

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

In the Matter of)
)
Regular Meeting)

SHERATON FAIRPLEX CONFERENCE CENTER
SONOMA BALLROOM
601 WEST MCKINLEY AVENUE
POMONA, CALIFORNIA

THURSDAY, SEPTEMBER 19, 2013

9:30 A.M.

Reported by:
Martha L. Nelson

APPEARANCES

COMMISSIONERS

David Israel, Chairperson

Chuck Winner, Vice Chair

Richard Rosenberg

Jesse Choper

Steve Beneto

Bo Derek

George Krikorian

STAFF

Robert Miller, Staff Counsel

Jacqueline Wagner, Regulations/Legislation Manager

Mike Marten

ALSO PRESENT

Gail Matthews, Winning Hands Equine Massage Therapy

Chris Korby, CARF

Eual Wyatt, Betfair Hollywood Park

Dyan Grealish, Betfair Hollywood Park

Bernie Thurman, Betfair Hollywood Park

Michael Stevens, Former Councilman, City of Inglewood

Jack Liebau, Hollywood Park Racing Association

George Haines, Santa Anita Race Track

Bob Elliston, Breeders' Cup

APPEARANCES (CONT.)

ALSO PRESENT (CONT.)

Joe Morris, TOC

Jim Cassidy, CTT

Scott Daruty, Santa Anita Race Track

Alan Balch, CTT

Brad McKenzie, Los Alamitos Race Course

Mike Seder, Fairplex

Josh Rubenstein, Del Mar Race Track

John Hindman, TVG

Rick Baedeker, Cal Expo

Tawny Tesconi, Sonoma County Fair

Jim Morgan, Humboldt County Fair

Cal Rainey, Golden Gate Fields

Sherwood Chillingworth

John Bucalo, Barona Casino

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

P R O C E E D I N G S

9:32 a.m.

PROCEEDINGS BEGIN AT 9:32 A.M.

(The meeting was called to order at 9:32 A.M.)

SACRAMENTO, CALIFORNIA, THURSDAY, SEPTEMBER 19, 2013

MEETING BEGINS AT 9:32 A.M.

CHAIR ISRAEL: Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats. You already did that. This is the regular noticed meeting of the California Horse Racing Board on Thursday, September 19, 2013 at the Sheraton Fairplex Conference Center, 601 West McKinley Avenue, Pomona, California.

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

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

1 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 will be
6 enforced during discussion of all matters as stated on the
7 agenda, as well as during the public comment period.

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

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

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

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

5 Thank you. Okay. The first matter on the agenda
6 is approval of the minutes of August 22nd, 2013. Is there a
7 motion?

8 VICE CHAIR WINNER: So moved.

9 COMMISSIONER BENETO: I'll make a motion.

10 CHAIR ISRAEL: Moved by Vice Chair Winner,
11 seconded by Commissioner Beneto. Any opposition? The
12 minutes pass. Okay.

13 Item two, public comment. Gail Matthews, Winning
14 Hands Equine Massage Therapy.

15 MS. MATTHEWS: Gail Matthews, Winning Hands Equine
16 Massage Therapy. Good morning.

17 I learned on Saturday that at Mike's Auction this
18 past Saturday there were five off-track thoroughbreds found
19 at the auction. Their names were Warren's Baby Walk,
20 Bonneville Storm, Tribal Legend, Mr. Gennaro, and El Prado's
21 Heirloom. Two of them had worked last month at Del Mar.

22 For those who are unaware, at these auctions there
23 are buyers that are on contract with these slaughter houses.
24 Section 598(c) of the California Penal Code prohibits the
25 sale of horses for slaughter for human consumption.

1 Violation is a felony. CHRB licensees have repeatedly been
2 party to such sales.

3 A recently issues CHRB staff analysis states that,
4 quote,

5 "The CHRB relies on a combination of state law and the
6 board's rules and regulations to prohibit the illegal
7 slaughter of horses and to act against any licensee who
8 was found to have been party to the illegal slaughter
9 of a horse."

10 Is it possible for the CHRB to establish a set of
11 standards regarding due diligence so that owners and
12 trainers are held accountable for a horse leaving their care
13 at the ends of its career, however brief?

14 A simple first step would be a page in the
15 conditions book stating the law and its ramifications. It
16 is punishable by imprisonment in the state prison for 16
17 months or 2 or 3 years. Together -- this could be stated
18 together with the telephone number of the CARMA placement
19 program and a list of approved thoroughbred aftercare
20 facilities in California.

21 Enforcement has to be real. I've got two quotes.
22 The first, I think, came from Stan Bergstein, and he said,
23 "When there's something this wrong in our sport and our
24 livelihood we can't ignore it; we have to fix it."

25 And closing, from Abraham Lincoln,

1 "The way is plain, peaceful, generous, just, a way
2 which, if followed, the world will forever applaud and
3 God must forever bless."

4 Thank you.

5 CHAIR ISRAEL: Thank you. Personally, I couldn't
6 agree with you more. I'm going to refer this to the
7 Medication and Horse Safety Committee. They'll take it up
8 with you. I think this is as simple as what is done, you
9 know, by the county, in Los Angeles, at least, with newborn
10 babies. They advise everybody, if there's a newborn you
11 leave it at a firehouse or you leave it -- I mean,
12 there's -- you leave it at a police station, leave it at a
13 hospital, if it's an unwanted baby. But you don't take
14 measures that are destructive.

15 So there are plenty of things we can do to help
16 these horses, and the committee will work on some
17 instructions that should be in all of the various and sundry
18 publications that horsemen are given, not just the condition
19 book.

20 COMMISSIONER ROSENBERG: I'd like to ask a
21 question.

22 CHAIR ISRAEL: Yeah. Sure.

23 COMMISSIONER ROSENBERG: What exactly is this
24 auction you refer to? What is it called, and under whose
25 auspices is this auction held?

1 MS. MATTHEWS: It's called -- I think it's
2 Mike's -- it's either Horse and Livestock or Mike's
3 Livestock Auction, and it's in Mira Loma.

4 COMMISSIONER ROSENBERG: And do you know if
5 they're licensed by any state entity to sell livestock?

6 MS. MATTHEWS: They've been in operation for many
7 years. I would think they're legally established; I don't
8 know.

9 COMMISSIONER ROSENBERG: Thank you.

10 VICE CHAIR WINNER: Yeah, this has been going on
11 for a long time.

12 COMMISSIONER DEREK: Yeah.

13 CHAIR ISRAEL: Well, does the -- does the auction
14 house have a legal obligation to see if the horses are
15 thoroughbreds and have lip tattoos?

16 MR. MILLER: I can't answer that at this time.
17 The house -- it should come under the Department of Food and
18 Agriculture of the State of California.

19 VICE CHAIR WINNER: Is there any way -- I'm sorry.
20 Go ahead, George. I think George was first.

21 CHAIR ISRAEL: Oh, George, go ahead.

22 COMMISSIONER KRIKORIAN: I was just going to say
23 that the suggestion about publishing this information in a
24 condition book is a very good one. And I think that's at
25 least something that could be done for staff trying to be

1 proactive.

2 CHAIR ISRAEL: Yeah. Signs can be posted in two
3 languages in the backstretch. I mean, there are lots of
4 things we can do.

5 VICE CHAIR WINNER: Let me just ask if I may, is
6 there any way of knowing who can sign those horses to the
7 auction house, to Mike's slaughterhouse auctions?

8 MS. MATTHEWS: We can determine who brought them
9 to the auction. Usually it's not a trainer who has brought
10 them to the auction. Frequently in ignorance the horse is
11 given to someone, usually someone who works, either a pony
12 boy or a groom, and the horse ends up at the auction.

13 VICE CHAIR WINNER: But we could actually --
14 again, this -- this can be discussed in the committee, I
15 think. But we could probably trace back; correct?

16 MS. MATTHEWS: Yes. Yes.

17 VICE CHAIR WINNER: Thank you.

18 CHAIR ISRAEL: Thanks.

19 MS. MATTHEWS: Thank you.

20 CHAIR ISRAEL: Anybody else? Thank you.

21 Richard Castro.

22 MR. CASTRO: Good morning, Chairman,
23 Commissioners. My name is Richard Castro, representing
24 Pari-Mutuel Employees Guild Local 280.

25 About a year-and-a-half ago you got my first

1 letter of a pending labor dispute, the 15-day required
2 notice. About six months ago I followed it up with a second
3 letter when things started to get a little more heated
4 between us and the federation.

5 I'm here today to tell you that the issues that we
6 were confronted with appears to have been settled. And I
7 want to call attention to two people that really helped, I
8 believe, getting this issue settled.

9 One of them is your staff member, Robert Miller.
10 Had it not been for his involvement, we were prepared to put
11 up pickets California Derby Day. And because of his
12 involvement, we called the pickets off.

13 The second person is a management attorney, John
14 Zenner. Had he taken the -- because he took the time to
15 read and study what we were saying about Labor Law, Federal
16 Law, Trust Document Law, he was able to work with us to
17 where we were able to settle this trust agreement. And for
18 that I'm sincerely thankful that we have this settled, and
19 I'm just giving you notice to that fact. Thank you.

20 CHAIR ISRAEL: Thanks, Richard.

21 VICE CHAIR WINNER: Good job, Robert.

22 CHAIR ISRAEL: Yeah. Good work.

23 Chris Korby.

24 MR. KORBY: Thank you, Mr. Chairman. Chris Korby,
25 California Authority of Racing Fairs.

1 I would just like to advise the Board on behalf of
2 CARF and several of our racing fairs that we're working with
3 Oak Tree Racing Association to establish a presence for Oak
4 Tree Racing in Northern California. Oak Tree has a
5 cherished tradition and a long heritage of service to the
6 industry, and we'd like to help them keep that alive. I
7 just wanted the Board to know that.

8 CHAIR ISRAEL: Thank you. Now, one thing that
9 I've discussed with some people who have been recommended to
10 me -- Chris, if you could stay there, just for a second --
11 is the possibility if Oak Tree doesn't continue as a race
12 meet, if it could become sort of the umbrella charity arm of
13 all of -- all of horse racing, and becomes kind of the
14 United Way. So the race day charities that are -- that
15 are -- get contributions directly from the associations at
16 the end of their meets, instead of breaking them out like
17 individually per meet the donation will go into a fund
18 called the Oak Tree Foundation, or whatever, and everybody
19 would contribute the monies there. And then that foundation
20 which would have a board that's represented with the
21 industry would then determine how to parcel out the monies
22 that are in the trust.

23 That was suggested to me. I thought it was a
24 terrific idea. I'm opening it up here to everybody and
25 suggesting that that's a way to keep, in the absence of a

1 meet, that's the way to keep the concept of Oak Tree alive,
2 the good -- all the good works that Oak Tree did alive,
3 and -- and to have a real unified charitable arm of the
4 horse racing industry so that -- so that it -- actually,
5 frankly, you get some clout out of that, and you can do a
6 lot of good works. There's -- there's real, real -- the
7 economies of scale are important, and the power of scale is
8 important. So I think it's something I would hope you would
9 all consider.

10 MR. KORBY: That's certainly a concept that --
11 that we're exploring. We're looking at all the various
12 components of the mechanisms for how we would do this, and
13 we don't have that to present to the Board yet --

14 CHAIR ISRAEL: No, I know.

15 MR. KORBY: -- but hopefully we will soon.

16 CHAIR ISRAEL: Okay.

17 MR. KORBY: Thank you.

18 CHAIR ISRAEL: Thank you.

19 MR. CASTRO: Can I make a comment on that?

20 CHAIR ISRAEL: Yes, Richard, go ahead.

21 MR. CASTRO: Richard Castro, representing Pari-
22 Mutuel Employees Guild. I don't have a card on this, and I
23 didn't know the subject --

24 CHAIR ISRAEL: That's okay.

25 MR. CASTRO: Okay. Oak Tree Racing Association,

1 in our case and in the case of USWW, we are taking Oak Tree
2 Racing Association to court over unfunded liability issues
3 with the National Industry Pension Plan. I just want to
4 make you aware of that. We support Oak Tree Racing. We
5 want to see them go forward. But we also feel that money is
6 owed to the pension plan, and we want our money. Thank you.

7 CHAIR ISRAEL: Okay. Thanks. All right. Any
8 other public comment on matters not on the agenda? Okay.

9 If there isn't, we'll move along to agenda item
10 three, discussion and action by the Board on the application
11 to conduct a horse race meeting of the Hollywood Park Fall
12 Racing Association, LLC at Betfair Hollywood Park Race
13 Track, commencing November 6, 2013 through December 22,
14 2013. Okay.

