah. Well --

25 MR. RUBENSTEIN: Well, when you say not agree --

1 excuse me. When you say not agree, I think we're probably  
2 90, 95 percent there.

3 COMMISSIONER CHOPER: Well, why don't you take it  
4 off the table then?

5 CHAIR ISRAEL: Because they're never going to  
6 agree, frankly.

7 COMMISSIONER DEREK: Well, no.

8 CHAIR ISRAEL: And they don't -- and they don't  
9 have to, because -- because unlike this other stuff they  
10 don't -- they're not their dates. The dates are owned by  
11 the people of California and they are ours to grant on  
12 behalf of the people of California. You know, they're  
13 just -- they're not owned by the race tracks or the racing  
14 associations, they're owned by the states.

15 COMMISSIONER CHOPER: They're not owned by the  
16 race tracks, but we've got to grant them to somebody.

17 MR. RUBENSTEIN: And we just -- we just have a  
18 final disagreement. You know, our -- our position is that,  
19 you know, Breeder's -- Breeders' Cup dates have always  
20 alternated on a year-by-year basis between Hollywood Park  
21 and Santa Anita.

22 CHAIR ISRAEL: Well, that's --

23 MR. RUBENSTEIN: And we're just asking for that  
24 tradition.

25 CHAIR ISRAEL: That's your -- that's your rational

1 argument. But the fact of it --

2 COMMISSIONER CHOPER: Yeah. It's perfectly  
3 rational.

4 CHAIR ISRAEL: -- yeah, that -- that we have to  
5 make that decision.

6 COMMISSIONER ROSENBERG: I have a question of  
7 counsel.

8 Mr. Counsel -- Miller? Mr. Miller?

9 CHAIR ISRAEL: Commissioner Rosenberg has a  
10 question.

11 COMMISSIONER ROSENBERG: I have a question. If we  
12 were to approve a calendar, if the board approved a calendar  
13 today, conditional, unconditional, however you worded it, it  
14 could be -- it's already been answered that we can modify  
15 that calendar at a later date; correct?

16 MR. MILLER: That's correct.

17 COMMISSIONER ROSENBERG: And using Mr. Harper's  
18 example, there's a doctrine called relying to your detriment  
19 on something. So if we give dates today to Del Mar for  
20 these two years and the dates that they want or whatever, or  
21 to Santa Anita, and then three months now, four months from  
22 now, based upon what we find out happens with these training  
23 facilities, we decide -- and Pomona makes such a proposal,  
24 Fairplex makes a proposal to run X dates in the middle of  
25 Santa Anita's meeting, is that within our jurisdiction to --

1 to change the calendar and actually take dates away and give  
2 them to someone else? Not necessarily a conflict. Do we  
3 actually have the right to do that?

4 MR. MILLER: Yes. You control the dates.

5 COMMISSIONER ROSENBERG: Okay. So this -- so  
6 these dates are just what I would call tentative dates that  
7 we're assigning.

8 CHAIR ISRAEL: Del Mar came before --

9 COMMISSIONER ROSENBERG: Not conditional. Not  
10 conditional, tentative.

11 MR. MILLER: Right.

12 COMMISSIONER ROSENBERG: That's it. That's all we  
13 got to do.

14 CHAIR ISRAEL: No, no, no. That's -- well,  
15 that's --

16 COMMISSIONER ROSENBERG: No.

17 CHAIR ISRAEL: -- that's semantic. But -- but the  
18 fact is, is if Santa Anita had come forward today and said  
19 they wanted to race the same dates as Del Mar, they would  
20 have been within their rights and we would have had to make  
21 a decision who gets to race this summer. That's our  
22 obligation. Because those dates in perpetuity belong to the  
23 people of California. They don't belong to any of the  
24 racing associations.

25 That's the way -- right? Am I saying this right,

1 Bob?

2 MR. MILLER: Yes.

3 CHAIR ISRAEL: Okay.

4 COMMISSIONER CHOPER: The people of California.

5 COMMISSIONER ROSENBERG: Wait. In other words --

6 COMMISSIONER CHOPER: But also we have to take  
7 into consideration in our duty to them as to what's best for  
8 this industry. Because without the industry the people of  
9 California aren't going to care very much what we do.

10 COMMISSIONER ROSENBERG: So the two hours we spent  
11 on the stabling -- stabling issue, when we make a decision,  
12 if we made a decision as to -- to vote on a tentative  
13 calendar --

14 CHAIR ISRAEL: Right.

15 COMMISSIONER ROSENBERG: -- it would not be  
16 relevant that we're basing that decision on anything  
17 discussed in the stabling issue? In other words, we're not  
18 approving any of the stabling issues today; is that correct?

19 CHAIR ISRAEL: That's correct.

20 COMMISSIONER ROSENBERG: If we decide to do that.

21 CHAIR ISRAEL: Right.

22 COMMISSIONER ROSENBERG: So we can -- okay.

23 CHAIR ISRAEL: That's correct.

24 COMMISSIONER KRIKORIAN: George. I have --

25 CHAIR ISRAEL: Yes, George?

1           COMMISSIONER KRIKORIAN: I have a couple  
2 questions. I wanted to ask you, on -- on the dates, had you  
3 considered -- had you considered a spring meet, like in  
4 April, four weeks in April where potentially you can create  
5 a break in the -- in the Santa Anita schedule for four  
6 weeks? Would that work for you?

7           MR. HARPER: Well, we -- we, yeah, we've looked at  
8 every possibility of expansion. A spring meet in -- in '14,  
9 obviously, doesn't work because that's when we're growing or  
10 putting in the new track. I mean, we need that time for it  
11 to -- to mature. So you couldn't have a meet in '14.

12           COMMISSIONER KRIKORIAN: Well, what about in '15?

13           MR. HARPER: Josh, you want to take that?

14           MR. RUBENSTEIN: Well, we, again, we tried to --  
15 to work out a calendar, you know, with -- with Santa Anita  
16 and our partners, the TOC. And, you know, Santa Anita  
17 communicated to us that they would prefer to have their meet  
18 extend from the day after Christmas through the end of June  
19 or the first week of July. And we -- we agreed to that.  
20 And -- and our, you know, our gain, our get was the -- the  
21 every other year with Breeders' Cup in terms of the fall  
22 meet.

23           COMMISSIONER CHOPER: Can I ask -- I'm going to  
24 send it to --

25           CHAIR ISRAEL: Jesse, Jesse, hold on.

1           COMMISSIONER CHOPER: Have you solved the problem  
2 of keeping the turf course going for that long? I mean, we  
3 sure as hell -- or they sure have had trouble at Golden Gate  
4 Fields. They pray for rain when it comes to that. But --

5           CHAIR ISRAEL: Well --

6           COMMISSIONER CHOPER: Have you -- yes or know?

7           VICE CHAIR WINNER: Well, where's George?

8           CHAIR ISRAEL: George --

9           COMMISSIONER CHOPER: Yes.

10          CHAIR ISRAEL: -- is behind you.

11          MR. HAINES: Excuse me. George Haines, Santa  
12 Anita.

13          COMMISSIONER CHOPER: Ah.

14          MR. HAINES: We have been studying the turf  
15 course. I don't believe it's a problem. We have a two-  
16 season turf course right now, perennial rye grass and a  
17 Bermuda. And that perennial rye grass will not die out. It  
18 will stay firm.

19                 So as -- as you know, going that long, it is a  
20 challenge. But, however, we have two courses. We have the  
21 six-and-a-half downhill, and we have -- also have the 7/8ths  
22 of a mile turf course. So we think we're in good shape.

23          CHAIR ISRAEL: So you -- so you believe that you  
24 have a calendar where you can keep running turf races  
25 through the months of April, May and June and write eight

1 races a day and have full turf cards?

2 MR. HAINES: Yes. We'll have to be more cautious.

3 But --

4 CHAIR ISRAEL: Well, last winter, if I read  
5 everything correctly, about a third of your races were on  
6 the -- on the grass.

7 MR. HAINES: Yes.

8 CHAIR ISRAEL: Well, what would be the percentage  
9 going forward? Would you -- I assume you would cut back  
10 from December to -- to April in order to --

11 MR. HAINES: We would cut back a little bit.

12 CHAIR ISRAEL: Yeah.

13 MR. HAINES: But we'd also cut turf works.

14 CHAIR ISRAEL: You'd also cut what?

15 MR. HAINES: Right now we run 60 to 80 --

16 COMMISSIONER DEREK: Turf works.

17 MR. HAINES: -- turf works --

18 CHAIR ISRAEL: Oh, turf works. Okay.

19 MR. HAINES: -- a week. Yeah.

20 CHAIR ISRAEL: Yeah.

21 MR. HAINES: That's excessive.

22 COMMISSIONER KRIKORIAN: If you're running -- if  
23 you're running until the 6th of July, why wouldn't you  
24 consider running until the 13th of July if you're not going  
25 to have a problem with your turf course?

1 MR. HAINES: Excuse me? I couldn't hear that.

2 MR. HAINES: Rather than have a week -- a dead  
3 week, would you consider running now until the -- change  
4 your request to run until the 13th of July so we'd have an  
5 additional week or racing? What would be --

6 MR. HAINES: That hasn't --

7 COMMISSIONER KRIKORIAN: -- not to?

8 MR. HAINES: -- been discussed.

9 COMMISSIONER KRIKORIAN: What would be the reason  
10 not to do that?

11 MR. DARUTY: Well, there are some who believe a  
12 small break like that between meets is actually healthy.

13 COMMISSIONER KRIKORIAN: Healthy for who?

14 MR. DARUTY: Well, for the industry. It gives,  
15 you know, horses a chance, it gives betters a chance, it  
16 gives --

17 CHAIR ISRAEL: Can I ask --

18 COMMISSIONER KRIKORIAN: That's a week --

19 CHAIR ISRAEL: Can I ask George --

20 COMMISSIONER KRIKORIAN: That's a week of purse  
21 money lost --

22 CHAIR ISRAEL: George, did you -- did you --

23 COMMISSIONER KRIKORIAN: -- isn't it?

24 CHAIR ISRAEL: -- have you been successful running  
25 horses the last week at Hollywood?

1           COMMISSIONER KRIKORIAN: Yes, you know, actually I  
2 have. Thank you.

3           CHAIR ISRAEL: Yeah. That's what I figured. I  
4 knew it.

5           COMMISSIONER KRIKORIAN: That's the only luck I've  
6 had.

7           CHAIR ISRAEL: I knew there was a reason why you  
8 liked that week.

9           COMMISSIONER BENETO: What are you -- are you  
10 going to go to a dirt track and --

11          MR. HARPER: Contrary to some of the press I've  
12 been reading, we have had no discussions on changing from a  
13 synthetic track to a dirt track. We've had some thoughts  
14 about it, I would say that. And the discussions that we  
15 have had amongst ourselves, I'll be perfectly honest, is  
16 that, you know, this is a changing environment now for all  
17 of us here in California.

18                 When the turf -- when the -- when the synthetic  
19 tracks were put in they were put in for a couple of reasons,  
20 safety being one, but the other being that all three tracks  
21 would have the same track. Well, we found that didn't work.  
22 And now it really doesn't work. And so there's going to be  
23 one dirt track running, you know, the majority of the dates,  
24 and then us running synthetic.

25                 It's -- it's, you know, it's time to reevaluate,

1 if anything. But we have no plans right now to make any  
2 changes.

3 COMMISSIONER BENETO: You're just -- you're just  
4 going to do the turf course?

5 MR. HARPER: The turf course if going in right  
6 after our meet this year.

7 CHAIR ISRAEL: It's being --

8 MR. HARPER: It's already growing.

9 CHAIR ISRAEL: It's being widened.

10 MR. HARPER: Yeah. And we're going to make that  
11 wider. We'll make it wider, but we'll also change the  
12 entire grass.

13 COMMISSIONER BENETO: Well, I don't know where I  
14 read it or cited that you were going to change the dirt  
15 track. That's why I asked the question.

16 CHAIR ISRAEL: In San Diego Union.

17 MR. HARPER: Yeah. The reporter of the San Diego  
18 Union asked me, he said, "Well, when I was back for the  
19 Preakness I heard that Del Mar was considering changing to  
20 dirt." And I inadvertently told him the truth. I won't let  
21 that happen again.

22 COMMISSIONER KRIKORIAN: Joe, if you got the -- if  
23 you got the racing dates you were looking for and got the  
24 Breeders' Cup every other year, would you consider making a  
25 commitment to replace that synthetic course next year?

1 MR. HARPER: Well, that's -- basically, what  
2 we're -- we're -- look, next year, no. I mean, there's just  
3 no way that -- even if we decided right here to say, hey,  
4 let's do it, guys, we -- we couldn't do that.

5 COMMISSIONER KRIKORIAN: When -- when could --  
6 when -- what would be the earliest you could do it if you --  
7 if you agreed to?

8 MR. HARPER: I really can't answer that without --  
9 I mean, I can pick a date but I would just be picking it out  
10 of the air, George, because I'm not -- I'm not really sure  
11 how much it would take, who is going to pay for it, you  
12 know, what type of track we'd put in. It would be a major  
13 involvement. But, you know, it's also -- you know, I keep  
14 looking at the fatal statistics. And I'll tell you, we --  
15 if we're going to make a move we better be damn sure we put  
16 in the safest dirt we've ever found.

17 COMMISSIONER KRIKORIAN: If you -- if you don't  
18 put in a dirt course would you maybe have a difficulty  
19 getting -- you know, attracting the Breeders' Cup?

20 MR. HARPER: Well, I don't think we'd have a  
21 difficulty --

22 COMMISSIONER KRIKORIAN: Or attracting some -- a  
23 lot of horses?

24 MR. HARPER: -- attracting the -- the Breeders'  
25 Cups for say 2015. You know, obviously, you know, there is

1 some -- probably the majority of -- of people on the  
2 Breeders' Cup board are against, you know, at least a long  
3 term commitment to a track that has a synthetic, at least  
4 that's what we've been hearing.

5 COMMISSIONER KRIKORIAN: Okay. Thank you.

6 VICE CHAIR WINNER: Can I just ask --

7 CHAIR ISRAEL: Yes, you can ask anything.

8 VICE CHAIR WINNER: -- George or -- or Scott, you  
9 talked about -- you talked about reducing the number of  
10 grass races, and also reducing the number of dates that --  
11 that you'd be training on the grass under this plan. Can  
12 you give us some numbers some specifics about that? Have  
13 you thought about that? Have you --

14 MR. HAINES: Well --

15 VICE CHAIR WINNER: What do you have in mind?

16 MR. HAINES: -- we're really dependent upon  
17 weather, especially in January and February. And that's the  
18 key time that we'd have to be very cautious with our turf  
19 course.

20 CHAIR ISRAEL: So you're not going to have to rest  
21 the turf course in the spring at all?

22 MR. HAINES: No. We're only racing four days a  
23 week too. That gives you some time.

24 VICE CHAIR WINNER: Uh-huh.

25 MR. HAINES: You know, before we were running

1 90 -- we ran 90 days at Santa Anita.

2 VICE CHAIR WINNER: But would you have to -- go  
3 ahead, I'm sorry.

4 CHAIR ISRAEL: Well, I was going to ask Jim --

5 VICE CHAIR WINNER: Yeah, me too.

6 CHAIR ISRAEL: -- and Mike, do you have any  
7 feeling about this one way or the other? Well, you don't  
8 want to get involved. It's okay. You don't have to answer.

9 MR. CASSIDY: No. I mean, it's like everything  
10 else we discuss. You know, we make these predictions like  
11 it's -- for sure it's going to happen, and we know that's  
12 not the case. This turf course is about the best turf  
13 course we have in California, the one he's talking about.  
14 And in April it gets tore up. By April it's tore up. So --  
15 and it can't be from just works in the morning. So I don't  
16 know how it's going to last another three months.

17 MR. HAINES: We're doing a lot of --

18 CHAIR ISRAEL: What's the plan, man? I got to  
19 admit, I'm -- I'm a little skeptical because --

20 VICE CHAIR WINNER: So am I, yeah.

21 CHAIR ISRAEL: -- everybody seems -- everybody's  
22 been saying, you know, it seems kind of impossible.

23 MR. HAINES: We're changing the type of rye grass  
24 we put in from an annual to a perennial, so it will stay  
25 there. And then Bermuda kicks in right about April, May.

1 So we're confident, and we're testing right now to make sure  
2 that this plan we have works.

3 CHAIR ISRAEL: And -- and is there any race track  
4 anywhere else where they've tried things like this, even a  
5 training facility, where they've been able to stay open  
6 year-round because they've done something similar to this?

7 MR. HAINES: No. We're not modeling off of  
8 anybody else because the geographic location, that type of  
9 thing. I mean, Golden Gate runs a long training on --

10 CHAIR ISRAEL: But they don't run turf races in  
11 the -- in the winter; right? Do you?

12 MR. MORRIS: We usually stop the middle of  
13 January.

14 VICE CHAIR WINNER: Can I just ask --

15 CHAIR ISRAEL: And then start again in April;  
16 right?

17 MR. MORRIS: And then start again in April, yeah.

18 VICE CHAIR WINNER: Just to follow up with Jim  
19 and -- and Mike, does it -- does it concern you that there  
20 would be fewer training days on the grass for grass horses,  
21 or does that bother you at all?

22 MR. CASSIDY: No. It doesn't concern me at all.  
23 I think that's probably a good thing. In fact, last year if  
24 you talked to Tom Robbins, we got Del Mar cut back to two  
25 days. They were doing three days a week.

1 VICE CHAIR WINNER: Right. And they cut to two.  
2 Right.

3 MR. CASSIDY: And, you know, we cut it back to  
4 two.

5 VICE CHAIR WINNER: Right.

6 MR. CASSIDY: So, no, I don't think --

7 VICE CHAIR WINNER: Okay.

8 MR. CASSIDY: I mean, I'm sure there will be some  
9 complaints about it. But I think it's a good thing if --

10 VICE CHAIR WINNER: Mike, you agree?

11 MR. CASSIDY: -- if it certainly helps. But I  
12 think this is a new issue with this rye they're talking  
13 about because I don't believe they've put it on until the  
14 fall in the past. So I don't know what's going to happen.

15 CHAIR ISRAEL: Well, you have to, you know, train  
16 on the grass. Otherwise, you can't --

17 VICE CHAIR WINNER: Yeah, you can't --

18 CHAIR ISRAEL: -- you can't logically be promoting  
19 the concept of going to -- to Fairplex where, you know, the  
20 only grass you could be training on is the stuff you smoke.  
21 So --

22 MR. CASSIDY: Well, I don't smoke grass, but you  
23 sound like you're speaking from experience.

24 VICE CHAIR WINNER: I think -- I think you smoke  
25 something that's worse than grass.

1 MR. CASSIDY: Oh, well, that could be. That could  
2 be. But seriously, no, there's no turf racing or works at  
3 Fairplex.

4 CHAIR ISRAEL: Right.

5 MR. CASSIDY: And there isn't any at Los Alamitos  
6 either.

7 CHAIR ISRAEL: Los Alamitos either.

8 MR. CASSIDY: And there isn't any --

9 CHAIR ISRAEL: That's why San Luis Rey would be --  
10 they're going to put it in.

11 MR. CASSIDY: No, there's none down there either.

12 CHAIR ISRAEL: Well, they said --

13 MR. CASSIDY: If you go down there today, I  
14 promise you there's no turf.

15 CHAIR ISRAEL: I know there's none there, but they  
16 say they're going to put it in.

17 MR. SEDDER: There was -- there was concern with  
18 the TOC board. But we came back to the answer, what's our  
19 alternative? And we just know and hope Santa Anita manages  
20 it.

21 VICE CHAIR WINNER: Okay. Thank you.

22 CHAIR ISRAEL: All right. No pressure, though,  
23 George.

24 COMMISSIONER KRIKORIAN: I have a question,  
25 though, about the training on the track --

1 CHAIR ISRAEL: Go ahead.

2 COMMISSIONER KRIKORIAN: -- at Santa Anita. I  
3 understand that you have a conditioner that takes care of  
4 the track that works both in Florida and at Santa Anita; is  
5 that accurate? He spends half his time in Florida and half  
6 his time in Santa Anita.

7 MR. HAINES: We have a man that's in charge of --

8 COMMISSIONER KRIKORIAN: RIGHT.

9 MR. HAINES: -- all the race tracks for all the  
10 properties, from Gulf Stream to Palm Meadows to Santa Anita.  
11 And he is a 50,000 or 60,000 feet. We also have people on  
12 the ground, Jason Spetinagel (phonetic) oversees the track  
13 daily. So we have many people looking after our dirt  
14 course, probably more in the country than anybody. And we  
15 do more testing than anybody also.

16 COMMISSIONER KRIKORIAN: I see. Well, if you get  
17 more racing dates would you consider putting one person  
18 that's full time that the trainers can -- can work with and  
19 coordinate with --

20 MR. HAINES: I'm sure everything --

21 COMMISSIONER KRIKORIAN: -- with their issues?

22 MR. HAINES: -- is under consideration.

23 COMMISSIONER KRIKORIAN: Because we've heard a lot  
24 of complaints --

25 MR. HAINES: Yeah.

1 COMMISSIONER KRIKORIAN: -- about that.

2 VICE CHAIR WINNER: But that's the issue,  
3 everything is under consideration. Give us the dates;  
4 everything is under consideration.

5 CHAIR ISRAEL: Tom?

6 MR. ROBBINS: Tom Robbins from Del Mar. Since  
7 George is up there, I just had a question. And not that I  
8 want to be nosey, but I'm trying to understand just because  
9 it could have an affect on racing at Del Mar. From what I  
10 understand, George, is that you're not going to cut down the  
11 perennial rye after July 6th. So is it just going to be --

12 MR. HAINES: We are.

13 MR. ROBBINS: You are going to cut it down?

14 MR. HAINES: Yes. We're going to go -- we'll take  
15 the course back down.

16 MR. ROBBINS: Okay. You'll scalp it after July  
17 6th racing?

18 MR. HAINES: That's right.

19 MR. ROBBINS: Okay. So the Bermuda, hopefully,  
20 will rebound at that point for racing coming back in  
21 December?

22 MR. HAINES: Yes.

23 MR. ROBBINS: Okay. Thank you.

24 COMMISSIONER CHOPER: Is that good time, do you  
25 think?

1           MR. HAINES: No. What happens, Commissioners,  
2 the -- it usually grows best in the spring, not in the  
3 summer. It's too hot in July.

4           CHAIR ISRAEL: All right. Scott, would you like  
5 to discuss --

6           MR. HAINES: Excuse me. I just want to make sure  
7 that they know we have the Bermuda that's coming through.  
8 It's a two-species grass.

9           MR. CASSIDY: No. It's coming through. I'm  
10 talking about the rye won't grow, so --

11          MR. HAINES: Right.

12          MR. CASSIDY: Right. But the Bermuda is coming  
13 through now.

14          MR. HAINES: Yes.

15          MR. CASSIDY: Yes.

16          MR. HAINES: Right.

17          MR. ROBBINS: So you're -- so you're confident  
18 that come July 7th the Bermuda will still exist if you're  
19 not going to be cutting down the perennial rye?

20          COMMISSIONER CHOPER: Predictions are very  
21 difficult --

22          MR. HAINES: And that's why we're testing it right  
23 now.

24          COMMISSIONER CHOPER: -- especially when they  
25 involve the future. So --

1 MR. ROBBINS: Well, I --

2 MR. HAINES: We have test plots right now.

3 MR. ROBBINS: They -- they have their experts and  
4 I'm sure they're doing everything they can to figure out if  
5 it is going to work.