15 Please identify yourselves and --

16 MR. WYATT: Eual Wyatt, Hollywood Park.

17 CHAIR ISRAEL: Thank you.

18 MS. GREALISH: Dyan Grealish, Betfair Hollywood
19 Park.

20 MS. THURMAN: Bernie Thurman, Betfair Hollywood
21 Park.

22 CHAIR ISRAEL: Thank you. Okay.

23 Jackie, do we have everything in good order?

24 MS. WAGNER: We do. Jackie Wagner, CHRB staff.

25 The analysis indicates that we've got three items

1 outstanding, which were the horsemen's agreement, and the
2 promotional marketing plan and budget. We have received all
3 those items.

4 CHAIR ISRAEL: Oh, we have? Okay.

5 Who wants to tell us a little bit about what
6 apparently will be the final meet at Hollywood Park. We'll
7 play Taps later. Please go ahead.

8 MR. WYATT: Yeah, it's going to be a little --
9 difficult is not the word. But coming before you folks
10 twice a year has been, you know, it's been an experience.
11 And it's been something that, unfortunately, we're not going
12 to have the opportunity to do anymore.

13 Dyan will talk a little bit about the marketing
14 and that. But I think our challenge this -- this meeting is
15 to -- is to go forward and make this a fun event, you know,
16 27 days of fun, try to -- and do our best to present the
17 best racing we possibly can, and leave on December the 22nd
18 with sort of a good feeling, although probably sad, but a
19 good feeling about the race meeting, that our employees
20 experienced, the horsemen have experienced, and particularly
21 that our fans have experienced. So that's our goal.

22 We have a lot of ideas floating around. We
23 certainly don't have it all put together yet. I'm not going
24 to represent that we do. But we're -- we want this to be a
25 fun experience and sort of bypass the melancholy.

1 CHAIR ISRAEL: All right. If -- actually, if what
2 happens when Jason's announced it was closing is any
3 measure -- it's a much smaller scale -- this announcement
4 will be very good for business. You couldn't get a
5 reservation at Jason's the last three months they were open.
6 And they were going out of business because they have no
7 reason to stay in business based on the previous five years.
8 But, you know --

9 MR. WYATT: We certainly hope that's the case.

10 MS. GREALISH: Yeah, just to add to what Eual
11 said, we do anticipate a great demand. Already we have in
12 advance ticket sales in the group events area, about double
13 the bookings that we had going into the same autumn meet
14 last year. And in addition to that there are a lot of
15 individual reservations taking place, and it's all very much
16 key to our final weekend. So based on that we're planning a
17 farewell gala that weekend. And as Eual said, all of the
18 details have not yet been ironed out, but we're going to do
19 our very best. So close to the Christmas holiday that we'll
20 be able to really dress up the Turf Club and Director's Room
21 with the --

22 CHAIR ISRAEL: Great.

23 MS. GREALISH: -- you know, decor and things of
24 that sort.

25 And we're planning some special things for our

1 fans. One is going to be a commemorative pin giveaway that
2 takes place each weekend. So each weekend there will be a
3 special pin to get when they come to the races. And in
4 addition to that, we have a lot of giveaway items that have
5 accumulated over the years. We have quite a bit of the DVDs
6 that we recently produced in the spring available for people
7 that would like to get those that maybe didn't have an
8 opportunity to do so during the spring. And we'll be
9 cleaning out the closets. People really, from my past
10 experience of closing Bay Meadows, are very appreciative of
11 items like that that they can keep as mementos from the, you
12 know, race and such. So --

13 CHAIR ISRAEL: Well, on a personal note, we'll be
14 going out together. So that will be my last -- that will be
15 my last month on the Board, so --

16 MS. GREALISH: Yes. Yes.

17 CHAIR ISRAEL: Bernie, do you have anything to
18 add?

19 MS. THURMAN: No.

20 CHAIR ISRAEL: No? Questions?

21 VICE CHAIR WINNER: The DVD that you sent out, it
22 was very --

23 COMMISSIONER BENETO: That was great.

24 VICE CHAIR WINNER: -- very well done.

25 COMMISSIONER DEREK: Beautiful.

1 MS. GREALISH: Oh, well, thank you. Thank you
2 very much.

3 VICE CHAIR WINNER: You distributed that up to
4 now. Are you going to be doing any further distribution of
5 that during the -- during the meet?

6 MS. GREALISH: Absolutely, yes. We ordered a huge
7 quantity so that we would be sure to have spring --

8 VICE CHAIR WINNER: RIGHT.

9 MS. GREALISH: -- you know, and then some -- quite
10 a bit left over so that we would be able to get them to
11 those --

12 VICE CHAIR WINNER: I thought it was really well
13 done and appreciate it very much.

14 MS. GREALISH: Well, we really have to credit our
15 television department, along with our TVG partners. They
16 worked very hard on that production and it did come out
17 quite well. We very much appreciate their efforts.

18 CHAIR ISRAEL: George?

19 COMMISSIONER KRIKORIAN: I'll make a motion that
20 we go ahead and we approve their request.

21 CHAIR ISRAEL: Well, there's -- there's public
22 comment.

23 COMMISSIONER KRIKORIAN: Oh, I'm sorry.

24 CHAIR ISRAEL: Retired Councilman Mike Stevens
25 from the City of Inglewood. You look too young to be

1 retired.

2 MR. STEVENS: Really?

3 CHAIR ISRAEL: Yeah.

4 MR. STEVENS: Good morning. Good morning.

5 CHAIR ISRAEL: Please introduce yourself for the
6 record.

7 MR. STEVENS: Yes. I'm retired City Councilman of
8 City of Inglewood, Councilman Mike Stevens. I'm a lifelong
9 resident of the City of Inglewood.

10 I'd like to say to all of you that myself, as well
11 as the residents of City of Inglewood, we've always
12 appreciated Hollywood Park. We've always appreciated the
13 open space element of Hollywood Park. We've always
14 appreciated the horse racing that took place, and we wish
15 for it to continue there. Many of the residents are not
16 able to be here today because, of course, they're working.
17 I chose to come here on my own, and I'm representing myself,
18 as well as residents.

19 But I have some questions that I would like to ask
20 you. You know, at the casino, we have a new casino
21 operator, at the Hollywood Park Casino. And being that the
22 new operator -- you could step forward, Mr. Swallow. And
23 Mr. Swallow has laid off a number of individuals there.
24 Many employees have been laid off at the casino. And Mr.
25 Swallow is operating the casino now.

1 Hollywood Park is somewhat, my understanding, in
2 tandem with this because you're allowing him to utilize --
3 the Horse Racing Board -- you're allowing him to use the
4 satellite feed. Now, why this is I do not know. But I do
5 know this, is that you govern the satellite feed for the
6 race track.

7 Now, the City of Inglewood, we no longer have what
8 we used to call public access television. You say, well,
9 how does that relate? Well, with your satellite we could
10 actually intertwine that with our community, allowing them
11 to view city council meetings and other community events.
12 But more important than that are the jobs, jobs at Hollywood
13 Park. These jobs are going to be lost.

14 And the interesting thing is that Mr. Fanture
15 (phonetic) has proposed -- has proposed a development plan
16 that, quite frankly, the residents in the beginning, we
17 bought into it. But at this point in looking at that an
18 individual would purchase a home next to a casino, and in a
19 school district that for all extents and purposes has been
20 dismantled by the State of California, and rightfully so,
21 not that many people are going to be willing to pay the cost
22 of a home at that site. Now, maybe Mr. Fanture is going to
23 utilize EB5. Now, EB5 is where is a person is coming in
24 from, let's say China or Korea, and they're coming in, and
25 for every -- for every half million dollars that they bring

1 forward, ten individuals are to be employed -- ten
2 individuals are to be employed.

3 Now, my question is: How do we rationalize laying
4 off individuals who are working at a race track, lay off
5 individuals who are working at a casino indirectly with
6 their use of the satellite feed, and then we allow -- how
7 do -- how do -- how do -- I'm -- I'm just asking, how do
8 we -- how do we justify this?

9 CHAIR ISRAEL: Well, you know, I can answer the
10 question. We have nothing to do with it.

11 MS. WAGNER: That's right.

12 MR. STEVENS: You have nothing -- oh, okay.

13 CHAIR ISRAEL: Whatever entitlements were granted
14 so that Stockbridge and Wilson Meany could do whatever
15 development they choose to do were granted by the City of
16 Inglewood. We have nothing to do with entitling the land.
17 We just regulate a race meeting if one occurs. We can't
18 compel anybody to use -- to use a property to run a race
19 meet. That's a decision by private business.

20 MR. STEVENS: Well, in conclusion --

21 CHAIR ISRAEL: So while I understand your
22 frustration, it's not anything that the Racing Board can
23 allay --

24 MR. STEVENS: Well --

25 CHAIR ISRAEL: -- to be really honest with you.

1 MR. STEVENS: -- in conclusion, the fact that the
2 Racing Board does govern the satellite feed, and that off-
3 track wagering, off-track betting can be utilized at
4 Hollywood Park, and that Hollywood Park is a facility that
5 houses horses, employees those individuals, if, in fact, if
6 you go forward with what you're proposing, I believe that
7 many of the people who work there at this point in time will
8 be laid off. And I -- and I just feel that there's a lot of
9 unanswered questions there, similar to --

10 CHAIR ISRAEL: You keep -- well, we're not
11 proposing anything. We were presented with facts that we
12 dealt with. What we dealt with was Hollywood Park no longer
13 desired to operate a race track, to have race meetings. We
14 then had to figure out how -- how to support the horse
15 racing industry in the face of those facts. We didn't ask
16 Hollywood Park to close. That's not what happened.

17 MR. STEVENS: Well, I'm sure you didn't ask them
18 to close. I'm not implying that.

19 CHAIR ISRAEL: So, in fact, we've actually asked
20 them to stay open as a training facility, to be honest with
21 you, and they've agreed to stay open an extra month until
22 January 31st, much to our delight.

23 MR. STEVENS: Well --

24 CHAIR ISRAEL: With that said, I think Jack Liebau
25 wants to say something in response to what you've said.

1 MR. LIEBAU: Yes. My name is Jack Liebau. I'm
2 president of Hollywood Park Racing Association.

3 I just wanted to clarify one point. The off-track
4 wagering activities that have historically been conducted in
5 the casino are conducted by the Hollywood Park Racing
6 Association. That facility will continue to be operated in
7 the casino. All of the money realized from off-track
8 wagering does not go to the operator of the casino but is --
9 inures to the benefit of the Hollywood Park Racing
10 Association, and will continue to do so.

11 COMMISSIONER ROSENBERG: And is that space, Jack,
12 is that space that's being used within the casino itself
13 leased from whom, or leased to whom? Because Hollywood Park
14 is operating it.

15 MR. LIEBAU: I think at this point in time I'd
16 just like to say that that will not -- that will not present
17 a problem in the future, and leave it at that. But I can
18 assure you that the activities that will be conducted in the
19 casino, to the extent -- whatever that extent is, will be
20 operated by Hollywood Park Racing Association, and there
21 will be no question about the ability of Hollywood Park
22 Racing Association to use that space.

23 CHAIR ISRAEL: So HPRA employees the people who
24 work --

25 MR. LIEBAU: Yes.

1 CHAIR ISRAEL: -- there?

2 MR. LIEBAU: And there have been no layoffs with
3 respect to the wagering activities in the casino that are
4 operated by the Hollywood Park Racing Association.

5 VICE CHAIR WINNER: Jack, those layoffs that --
6 that the councilman referred to really are not Hollywood
7 Park layoffs? Those are layoffs of the gaming -- of the
8 casino company; correct?

9 MR. LIEBAU: Yes.

10 COMMISSIONER ROSENBERG: Also, Jack, is LAX
11 Property, LLC, that's the present person -- the entity
12 that's leasing the casino. Is that, any part of that owned
13 by --

14 MR. LIEBAU: No.

15 COMMISSIONER ROSENBERG: -- Hollywood Park?

16 MR. LIEBAU: No.

17 COMMISSIONER ROSENBERG: Stockbridge or
18 Stonebridge? No? Okay.

19 VICE CHAIR WINNER: And I think it's important to
20 note, just so it's understood, as the chairman pointed out,
21 not only did we not encourage this action, we did everything
22 we could -- I don't think there's anybody on the Board who
23 didn't -- who wouldn't have chosen to keep Hollywood Park
24 open. It's not our doing that they're closing. As the
25 chairman said, that's their decision to close. We can't

1 stop them from doing that. They're a private company. They
2 can do as they choose. If we had our druthers we'd keep it
3 open.

4 MR. STEVENS: And we feel the same way.

5 MR. LIEBAU: And so would the management of
6 Hollywood Park.

7 MR. STEVENS: Well, the residents feel the same
8 way. And they -- we just feel that there will not be a
9 development there of residential housing, that it will sit
10 and it will be dormant.

11 CHAIR ISRAEL: But didn't your -- didn't your city
12 council approve --

13 VICE CHAIR WINNER: The entitlement.

14 CHAIR ISRAEL: -- the entitlement so that -- so
15 that the development could proceed?

16 MR. STEVENS: My colleagues voted for it. I
17 didn't not for the --

18 CHAIR ISRAEL: Okay.

19 MR. STEVENS: -- for the assessments, no.

20 CHAIR ISRAEL: Oh, all right.

21 MR. STEVENS: The assessments for Mellow Ruse?
22 No.

23 CHAIR ISRAEL: All right.

24 MR. STEVENS: Because it totally throws it -- it
25 totally throws the financial perspective of the project

1 totally out of balance, and no one would be able to afford
2 to live there.

3 CHAIR ISRAEL: Listen --

4 MR. STEVENS: Thank you very much.

5 CHAIR ISRAEL: -- my life is shortened by having
6 to deal with this in the last year. So I would much prefer
7 for it to stay open.

8 VICE CHAIR WINNER: And just to understand --

9 MR. LIEBAU: That goes with --

10 VICE CHAIR WINNER: -- we appreciate you being
11 here.

12 COMMISSIONER DEREK: Yeah.

13 VICE CHAIR WINNER: But we agree --

14 MR. LIEBAU: That goes for both of us being lame
15 ducks.

16 CHAIR ISRAEL: Thank you. Yeah.

17 MR. LIEBAU: It would have been better --

18 CHAIR ISRAEL: Yes.

19 MR. LIEBAU: -- had we not had to go through
20 this --

21 CHAIR ISRAEL: Yeah.

22 MR. LIEBAU: -- or have --

23 CHAIR ISRAEL: Leave out Israel. We're quacking
24 our way out of it. So, okay.

25 George, you wanted to say something?

1 COMMISSIONER KRIKORIAN: No. I was just making a
2 motion --

3 CHAIR ISRAEL: I know.

4 COMMISSIONER KRIKORIAN: -- to approve the
5 application.

6 CHAIR ISRAEL: Okay. Is there a second.

7 COMMISSIONER BENETO: I'll second it.

8 CHAIR ISRAEL: Steve seconds it, Beneto --
9 Commissioner Krikorian Moves it, Commissioner Beneto seconds
10 it. All in favor?

11 ALL COMMISSIONERS: Aye.

12 CHAIR ISRAEL: The motion passes unanimously.
13 Have a great meet.

14 COMMISSIONER BENETO: Yeah. Great meet.

15 VICE CHAIR WINNER: Good luck.

16 COMMISSIONER DEREK: The very best.

17 CHAIR ISRAEL: Okay. Item number four, discussion
18 and action by the Board regarding the request from Los
19 Angeles Turf Club to amend its September 25, 2013 through
20 November 3, 2013 license application to permit the conduct
21 of a non-thoroughbred race on the Breeders' Cup undercard on
22 Friday, November 1, 2013.

23 (Colloquy Between Commissioners.)

24 CHAIR ISRAEL: George, go ahead.

25 MR. HAINES: Good morning. George Haines.

1 CHAIR ISRAEL: Explain it to everybody. Everybody
2 thinks this is a big mystery.

3 MR. HAINES: Oh, okay. Good morning. George
4 Haines, Santa Anita Race Track.

5 First of all, we'd like to thank you, the Board,
6 for hearing this item on such short notice. But an
7 opportunity has come to us, an international opportunity, to
8 race an additional race on Friday, November 1st on a
9 Breeders' Cup, an Arabian race that has been conducted also
10 at the Preakness and, I believe, even Fairplex runs one. So
11 we're asking you for the ability to run this race. I have
12 with me Bob Elliston of the Breeders' Cup. He's the chief
13 operating officer, and he's like to explain the program to
14 you.

15 COMMISSIONER CHOPER: And let the record show that
16 they run them up in Pleasanton, too --

17 CHAIR ISRAEL: Do they?

18 COMMISSIONER CHOPER: -- Arabian races.

19 CHAIR ISRAEL: Okay.

20 COMMISSIONER CHOPER: Yeah. And they have a
21 couple of big ones up there in the last couple of years.

22 COMMISSIONER ROSENBERG: Last couple of winters.

23 MR. ELLISTON: Thank you, Mr. Chairman, members of
24 the Board, my name is --

25 CHAIR ISRAEL: I see there's a trifecta up here.

1 MR. ELLISTON: My name is Bob Elliston, and I am
2 the chief operating officer for the Breeders' Cup. And
3 thank you for allowing us to speak to this matter. This is
4 not the normal course of business, as George mentioned, that
5 we would prefer to bring matters to this. This opportunity
6 has just recently been made available to us. And your --
7 your kind look at this is very much appreciated.

8 Recently Senate Bill 819 was passed through the
9 California Legislature without a descending vote that has a
10 provision included in it that -- this bill, by the way, is
11 pending the governor's approval right now -- it has a
12 provision included in that that would give the CHRB, at
13 their discretion, the -- the ability to --

14 (Cell phone rings.)

15 MR. ELLISTON: -- that's not me --

16 CHAIR ISRAEL: Somebody else from Kentucky.

17 MR. ELLISTON: -- to -- to permit pari-mutuel
18 wagering on a non-thoroughbred race on the day that the
19 Breeders' Cup is conducted in California. We'd like to
20 thank Chairman Rod Wright of the legislature for his support
21 in including this provision, and it's passage.

22 What we are asking for is the CHRB to allow us to
23 conduct the President of the UAE Cup, a Grade 1 race with a
24 purse amount of \$150,000 to be run on Friday of Breeders'
25 Cup on the undercard. It would be a race at the distance of

1 one mile for three-year-olds and up. As I mentioned,
2 \$150,000 purse. The entire purse would be provided by our
3 partner, and that is the Emirates Equestrian Federation. So
4 no dollars would come out of thoroughbred purses in
5 California at all. They would be provided by the EEF.

6 This is important because we are -- we are
7 beginning an incredible partnership or a potential
8 partnership with the EEF to not only support thoroughbred
9 racing in the United States -- they already do, quite
10 frankly. When you look at folks like Sheikh Hamdan, the
11 Alfani family from Qatar who support both thoroughbred
12 racing, as well as Arabian racing around the world. But we
13 are -- we are beginning -- we have entered into a memorandum
14 of understanding with the EEF that holds the potential to be
15 a significant value to both the Breeders' Cup and
16 thoroughbred racing, as well as the Arabians, as perhaps has
17 been done in the United States.

18 CHAIR ISRAEL: Okay. I have a couple questions.

19 MR. ELLISTON: Yes, sir.

20 CHAIR ISRAEL: I'll then turn it over to everybody
21 else.

22 The bill -- I saw the bill. And there's a second
23 item included in it that I didn't quite understand why it
24 was included. You know, I was made aware of the desire to
25 have the Arabian race. But the second aspect was some

1 diversion of funds meant for marketing to purses from 1072,
2 and I'm troubled by that. So --

3 MR. ELLISTON: I believe, Mr. Chairman, I'm not
4 completely prepared to speak to that matter. We can
5 certainly provide additional information to you about that.
6 I believe it was to clarify a manner that has -- we've had
7 to come, I believe, and present to you additional data and
8 information that supported why those 1072 funds are to be
9 allowed to be used for part of this, I believe is undercard
10 purses; is that right, George?

11 MR. HAINES: I believe so.

12 MR. ELLISTON: And so we put a ream of information
13 together that demonstrated how we are using those dollars to
14 promote racing in California, and particularly the undercard
15 purses. And I think there was some --

16 CHAIR ISRAEL: What does that have to do with the
17 bill?

18 MR. ELLISTON: I think it was --

19 CHAIR ISRAEL: The bill as I -- I think -- did you
20 send it? Jackie has the bill.

21 MS. WAGNER: Yeah.

22 CHAIR ISRAEL: And it was a very brief item in the
23 bill, but it -- it said funds that were heretofore to be
24 allocated for marketing promotion which benefits California
25 were instead to be redirected to purses.

1 COMMISSIONER ROSENBERG: Not all of it, though. I
2 think it says --

3 CHAIR ISRAEL: Some of it. I mean, no, some of
4 it. There's a portion of funds.

5 COMMISSIONER ROSENBERG: Right. Right.

6 CHAIR ISRAEL: But it was like -- we went through
7 this, to be honest with you, on 1072, which was a bill
8 about -- about purses and the restructuring some aspect of
9 purses. And then next -- and then the day it was voted on
10 there was a midnight rider added to it about exchange
11 wagering. And -- and so forgive me if I'm skeptical but I
12 was born that way, to quote Lady Gaga. And I just kind of
13 wonder how that got slid in there.

14 COMMISSIONER ROSENBERG: Clarify one thing. The
15 million, as I remember reading this supposed section, the
16 million five would, in it's -- if it -- if it wasn't changed
17 as it's kind of suggested to be changed, the million five
18 would have been used for promotion and marketing of the
19 Breeders' Cup.

20 CHAIR ISRAEL: Right.

21 COMMISSIONER ROSENBERG: Correct. So if the
22 number stays the same, however, a non-specific portion of
23 the million five could be used --

24 CHAIR ISRAEL: For something else.

25 COMMISSIONER ROSENBERG: -- to supplement purses

1 of, I presume, the Breeders' Cup purses; correct?

2 MR. ELLISTON: The undercard purses primarily,
3 Commissioner.

4 COMMISSIONER ROSENBERG: The undercard purses.

5 MR. ELLISTON: Yes, they would. All Breeders' Cup
6 races, the 14 races we conduct --

7 COMMISSIONER ROSENBERG: Yeah.

8 MR. ELLISTON: -- are all provided by Breeders'
9 Cup entirely. And so any -- any supplement would be --

10 COMMISSIONER ROSENBERG: Oh.

11 MR. ELLISTON: -- done on the undercard purses.
12 And clearly in consultation with the TOC and -- and the
13 CHRB, most certainly.

14 MR. HAINES: It is my understanding, also, that
15 the money generated for purses from the Arabian race would
16 go into those undercard purses.

17 MR. ELLISTON: Yes, sir.

18 CHAIR ISRAEL: All right. So -- so --

19 COMMISSIONER ROSENBERG: So it's not the Breeders'
20 Cup.

21 CHAIR ISRAEL: Wait. Does TOC know anything about
22 this bill?

23 MR. MORRIS: Joe Morris from the TOC. The -- the
24 SB 819, the first part of that bill, the change was on
25 the -- was on the first piece and the CMC piece. The -- the

1 second part that got changed was the adding of the non-
2 thoroughbred race. And -- and this was done -- we read
3 about it in the bill instead of getting a heads-up on it.
4 So we weren't very happy about that either.

5 Now, having said that, I participated two years
6 ago in the race that was at Pimlico, and it's a great event.
7 The group they're dealing with is a great group. It will be
8 a good race. And the race -- the handle on it will
9 contribute to thoroughbred racing for the -- for the
10 undercard on that.

11 CHAIR ISRAEL: Well, and look, I mean, who's going
12 to ride the Arabians? The jockeys who are riding --

13 COMMISSIONER DEREK: Yeah.

14 CHAIR ISRAEL: -- riding the Breeders' Cup races?

15 COMMISSIONER DEREK: Yes.

16 CHAIR ISRAEL: Yeah?

17 MR. ELLISTON: Some jockeys, Mr. Chairman, will
18 come in for specifically this. But they will also use
19 jockeys in the colony.

20 CHAIR ISRAEL: And the horses will all be ship-ins
21 or --

22 MR. ELLISTON: Most of them I think will come from
23 the east coast, a lot from Delaware, some in Texas.

24 CHAIR ISRAEL: But mostly Americans?

25 MR. ELLISTON: But potentially there are European-

1 based horses that could ship in for the race, as well,
2 because it is a Grade 1 event and it's up at a purse of
3 \$150,000.