6 CHAIR ISRAEL: You also said if you meet -- if you  
7 get to a fork in the road, take it. So --

8 COMMISSIONER DEREK: Well, I still --

9 CHAIR ISRAEL: And we're at a fork in the road, so  
10 let's take it.

11 COMMISSIONER DEREK: And I'm still with what Mike  
12 said, what is the alternative?

13 COMMISSIONER ROSENBERG: Yeah. I have a question.  
14 We understand the critical -- we've heard some of the other  
15 stakeholders talk about the need for the decision being  
16 made, although it is a tentative calendar, today rather than  
17 later. Will you agree on behalf of the TOC to be open to  
18 meeting with the trainers in the manner they described to  
19 hear their opinions about the -- about the training  
20 facilities at the various places and possibly specifically  
21 Los Alamitos and consider, as we will have to do, reconsider  
22 the decision that the board made and maybe reevaluate it  
23 based upon their opinion?

24 MR. PEGRAM: We will continue to talk to the  
25 trainers. We will continue to talk to the breeders and the

1 rest of the owners.

2 COMMISSIONER ROSENBERG: I wasn't referring to --  
3 I wasn't referring to continue to talk, because it sounds  
4 like there hasn't been enough talking from their point of  
5 view.

6 MR. PEGRAM: That's because we have not agreed  
7 with them.

8 COMMISSIONER ROSENBERG: Okay. My question is:  
9 Would you have your -- would -- would they be able to meet  
10 with your board and present -- make a presentation?

11 MR. PEGRAM: Yes.

12 COMMISSIONER ROSENBERG: Okay. Thank you.

13 MR. PEGRAM: Yes. No problem.

14 CHAIR ISRAEL: And it's really --

15 COMMISSIONER CHOPER: I think the -- the issue --  
16 that's right. The issue is include them. And anyone can  
17 get outvoted. That happens. But you've got to feel that --  
18 that you've been at least included and had your day in  
19 court. If you don't have it then you don't feel good about  
20 it. And there, you know, there are lots of public  
21 proceedings that -- that require participation, despite the  
22 fact that most people know pretty much in advance who's  
23 going to win the outcome. But psychologists have studied  
24 this. You have your day. You're there. You're heard by  
25 everybody. You participate with everybody. That's

1 important.

2                   CHAIR ISRAEL: Look, not -- not to risk  
3 separating my shoulder, patting myself on the back, but this  
4 is the first time that CTT has ever been included in any  
5 discussion of dates or training facilities in my years on  
6 the board, and I think long before that. I mean, probably  
7 since TOC was created, you know? And I think you can -- you  
8 can attest to that. Nobody from CTT has ever sat at this  
9 table, discussing these issues. Now, I understand this is a  
10 different circumstance. We're -- we're facing more change  
11 than we ever have. But, you know, nobody has to sit at the  
12 table from what I understand because I wasn't on the board  
13 then when they went to the synthetic thing, you know?

14                   MR. BALCH: Yes. But -- and we do agree that this  
15 is a different circumstance. But the main point I would --  
16 would make, I've only been back in racing since 2010. And  
17 in 2010 CTT was invited to every meeting of the TOC  
18 officially, and for the entire meetings. And that proceeded  
19 until, what, two years ago, or last year. So if we're --  
20 and we invited TOC to every meeting of our board, as well.  
21 Now, we're not necessarily expecting that that's ideal in  
22 any way. But we do appreciate the several commissioners who  
23 have spoken up. And -- and we obviously do not feel that  
24 the communication has been adequate. Inviting us to small  
25 informal meetings, two of them that we know of, is really

1 not adequate.

2           These are -- these are such detailed issues that  
3 we've all heard today. And we would -- we would very much  
4 appreciate the opportunity to meet with the TOC board at  
5 length and in detail on this.

6           CHAIR ISRAEL: Okay. But that wasn't the point I  
7 was making. The point I was making was you've never  
8 appeared before this board and this --

9           MR. BALCH: No. We didn't -- we didn't have to  
10 because we were being heard by TOC. We haven't been heard  
11 by TOC on this issue.

12           CHAIR ISRAEL: Well, but the TOC -- the  
13 composition of TOC changed.

14           MR. CASSIDY: Chairman Israel, we -- we -- we at  
15 the CTT Would like to thank you for your help in this  
16 matter, getting us together. Because Pegram and I are just  
17 tired of writing letters to each other.

18           CHAIR ISRAEL: Neither of you can write worth a  
19 damn, by the way.

20           MR. CASSIDY: Well --

21           CHAIR ISRAEL: Yeah. He --

22           MR. CASSIDY: -- no, that's -- that's --

23           CHAIR ISRAEL: He's too terse and you're too  
24 verbose.

                  UNIDENTIFIED MALE: Neither one of them  
25 has ever written a letter.

1           CHAIR ISRAEL: I know. Governor; go learn how to  
2 spell governor before you -- you know, you couldn't spell  
3 governor, and a goddamn horse couldn't run. So you're --  
4 you're --

5           COMMISSIONER CHOPER: Ooh.

6           MR. CASSIDY: That's because he wasn't training at  
7 the bull ring.

8           CHAIR ISRAEL: Yeah. Well, he one down at a  
9 bullring in Mexico. So -- all right.

10          Scott, your turn with the calendar.

11          MR. DARUTY: Okay. I will try to be quick.  
12 The -- the dates that were laid out by Del Mar for 2014,  
13 we're in total agreement with that. What that would mean  
14 for Santa Anita is that we would open on the day after  
15 Christmas, and we would run through Sunday, July 6th. We  
16 would close, then Del Mar would run, Fairplex would run it's  
17 three meet -- three-week meet. Santa Anita would come back  
18 and open Thursday, September 25th and run through Sunday,  
19 November 2nd. Now this is 2014.

20          We have made a pitch to the Breeders' Cup to have  
21 it back in 2014. They have not made a decision. We do not  
22 have a final answer. But we do feel fairly optimistic that  
23 the Breeders' Cup may very well be coming back here for a  
24 third year in a row.

25          So I think that if this board were predisposed

1 to -- to grant dates at this meeting, which I think most of  
2 us up here hope you do, I think 2014 is noncontroversial. I  
3 believe everybody is saying the same thing.

4           When we get to 2015 the -- really the only  
5 difference between where we sit and where Del Mar sits  
6 relates to Breeders' Cup weekend. And what Josh said, and  
7 it sounds fair and reasonable, we'll just alternate each  
8 year, that is fine with us, subject to one caveat. We  
9 believe that it's good for the California racing industry to  
10 have the Breeders' Cup here. That's why we've had it for  
11 two years in a row. That's why we're pitching it for '14.  
12 And we expect to go back and pitch it for 2015. We expect  
13 Del Mar will go pitch for 2015. We hope if it's not us it's  
14 them, or vice versa, that -- that the event should be in  
15 California.

16           So the difference between our position and Del  
17 Mar's is that we feel when the Breeders' Cup is held outside  
18 of California, that those dates should alternate, one year  
19 to them, one year to us, back and forth. But if the event  
20 is going to be held inside the State of California it seems  
21 logical to us that whichever venue is going to hold the  
22 event should be awarded the dates. So --

23           COMMISSIONER CHOPER: Well, I think you're clear.  
24 I just wonder what Mr. Harper has to say about this?

25           MR. HARPER: So far, so good.

1           COMMISSIONER CHOPER: So far, so good; is that  
2 what you said?

3           MR. HARPER: Yeah. Josh?

4           MR. RUBENSTEIN: Well, from -- from Del Mar's  
5 standpoint, we don't want to do anything that's going to  
6 hinder the Breeders' Cup from coming to California. So as  
7 has been, you know, done since, you know, the Breeders' Cup  
8 has been around, since 1984, when Hollywood or Santa Anita  
9 was in a situation to host Breeders' Cup but they didn't  
10 have the dates --

11          CHAIR ISRAEL: Live host.

12          MR. RUBENSTEIN: Yeah. Excuse me.

13          CHAIR ISRAEL: Live host.

14          MR. RUBENSTEIN: Live host. They would work out a  
15 deal and that track would be able to host a Breeders' Cup.  
16 So if -- if Scott came to us or my old boss Craig Favo  
17 (phonetic) came to us and said, hey, we want to run at Santa  
18 Anita in 2015 for the Breeders' Cup, we would not stand in  
19 the way of Santa Anita. We would sit down with Santa Anita  
20 and the TOC and say, okay, how can we work this out where  
21 Del Mar still has a successful fall meet from a purse  
22 standpoint and, you know, Scott's able to run the Breeders'  
23 Cup at Santa Anita in '15. So by no means would we -- we  
24 stand in the way.

25          CHAIR ISRAEL: How much money are you talking

1 about?

2 MR. RUBENSTEIN: Basically, we -- we would defer  
3 to TOC. We would say what -- I mean, based on the -- the  
4 projections that we've made for 2014 and 2015, take into  
5 account us hosting Breeders' Cup in '15 from a live  
6 standpoint or simulcast host. If that were taken away we  
7 would sit down with -- with TOC and --

8 CHAIR ISRAEL: Okay. Well, if that's to occur  
9 what would your purses be?

10 MR. RUBENSTEIN: Right around 500,000 a day.

11 CHAIR ISRAEL: Okay. And what were they when  
12 Hollywood was running that month, 250, 300?

13 MR. RUBENSTEIN: High --

14 CHAIR ISRAEL: High threes?

15 MR. RUBENSTEIN: -- 370, 380, yeah.

16 CHAIR ISRAEL: Yeah. Okay. So that's a big  
17 difference, yeah.

18 MR. RUBENSTEIN: Substantial, yeah.

19 CHAIR ISRAEL: Yeah. A day, that's a huge --  
20 that's a big difference per week.

21 COMMISSIONER ROSENBERG: Yeah. I noticed that I  
22 think you have \$2 million in your budget for -- for a large  
23 media budget, which is really a lot.

24 MR. RUBENSTEIN: Yeah. We're -- I mean, you know,  
25 Del Mar has obviously done a very good job marketing

1 ourselves. And -- and we would do the same thing with the  
2 fall meet.

3 COMMISSIONER ROSENBERG: Right.

4 MR. RUBENSTEIN: So we are, you know, committed to  
5 spend --

6 COMMISSIONER ROSENBERG: Right.

7 MR. RUBENSTEIN: -- significant dollars.

8 CHAIR ISRAEL: Well, I --

9 COMMISSIONER CHOPER: You're willing to fairly  
10 compete with the Breeders' Cup every other year with Santa  
11 Anita, with the understanding that you're happy that the  
12 other one is the second choice?

13 MR. RUBENSTEIN: Yes.

14 COMMISSIONER CHOPER: Is that -- is that -- is  
15 that right?

16 CHAIR ISRAEL: But -- but then -- then if -- if  
17 for instance, though, as I understand it, Santa Anita is  
18 granted say five years consecutive of Breeders' Cup, Del Mar  
19 is going to need some kind of subsidy, for lack of a better  
20 word, some sort of stipend to maintain purse levels at a  
21 high enough rate for the November meet; is that correct?

22 MR. RUBENSTEIN: Yeah, that's correct. And it  
23 would just be for purses. We -- we wouldn't --

24 CHAIR ISRAEL: Just --

25 MR. RUBENSTEIN: We wouldn't ask for one dollar

1 for -- for track commissions. So, again, we'd want to sit  
2 down with the TOC and say, okay, what do we need to get to  
3 for purse levels so horsemen are going to come down to Del  
4 Mar and we're able to operate a successful fall meet. Here  
5 are projections without a Breeders' Cup. What's the delta  
6 to get to, to have a successful fall meet?

7 CHAIR ISRAEL: And -- yeah. And years when it's  
8 possible you just alternate having a live event, then all is  
9 fair in love and war, you keep what you make. Years when  
10 let's say the three consecutive years when -- or four  
11 consecutive years, so it's even, when the Breeders' Cup is  
12 run out of state, you'll just alternate -- you -- you both  
13 agree you'll -- you'll happily alternate who the host track  
14 is for those out-of-state commissions?

15 MR. RUBENSTEIN: Yes.

16 MR. DARUTY: Yes. But I do want to make clear, I  
17 think we're saying something very similar but not identical.  
18 And -- and the -- the issue is that --

19 CHAIR ISRAEL: He's a lawyer.

20 COMMISSIONER CHOPER: Well, how much is the  
21 difference per day?

22 MR. DARUTY: Well, we don't know because it's this  
23 undefined sum of money, that if we're the successful bidder  
24 for Breeders' Cup and the event is going to be held at Santa  
25 Anita, they want a supplement to their purses, whereas we're

1 saying if we compete and they're the site for the Breeders'  
2 Cup that they get the Breeders' Cup and we're not looking  
3 for any -- any money. So that's the -- that's the  
4 distinction.