4 CHAIR ISRAEL: Okay. Good. And that's the nice
5 stuff.

6 Now let's go back to this 819 thing. The TOC
7 didn't know that money was being herded? I mean, I'm really
8 confused.

9 Jack, do you know anything about that? You're
10 obviously standing there for a reason.

11 COMMISSIONER ROSENBERG: He didn't say that.

12 CHAIR ISRAEL: Huh?

13 MR. LIEBAU: If --

14 VICE CHAIR WINNER: Identify yourself, Jack.

15 CHAIR ISRAEL: No. You said you didn't know about
16 the --

17 MR. MORRIS: We didn't know about the Arabian part
18 of the race.

19 CHAIR ISRAEL: Oh, you knew -- you knew the other
20 part.

21 MR. MORRIS: Well, and then the other part got put
22 in, and we caught up with that. And we would have preferred
23 that that hadn't happened also. But the fact of the matter
24 on the Breeders' Cup, you know, this -- this -- this money
25 from 1072 is supposed to be used in conjunction with CMC and

1 the Department of Tourism to come up with a plan to add
2 marketing for the day.

3 CHAIR ISRAEL: Right.

4 MR. MORRIS: Breeders' Cup historically overspends
5 on their marketing budget, they overspend on their undercard
6 budget. So it's really more of an accounting issue than it
7 is on -- on diverting funds from one place or the other. So
8 and it got approved. By the time we caught it, it was too
9 late in the political process, so it went through that way.

10 CHAIR ISRAEL: So this was -- this was a two-way
11 blindside? You got blindsided on Arabians, and we got
12 blindsided on the diversion of funds?

13 MR. MORRIS: Well, the fact of the matter, I mean,
14 the marketing budget gets overspent every year. And the
15 undercard purses get spent every year. It's really an
16 accounting issues more -- more than it is of them trying to
17 take money and divert it to somewhere else.

18 CHAIR ISRAEL: Well, I mean, in my opinion
19 marketing helps the economy at large because it attracts
20 people, which means it fills more hotel rooms, it -- it
21 causes more tables at restaurants to be occupied. That's
22 the real benefit that we get from the marketing. The purses
23 are nice, but these are full fields anyway. So we're not,
24 you know --

25 MR. MORRIS: Well, and the bill is written that

1 it's marketing and/or can be used for purses. They still
2 need to do a report 90 days in advance on what the marketing
3 is through the CMC part, and they have to do a report after.

4 CHAIR ISRAEL: Okay. There are full fields in all
5 the races that Lasix is allowed, I should say. So --

6 MR. ELLISTON: Mr. Chairman, if I may address that
7 one item. I think that the amount of money that's
8 contemplated on the 1072 is approximately \$1.2 million. To
9 give you some sense --

10 CHAIR ISRAEL: Well, that's a lot of money.

11 MR. ELLISTON: -- what actually could qualify
12 under that -- we spent over \$5 million in marketing funds.
13 So we are not, in fact, diverting any funds to make up
14 that -- that accounting number. We literally are spending
15 four times the amount.

16 CHAIR ISRAEL: Well, that's 24 percent. That's a
17 lot -- that's a big percentage of that money.

18 Go ahead, George.

19 COMMISSIONER KRIKORIAN: Well, if the funds were
20 not used in this matter, Joe, where -- what would those
21 funds be used for otherwise?

22 MR. MORRIS: The -- the -- the money we're talking
23 about is roughly \$1.2 million --

24 COMMISSIONER KRIKORIAN: Right.

25 MR. MORRIS: -- with the 1072. And it would be

1 used as part of the marketing promotion. And as it's
2 written in a plan done with the Department of Tourism -- I'm
3 not sure why they're in there, but it is -- and with the
4 California Marketing Committee, and the plan has to be put
5 into the host association 90 days in advance. And then
6 there's a post report afterwards. So that \$1.2 million
7 would be a specific plan for marketing the Breeders' Cup.

8 CHAIR ISRAEL: Go ahead. What, George?

9 COMMISSIONER KRIKORIAN: Well, my question is that
10 if you didn't use the money for this purpose, what would
11 those funds be used for?

12 MR. MORRIS: Well, 1072 was purse money, so --

13 COMMISSIONER KRIKORIAN: Right. So you're taking
14 purse money and using it for marketing, and it's actually --

15 CHAIR ISRAEL: No, no, no. George, this was --
16 the original intent of 1072 in 2010 -- when was it, Jackie,
17 2009, whenever it was -- was to generate funds for marketing
18 for the Breeders' Cup to attract Breeders' Cup to California
19 more frequently, and for -- for purse money. It always was
20 intended to be used for marketing. So this is money that
21 was set aside from marketing that is now -- the use of it is
22 being changed. It was supposed to be marketing money from
23 the outset, and now it's no longer going to be marketing
24 money.

25 COMMISSIONER KRIKORIAN: Okay. But -- but instead

1 of it being -- instead of it being used for purses, normal
2 purses, it's being used for the Breeders' Cup purses, and it
3 can't be.

4 CHAIR ISRAEL: No, no, no. The undercard.

5 MR. MORRIS: Undercard.

6 CHAIR ISRAEL: The non-Breeders' Cup races.

7 COMMISSIONER KRIKORIAN: Oh, the undercard?

8 CHAIR ISRAEL: The undercard.

9 COMMISSIONER KRIKORIAN: Well --

10 CHAIR ISRAEL: Jack has been very patient there.

11 MR. LIEBAU: No. I'm just trying to be helpful.

12 CHAIR ISRAEL: Okay.

13 VICE CHAIR WINNER: Identify yourself.

14 MR. LIEBAU: My name is Jack Liebau. I did have
15 something to do when this bill was enacted through
16 happenstance. I got volunteered for it. What this was
17 before the Breeders' Cup was awarded to Santa Anita for the
18 first time, and what happened was they wanted to have a bill
19 where there would be some money that would look like it
20 would entice Breeders' Cup to come to California because
21 this money was going to be available.

22 The bill was originally written so that it would
23 go to the California Tourism Council. I don't recall the
24 direct name of it, of the California Tourism Council that
25 was going to be there to promote Breeders' Cup in case it

1 was awarded to anybody in California. At the last minute
2 the legislative council decided that it couldn't be put or
3 allocated directly to this tourism council, and we came up
4 with the idea of having it being a pass-through through the
5 CMC. And it was assumed that the CMC would still be just a
6 conduit so that money would be used for marketing.

7 Frankly, it was kind of a flimflam in that we
8 took -- it didn't cost any more because they took some money
9 out of 1072, allocated it to purse money -- to marketing,
10 and that's what happened. I mean, the fact that CMC is
11 mentioned in there was happenstance at the last minute
12 because the legislative council objected to the money going
13 directly to the tourism council.

14 I don't know if that's any help but that's the way
15 it was. And I --

16 CHAIR ISRAEL: But now CMC will get \$1.2 million
17 less to spend on marketing; right?

18 MR. LIEBAU: Yeah. But they -- that money was
19 supposed to be spent to promote Breeders' Cup.

20 CHAIR ISRAEL: Yes.

21 COMMISSIONER ROSENBERG: No.

22 MR. MORRIS: No.

23 COMMISSIONER ROSENBERG: Absolutely not.

24 CHAIR ISRAEL: Why not?

25 COMMISSIONER ROSENBERG: Why does -- this is

1 pretty simple.

2 CHAIR ISRAEL: No, it's not.

3 COMMISSIONER ROSENBERG: The money that was
4 handled in the past before this change, like going through
5 the manner Jack just described --

6 CHAIR ISRAEL: Right.

7 COMMISSIONER ROSENBERG: -- figured out what it
8 was for. And then the reason it was -- the legislation was
9 passed was to -- and it seems to have worked, by the way,
10 the legislation, to get the Breeders' Cup --

11 CHAIR ISRAEL: Right.

12 COMMISSIONER ROSENBERG: -- to California. All
13 they're doing is saying that they may need some extra money
14 for the undercard only. It's not clear how much money.
15 And -- and nothing has changed. It will go the same way and
16 the decisions will be made by the Breeders' Cup, and they'll
17 provide an accounting to everyone explaining where the money
18 was spent. So --

19 CHAIR ISRAEL: Well, if nothing has changed, why
20 is the bill necessary?

21 COMMISSIONER ROSENBERG: Because the -- nothing
22 has changed in terms of total amount and the procedure,
23 David.

24 CHAIR ISRAEL: No. The money was to --

25 COMMISSIONER ROSENBERG: Nothing has changed.

1 CHAIR ISRAEL: -- only have been used for
2 marketing. It now --

3 COMMISSIONER ROSENBERG: The original bill.

4 CHAIR ISRAEL: It now will be used for purses for
5 the undercard.

6 COMMISSIONER ROSENBERG: Right.

7 CHAIR ISRAEL: Okay. That --

8 COMMISSIONER ROSENBERG: Do you have a problem?

9 CHAIR ISRAEL: Purses --

10 COMMISSIONER ROSENBERG: Do you have a problem
11 with that?

12 CHAIR ISRAEL: Yeah.

13 COMMISSIONER ROSENBERG: Why?

14 CHAIR ISRAEL: Because that doesn't help --
15 while -- while it's good for a few races on two days it
16 doesn't help expand Breeders' Cup. Breeders' Cup in
17 California --

18 COMMISSIONER ROSENBERG: This is a business
19 decision of the people who are -- who's --

20 CHAIR ISRAEL: No. It's a decision made by
21 government.

22 COMMISSIONER ROSENBERG: No.

23 CHAIR ISRAEL: It's not a business decision. It's
24 a decision in legislation, so that's a government decision.
25 The fact of the matter is -- the fact of the matter is this

1 is money that can be spent on marketing. Breeders' Cup, as
2 much as I love it in California, on Fridays they've
3 attracted about 30,000 people, and on Saturdays they've
4 attracted about 40,000, you know, when they've run it at
5 Santa Anita. That means there are about 40,000 empty seats
6 on -- on Friday and -- you know, because people can stand in
7 the infield -- and 30,000 empty seats. You need more people
8 in the joint. You don't need to spend more money on the
9 undercard.

10 VICE CHAIR WINNER: Can I -- can I ask a question,
11 Mr. Chair?

12 COMMISSIONER CHOPER: Go ahead.

13 VICE CHAIR WINNER: Go ahead.

14 COMMISSIONER CHOPER: No. Go ahead, Commissioner.

15 VICE CHAIR WINNER: The question I would have is
16 whether there's anything we can do about this anyway, since
17 it's already --

18 COMMISSIONER CHOPER: The legislation is here.

19 VICE CHAIR WINNER: This is legislation.

20 CHAIR ISRAEL: Well, it has to be signed.

21 VICE CHAIR WINNER: It has to be signed by the
22 government. And it's not -- I'm not sure we have any
23 jurisdiction over that part of it. The only thing we have
24 jurisdiction over, I think --

25 CHAIR ISRAEL: Right.

1 VICE CHAIR WINNER: -- is the Arabian side of it.

2 CHAIR ISRAEL: Right. But we can --

3 COMMISSIONER CHOPER: And it would appear that in
4 the end it becomes a wash or very close to a wash --

5 MR. ELLISTON: Yeah.

6 COMMISSIONER CHOPER: -- in any event.

7 MR. ELLISTON: Most certainly. Mr. Chairman --

8 COMMISSIONER CHOPER: Okay.

9 MR. ELLISTON: -- I want to make sure we clarify.
10 We -- we certainly --

11 COMMISSIONER CHOPER: I think you have.

12 MR. ELLISTON: -- understand the value of the --
13 the marketing spin that's necessary to bring more people to
14 the event. That's why we spend four times the amount that's
15 in this 1072 money to do whatever we can to bring new people
16 to the race track for Breeders' Cup day. And you have my
17 assurance that's only going to go up. We're not going to be
18 reducing our marketing spend because some provision in the
19 statute now allows us to use for undercard purposes. We --
20 we -- you have my word that --

21 CHAIR ISRAEL: So what was the point --

22 MR. ELLISTON: -- that's not going to happen.

23 CHAIR ISRAEL: -- of writing the legislation?

24 MR. ELLISTON: I mean, I'll have to --

25 COMMISSIONER CHOPER: I tried to explain that.

1 MR. ELLISTON: I think as Mr. Liebau --

2 COMMISSIONER CHOPER: History.

3 MR. ELLISTON: -- spoke to that matter, it was
4 just lack of clarity that existed right there in that --
5 that provision of the law. But it does not change the
6 behavior of the Breeders' Cup. It does not change the fact
7 that we're going to spend significant amounts of dollars.

8 CHAIR ISRAEL: Wait. Are you -- are you telling
9 me somebody said we're going to get you -- in addition to
10 the \$5 million you're spending we're going to give you
11 another \$1.2 million if you spend it only on marketing
12 promotion, that you would say no to that \$1.2 million?

13 MR. ELLISTON: I'm not saying that.

14 CHAIR ISRAEL: And you wouldn't spend \$6.2 million
15 instead of \$5 million?

16 MR. ELLISTON: I'm not saying that, no. I mean,
17 we --

18 CHAIR ISRAEL: Well --

19 MR. ELLISTON: We look at that in the context of
20 the entire budget with Santa Anita, our host track partner.

21 CHAIR ISRAEL: You know, because, I mean, we need
22 to improve the live gate for Breeders' Cup.

23 MR. ELLISTON: Completely agree.

24 CHAIR ISRAEL: You know, I mean, a lousy football
25 game, I mean, really lousy football game like SC against

1 Boston College they announce 62,000, which there's at least
2 55,000 or 58,000. So, you know, we've got to be able to do
3 better than 30,000. You know, it's just -- it's a great
4 event. It's the Super Bowl of horse racing.

5 MR. ELLISTON: Totally agree.

6 CHAIR ISRAEL: And you're --

7 MR. ELLISTON: And I would take this opportunity
8 to tell you how much we know the California horse community
9 wants that to happen and supports us in doing that, from the
10 CHRB to our host association to the TOC, up and down the
11 line, the CTT. Everybody is supportive of the Breeders' Cup
12 being here. That's why we've returned here five out of
13 seven years. And we're going to continue to evaluate this
14 as a tremendous opportunity to tell new people about this
15 wonderful sport. I don't -- I'm not disagreeing with you at
16 all.

17 CHAIR ISRAEL: Okay. And, I mean -- and the other
18 aspect of it is 1072 was intended to -- the purpose of it
19 was to increase purses to then increase fields. Well, this
20 is \$1.2 million being spent where the field is already full.
21 So it's not serving the purpose of 1072. Okay. That's not
22 why 1072 was conceived. It's not -- it's not why the people
23 who think 1072 is justified say it's successful. It's just
24 not part of what the deal was as originally intended.

25 COMMISSIONER CHOPER: Well, I understand from what

1 Jack Liebau said, to the extent I understood it, that this
2 is -- that this is the product of history, that the bill was
3 originally done, not for the -- for the Arabians but to
4 clarify what this deal was, and there was some money being
5 shifted around. And we've also got assurances -- not
6 assurances but --

7 COMMISSIONER DEREK: Assurances.

8 COMMISSIONER CHOPER: -- the belief that it is
9 going to ultimately be returned or be used for marketing, as
10 well.

11 So I think it's a done deal. And as a consequence
12 I'd like to move that we approve this.

13 CHAIR ISRAEL: Okay. It's moved by Commissioner
14 Choper.

15 COMMISSIONER ROSENBERG: Second.

16 CHAIR ISRAEL: Who seconded? Commissioner
17 Rosenberg?

18 MR. MILLER: Mr. Chairman, I have a question.

19 CHAIR ISRAEL: Yeah.

20 MR. MILLER: The jockeys that are going to be
21 participating in this, they're all professional jockeys?

22 MR. ELLISTON: Yes, sir. And they'll be subject
23 to the licensing requirements of California and the CHRB.

24 MR. MILLER: Thank you.

25 CHAIR ISRAEL: All right.

1 VICE CHAIR WINNER: Now, what we're -- we're
2 doing, just so I understand the motion, is approving --

3 CHAIR ISRAEL: The Arabian.

4 COMMISSIONER DEREK: The Arabian race.

5 VICE CHAIR WINNER: -- the Arabian race --

6 CHAIR ISRAEL: Right.

7 VICE CHAIR WINNER: -- on the undercard --

8 MS. WAGNER: Friday.

9 VICE CHAIR WINNER: -- on Friday.

10 MS. WAGNER: That's correct.

11 COMMISSIONER CHOPER: That's the agenda item.

12 That's correct.

13 VICE CHAIR WINNER: That's correct. That's what

14 we're --

15 COMMISSIONER CHOPER: That's right.

16 VICE CHAIR WINNER: It has nothing to do with the

17 other.

18 CHAIR ISRAEL: And maybe can --

19 MR. MORRIS: Joe Morris. Say maybe we could --

20 this is an additional race. This is not --

21 CHAIR ISRAEL: Right.

22 MR. MORRIS: -- a substitute race --

23 CHAIR ISRAEL: Right.

24 COMMISSIONER CHOPER: Right.

25 MR. MORRIS: -- for any thoroughbred.

1 CHAIR ISRAEL: Okay.

2 MR. MORRIS: And we want to make sure that stays
3 that way, and that the purses out of the handle on that race
4 go into the undercard purses.

5 VICE CHAIR WINNER: Then I second the motion.

6 CHAIR ISRAEL: Well, it was seconded by Richard.

7 VICE CHAIR WINNER: Oh, I'm sorry.

8 CHAIR ISRAEL: I want to say I'm going to vote yes
9 when I call, but that's only because Israel voting against
10 Arabians might cause an international incident, and I
11 certainly don't want that to happen.

12 Go ahead.

13 COMMISSIONER CHOPER: After we pass.

14 CHAIR ISRAEL: Oh, after we --

15 COMMISSIONER CHOPER: After.

16 CHAIR ISRAEL: After we vote?

17 COMMISSIONER CHOPER: Yes.

18 CHAIR ISRAEL: Okay. All right. So -- but this
19 is not an endorsement of the rest of 819, which I think is
20 nonsense.

21 All in favor?

22 ALL COMMISSIONERS: Aye.

23 CHAIR ISRAEL: Opposed? Motion passes.

24 MR. ELLISTON: Thank you very much.

25 CHAIR ISRAEL: Wait. Jesse has a question. Don't

1 go anywhere.

2 COMMISSIONER CHOPER: Yeah. I'm just curious as
3 to what your experience is with the handle from the Arabian
4 race. I mean, what do you -- what do you expect? Do you
5 have any -- do you have any data to anticipate that or what?

6 MR. ELLISTON: Well, it's been handled a couple
7 different ways.

8 COMMISSIONER CHOPER: No. The handle.

9 MR. ELLISTON: From a handle --

10 COMMISSIONER CHOPER: Yeah.

11 MR. ELLISTON: And we are evaluating the best
12 course, be it a special racing -- a special event itself to
13 stand alone versus being included in multi-leg wagers. I
14 think our preference, to the extent that the tote company
15 can facility it, is to have a special wagering event so it's
16 not to confuse the betting public that this an Arabian
17 versus a thoroughbred.

18 COMMISSIONER CHOPER: Well, I think that's --
19 that's a very good idea.

20 MR. ELLISTON: It's been handled both ways.

21 COMMISSIONER CHOPER: Yeah.

22 MR. ELLISTON: At the Preakness they did it as a
23 special event. At Stephen Foster Day this year at Churchill
24 they included it in their card. I think our preference is,
25 as I mentioned, is prior; make it a special event wager.

1 And there's also, as you might expect, some jurisdiction
2 to -- in the simulcast marketplace they can't accept the
3 Arabian race. So it makes it a little more easy for them to
4 take a special event.

5 CHAIR ISRAEL: So you'll run it as the first race?

6 MR. ELLISTON: It won't be the first race.

7 CHAIR ISRAEL: No?

8 MR. ELLISTON: It's likely to be the second or the
9 third race.

10 CHAIR ISRAEL: Well, what is it going to do to the
11 50 cent Pick 5, for instance?

12 MR. ELLISTON: It would not -- again, we are
13 contemplating it to be excluded from any multi-leg races.

14 CHAIR ISRAEL: Okay.

15 MR. ELLISTON: It would be within the single race.
16 So you could have tris --

17 CHAIR ISRAEL: All right.

18 MR. ELLISTON: -- and supers.

19 CHAIR ISRAEL: You're going to have to spend \$1.2
20 just explaining that to people.

21 COMMISSIONER DEREK: Explaining it.

22 CHAIR ISRAEL: I think if you ran it as a first
23 race you'd probably have an easier time, to be honest with
24 you.

25 COMMISSIONER CHOPER: I understand. I just had --

1 that's fine. I just had an independent question, and that
2 is: What do you expect and anticipate, and based on what,
3 that the handle for the Arabian race will be?

4 MR. ELLISTON: I can't tell you I know a dollar
5 figure that I could place upon that.

6 COMMISSIONER CHOPER: No. Well, I mean,
7 compared -- compared to whatever else --

8 MR. ELLISTON: Yeah. We do -- ontrack over the
9 course of the two days the entire card does a little over
10 \$20 million ontrack. It will be early in the race card on a
11 Friday.

12 CHAIR ISRAEL: Yeah.

13 MR. ELLISTON: So my guess is it won't be one of
14 the more highly wagered races. I'm not trying to be evasive
15 here. I just simply can't tell you.

16 COMMISSIONER CHOPER: You just don't know.

17 MR. ELLISTON: I know it could be \$250,000 or
18 \$300,000. I can't tell you that.

19 COMMISSIONER CHOPER: And you'll make your own
20 judgment about the --

21 MR. ELLISTON: We will certainly report that to
22 you.

23 COMMISSIONER CHOPER: -- continuation of that.

24 CHAIR ISRAEL: Arabians will be subject to all
25 the -- Arabians --

1 MR. ELLISTON: If you can find me I promise you
2 I'll tell you what we handled on that race.

3 CHAIR ISRAEL: Okay. Well, that will be --
4 Arabians will be subject to all the same --

5 MR. ELLISTON: Yes, just as they are --

6 CHAIR ISRAEL: -- regulations?

7 MR. ELLISTON: -- at --

8 CHAIR ISRAEL: Okay.

9 MR. ELLISTON: -- Los Al and the other places
10 they're running.

11 CHAIR ISRAEL: All right.

12 MR. ELLISTON: It will be exactly the same.

13 CHAIR ISRAEL: Okay.

14 COMMISSIONER BENETO: Are you going to have the
15 wonderful Arabian garments on and make a whole --

16 MR. ELLISTON: No.

17 COMMISSIONER BENETO: -- show deal out of it? No?

18 MR. ELLISTON: No. They'll run just like --

19 COMMISSIONER BENETO: No. I'm talking about like
20 when the pony boys leads them out and they --

21 CHAIR ISRAEL: Oh, yeah.

22 MR. ELLISTON: That's my understanding. I think
23 they'll look like thoroughbreds, they'll just go a little
24 slower or a lot slower, however you care to view that.

25 CHAIR ISRAEL: A little smaller, but they can run

1 further.

2 MR. ELLISTON: Thanks again.

3 CHAIR ISRAEL: Thanks.

4 MR. ELLISTON: We appreciate it very much.

5 CHAIR ISRAEL: All right, Steve, you got your
6 headline, "Israel Supports Arabians". There you go. Peace
7 in our time. Okay.

8 Number five, public hearing and action by the
9 Board regarding the proposed amendment to CHRB Rule 2066,
10 application for license to operate a minisatellite wagering
11 facility, to change the term of minisatellite wagering
12 facility license from two years to five years in accordance
13 with Business and Professions Code section 19605.25(a). The
14 note: This concludes the 45-day public comment period. The
15 Board may adopt the proposal as presented.

16 Jackie, did we get any significant public comment
17 or any public comment?

18 MS. WAGNER: No. Jackie Wagner, CHRB staff. The
19 item is just as the chairman has presented it. It has been
20 out for a 45-day comment period. We received no comments.
21 We would recommend that the Board adopt it as presented.

22 CHAIR ISRAEL: Any -- well, there's nobody to ask
23 questions. Does anybody on the Board have any questions or
24 comments?

25 MS. WAGNER: This is being done pursuant to

1 statute, just bringing our Board into compliance with the
2 statute.

3 CHAIR ISRAEL: Moved by --

4 COMMISSIONER CHOPER: And there's no -- there's no
5 obligation to -- to license any particular satellite for the
6 full five years --

7 MS. WAGNER: No, absolutely not.

8 COMMISSIONER CHOPER: -- if we have a question
9 about it?

10 CHAIR ISRAEL: Right.

11 COMMISSIONER CHOPER: I move that we do it.

12 CHAIR ISRAEL: Well, Chuck moved it, so you second
13 it.

14 COMMISSIONER CHOPER: I second it.

15 CHAIR ISRAEL: Okay. All in favor?

16 ALL COMMISSIONERS: Aye.

17 CHAIR ISRAEL: Motion passes.

18 MR. KORBY: I have a question of the Board, maybe
19 of staff. Would this pertain to existing minisatellites?

20 CHAIR ISRAEL: Well, they have to -- I think they
21 probably have to reapply; right?

22 COMMISSIONER ROSENBERG: Yeah.

23 CHAIR ISRAEL: Yes. The existing ones can -- when
24 their next application comes up we'll talk.

25 MR. KORBY: Because there is one associated with

1 our organization. I just wanted to know what our next --

2 CHAIR ISRAEL: Yeah. They've got to -- when they
3 come in they can apply for five years.

4 MR. KORBY: Thank you.

5 CHAIR ISRAEL: Yeah. That's what -- in fact, that
6 happened with OC Tavern, I think, or someone. Okay.

7 Number six, discussion and action by the Board
8 regarding an industry update on the status of discussions
9 regarding Southern California auxiliary offtrack stabling
10 issue for 2014/2015.