5 I guess what I would like to see, not that I'm  
6 going to get what I would like to see, but what I would like  
7 to see is the board grant the noncontroversial 2014  
8 schedule, because we all seem to agree on that. That the  
9 board grant the 2015 dates, which could pretty much all be  
10 locked in with the exception of Breeders' Cup weekend. And  
11 Breeders' Cup weekend, if the event is going to be held at  
12 Santa Anita, we get the dates, if the event is going to be  
13 held at Del Mar or out of state, they get the dates, and not  
14 have this issue of a payment back and forth which we don't  
15 really know how much that payment is.

16 You're starting to get a sense here. We're --  
17 we're putting up \$5 million plus. We're being asked to  
18 contribute to an industry fund. You know, there's a certain  
19 amount of money. But until all these variables get set in we  
20 can't agree to a bunch of payments without knowing what the  
21 dollars are associated with all those payments.

22 CHAIR ISRAEL: Which is what the trainers said.  
23 Let me just say, you don't want to kick the can down the  
24 road until it benefits you. So --

25 VICE CHAIR WINNER: And now you want to kick the

1 can down the road.

2 CHAIR ISRAEL: And now you want to kick the can  
3 down the road.

4 MR. DARUTY: I'm sorry. Kick the can down the  
5 road in what way? I'm not kicking the can down the road.

6 CHAIR ISRAEL: '15; you want -- you'd prefer  
7 that --

8 MR. DARUTY: No. I'm saying that the board would  
9 grant the dates such that if we're awarded the Breeders' Cup  
10 event we would get the weekend. If they're awarded it they  
11 get the weekend. And if neither of us are awarded it they  
12 get the weekend. That's not kicking the can down. That's  
13 making a contingency.

14 CHAIR ISRAEL: All right. Okay. So for -- for  
15 one year, are you willing to live with that? Let's just  
16 say, in show business terms it would be called a no-quote  
17 deal, in other words, not precedential.

18 COMMISSIONER DEREK: A rental contract.

19 CHAIR ISRAEL: All right. So are you -- are you  
20 willing to live with that for one -- for that one year.

21 MR. RUBENSTEIN: Well, I think what we're asking  
22 for is -- is a rotating basis, how it's always been done  
23 since, you know, 1984.

24 CHAIR ISRAEL: Well, but what -- but what if one  
25 of you gets it for three years in a row to be the live host,

1 then -- you know, so that's not -- it wouldn't be rotating.

2 MR. RUBENSTEIN: Well, it's in -- it's in all of  
3 our best interests for Del Mar and for Santa Anita to have a  
4 successful fall meet, and for us to have purses, you know,  
5 at the track that's not hosting Breeders' Cup to be high  
6 enough where they're going to have a successful fall meet.  
7 So we think in working with our partner at the TOC that we  
8 would be able to come up with a compromise that if -- you  
9 know, let's say Del Mar were to get the Breeders' Cup for a  
10 long term period.

11 CHAIR ISRAEL: Right.

12 MR. RUBENSTEIN: We'd be happy to sit down with  
13 Santa Anita and the TOC and figure out how we can support  
14 purse levels at Santa Anita.

15 CHAIR ISRAEL: This -- they seem to be deferring  
16 to you in some way.

17 MR. MORRIS: We've had a lot of conversations on  
18 this. I think that everybody knows.

19 CHAIR ISRAEL: I appreciate that.

20 MR. MORRIS: And there's a couple other things  
21 that are important to the TOC on this also, and I might as  
22 well throw those out there now.

23 CHAIR ISRAEL: Okay.

24 MR. MORRIS: One, the 12/7 week, the first week of  
25 December --

1 CHAIR ISRAEL: Yes.

2 MR. MORRIS: -- we do want run. And if this gets  
3 worked out, Del Mar is going to run that portion.

4 CHAIR ISRAEL: You've committed -- you've  
5 committed to run that week?

6 MR. MORRIS: And we think that's important.

7 MR. RUBENSTEIN: Well, we're -- we're committed to  
8 that, you know, based on an every-other-year flop of  
9 Breeders' Cup. I mean --

10 CHAIR ISRAEL: All right.

11 MR. RUBENSTEIN: -- and TOC --

12 CHAIR ISRAEL: And for my colleagues on the board  
13 let me just -- it's important to be run that week because  
14 that's when the two big two-year-old stakes' races have been  
15 run, and it's far enough away from the two-year-old  
16 Breeders' Cup races so to have sufficient rest.

17 MR. MORRIS: And it falls back on the Breeders'  
18 Cup.

19 CHAIR ISRAEL: Right.

20 MR. MORRIS: So --

21 CHAIR ISRAEL: It's -- it's very important going  
22 forward, looking to the Triple Crown races.

23 MR. MORRIS: So we think that that's critical.

24 CHAIR ISRAEL: Okay.

25 MR. MORRIS: The -- the second thing is this

1 industry fund needs to happen. That is our future. That's  
2 what's going to get us out of the -- the two-year best of  
3 the horse stabling situation. And we -- we're -- you know,  
4 that needs to happen.

5 And then the third thing that we want to happen is  
6 the ADW TV distribution. Now, that ends now with this  
7 Hollywood meet.

8 CHAIR ISRAEL: Right.

9 MR. MORRIS: The board kind of pushed that out.  
10 The test has happened. We think it was extremely  
11 successful.

12 CHAIR ISRAEL: Right. So --

13 MR. MORRIS: And going forward we want that to  
14 keep going.

15 CHAIR ISRAEL: Where -- where are we with that,  
16 Scott? You can speak to that, I think.

17 MR. DARUTY: Yes. We've had meetings with TVG,  
18 with HRTV, with Santa Anita, with Del Mar, and with the TOC,  
19 so all the relevant stakeholders at the table. I think  
20 everybody has said they are open to finding a solution.  
21 The -- the current experiment, for lack of a better term, I  
22 don't think can be continued in the exact same form because  
23 it --

24 CHAIR ISRAEL: Why not? Why not?

25 MR. DARUTY: -- because it involved Hollywood

1 Park, and Hollywood Park is not going to exist anymore. So  
2 I'm not saying we can't come up with a new experiment. But  
3 the old one doesn't work because we've got different  
4 players.

5 CHAIR ISRAEL: Why -- why were you even calling  
6 this an experiment?

7 MR. DARUTY: I use that term because that's what  
8 people have been referring to it as.

9 CHAIR ISRAEL: Okay. Look, I don't want to call  
10 it an experiment. I want to call it smart business. It  
11 seems to me the handle increased by, you know, a significant  
12 number of dollars, one or two points, right, for everybody.

13 COMMISSIONER ROSENBERG: That's the ADWs issue.  
14 That's what -- I think he's wearing two hats here.

15 COMMISSIONER CHOPER: Well, why don't you say that  
16 Hollywood's dates ought to continue with Hollywood's  
17 commitment.

18 CHAIR ISRAEL: Because that would -- if -- I would  
19 love to be able to say that.

20 MR. MORRIS: Well, we have that in the way of the  
21 Del Mar issue also where --

22 CHAIR ISRAEL: Right. But Del Mar -- Del Mar has  
23 to also give their signal, by agreement with TVG, to HRTV.  
24 And TVG's last -- the last card they're holding in Southern  
25 California is Del Mar.

1 MR. RUBENSTEIN: Based on our --

2 CHAIR ISRAEL: Like I said, after the three  
3 weeks --

4 MR. RUBENSTEIN: -- our conversations with TVG  
5 they -- they would be open to releasing Del Mar of -- of our  
6 commitment, our exclusive commitment. And we're open to it,  
7 as well. So as long as it works for all parties, I think  
8 having Del Mar available on HRTV is something that's very  
9 doable.

10 CHAIR ISRAEL: Didn't it increase purse  
11 generation?

12 MR. MORRIS: Yeah.

13 CHAIR ISRAEL: By how much?

14 MR. SEDDER: Related to an ADW or relative to  
15 purses?

16 CHAIR ISRAEL: Just to purses.

17 MR. SEDDER: Just to purses.

18 CHAIR ISRAEL: So that's a total of ADW handle  
19 increased by how much then, versus the four percent?

20 MR. MORRIS: In the north it's up for this meet 55  
21 percent.

22 CHAIR ISRAEL: Yeah. But how many dollars?

23 MR. SEDDER: About 5,000 a day.

24 MR. MORRIS: Yeah.

25 CHAIR ISRAEL: 5,000 a day times how ever many

1 days. And what about in the south, it was what?

2 MR. SEDDER: About a little north of 15 a day.

3 CHAIR ISRAEL: North of 15,000 a day?

4 MR. SEDDER: A little north of 15,000 a day for --

5 CHAIR ISRAEL: 50,000?

6 COMMISSIONER ROSENBERG: 15.

7 MR. SEDDER: 15.

8 CHAIR ISRAEL: 15? 1-5?

9 MR. SEDDER: 1-5.

10 CHAIR ISRAEL: Okay. So that's -- that's not --

11 COMMISSIONER ROSENBERG: It's significant.

12 CHAIR ISRAEL: That's not chopped liver.

13 COMMISSIONER ROSENBERG: Scott, how about at the  
14 November meeting, are you bound to TVG for the November --  
15 was that covered by your exclusivity or is that open?

16 CHAIR ISRAEL: No, they would be bound to HRTV.

17 MR. DARUTY: No.

18 COMMISSIONER ROSENBERG: No, no.

19 MR. DARUTY: The existing deal --

20 COMMISSIONER ROSENBERG: The November meeting.

21 CHAIR ISRAEL: Oh. Oh, I see.

22 MR. DARUTY: The existing deal --

23 COMMISSIONER ROSENBERG: No, I said November.

24 MR. DARUTY: -- is over at the end of the  
25 Hollywood Park meet.

1           COMMISSIONER ROSENBERG: You mean TVGs -- no. I'm  
2 talking about -- no. I was referring to something else.  
3 The new theoretical November dates, are those -- are those  
4 covered by your exclusivity deal with TVG?

5           MR. DARUTY: No.

6           CHAIR ISRAEL: Those -- those are Del Mar's dates.

7           MR. RUBENSTEIN: No. But, yeah, our --

8           COMMISSIONER ROSENBERG: Oh, Josh.

9           CHAIR ISRAEL: Oh, well, we thought you said  
10 Scott.

11          MR. RUBENSTEIN: Yeah. Our deal with TVG is for  
12 the -- the summer season.

13          VICE CHAIR WINNER: So you have no deal with TVG  
14 for the November --

15          MR. RUBENSTEIN: Correct.

16          VICE CHAIR WINNER: -- for the fall meet?

17          MR. RUBENSTEIN: Correct.

18          VICE CHAIR WINNER: So is there any disagreement  
19 here in terms -- I mean, you're saying that TVG is willing  
20 to agree; right?

21          COMMISSIONER ROSENBERG: Yeah.

22          MR. RUBENSTEIN: I think it's part of a broader  
23 scope. I don't want to speak for TVG. But based on our  
24 meetings with them if it was an overall deal, I think they  
25 would be open to releasing us of our commitments.