11 We'll take six, seven and eight together. So we
12 have a very big table. If everybody involved could please
13 come forward, CTT, TOC, Los Alamitos, Santa Anita, Fairplex.
14 Who am I leaving out? San Luis Rey. I think we need to
15 keep that microphone in front of Joe over there, and then
16 pass that microphone down to Mike and everybody. Is
17 everybody up here? Okay.

18 You know, I guess, Mike, you might -- if you guys
19 move closer to the middle, Jim, Alan, Mr. Seder. Thanks.
20 Are we leaving that chair for Eliza or something? That was
21 a joke that only Winner and Rosenberg can get.

22 (Colloquy Between Commissioners)

23 CHAIR ISRAEL: All right. So it is my
24 understanding that you're all hear to sing Kumbaya. Does
25 anybody want to take the lead on that subject? Scott? Joe?

1 Jim? Who wants to speak first?

2 Joe, you speak first. Why not?

3 MR. MORRIS: Joe Morris of the TOC. As -- as we
4 all know, we've been working on this since I started, which
5 was back in May, I believe, and some for years ever before
6 then. Over the course of -- since the last meeting we've
7 had numerous meetings, one of which was -- Chairman Israel
8 and Vice Chairman Winner were there. Happy to report back
9 in that we now have a signed agreement with the TOC, Santa
10 Anita, Del Mar and Los AL. And we have also convened a
11 Stabling and Vanning meeting, and we have unanimously passed
12 a motion through for stabling for 2014.

13 CHAIR ISRAEL: Okay. Anybody have any comment,
14 anything they'd like to add, or any questions for the Board?

15 I -- to summarize, I guess I'll summarize it since
16 I can do this quickly. Stabling stays the same through
17 January 31st with Santa Anita and Hollywood Park open.

18 On February 1st Fairplex, Los Alamitos and San
19 Luis Rey, if they're all conditioned and ready to go, will
20 be available for offsite stabling.

21 Fairplex will remain open for no more than five
22 months from that point forward and will take up to 500 head
23 of horses, is what we anticipate now.

24 At San Luis Rey right now they can take 495 I
25 think, Scott.

1 And at Los Alamitos right now Brad can take 500,
2 and he's hoping to have additional stalls built at some
3 point to take up to 700 thoroughbreds. And they're already
4 well on their way to expanding the dirt track to a full mile
5 from five-eighths of a mile. And the finances have fairly
6 pretty much been worked out. The day rates have been worked
7 out. There's still some details, but that's between
8 Stabling and Vanning and the stakeholders involved.

9 And the agreements for us to vote on are granting
10 racing -- thoroughbred racing days for -- when we get to
11 item -- the proper item, to Los Alamitos. They will run
12 three weeks in December and two weeks in July. And so the
13 calendar will have to be revised to reflect that. But all
14 the parties are very much in favor of that.

15 And I'll speak for both Chuck and I, we thought it
16 was -- it was a good thing because it expands thoroughbred
17 racing on a daytime thoroughbred high-end basis into Orange
18 County for the first time. And that's -- that's -- that's a
19 really good untapped market. And hopefully that will lead
20 to a lot more interest in Orange County and increased
21 handle. And, frankly, given the economics of Orange County
22 it will probably attract some owners that maybe we don't
23 have now.

24 George, I know you're familiar with doing business
25 in Orange County. So it's a good place to do business.

1 Chuck, go ahead.

2 VICE CHAIR WINNER: Yeah. I just want to say,
3 regardless of how the Board votes on this, I hope the Board
4 supports this agreement, but having been a little bit
5 involved in the process I just want to thank all the
6 participants for their willingness to attend meetings or
7 willingness to work together or to come together in a way
8 that racing sometimes doesn't do in order to achieve a
9 common objective, which is good for the industry. And I
10 especially thank -- a debt of gratitude is due to the
11 chairman who spent countless hours, time and effort trying
12 to make this all come together and working with everybody.
13 I don't think it could have been done without him. I know
14 it couldn't have been done without him. And I really,
15 again, just want to express my appreciation.

16 Also to Jack -- I don't know if Jack is here --
17 but to Hollywood Park for agreeing to stay open for -- for
18 that extra month, which is -- which -- which helped to bring
19 this whole agreement together.

20 So again just to -- on a personal note, thank you
21 to everybody who -- who worked on this so hard.

22 CHAIR ISRAEL: Well, thank you. And I'd like to
23 thank Chuck. I also want to thank Eual Wyatt who attended
24 the last meeting and was -- listened and has a great deal of
25 history and wisdom.

1 VICE CHAIR WINNER: I agree with that, yes.

2 CHAIR ISRAEL: And he provided insight and counsel
3 that was valuable.

4 COMMISSIONER BENETO: Mr. Chairman?

5 CHAIR ISRAEL: Well, Richard has one first.

6 COMMISSIONER ROSENBERG: Yeah. My question is --

7 CHAIR ISRAEL: Yeah.

8 COMMISSIONER ROSENBERG: -- if there's a written
9 agreement do we -- are we supposed to approve that written
10 agreement, number one?

11 VICE CHAIR WINNER: No.

12 COMMISSIONER ROSENBERG: And number two --

13 CHAIR ISRAEL: It's between the parties.

14 COMMISSIONER ROSENBERG: Pardon me? And number
15 two --

16 CHAIR ISRAEL: It's between the parties?

17 COMMISSIONER ROSENBERG: What about the CTT, where
18 do they stand? I realize they're not a party to the
19 agreement.

20 CHAIR ISRAEL: No. They -- they --

21 COMMISSIONER ROSENBERG: And number three, what
22 about the terms of the -- the issue that came up about the
23 money that was coming from -- that Del Mar was promising
24 to -- was suggesting to take their profits out of the Del
25 Mar meeting? There was talk of an industry fund. That

1 hasn't been explained, so --

2 CHAIR ISRAEL: Well, Joe and Scott and --

3 VICE CHAIR WINNER: Josh.

4 CHAIR ISRAEL: -- Josh can address the industry
5 fund, which we actually think is -- I believe is a badly
6 named thing.

7 But, Jim, go ahead and answer the CTT.

8 MR. CASSIDY: Well, no. Just to follow up on what
9 you guys were just saying, I mean, it's very well done by --
10 by you and Mr. Winner, how things were brought together.
11 But there's a lot of questions that we still have that --
12 you know, and not to be, you know, contrary to everybody's
13 agreement, but we didn't -- we weren't in on the agreement
14 process for any of this. And we still have a stall problem
15 in as much as the applications. And if more people decide
16 they want to go one place or the other, how is it sorted
17 out, and so on and so forth.

18 And then Fairplex closes in June, and then what do
19 we do with the stabling of the extra horses for Del Mar in
20 the summer?

21 MR. MILLER: Identify yourself for the record.

22 MR. CASSIDY: Jim Cassidy, President of CTT.

23 CHAIR ISRAEL: All right. Would you --

24 MR. CASSIDY: And all costs of the facility still
25 need to be examined in detail. Relying on the Stabling and

1 Vanning Committee, we believe, should include participation
2 by the CTT in that committee. And we can not forget that
3 the CHRB is required by law to supervise a committee and
4 resolve any disputes that arise from its decisions.

5 That's pretty much -- that's pretty much it,
6 Chairman.

7 CHAIR ISRAEL: All right. Well --

8 MR. CASSIDY: But the stalling --

9 CHAIR ISRAEL: The CHRB will --

10 MR. CASSIDY: The stall situation is --

11 CHAIR ISRAEL: -- will exercise its supervision.

12 That's clear. The --

13 MR. CASSIDY: The stall situation is going to be
14 such --

15 CHAIR ISRAEL: The stall -- the process is being
16 worked out as I understand it. You're in discussions about
17 how stalls would be applied for.

18 Actually, what I recommend, and I think the best
19 way to do this is to have a uniform system of applying for
20 stalls so that -- I think TOC, CTT and the stakeholders
21 should get together and come up with some kind of uniform
22 CTT race track agreement that takes into consideration all
23 the needs of the various race tracks and -- and describes in
24 advance, so you don't have to go through this every race
25 meet, how this would be conducted. And this is an

1 opportunity to do that in the next, what have we got, two or
2 three months now so that when you hit, you know, the -- the
3 2014 season it's one meet. You can probably do it, you
4 know, with a series of meetings this months. But I -- this
5 meet by meet by meet thing just doesn't make any sense, just
6 as not having more extensive calendars never made sense to
7 me. So here's an opportunity to do that.

8 Anyway, I'd like Scott and TOC --

9 VICE CHAIR WINNER: Can I -- can I just ask a
10 question --

11 CHAIR ISRAEL: -- to address that. Yeah.

12 VICE CHAIR WINNER: -- if you don't mind?

13 Jim, just in response to what you just said, my
14 recollection is that at the meeting on the 12th, I think it
15 was the 12th, that there was agreement that in the
16 discussions going forward that CTT would have -- would have
17 a part. Are you saying you didn't -- you weren't a party to
18 any of these discussions that went on since the 12th?

19 MR. CASSIDY: No, sir.

20 VICE CHAIR WINNER: Okay.

21 CHAIR ISRAEL: Well, don't make a face. Say
22 something.

23 MR. DARUTY: Well, I didn't say unequivocally
24 there have been discussions between Santa Anita and the CTT
25 over the last week, including lengthy correspondence

1 exchanged just as recently as yesterday on the issues of
2 stall applications and -- and how the -- the CTT agreement
3 with Santa Anita for our upcoming meet is going to read. So
4 again, I'm never quite sure what counts as a meeting and
5 what doesn't count as a meeting, you know, for purposes --
6 when they sit here and say we haven't met.

7 COMMISSIONER ROSENBERG: Well, he was referring to
8 a meeting these people must have had, several meetings to
9 settle this. He wasn't referring to just conversations with
10 individuals.

11 MR. DARUTY: Well, so to address that, the -- the
12 agreement that was reached between Santa Anita, Los
13 Alamitos, Del Mar and the TOC primarily covers the issues of
14 where will the stabling occur? And, of course, those are
15 the parties that have stables. With -- in addition, how is
16 that money going to be funded for the stables? And the
17 parties who are going to fund it are the racing
18 associations, Del Mar, Santa Anita, now Los Alamitos and, of
19 course, the TOC. So -- and also, what is our agreement as
20 to how we believe racing dates should be allocated? That's
21 obviously subject to the Board granting, you know, the
22 dates, as you have authority. But at least among the
23 parties to the agreement, how we thought they should be
24 allocated.

25 So the -- we did try to keep Fairplex advised, and

1 we did try to keep CTT advised. But as far as the actual
2 negotiations of the form of the document, the only way to
3 get to the finish line with the four parties involved was to
4 try to have the discussions among the parties involved.

5 MR. BALCH: Mr. Chairman?

6 CHAIR ISRAEL: Okay, Alan, go ahead.

7 MR. BALCH: Alan Balch, CTT. Just so there's no
8 misunderstanding whatsoever, since the meeting on -- in Mr.
9 Winner's office, and our understanding was as Mr. Winner
10 expressed it, there has been zero communication between the
11 parties and CTT as to this four-party agreement that we
12 provide. We were provided a copy of the final signed
13 agreement last night, late in the day yesterday. We have
14 not been involved in any discussions related to that
15 agreement.

16 We have, as Scott says, been involved in an
17 exchange of views on the CTT race meet agreement, which is
18 still pending and has not been signed. But that does not
19 directly relate at all to this agreement.

20 Now, having said that, you know, we certainly
21 appreciate the progress that's been made along the lines of
22 the meeting that we held -- was held in your office. And we
23 have looked at the agreement that we were provided last
24 night after it had been signed. And Jim made the comments
25 that we have at this point. And we just don't want to have

1 the Racing Board or the industry think that a lot of
2 detailed issues have been addressed because they have not
3 yet been addressed.

4 As Chairman Israel knows, we've agreed -- we've
5 believed all along in some kind of master method of having a
6 CTT or a horsemen's agreement for an extended period of time
7 so that we don't go through this all the time. But those
8 difficult problems, the most -- well, there's a great many
9 difficult problems that have been resolved in the agreement
10 that you have in front of you. But there are several more
11 that still need to be resolved.