1 CHAIR ISRAEL: And is there anybody from Betfair?  
2 John Hindman, are you here?

3 COMMISSIONER ROSENBERG: He was.

4 VICE CHAIR WINNER: Somebody was here.

5 CHAIR ISRAEL: Hindman was here.

6 UNIDENTIFIED FEMALE: (Inaudible.)

7 CHAIR ISRAEL: Do you want us to start doing that  
8 now? We've been here since 9:30.

9 VICE CHAIR WINNER: Okay. But the -- the point is  
10 there -- where is there disagreement here?

11 MR. DARUTY: Well, it -- to try to relate to you  
12 some of the discussion I --

13 VICE CHAIR WINNER: Well, don't go through the  
14 whole discussion.

15 MR. DARUTY: Well, just the highlights of the  
16 meeting --

17 VICE CHAIR WINNER: Right.

18 MR. DARUTY: -- that took place between all -- all  
19 the principals. There is the issue of how the economics  
20 would work. There's a well established economics in -- in  
21 the account wagering business. We propose that those same  
22 economics would just continue on if there is an exchange of  
23 content. Whether TVG agrees with that or doesn't agree with  
24 that, I don't know. It wouldn't be identical to the -- to  
25 the -- again, I'll use the word experiment because I don't

1 know how else to refer to it, but the past deal where the  
2 economics were actually altered a little bit from the  
3 traditional ADW, and that was because there was content  
4 going each way. TVG got Santa Anita. HRTV got Hollywood.

5 So, I mean, there's just -- there's detail to --  
6 to talk about and to work out.

7 CHAIR ISRAEL: Well, can I just point out that  
8 my -- my predecessor in this position who, if I understand  
9 what George was saying, has gone on to greener Bermuda and  
10 rye pastures, you know, was an advocate of sharing these  
11 signals. In fact --

12 VICE CHAIR WINNER: A strong advocate.

13 CHAIR ISRAEL: Yeah. He strong-armed you somehow  
14 or another, even though he had, looking at him, not that  
15 much leverage, you know, to -- to do the right thing.

16 So consider yourself strong-armed by somebody  
17 decidedly taller. Okay? Share the damn signal.

18 VICE CHAIR WINNER: Well --

19 CHAIR ISRAEL: \$15,000 a day goes a long way to  
20 making things better around here. And I think I can speak  
21 for everybody on this.

22 COMMISSIONER ROSENBERG: Yeah. I agree. Could  
23 you explain the -- the issue there? In other words, the  
24 chairman just threw out this number, 15,000 a day for -- for  
25 purses or whatever. But why would -- this is on my -- why

1 would the Stronach Group not be willing to share their  
2 signal on certain terms when it benefits them on both ends?  
3 I know it reduces their -- it reduces their Xpressbet end;  
4 correct?

5 MR. DARUTY: Not -- no, not necessarily.

6 COMMISSIONER ROSENBERG: So why wouldn't they want  
7 to do it?

8 MR. DARUTY: Look, it's -- it's -- our belief is  
9 that successful television in the long term for this  
10 industry is critical, that we've -- we've got to have it.  
11 We believe, we may be right, we may be wrong, but we believe  
12 that the business model under which TVG operates is not  
13 sustainable in the long term. They pay for their  
14 distribution. It's very expensive. And we don't believe  
15 they can continue that forever.

16 So our -- our analysis is in the short term we  
17 might agree with you that it's better off to have Santa  
18 Anita on TVG. But in doing that to solve that short term  
19 issue are we undercutting HRTV to the point where it can't  
20 survive? We already believe TVG is not sustainable in the  
21 long term. So are we really sacrificing having a television  
22 network long term in order to, you know, solve a short term  
23 problem. That's our belief.

24 CHAIR ISRAEL: Well, what -- what -- what's  
25 sustainable is one network. And one network would have

1 enough leverage and enough circulation and enough -- and  
2 high enough ratings to actually cut a better deal with  
3 DirectTV, which is where the bad deal is, and -- and, you  
4 know, where you're paying for eyeballs. So probably, if  
5 you -- if you can't find a way to merge, you know -- you  
6 know, it's -- you've got a problem. But what your plan is,  
7 is a zero-sum game that you could wind up driving both of  
8 them out of business.

9 VICE CHAIR WINNER: Well --

10 CHAIR ISRAEL: You know, that's -- that makes no  
11 sense to me. I think better product, more product, generate  
12 the revenue now. We're -- we're approving a two-year  
13 calendar. That's what we're concerned about.

14 MR. DARUTY: And -- and I hear you loudly and  
15 clearly that you would like us to work something out with  
16 TVG, and we're certainly prepared to sit down and do that.

17 COMMISSIONER CHOPER: That was one of the  
18 conditions we discussed.

19 CHAIR ISRAEL: Yes, that will be one of the  
20 conditions.

21 (Colloquy Between Commissioners)

22 MR. MORRIS: So going -- going back on the rest of  
23 that schedule --

24 CHAIR ISRAEL: Right.

25 MR. MORRIS: -- '14 looks -- you know, we'd like

1 that week in December. Everybody's in agreement with '14.

2 CHAIR ISRAEL: Yeah.

3 MR. MORRIS: '15, same -- same week. And we're  
4 down to Breeders' Cup. And -- and there's probably six  
5 scenarios, but I'll try to boil it down to three. Del Mar  
6 gets it. Del Mar is host and gets the fees. I think  
7 everybody has agreed to that. If -- if it's out of state  
8 this would -- one of two things needs to happen, the  
9 rotation starts and it's Del Mar's and/or it's not a  
10 rotation and it's going to be a split on every time it's out  
11 of state, and -- and Santa Anita and Del Mar figure out what  
12 that split it. And then the third -- and there's close to  
13 agreement on that. And then the third scenario is if Santa  
14 Anita gets it. They think it should be theirs. And Del Mar  
15 would like a purse, you know, something put into purses if  
16 they get it.

17 CHAIR ISRAEL: And how much do you think they  
18 need?

19 MR. MORRIS: I mean, we -- we need to look at it.  
20 I mean, those fall purses for this year are going to be  
21 somewhere between 440,000 and 500,000. And, you know,  
22 we'll -- we'll have a better idea after we get the data  
23 from -- from where the handle was this year. But that's a  
24 level we'd like that purse, daily purse to be in. And  
25 that's up from 380, 370, 380.

1 CHAIR ISRAEL: Well, can you -- can you agree  
2 something like purses will be a minimum of say \$425,000, and  
3 there will be a subsidy to get you to 425 if you can't get  
4 there? I mean, that would -- that would make sense, or --  
5 or whatever.

6 MR. MORRIS: Well, the TOC is willing to work this  
7 out anyway we can, so --

8 CHAIR ISRAEL: Well, use -- or use this year as a  
9 baseline. Agree that this year is a baseline. And going  
10 forward purses will not drop, unless there's an economic  
11 crisis. But all things being equal, purses don't drop below  
12 that level. Just guarantee that. And then -- then they  
13 have some certainty going forward. Okay, we know we're  
14 going to have to make up purses up to 440 and, you know, if  
15 there's no economic crisis.

16 MR. RUBENSTEIN: And we'd be fine with -- with TOC  
17 being the arbiter of what that number is. So, you know, to  
18 your example, if -- if we had fall meet purses of X and they  
19 were happy with it and we said, all right, that's going to  
20 be the guarantee, if Santa Anita got Breeders' Cup in '15  
21 we'd be fine with that.

22 VICE CHAIR WINNER: Scott?

23 CHAIR ISRAEL: Scott?

24 MR. DARUTY: Yeah. I guess it -- it's a little  
25 bit -- it seems a little bit odd to me that if we go and

1 we -- we each make a pitch to the Breeders' Cup and Santa  
2 Anita is selected as the site we then have to pay money to  
3 Del Mar to keep their purses at a level that's already  
4 higher than the Santa Anita fall meet.

5 CHAIR ISRAEL: You're not paying money to Del Mar.  
6 You're paying money to the thoroughbred horse owners who  
7 make all of the success you have, and the trainers because  
8 they get ten percent, and the jockeys because they get ten  
9 percent. You're paying money to all -- all the other  
10 stakeholders who make the business survive. And it's not --  
11 you're not paying it to a competing racing association. The  
12 money, as I understand it, will only go to purses, which  
13 means it pays grooms and trainers and hot walkers and feed  
14 bills and owners who by and large move money, with the  
15 exception of Pegram. You know, he's the King Midas of horse  
16 racing.

17 You know, I mean, so I don't think you can look at  
18 it as it's going to Del Mar. It's not going to Del Mar.  
19 That's what they've made clear. I think that's -- their  
20 position in that respect is reasonable. On the other hand,  
21 I think you're reasonable to want some sort of certainty  
22 going forward. So if you establish a baseline based upon  
23 this years purses, then you know you're never -- you know,  
24 the variables become very, very narrow. You're dealing in a  
25 really small range of dollars.

1           Go ahead, Alan.

2           MR. BALCH: I don't mean this facetiously, but as  
3 an illustration of the previous point, if the -- if the  
4 tracks are willing to guarantee purses, then let's talk  
5 about that in connection, not today, but in connection with  
6 guaranteeing purses going forward across the board. They  
7 don't seem to share our concerns about what's going to  
8 happen with the wrong training.

9           CHAIR ISRAEL: Jesus Christ, Alan, I mean, we  
10 can't -- the world isn't perfect. Okay?

11          MR. BALCH: Of course it's not.

12          CHAIR ISRAEL: We're dealing with one month here.

13          MR. BALCH: I understand, but --

14          CHAIR ISRAEL: You know, for two years.

15          MR. BALCH: -- same principle because these --  
16 these racing associations are willing to guarantee purses at  
17 some level during that period of time without even knowing  
18 what the training position will be.

19          MR. DARUTY: Well, we --

20          MR. BALCH: Just a warning.

21          MR. DARUTY: I'm not actually advocating that we  
22 guarantee the purses.

23          CHAIR ISRAEL: Yeah. He's not agreeing to this.

24          MR. DARUTY: I'm getting my arm twisted.

25          CHAIR ISRAEL: I'm suggesting it, as I'm doing the

1 arm twisting. All right.

2 Anybody else have questions for Scott?

3 COMMISSIONER CHOPER: Can you guarantee a  
4 condition --

5 COMMISSIONER BENETO: What do we got to do with  
6 it?

7 CHAIR ISRAEL: Well, we're not -- wait. We --

8 COMMISSIONER BENETO: Are we going to table this?

9 CHAIR ISRAEL: No, we're not going to table it.

10 COMMISSIONER DEREK: No.

11 CHAIR ISRAEL: But we have comments. Brad  
12 McKenzie and John Barr and Chillie, I think, want to come  
13 forward. Where are John and Chillie?

14 MR. MORRIS: They're over there somewhere.

15 MR. MCKENZIE: Brad McKenzie from Los Alamitos  
16 race course. First of all, I want to thank you for not  
17 inviting me to sit at the big kids' table. It's been much  
18 nicer back in the back.

19 MR. RUBENSTEIN: Hey, Brad, you can have my seat.

20 CHAIR ISRAEL: Put it this way, there's not enough  
21 room for you.

22 MR. MCKENZIE: Well, as another tall bald White  
23 executive, I look forward to having diversity.

24 First of all, just very quickly on -- on this --  
25 on -- Los Alamitos's position on thoroughbred year-round

1 training, just very quickly. It's our position, and we've  
2 told the thoroughbred industry, and I want the owners and  
3 the trainers and this board to understand, what we've told  
4 people in various short conversations is that we have up to  
5 500 stalls available at Los Alamitos. If they want to use  
6 them, they're available. If the industry doesn't find a  
7 spot for them, that's fine too.

8           So we realize that there's this cliff we're all  
9 looking at that Scott alluded to, December 31st. We're  
10 there if you need us. If you don't need us or don't want  
11 us, that's fine with us also.

12           CHAIR ISRAEL: Thank you. Thank Dr. Allred.

13           MR. MCKENZIE: We've also purposely stayed out of  
14 this fray as far as fighting over race dates. However, we  
15 want to let the board know that it is our intention, and it  
16 sounds like it's either two or three weeks, but if there are  
17 weeks available in December, and we're not going to be  
18 fighting with Del Mar or Santa Anita, obviously, for race  
19 weeks, but if there are empty weeks in December it is the  
20 intention of Los Alamitos to apply for thoroughbred racing  
21 during those weeks.

22           We understand that the economics of horse racing  
23 right now with Santa Anita and Del Mar, and we couldn't  
24 agree more, that they are the engines that drive this  
25 machine, that getting them more racing dates is imperative.

1 However, we think it is also imperative that maybe we invest  
2 two or three weeks to try to open up a new market in Orange  
3 County for thoroughbred racing. And I just want to give  
4 this board and this industry a little taste of what that  
5 market is.

6           On Kentucky Derby day this last year, acting as a  
7 satellite, Los Alamitos handled \$1.9 million. We out-  
8 handled Santa Anita by \$200,000. We out-handled Surfside at  
9 Del Mar by \$1 million. And we out-handled Pomona by \$1.3  
10 million. There's a huge market in Orange County that we  
11 haven't been able to expose to decent quality thoroughbred  
12 racing. And I think it would benefit all of the  
13 stakeholders in this business. Because if we can make more  
14 fans for thoroughbred racing at Los Alamitos, then they  
15 become fans of thoroughbred racing at Santa Anita, and they  
16 become fans of thoroughbred racing at Del Mar.

17           So once the dust settles on the dates I just want  
18 this board to understand that it is the intention of the Los  
19 Alamitos to apply for racing dates in December. We've --  
20 there are several ways we can do it. We've been approached  
21 by other associations to do it. But we just want to make  
22 that intention clear to the board.

23           CHAIR ISRAEL: Thank you. You mean the dates that  
24 aren't currently being requested?

25           MR. MCKENZIE: The dates that aren't currently

1 being -- it sounds like it's jumping back and forth. Maybe  
2 there's two weeks, three weeks, we don't know. Whatever --  
3 whatever is left over --

4 CHAIR ISRAEL: It's two weeks.

5 MR. MCKENZIE: -- it's our intention to run it.

6 CHAIR ISRAEL: Okay. Thank you. John and  
7 Chillie, are you -- you're coming up together or separately?  
8 John? Okay. Whatever.

9 MR. BARR: What I don't say, Chillie can say. My  
10 name is John Barr. I'm the President of Oak Tree Racing  
11 Association. I am short and fat and have some hair left by  
12 contrast.

13 We're really bullish on Orange County, as well as  
14 we've had a feasibility study made a few weeks ago by people  
15 we hold in confidence in the industry. It looks like it's a  
16 great opportunity. We're fully in support of what Brad has  
17 just told you. We're willing to get in and work out some  
18 sort of an arrangement with them to keep our name out there  
19 so that we can perhaps continue on our charitable efforts  
20 that we've done in the years past. That's basically about  
21 all we -- I have to say, unless you have any questions.  
22 Okay.

23 MR. CHILLINGWORTH: Sherwood Chillingworth, Oak  
24 Tree. This market study that we had made was very thorough,  
25 and we vetted it with a lot of people who are knowledgeable,

1 and they think it's accurate. And it's amazing what that  
2 study showed, that we could make in Orange County and at Los  
3 Alamitos from the Orange County crowd. I mean, the -- we  
4 figured that we could pay a \$400,000 per day purse schedule,  
5 including stakes, which is kind of remarkable when you think  
6 you're going down to Los Alamitos and it's a new place.  
7 And -- but that envisioned someday getting a mile race track  
8 there. And it may not happen tomorrow. It may not happen  
9 in the next year. It may not happen forever. But that  
10 study showed that it was a very, very good place to be and  
11 very profitable. Thank you.

12 CHAIR ISRAEL: Thank you. Anybody else? Anybody  
13 have questions?

14 VICE CHAIR WINNER: Yeah, I have one.

15 CHAIR ISRAEL: Go ahead.

16 VICE CHAIR WINNER: Did -- were you saying that  
17 the -- the study that was done, the marketing study, which I  
18 assume this was a marketing study --

19 CHAIR ISRAEL: Chillie or John, one of you.

20 VICE CHAIR WINNER: Yeah. The marketing study was  
21 done based on a mile track or not?

22 MR. CHILLINGWORTH: It was based on a mile track,  
23 yeah.

24 VICE CHAIR WINNER: It was based on a mile track.  
25 Okay.

1 MR. CHILLINGWORTH: I'm saying that our \$400,000  
2 per day purse --

3 VICE CHAIR WINNER: Right. No, I just wanted --

4 MR. CHILLINGWORTH: -- was based on a mile track.

5 VICE CHAIR WINNER: I just wanted to clarify that.  
6 That was a whole --

7 MR. CHILLINGWORTH: But even then, I think you're  
8 going to be successful with a reasonably good schedule of  
9 higher level claiming horses, you know, in -- right now  
10 we're talking about December, so --

11 VICE CHAIR WINNER: With the track as it is, you  
12 mean?

13 CHAIR ISRAEL: Right. Now, running under the  
14 auspices --

15 VICE CHAIR WINNER: Got it.

16 CHAIR ISRAEL: -- of TOC, right, not the quarter  
17 horse?

18 MR. CHILLINGWORTH: That -- that is correct.

19 CHAIR ISRAEL: Okay.

20 MR. CHILLINGWORTH: For those two weeks it would  
21 be running under TOC.

22 CHAIR ISRAEL: Okay.

23 VICE CHAIR WINNER: Right.

24 MR. CHILLINGWORTH: And -- and we're in favor of  
25 it.

1           VICE CHAIR WINNER: And you're -- you're in favor,  
2 is what you say?

3           MR. CHILLINGWORTH: Yes.

4           VICE CHAIR WINNER: Okay. Good.

5           CHAIR ISRAEL: All right.

6           VICE CHAIR WINNER: Thank you very much.

7           CHAIR ISRAEL: Thank you.

8           VICE CHAIR WINNER: Thank you, Chillie.

9           CHAIR ISRAEL: All right.

10          COMMISSIONER ROSENBERG: Can somebody make a  
11 motion?

12          CHAIR ISRAEL: I will. Conditioned upon  
13 meeting -- a meeting -- meetings starting next week where  
14 everybody is at the table, where you take into consideration  
15 all the variables for training, I just want everybody to be  
16 heard. I don't -- it doesn't have to be a unanimous vote.  
17 But, you know, a consensus needs to be reached. You've got  
18 to at least give a shot to what they want to do.

19          VICE CHAIR WINNER: What about Los Al? Should  
20 they sit at the table too?

21          CHAIR ISRAEL: Yeah, everybody. Everybody. Los  
22 Al has got to be there.

23          VICE CHAIR WINNER: Right. Right.

24          CHAIR ISRAEL: Fairplex has to be there. Del Mar,  
25 Santa Anita, TOC, CTT.

1           COMMISSIONER CHOPER: Alan, your -- your nodding  
2 your head this way.

3           MR. BALCH: Do you want the breeders?

4           CHAIR ISRAEL: Huh?

5           MR. BALCH: Do you want the breeders?

6           CHAIR ISRAEL: Is there a reason for the breeders  
7 to be there?

8           MR. BALCH: Yes.

9           CHAIR ISRAEL: Okay. Breeders. Doug, do you want  
10 to be there? All right. These meetings, and intensive  
11 series of meetings. I mean, it's going to take -- and so  
12 that everybody's really heard. Every financial variable.  
13 And I want somebody to be responsible for letting us know on  
14 a daily basis where you are. That means --

15           VICE CHAIR WINNER: Well, shouldn't --

16           CHAIR ISRAEL: -- somebody contacts Kirk, somebody  
17 contacts Chuck on that.

18           VICE CHAIR WINNER: Well, shouldn't you be  
19 there --

20           COMMISSIONER CHOPER: Someone should go there  
21 but --

22           VICE CHAIR WINNER: -- as the -- as the chairman?

23           CHAIR ISRAEL: You want me to go? I'll be there.

24           COMMISSIONER BENETO: I can be there too.

25           CHAIR ISRAEL: Well, we can only --

1 COMMISSIONER ROSENBERG: One guy.

2 CHAIR ISRAEL: I'll go.

3 COMMISSIONER BENETO: You need a referee.

4 CHAIR ISRAEL: Well, I've refereed before. I'll  
5 referee.

6 COMMISSIONER ROSENBERG: What's your motion?

7 CHAIR ISRAEL: Conditioned upon this going  
8 forward, let's start with 2014. And -- and I want a  
9 shared -- conditioned upon a shared TV signal.

10 COMMISSIONER ROSENBERG: In 2014 only?

11 CHAIR ISRAEL: Well, we'll do -- we have to do  
12 dates for -- they've agreed on the 2014 dates. Then we'll  
13 go to 2015. We have to vote who's -- who's --

14 COMMISSIONER ROSENBERG: A separate motion?

15 CHAIR ISRAEL: A separate motion --

16 COMMISSIONER ROSENBERG: Okay.

17 CHAIR ISRAEL: -- which will -- on the same  
18 conditions. Both motions will be conditioned upon.

19 VICE CHAIR WINNER: And --

20 MR. MORRIS: Industry fund also?

21 CHAIR ISRAEL: Industry fund too.

22 VICE CHAIR WINNER: And -- and --

23 CHAIR ISRAEL: That's what these meetings have --  
24 these meetings are industry fund and stabling and vanning.

25 VICE CHAIR WINNER: And -- and the Breeders' Cup

1 day. Is that also --

2 CHAIR ISRAEL: No, no. That --

3 VICE CHAIR WINNER: -- one of the conditions?

4 CHAIR ISRAEL: That we get to do.

5 VICE CHAIR WINNER: Okay.

6 CHAIR ISRAEL: That we get to decide in a second.

7 This is for 2014.

8 COMMISSIONER CHOPER: Are you both happy with  
9 that, that you're going to leave the decision to us?

10 COMMISSIONER BENETO: We've got to hear the second  
11 motion.

12 COMMISSIONER CHOPER: What's that?

13 CHAIR ISRAEL: Well --

14 COMMISSIONER DEREK: We want to hear the second.

15 CHAIR ISRAEL: Well, first you've got to vote on  
16 the first one.

17 COMMISSIONER CHOPER: You want -- you want  
18 (inaudible).

19 CHAIR ISRAEL: We haven't -- well, we haven't --  
20 that's got to be a second motion.

21 Jesse, stop confusing him.

22 COMMISSIONER CHOPER: What a generous guy you are.

23 CHAIR ISRAEL: Fucking A.

24 COMMISSIONER BENETO: Mr. Chairman?

25 CHAIR ISRAEL: Yes?

1           COMMISSIONER BENETO: Are we voting -- are we --  
2 is Del Mar and -- are they all in this thing together on  
3 this --

4           COMMISSIONER CHOPER: No. This is only 2014.  
5 They agree on 2014.

6           CHAIR ISRAEL: They agree on 2014. We're going to  
7 vote on that first. And then 2015 --

8           COMMISSIONER CHOPER: We're coming to 2015.

9           CHAIR ISRAEL: -- will be a separate motion.

10          COMMISSIONER BENETO: Shouldn't -- shouldn't we  
11 vote -- vote on the dates separately for both tracks?

12          CHAIR ISRAEL: We're voting on the calendar --

13          COMMISSIONER ROSENBERG: As it is.

14          CHAIR ISRAEL: -- as it is.

15          COMMISSIONER BENETO: Oh.

16          CHAIR ISRAEL: They proposed the same -- they both  
17 proposed the same calendar in 2014.

18          VICE CHAIR WINNER: For 2014 there's no  
19 difference.

20          CHAIR ISRAEL: There's no difference.

21          COMMISSIONER CHOPER: Everyone -- everyone at this  
22 table agrees --

23          CHAIR ISRAEL: Right. You guys --

24          COMMISSIONER CHOPER: -- with this motion --

25          CHAIR ISRAEL: -- your calendar is the same --

1 COMMISSIONER CHOPER: -- right?

2 CHAIR ISRAEL: -- right --

3 COMMISSIONER CHOPER: Is that right?

4 CHAIR ISRAEL: -- for 2014?

5 MR. HENWOOD: If you could finish the motion and  
6 then get your second, we have a question.

7 CHAIR ISRAEL: Okay. Fair enough.

8 MS. WAGNER: Mr. Chairman, Jackie Wagner, CHRB  
9 staff.

10 CHAIR ISRAEL: Yes?

11 MS. WAGNER: In this motion can we make it clear  
12 that -- that the board is voting on -- to allocate a date  
13 block of dates for these racing associations, and that the  
14 actual days of racing will be determined at the time the  
15 application is presented to the board?