12 And as Chairman Israel said, we have some time.
13 But we don't have four months, in our opinion, because the
14 stall application process for the winter and the ensuing
15 months it going to take place in the October-November
16 period, which has always been our concern. And we -- we
17 think there's a lot of work to do there still.

18 CHAIR ISRAEL: All right.

19 COMMISSIONER BENETO: I have a question.

20 CHAIR ISRAEL: Yes. Go ahead, Steve.

21 COMMISSIONER BENETO: I'm a little disturbed,
22 Alan, about what you just said. Why aren't you invited to
23 these meetings?

24 MR. BALCH: Well, others would have to speak to
25 that. But it probably has something to do with my

1 personality. But seriously, Commissioner, the -- I think
2 this came up towards the end of the meeting in Mr. Winner's
3 office. And as Chairman Israel properly pointed out, it is
4 a fact that there is no financial participation by the CTT
5 in this agreement. So the parties -- it certainly makes
6 sense to me that the parties that are providing the stabling
7 and dealing with the race dates and dealing with the
8 finances are probably the proper signatories to this
9 agreement. I think we did have that discussion in
10 everybody's presence. But I think there would certainly --
11 we think we might have been able to bring something to the
12 table, but we weren't involved in that.

13 VICE CHAIR WINNER: But you were involved in every
14 meeting that either Chairman Israel had or I had or --

15 MR. BALCH: Yes. And we are extremely
16 appreciative for that. I made that clear at the last Board
17 meeting, and we're happy to repeat that appreciation now
18 because without you --

19 VICE CHAIR WINNER: Not looking for appreciation.
20 I just want to make it clear that --

21 MR. BALCH: That's right. We were in the
22 meetings --

23 VICE CHAIR WINNER: -- you've been in all of our
24 meetings.

25 MR. BALCH: -- that you held, and we very much

1 appreciated it.

2 COMMISSIONER BENETO: My next question, Mr.
3 Chairman --

4 CHAIR ISRAEL: Yes.

5 COMMISSIONER BENETO: -- and the group here, the
6 five months at Fairplex, where -- where do we go after that?
7 I mean, is that a done -- is that over at that time?

8 MR. DARUTY: Scott Daruty on behalf of Santa
9 Anita. So at the end of the five-month period, which would
10 mean June 30th, so now the first day where Fairplex was not
11 available under this arrangement would be July 1st, by that
12 time the Del Mar stabling facility will be available, as
13 will San Luis Rey Downs, as will Los Alamitos. Santa Anita
14 will be closed during the Del Mar summer meet. But other
15 than that basically seven-week period, Santa Anita will be
16 available for year-round stabling.

17 So I think the total number -- Joe, what was the
18 total number that that comes up to, 3400, something like
19 that, stalls?

20 COMMISSIONER ROSENBERG: Do you have a number in
21 the spring --

22 COMMISSIONER BENETO: Do they come back?

23 COMMISSIONER ROSENBERG: -- for Fairplex being
24 open? You know, when are you adding the numbers?

25 CHAIR ISRAEL: Well, that's after -- after they

1 leave Fairplex they still have 3,400 stalls --

2 COMMISSIONER ROSENBERG: All right.

3 CHAIR ISRAEL: -- because Del Mar opens.

4 MR. BALCH: That is incorrect.

5 MR. CASSIDY: That's incorrect.

6 COMMISSIONER BENETO: Isn't Fairplex going to be
7 open --

8 MR. CASSIDY: That is incorrect.

9 COMMISSIONER BENETO: -- for you guys?

10 MR. BALCH: One of the -- one of the problems, to
11 answer your question, sir, the capacity, the effective safe
12 capacity at Del Mar during the Del Mar races is still, in
13 our opinion, a big issue because of how many horses Del Mar
14 can handle at its facility, and then how many offtrack.
15 Because without the -- without the stable area at Pomona we
16 believe there are some issues now. San Luis Rey has talked
17 about 500 to 800. So if they can add 300 stalls at San Luis
18 Rey, then you get to 800 there. And if Los Alamitos goes
19 all the way to the 700, that's obviously 1,500 head there.
20 But those things are not tied down yet.

21 CHAIR ISRAEL: And then you have at least 1,900 at
22 Del Mar.

23 MR. BALCH: At Del Mar 1,900, right.

24 CHAIR ISRAEL: So that's 3,400.

25 MR. BALCH: Correct. But the -- well --

1 MR. CASSIDY: No. The way -- excuse me. Jim
2 Cassidy again, CTT. You have 500 right now at Los Alamitos.
3 You have 495 at San Luis Rey right now, and 500 at
4 Fairplex. You have 1,900 at Del Mar. Santa Anita closes,
5 there's still 1,500 horses of which 500 go to Los Al, 500 go
6 to San Luis Rey. Now, you still have the 500 there in
7 Pomona, plus the 1,900 that supposedly are at Santa Anita --

8 CHAIR ISRAEL: You're -- you're operating on the
9 assumption that they will not do what they're saying they're
10 going to do. If they don't do what they say they're going
11 to do --

12 MR. CASSIDY: That's correct.

13 CHAIR ISRAEL: -- Fairplex is still available.

14 COMMISSIONER ROSENBERG: Is that part of the
15 agreement as your understanding?

16 CHAIR ISRAEL: It's -- well, it's -- the horses
17 aren't going to be left homeless. It's understood that if
18 for some reason San Luis Rey can't expand, if for some
19 reason Los Alamitos isn't done with expansion, everybody
20 come before the Board. And Fairplex is not gone. Fairplex
21 is open for the entire year. They're available --

22 VICE CHAIR WINNER: Yeah.

23 CHAIR ISRAEL: -- for the entirety of 2014 if
24 needed, but it's just not anticipated that it's -- that it
25 will be needed.

1 VICE CHAIR WINNER: That has been part of the
2 discussion.

3 CHAIR ISRAEL: Yeah.

4 COMMISSIONER ROSENBERG: Is that covered in the
5 written --

6
7 VICE CHAIR WINNER: Fairplex is available for the
8 whole year.

9 COMMISSIONER ROSENBERG: Is that covered in the
10 written -- is that covered in the written agreement?

11 MR. DARUTY: Scott Daruty for Santa Anita. And,
12 Commissioner Rosenberg, I can answer that question. The way
13 the agreement is -- is written, if the 300 additional stalls
14 at San Luis Rey Downs are not available -- and let me
15 clarify. The only reason they would be not available is if
16 there is a regulatory issue that prevents us from building
17 them. Because we are committed to spending the money to
18 build them.

19 But if for regulatory reasons we can not build the
20 additional 300 stalls the contract reads that we will then
21 contribute a large amount of money that we would have spent
22 on the construction. That will be contributed into this
23 fund and used for stabling. Now, where that additional
24 stabling will be remains to be determined later. But I can
25 tell you there, you know, aren't a whole lot of logical

1 alternatives. So the money would -- you know, has a chance
2 for being spent for Pomona if that's what the industry
3 thinks makes sense.

4 CHAIR ISRAEL: And Mike unequivocally said in our
5 meeting last week that they -- they -- they're agreement
6 with CAFO, the water authorities, is that they can take
7 horses for the entirety of 2014 on the exemption that they
8 have if need be. So that's -- that's resolved.

9 MR. MORRIS: Joe Morris for TOC. Los Al is 700,
10 not 500. They'll open with 500, but there will be 700
11 when -- when we need it.

12 CHAIR ISRAEL: Right. When will the mile track be
13 done?

14 MR. MCKENZIE: We're already spending money on
15 architects and engineers and working with the City of
16 Cypress. We just had a meeting two days ago with Dennis
17 Moore, and he is convinced that we will have the mile track
18 done prior to the first of the year.

19 VICE CHAIR WINNER: Mike?

20 MR. SEDER: Mike Seder with Fairplex. I just
21 wanted to confirm that Fairplex is in the agreement through
22 June 30th. Fairplex is available beyond that. And Fairplex
23 can take more than 500 horses if that's what's necessary.
24 So we are here and we are available for '14.

25 VICE CHAIR WINNER: Okay. Thank you. That's

1 important. We've been discussing that.

2 CHAIR ISRAEL: All right. George, and then Jess.

3 COMMISSIONER KRIKORIAN: A few -- a few questions
4 please. One -- well, the first thing is you've got 3,400
5 stalls. And my question is what is the basis for the 3,400
6 stalls? Because it doesn't appear there are 3,400 horses to
7 fill the stalls right now?

8 And then the second question is: How is
9 this situation going to be monitored in the future? In
10 other words, each track or each facility is going to be open
11 for stabling --

12 CHAIR ISRAEL: Well, I actually anticipated that.

13 COMMISSIONER KRIKORIAN: Yeah.

14 CHAIR ISRAEL: I asked them to come up -- confer
15 with each other and come up with a threshold number where
16 that threshold would have to be reached. If there weren't
17 that many horses that were going to be housed at any
18 particular entity it shouldn't be open. I mean, it makes no
19 sense to open up a facility to house 172 horses, or pick a
20 number. I mean, they have to decide what the threshold is.

21 COMMISSIONER KRIKORIAN: I agree. But how is it
22 going to be monitored?

23 CHAIR ISRAEL: How is it going to be monitored?
24 By the participants to the agreement because they're not
25 going to be -- they don't want to spend -- waste money.

1 VICE CHAIR WINNER: Yeah, they don't want to waste
2 money.

3 CHAIR ISRAEL: And then if there -- and if there's
4 a dispute, the dispute resolution process requires the CHRB
5 to be involved by law.

6 COMMISSIONER KRIKORIAN: Okay. Well --

7 CHAIR ISRAEL: So --

8 COMMISSIONER KRIKORIAN: -- okay.

9 CHAIR ISRAEL: So that's --

10 COMMISSIONER KRIKORIAN: Well, you take the -- if
11 you take the plan that's proposed now that everyone's agreed
12 on, and that's fine, but is there going to be an increase
13 cost of stabling now that's greater than what it was last
14 year? In other words, is there going to be a loss --
15 increase in a potential loss here, or is the same or less?
16 What is it?

17 CHAIR ISRAEL: No. Stabling is going to cost more
18 going forward.

19 MR. MORRIS: Yeah.

20 COMMISSIONER KRIKORIAN: How much?

21 MR. MORRIS: Joe Morris for the TOC. And first of
22 all, there is more stalls than we're going to have horses
23 for. So Stabling and Vanning will have to watch that.
24 There is a provision in there. Any time any -- any facility
25 is less than half full we'll look at it and we'll look at

1 the cost charged at that time, and we'll look if we still
2 need to have it open.

3 Right now this plan -- Stabling and Vanning is
4 about \$1.3 million in the deficit right now. And this plan
5 is going to add about \$2 million to that. We're going to
6 take about \$1 million, or whatever Del Mar's over-expenses
7 is in the fall, and that's going to help cover it. And the
8 Stabling and Vanning is going to get -- the deficit is going
9 to rise another \$1 million.

10 Now, we've all also committed to, once we get past
11 this, we've all committed to look at stable and vanning
12 funding. And we're going to look at ways to increase that
13 funding over the next year, '14 and '15. One way it so open
14 more minisatellites. That's where that money comes from.
15 And then there's other ideas we have that we're going to
16 look at together to figure that out.

17 VICE CHAIR WINNER: And I think that answers also
18 Commissioner Rosenberg's question about the money from Del
19 Mar --

20 COMMISSIONER ROSENBERG: Yes.

21 COMMISSIONER ROSENBERG: Right.

22 VICE CHAIR WINNER: -- that they committed.

23 CHAIR ISRAEL: Yes. So, Jess, you have a
24 question?

25 COMMISSIONER ROSENBERG: On Del Mar, though, on

1 Del Mar -- can I just ask real quick?

2 On Del Mar the safety issue that I believe Mr.
3 Cassidy raised, has that ever been discussed among your
4 group, or was it discussed by Del Mar, that 1,900 horses
5 there are too many or --

6 MR. RUBENSTEIN: Josh Rubentstein, Del Mar. This
7 past summer we had approximately 19 horses on the ground.

8 CHAIR ISRAEL: Nineteen hundred.

9 VICE CHAIR WINNER: Nineteen hundred. You had
10 only 19 horses, Josh?

11 MR. RUBENSTEIN: Nineteen hundred. Excuse me.

12 CHAIR ISRAEL: We understood. We understood.

13 MR. RUBENSTEIN: Nineteen hundred.

14 CHAIR ISRAEL: Those are some tired horses right
15 now.

16 MR. RUBENSTEIN: Nineteen hundred. But in the
17 past we've had as many as 2,200, you know, on the grounds.
18 So in a perfect world we would be at 1,900. But we have had
19 more than that.