16 CHAIR ISRAEL: Right. Include that condition, as  
17 well.

18 COMMISSIONER ROSENBERG: Well, I --

19 VICE CHAIR WINNER: Well done, Jackie.

20 COMMISSIONER ROSENBERG: No. I believe that the  
21 wording of that bothers me because it implies that --

22 CHAIR ISRAEL: Well, then you word it --

23 COMMISSIONER ROSENBERG: -- this is --

24 CHAIR ISRAEL: -- how you want to word it.

25 COMMISSIONER ROSENBERG: All right. Well, the

1 wording you just used implies that this is not -- this is  
2 not a tentative schedule that could be modified, a tentative  
3 calendar that can be modified. Because you're saying it's  
4 modified only upon the applicant applying. We can't wait a  
5 year or six months until somebody applies for a date to  
6 change the dates. So I would just --

7 CHAIR ISRAEL: We can amend the calendar --

8 MS. WAGNER: We can amend the --

9 CHAIR ISRAEL: -- at any time.

10 COMMISSIONER ROSENBERG: Yeah. But I don't want  
11 the implication that we're all -- if we -- if we vote, if  
12 this motion carries, if it does I don't want the implication  
13 that we're all agreeing that this is --

14 COMMISSIONER CHOPER: It's subject to conditions  
15 on every major issue -- we can decide that later --  
16 significant issue that we discussed here this morning.  
17 That's my understanding --

18 CHAIR ISRAEL: Well, I --

19 COMMISSIONER CHOPER: -- for the record.

20 CHAIR ISRAEL: That --

21 MS. WAGNER: For the record. And it may be clear,  
22 as well, as when we --

23 CHAIR ISRAEL: You've got to define what the  
24 issues are. You can't say that. That's -- that's not --

25 MS. WAGNER: Yeah.

1 COMMISSIONER ROSENBERG: No, no.

2 CHAIR ISRAEL: That's not --

3 MS. WAGNER: And it may be clear.

4 CHAIR ISRAEL: That's not a legal motion.

5 That's --

6 MS. WAGNER: And it may be clearer for the record  
7 if we will identify the actual dates that we're allocating  
8 to each racing association --

9 CHAIR ISRAEL: Okay.

10 MS. WAGNER: -- at this time.

11 CHAIR ISRAEL: December 26th through July --  
12 December 26th, 2013 through July -- what -- 6th --

13 MS. WAGNER: 6th, July 6th.

14 CHAIR ISRAEL: -- 2014.

15 MS. WAGNER: Correct.

16 CHAIR ISRAEL: Then Del Mar opens what day?

17 MS. WAGNER: July -- July 16th through September  
18 the 3rd.

19 CHAIR ISRAEL: Okay. Then Fairplex opens when?

20 MS. WAGNER: Fairplex is September the 4th through  
21 September the 23rd.

22 CHAIR ISRAEL: Okay. And Del Mar -- and then we  
23 go back to Santa Anita.

24 MS. WAGNER: We go back to Santa Anita September  
25 the 25th through November the 9th.

1 CHAIR ISRAEL: And then -- no, no, no, no, no.

2 MS. WAGNER: Are you changing that to the 2nd?

3 MR. RUBENSTEIN: You want that the 2nd, not the  
4 9th?

5 MS. WAGNER: The -- I think he submitted the 9th;  
6 is that correct?

7 CHAIR ISRAEL: No, no, 9th, what dates are -- what  
8 dates are the --

9 MR. DARUTY: Well, we'll take the 9th, but I don't  
10 think that's what he meant.

11 CHAIR ISRAEL: No. What -- what dates are the --  
12 what dates are the Breeders' Cup?

13 MR. RUBENSTEIN: November 5 through November 30.

14 MR. DARUTY: Right. They're going to start  
15 running on the --

16 MR. RUBENSTEIN: Wednesday. Yeah, Wednesday,  
17 November 5 through Sunday, November 30.

18 MR. MORRIS: Through December 7th.

19 CHAIR ISRAEL: December 7th.

20 MR. RUBENSTEIN: Well, I mean, I don't want to  
21 complicate things, but that's contingent on --

22 CHAIR ISRAEL: No, no, no.

23 MR. RUBENSTEIN: -- (inaudible).

24 CHAIR ISRAEL: It's -- we're granting you the  
25 dates. I'm just saying --

1 MR. RUBENSTEIN: All right. Okay.

2 CHAIR ISRAEL: Okay.

3 MR. DARUTY: But just for the record --

4 CHAIR ISRAEL: Let's -- give her the --

5 MR. DARUTY: -- that was the week --

6 CHAIR ISRAEL: Give her the -- give her the Santa  
7 Anita fall meet.

8 MR. DARUTY: Okay. That was a week more than  
9 we've actually --

10 CHAIR ISRAEL: All right. So tell her what the  
11 proper dates are.

12 MS. WAGNER: September 25th --

13 MR. DARUTY: Thursday, September 25th through  
14 Sunday, November 2nd.

15 CHAIR ISRAEL: Jesse? Jesse? Jesse? Hey,  
16 Jesse --

17 COMMISSIONER DEREK: Jesse?

18 CHAIR ISRAEL: -- stop talking.

19 COMMISSIONER DEREK: He's educating me.

20 CHAIR ISRAEL: I understand. But --

21 MR. RUBENSTEIN: Through -- through December 7.

22 MS. WAGNER: Through -- through November the 2nd.

23 CHAIR ISRAEL: All right. So what -- now let's  
24 get to the November dates. Did you get them, Jackie?

25 MS. WAGNER: Yes. I have for Santa Anita,

1 September the 25th through November the 2nd; is that  
2 correct?

3 VICE CHAIR WINNER: Is that right, Scott?

4 CHAIR ISRAEL: Scott, is that right?

5 MS. WAGNER: Is that correct?

6 MR. DARUTY: I apologize. We were conferring over  
7 here. I couldn't hear.

8 CHAIR ISRAEL: Okay. You're running September  
9 what until --

10 MS. WAGNER: September the 25th through November  
11 the 2nd --

12 MR. DARUTY: Correct.

13 MS. WAGNER: -- is that correct?

14 MR. DARUTY: That is.

15 CHAIR ISRAEL: And that will get you through the  
16 Sunday after Breeders' Cup?

17 MR. DARUTY: The Breeders' Cup would be the 1st.  
18 So we would run the 2nd. And then --

19 CHAIR ISRAEL: The Breeders' Cup would be the 31st  
20 and the 1st.

21 MR. DARUTY: Right.

22 MR. RUBENSTEIN: The 31st and the 1st, right.

23 CHAIR ISRAEL: Okay.

24 MR. RUBENSTEIN: So we'd open on the 5th.

25 CHAIR ISRAEL: Fine.

1 MS. WAGNER: And then concluding with Del Mar  
2 opening November the 5th, running through November the 30th.

3 CHAIR ISRAEL: No.

4 MR. RUBENSTEIN: No. It's December 7th.

5 CHAIR ISRAEL: December -- December 7th.

6 MS. WAGNER: December 7th?

7 CHAIR ISRAEL: 7th. Jesus, does anybody pay  
8 attention?

9 MS. WAGNER: Okay. Let's do those dates again.  
10 Del Mar --

11 CHAIR ISRAEL: I understand it's not there.

12 But --

13 MS. WAGNER: -- November the 5th --

14 CHAIR ISRAEL: We need that extra week --

15 MS. WAGNER: -- through December the --

16 CHAIR ISRAEL: -- so that we can run --

17 MS. WAGNER: -- 7th.

18 CHAIR ISRAEL: -- two-year-old stakes' races --

19 MS. WAGNER: Got it.

20 CHAIR ISRAEL: -- to prepare for the Triple Crown  
21 that Hollywood used to run. The Hollywood debutante, what  
22 were they called --

23 MR. MORRIS: The Starlet.

24 CHAIR ISRAEL: -- the Starlet and the Futurity, or  
25 whatever the hell it --

1           COMMISSIONER BENETO: How many weeks is Del Mar  
2 going to get?

3           CHAIR ISRAEL: Five weeks; right?

4           MR. RUBENSTEIN: We requested four. But we will  
5 run five --

6           CHAIR ISRAEL: You're going to have to run five.

7           MR. RUBENSTEIN: -- in agreeing with the TOC so we  
8 can keep those two Grade 1 races.

9           CHAIR ISRAEL: Otherwise, we lose the two most  
10 important two-year-old races in the state.

11          VICE CHAIR WINNER: This has to do with the two-  
12 year-old races, as we discussed earlier.

13          COMMISSIONER BENETO: Why have one?

14          CHAIR ISRAEL: Okay. All right. Conditioned upon  
15 what was said previously those race dates are -- are -- for  
16 2014 are the motion. Anybody, discussion?

17          Jim, you wanted to say something? Okay. That  
18 makes -- that's good for you.

19          Richard will second?

20          COMMISSIONER ROSENBERG: No. I said there's no  
21 second.

22          CHAIR ISRAEL: There's no second. Is there a  
23 second?

24          VICE CHAIR WINNER: Well, I want to hear what  
25 George has to say.

1 COMMISSIONER KRIKORIAN: Clarification.

2 CHAIR ISRAEL: Yes.

3 COMMISSIONER KRIKORIAN: So there will be no  
4 racing at Santa Anita for that second week of July?

5 MR. DARUTY: That is correct.

6 CHAIR ISRAEL: That's correct. Tell him why you  
7 don't want it? You never did explain that.

8 MR. DARUTY: Well, again, the -- the issue is  
9 having a small break in between Santa Anita's meet and the  
10 Del Mar meet, and that's for safety of horses. It's for  
11 rejuvenation of players. It's --

12 CHAIR ISRAEL: And the truth is Hollywood always  
13 had a very difficult time filling the races that last week.  
14 It was horrible for them. It was a bad week. It was an  
15 unprofitable week.

16 COMMISSIONER KRIKORIAN: That's the only chance my  
17 horses had of winning.

18 MR. RUBENSTEIN: But just so we're clear, there  
19 will be purses generated during those two weeks through ADW  
20 and through satellite wagering. So the purse account will  
21 be benefitted for those two weeks.

22 COMMISSIONER KRIKORIAN: Well, it's not the same  
23 as having a week of racing.

24 CHAIR ISRAEL: Well, I mean, there is a feeling  
25 that actually we'll wind up generating more money and have

1 bigger fields and better fields going forward which -- and  
2 field size is everything when it comes to pari-mutuel  
3 action.

4 So is there a second?

5 COMMISSIONER DEREK: Second.

6 CHAIR ISRAEL: Okay. All right. Let's do this  
7 one, one by one.

8 George?

9 COMMISSIONER KRIKORIAN: Well, I want -- I want to  
10 say -- I want to say something first. Can I do that?

11 CHAIR ISRAEL: Sure.

12 COMMISSIONER KRIKORIAN: I -- I want to see the  
13 tracks get the dates. But I'm very concerned about these  
14 other issues that have been discussed today. And so I'll  
15 say, yes, but I'm reserving my rights that moving forward,  
16 if they don't come back in good faith and try to resolve  
17 some of these issues, even though they may not have a legal  
18 obligation to do so, because it's in the best interest of  
19 horse racing in California, then I'm -- I'm going to change  
20 my mind. And I would hope that the rest of you would take  
21 the same approach.

22 CHAIR ISRAEL: It is conditional, so we have that  
23 opportunity.

24 COMMISSIONER KRIKORIAN: So with that I'll say,  
25 yes.

1 CHAIR ISRAEL: Okay. George is an aye.

2 Steve?

3 COMMISSIONER BENETO: I'll go along with George.  
4 I'll aye too.

5 CHAIR ISRAEL: Steve is an Aye.

6 Richard?

7 COMMISSIONER ROSENBERG: The reference that you  
8 made at the beginning of the motion to make this conditioned  
9 upon a specific meeting was not the only condition. It's  
10 still on condition.

11 CHAIR ISRAEL: No. We're working out -- no.

12 COMMISSIONER ROSENBERG: Working --

13 CHAIR ISRAEL: The meetings, working through the  
14 issues that we know have been defined --

15 COMMISSIONER ROSENBERG: Come back to us with --

16 CHAIR ISRAEL: -- come back to us. And also daily  
17 reports I want submitted to the main office in Sacramento.  
18 And I promise you either Chuck or I will be in the meetings.

19 COMMISSIONER ROSENBERG: Okay. So I would vote --  
20 I would vote for the motion with the caveat that Mr.  
21 Krikorian made.

22 CHAIR ISRAEL: Okay. Aye.

23 VICE CHAIR WINNER: I agree with Commissioner  
24 Krikorian and my fellow commissioners. And based on that  
25 caveat I would vote aye.

1 COMMISSIONER CHOPER: Me too.

2

3 CHAIR ISRAEL: Bo?

4 COMMISSIONER DEREK: I seconded.

5 CHAIR ISRAEL: It's okay. But you still have to  
6 say aye.

7 COMMISSIONER DEREK: Aye.

8 CHAIR ISRAEL: Okay. The motion passes.

9 Now we'll move on to 2015. I would like a  
10 commitment in writing from Del Mar. I would -- I would move  
11 to give Del Mar the Breeders' Cup dates, whether they're the  
12 30th and 31st or the following weekend, conditioned upon --  
13 all the previous conditions, by the way, obtain -- all the  
14 ones for 2014 obtain in 2015. And additionally, I want Del  
15 Mar in writing to guarantee this board that should Santa  
16 Anita get the dates, Del Mar will accede the dates to Santa  
17 Anita -- concede the dates to Santa Anita, should Santa  
18 Anita get the Breeders' Cup as the live site. That would  
19 be -- that would be one of the conditions I would impose.  
20 And you have to agree to that in writing. Can you agree to  
21 that in writing?

22 MR. RUBENSTEIN: Yes.

23 CHAIR ISRAEL: Okay. And then we need also for  
24 you and all the stakeholders to agree in writing -- I think  
25 if it's the early Breeders' Cup, in order to have proper

1 prep races Santa Anita is going to have to get the weekend  
2 of -- what are the dates, Scott, in September that would  
3 have been the last weekend of --

4 MR. DARUTY: It would have been the last weekend  
5 of Fairplex --

6 CHAIR ISRAEL: Of Fairplex.

7 MR. DARUTY: -- which would be the 26th and 27th  
8 of September of 2015.

9 CHAIR ISRAEL: Right. And I want agreement from  
10 both of you in writing that Fairplex will be made -- will be  
11 compensated for the loss of that -- those two weekend dates  
12 through a mutually agreed upon negotiation with Fairplex.  
13 Can you agree to that? They're losing a weekend.

14 MR. HENWOOD: Actually, I think we're going to  
15 lose -- I'm sorry. We're going to probably lose four days.  
16 This is Jim Henwood. And I think we're going to lose four  
17 days.

18 CHAIR ISRAEL: Well, you can -- I think you can  
19 run through Thursday and Friday, unless you don't --

20 MR. HENWOOD: Well, but it's not that we don't  
21 want to, it's how you get it set up for the weekend.  
22 It's -- it's -- the -- Thursdays and Fridays are like no-run  
23 days for money. The business happens on Saturday and  
24 Sunday.

25 COMMISSIONER CHOPER: Well, we'll compensate it

1 for the --

2 CHAIR ISRAEL: Compensated for the losses.

3 COMMISSIONER CHOPER: -- of any losses that you  
4 have --

5 CHAIR ISRAEL: Does that --

6 COMMISSIONER CHOPER: -- loss of income that you  
7 have.

8 CHAIR ISRAEL: Is that agreed? Now, you -- the  
9 two of you need to agree with that in writing.

10 COMMISSIONER CHOPER: It's pretty fair.

11 CHAIR ISRAEL: Scott?

12 MR. DARUTY: Well, we -- it kind of depends what  
13 they ask for. Are we willing to sit down and discuss it and  
14 work it out --

15 CHAIR ISRAEL: Right.

16 MR. DARUTY: -- in context of all this other  
17 stuff --

18 CHAIR ISRAEL: It has to be negotiating in good  
19 faith. It's just like almost any other business plan going  
20 forward. This -- this is -- okay? You're all right with  
21 that? Okay.

22 That being -- go ahead.

23 VICE CHAIR WINNER: Josh?

24 MR. RUBENSTEIN: Yes.

25 VICE CHAIR WINNER: Jim?

1 MR. HENWOOD: Yes.

2 CHAIR ISRAEL: Okay. And TOC is agreeable to  
3 that?

4 MR. MORRIS: Yes, we are.

5 CHAIR ISRAEL: Okay. That being the case -- what,  
6 you want to say something, Jim?

7 MR. CASSIDY: No. Just saying, yes, we are too.

8 CHAIR ISRAEL: Okay. Good. All right.

9 VICE CHAIR WINNER: Nobody asked you.

10 CHAIR ISRAEL: That being the case, I move that  
11 we -- we approve with all the caveats, contingencies -- what  
12 were the other words you wanted -- there was a T word you  
13 wanted --

14 EXECUTIVE DIRECTOR BREED: Tentative.

15 CHAIR ISRAEL: -- tentative qualities. And,  
16 obviously, the meetings that determine 2014 will also  
17 determine what goes forward in 2015, that we approve the  
18 calendar that was submitted by -- well, let's go through the  
19 dates.

20 December 26th through July what?

21 MS. WAGNER: July the 5th.

22 CHAIR ISRAEL: Is that right, Scott?

23 MS. WAGNER: Is that right? Please correct me --

24 MR. DARUTY: Yes.

25 MS. WAGNER: -- if I'm wrong.

1 MR. DARUTY: Yes, July 5.

2 CHAIR ISRAEL: Okay.

3 MS. WAGNER: Okay. That's Santa Anita.

4 CHAIR ISRAEL: Del Mar?

5 MS. WAGNER: And then Del Mar comes in on July  
6 15th through September the 7th.

7 CHAIR ISRAEL: September.

8 MS. WAGNER: September the 7th.

9 CHAIR ISRAEL: September 7th.

10 MS. WAGNER: Then we go to Pomona. Pomona is --

11 COMMISSIONER BENETO: Jackie, hold on a second.  
12 The 5th, what day does that fall on?

13 EXECUTIVE DIRECTOR BREED: It's a Saturday.

14 MS. WAGNER: Yes, on Saturday.

15 COMMISSIONER BENETO: Saturday?

16 MS. WAGNER: It's a Saturday.

17 COMMISSIONER BENETO: You know, that's the 4th of  
18 July weekend. Maybe they might want to run Sunday because  
19 people will be --

20 CHAIR ISRAEL: They are running Sunday. They're  
21 running the 6th.

22 MR. MORRIS: Through the 6th.

23 CHAIR ISRAEL: They're just not running on Monday.

24 MS. WAGNER: I did say the 5th.

25 CHAIR ISRAEL: No, 6th.

1 VICE CHAIR WINNER: She said the 5th. You mean  
2 the 6th; right?

3 MS. WAGNER: The -- is it the 6th?

4 CHAIR ISRAEL: What's --

5 MR. DARUTY: All right. The 6th --

6 VICE CHAIR WINNER: It's Sunday. Whatever that  
7 Sunday is.

8 MR. DARUTY: The 5th is a Sunday. The 6th is a  
9 Monday. We would run through Sunday the 5th.

10 CHAIR ISRAEL: Sunday the 5th. So they're running  
11 the 4th and the 5th.

12 VICE CHAIR WINNER: So Sunday is the 5th. Okay.

13 CHAIR ISRAEL: Okay.

14 VICE CHAIR WINNER: Okay.

15 CHAIR ISRAEL: All right.

16 MS. WAGNER: So December the 26th to July the 5th.

17 CHAIR ISRAEL: They could probably run Monday,  
18 too, but that's --

19 MS. WAGNER: All right.

20 CHAIR ISRAEL: Okay. Now --

21 MS. WAGNER: And Del Mar --

22 CHAIR ISRAEL: Del Mar?

23 MS. WAGNER: -- Del Mar I have opening July 15th,  
24 running through September the 7th; is that correct?

25 MR. RUBENSTEIN: Yes.

1 CHAIR ISRAEL: Okay. Now, Fairplex will get a  
2 little complicated here.

3 MS. WAGNER: Right.

4 CHAIR ISRAEL: Do -- could --

5 MS. WAGNER: Right now I'm showing Fairplex  
6 opening September the 10th. What's before the board on the  
7 calendar is September the 29th, but I'm understanding that's  
8 been changed.

9 MR. HENWOOD: That's good.

10 CHAIR ISRAEL: Huh?

11 MR. HENWOOD: That's good.

12 CHAIR ISRAEL: Yeah, I know, but that's not where  
13 we are.

14 MR. HENWOOD: Well, you negotiate off of that.

15 MS. WAGNER: Is that --

16 CHAIR ISRAEL: No. Come on, we need the run. You  
17 know we need those weekends for the Breeders' Cup prep  
18 races. So what -- what are the two dates so you --

19 MS. WAGNER: The 25th.

20 CHAIR ISRAEL: Through -- through Friday the what?

21 MS. WAGNER: That's Friday the 25th.

22 MR. DARUTY: Through Friday, September 25th.

23 CHAIR ISRAEL: The 25th or 27th?

24 MR. DARUTY: 25th.

25 MS. WAGNER: 25th.

1 CHAIR ISRAEL: Yeah.

2 MR. DARUTY: And then --

3 MS. WAGNER: So it's been changed to Friday,  
4 September the 25th.

5 CHAIR ISRAEL: The 25th. Okay.

6 MS. WAGNER: Okay.

7 MS. WAGNER: Okay. All right.

8 CHAIR ISRAEL: And Santa Anita would open on the  
9 26th.

10 MS. WAGNER: Santa Anita --

11 CHAIR ISRAEL: Would open on --

12 MS. WAGNER: Right now I have --

13 CHAIR ISRAEL: I understand that. We're just  
14 telling --

15 MS. WAGNER: Okay.

16 CHAIR ISRAEL: Forget that. Would open on  
17 Saturday, September 26th, and race until -- Josh, when --  
18 when would you start, the 30 --

19 MR. RUBENSTEIN: They would run through Sunday,  
20 October 25.

21 CHAIR ISRAEL: Okay.

22 MR. RUBENSTEIN: And we would open Wednesday, as  
23 early as Wednesday, October 28th and run through that first  
24 week of December, Sunday, December 6th.

25 CHAIR ISRAEL: Okay.

1 COMMISSIONER ROSENBERG: Moved.

2 MS. WAGNER: Okay.

3 CHAIR ISRAEL: Richard moved it.

4 VICE CHAIR WINNER: I second.

5 CHAIR ISRAEL: And --

6 EXECUTIVE DIRECTOR BREED: Do you have those  
7 dates, Jackie?

8 CHAIR ISRAEL: And Chuck seconded. So  
9 Commissioner Rosenberg moved it. Commissioner Winner  
10 seconded.

11 George?

12 COMMISSIONER KRIKORIAN: I'll vote for it, yes.

13 CHAIR ISRAEL: Aye. Steve?

14 COMMISSIONER BENETO: Yes.

15 CHAIR ISRAEL: Richard?

16 COMMISSIONER ROSENBERG: Yes.

17 CHAIR ISRAEL: I'm an aye.

18 VICE CHAIR WINNER: Aye.

19 COMMISSIONER CHOPER: Yeah.

20 COMMISSIONER DEREK: I'd just like to say I am  
21 aye. And I'd like to say that I am happy for one -- as one  
22 board member that we did not kick this down the road.

23 Although there are a lot of contingencies, I'm very happy.

24 CHAIR ISRAEL: Thank you. Okay. With that, the  
25 motion passes seven to nothing.

1           And wishing Mary Ann Breed much happiness in her  
2 new year, wherever she is. I think she's really happy she  
3 left.

4           If there's nothing else we'll adjourn the public  
5 session and go into closed session. Thank you.

6           (The Commission meeting adjourned at 2:39 p.m.)

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## CERTIFICATE OF REPORTER

I, TAHSHA SANBRAILO, 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 11th day of April, 2013.

/s/ Tahsha Sanbrailo  
TAHSHA SANBRAILO

## 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

April 11, 2012