20 CHAIR ISRAEL: Jess had a question?

21 COMMISSIONER KRIKORIAN: Okay. Sorry.

22 CHAIR ISRAEL: And then -- and then Jim Cassidy
23 obviously wants to make a comment because he's -- the
24 long -- the Irish arm went out like that.

25 COMMISSIONER KRIKORIAN: Oh, yeah. I know.

1 CHAIR ISRAEL: But, Jess, you go first.

2 COMMISSIONER CHOPER: And I'll -- I'll let the
3 bench talk.

4 CHAIR ISRAEL: Okay. Then, Jim, go ahead.

5 MR. CASSIDY: The 1,900 at Del Mar is really
6 parked.

VICE CHAIR WINNER: You've got to introduce
7 yourself, Jim.

8 MR. CASSIDY: Jim Cassidy, CTT. Nineteen hundred
9 at Del Mar is Max for safety as far as the horsemen are
10 concerned. When they had 2,200, 2,300 back in the day it
11 was -- besides fire hazards and all the others it was a big
12 problem.

13 VICE CHAIR WINNER: But we're only talking
14 about --

15 MR. CASSIDY: So it was -- it would be unsafe.

16 VICE CHAIR WINNER: -- 1,900 in this case.

17 CHAIR ISRAEL: Yeah.

18 MR. CASSIDY: Yeah. But he said we could have up
19 to 2,200.

20 VICE CHAIR WINNER: Yeah. Yeah.

21 CHAIR ISRAEL: Well --

22 VICE CHAIR WINNER: But that's not in the plan. I
23 mean --

24 CHAIR ISRAEL: Moreover, the one thing we don't
25 have is expertise on fire hazards. That's why there's a

1 fire commissioner of San Diego County who visits there and
2 makes those decisions. So I don't -- we're not going to
3 usurp his authority.

4 George, go ahead.

5 COMMISSIONER KRIKORIAN: Okay. Well, to -- to
6 finish a couple of questions I had, how long are these --
7 all the tracks and the locations for the stalls, how long
8 are they committing to keep open? And for example, if you
9 take Santa Anita they're committing about 1,900 stalls,
10 and -- and we're giving them a two-year extension on their
11 dates. So what happens if Santa Anita decides to cut out
12 500 stalls or --

13 CHAIR ISRAEL: We're -- we're --

14 COMMISSIONER KRIKORIAN: -- sell a chunk of their
15 property tomorrow?

16 CHAIR ISRAEL: Well, I mean --

17 COMMISSIONER KRIKORIAN: I mean, where's the
18 commitment in writing that -- that commits Santa Anita to
19 keep those stalls open so we don't run into yet another
20 problem --

21 CHAIR ISRAEL: I'll let them answer, but --

22 COMMISSIONER KRIKORIAN: -- like we had at
23 Hollywood Park?

24 CHAIR ISRAEL: -- but we're not licensing them to
25 run meets for two years. We're -- we're -- we're approving

1 a calendar, and then each license is granted as we get to
2 it. I'll be gone to it by then, but each license will be
3 granted by you as you get to it 2014 and 2015. It's -- this
4 is for planning purposes.

5 Fairplex can't commit to anything past 2014
6 because of their issue with the water board that -- and this
7 year is going to be -- included, in fact, in their day rate
8 is money for testing on a daily basis the water so that they
9 can determine exactly what they have to do to remedy the
10 situation if they want to continue being a stabling
11 operation. So this year in some ways is an experiment for
12 them to find out where they stand with the water board.

13 COMMISSIONER KRIKORIAN: Can I just make one --

14 CHAIR ISRAEL: Well, I'd like -- I'd like Scott to
15 answer the -- the commitment.

16 MR. DARUTY: Scott Daruty on behalf of Santa
17 Anita. The contract does specify that Santa Anita for the
18 two-year term of the contract, which covers 2014 and 2015,
19 Santa Anita will provide 1,900 stalls for year-round
20 stabling, except during the Del Mar summer meet when we'll
21 be closed for maintenance and renovations and those sorts of
22 things.

23 VICE CHAIR WINNER: Yeah. The agreement --

24 CHAIR ISRAEL: But it --

25 VICE CHAIR WINNER: -- does contemplate this and

1 does have --

2 CHAIR ISRAEL: Yeah.

3 VICE CHAIR WINNER: -- a commitment of the 1,900
4 stalls.

5 CHAIR ISRAEL: Yeah. The only unanswered -- the
6 unanswered question --

7 COMMISSIONER KRIKORIAN: Well, my -- my --

8 CHAIR ISRAEL: -- for 2015 --

9 COMMISSIONER KRIKORIAN: My question is, is
10 what -- and I'm not -- and I'm not trying to offend anybody
11 here --

12 CHAIR ISRAEL: Okay.

13 COMMISSIONER KRIKORIAN: -- but, you know, they're
14 saying that they're committed. But my question is what if
15 they fail to honor their commitment? What's our recourse?
16 What do you do?

17 VICE CHAIR WINNER: Don't give them a license.

18 CHAIR ISRAEL: Yeah, you don't give them a
19 license.

20 COMMISSIONER KRIKORIAN: I'm sorry?

21 VICE CHAIR WINNER: You don't give them a license.

22 COMMISSIONER KRIKORIAN: Yeah.

23 CHAIR ISRAEL: Or you --

24 VICE CHAIR WINNER: That's the only -- I mean,
25 frankly, you know --

1 CHAIR ISRAEL: You don't have -- you know, I
2 suppose you could shoot them at sunrise. But, you know --

3 VICE CHAIR WINNER: I don't know whether --

4 CHAIR ISRAEL: -- you have to catch them first.

5 VICE CHAIR WINNER: George, if you have another
6 recourse, another way of dealing with it that we're not --
7 you know, that I haven't thought of or David or others
8 haven't I'm happy to listen. But we only have the authority
9 to license. We have the authority to grant dates --

10 COMMISSIONER KRIKORIAN: Well, I'd like to ask --

11 VICE CHAIR WINNER: -- and to --

12 COMMISSIONER KRIKORIAN: I'd like to ask our
13 attorney what rights we -- what rights we -- we might have
14 otherwise under certain circumstances.

15 MR. MILLER: You mean if they fail to abide by the
16 agreement?

17 COMMISSIONER KRIKORIAN: Right.

18 MR. MILLER: And we're approving the agreement?

19 COMMISSIONER ROSENBERG: Well, that's the
20 question.

21 CHAIR ISRAEL: No, we're not approving it.

22 MS. WAGNER: No.

23 COMMISSIONER ROSENBERG: Wait. That's the -- why
24 can't we approve the agreement? That's my question. Why
25 can't we approve the agreement? Why can't the Board --

1 we're not -- we're not a party to it. Do we have to approve
2 these deals with stable and vanning and other issues that we
3 have jurisdiction over?

4 MR. MILLER: Do you have jurisdiction over the
5 Stabling and Vanning Fund?

6 COMMISSIONER ROSENBERG: Yes.

7 MR. MILLER: And the Stabling and Vanning
8 Committee?

9 COMMISSIONER ROSENBERG: Yes.

10 MR. MILLER: And if you want to exercise, you
11 know, the jurisdiction over the agreement --

12 COMMISSIONER ROSENBERG: Right. I'm not
13 suggesting we hold anything up in terms of getting this
14 done, in terms of what we have to vote on. But I would
15 assume it would be possible to have the agreement submitted
16 for approval, written approval once we review it.

17 COMMISSIONER CHOPER: I'd like to say that I think
18 that, you know, if you had a full written agreement, that's
19 ideal. Otherwise, we've got a record of everything -- I
20 don't even want to say said -- promised right here this
21 morning. And I don't have much question that, so long as
22 the people who make the statements continue in business,
23 we're going to have a way to enforce that, whether it be by
24 licensing or shooting at dawn. I'm not up at dawn, so I
25 won't participate in the shooting. But --

1 CHAIR ISRAEL: We'll send you a DVD.

2 COMMISSIONER CHOPER: That's all right. So I just
3 want to make that point, it's a simple point, that this
4 record is being made. And there has been statements made
5 and there has been no disagreement with those statements.
6 And there are many tools, I think, that we have to enforce
7 what we believe were agreements made.

8 CHAIR ISRAEL: Well, I mean, the principal tool,
9 besides licensing of the Board, is the aggrieved parties, if
10 one party doesn't keep the agreement, are the other
11 signatories to the agreement. They're the ones who suffer.
12 They're the ones who don't have horses so that they can run
13 their meets.

14 COMMISSIONER CHOPER: Yeah. All of that is true.

15 CHAIR ISRAEL: So they would -- they -- their
16 recourse is to take legal action for failure --

17 COMMISSIONER KRIKORIAN: Well, all the other
18 trainers and the owners and a whole bunch of other people.

19 CHAIR ISRAEL: But TOC is the owners. You know,
20 the trainers -- the trainer, I guess technically because
21 they don't have a financial stake in this particular arena,
22 but the trainers could, I'm sure, find a legal basis to sue.
23 So the -- the -- the recourse is in the courts. I mean,
24 this is -- this is a contract between -- between four
25 parties.

1 COMMISSIONER CHOPER: They can do that.

2 CHAIR ISRAEL: Yeah.

3 COMMISSIONER CHOPER: But they can -- they can get
4 them enforced here.

5 CHAIR ISRAEL: But the Board --

6 COMMISSIONER CHOPER: So --

7 CHAIR ISRAEL: But the Board's ultimate power is
8 licensing. And you don't have to grant a license to a race
9 track.

10 COMMISSIONER ROSENBERG: Can I ask --

11 COMMISSIONER CHOPER: That's better than the
12 courts and a lot faster.

13 COMMISSIONER ROSENBERG: Can I ask counsel, so
14 wouldn't it be -- give us more jurisdiction and legs to
15 stand on to have this agreement approved so we can act?
16 Because we don't know. We're hearing representations which
17 can be interpreted many ways. And there's a transcript
18 that's going to come out of this. Why can't we get a copy
19 of the agreement signed by the parties and approved by the
20 Board?

21 MR. MILLER: Well, it would have to be agenda --
22 put on an agenda for a future meeting.

23 COMMISSIONER ROSENBERG: Yeah, of course.

24 CHAIR ISRAEL: Well, it's on the agenda for this
25 meeting, actually.

1 MR. MILLER: Well, the contract is not before the
2 Board.

3 COMMISSIONER ROSENBERG: Yeah.

4 VICE CHAIR WINNER: Right. So that -- that raises
5 a question from me. If we do -- I don't want to kick this
6 can --

7 COMMISSIONER ROSENBERG: I don't either. I don't
8 either.

9 VICE CHAIR WINNER: -- down the road anymore.

10 COMMISSIONER ROSENBERG: I don't either. It's
11 just a formality to get -- make sure we can --

12 CHAIR ISRAEL: Well, we can still deal with seven
13 and eight here which is --

14 VICE CHAIR WINNER: Yeah. If we can --

15 MR. MILLER: Yes.

16 VICE CHAIR WINNER: I'm okay with that if
17 everybody else wants to do it, but not if it means delaying
18 any longer the granting of the dates.

19 COMMISSIONER CHOPER: I'd say that I agree with
20 that. And as I read item six as encompassing notice of
21 fact.

22 CHAIR ISRAEL: So do I.

23 COMMISSIONER CHOPER: We're talking about
24 discussion and action --

25 CHAIR ISRAEL: Action by the Board.

1 COMMISSIONER CHOPER: -- by the Board regarding an
2 industry update. The industry update includes a report of
3 an agreement that has been reached, and action on that
4 agreement, Counsel, is my --

5 MR. MILLER: Is the agreement --

6 COMMISSIONER CHOPER: -- is my unprofessional
7 opinion. That's good enough.

8 COMMISSIONER ROSENBERG: Counsel?

9 MR. MILLER: Well, no. No.

10 COMMISSIONER CHOPER: That's all right. You're
11 not -- I didn't ask you to say anything.

12 CHAIR ISRAEL: Let Bob answer that question.

13 COMMISSIONER ROSENBERG: Go ahead, Bob.

14 CHAIR ISRAEL: And then -- and then Steve.

15 MR. MILLER: Is the agreement in the package?

16 MS. WAGNER: No.

17 COMMISSIONER ROSENBERG: No.

18 MR. MILLER: It's not before the Board.

19 COMMISSIONER CHOPER: Touché.

20 MR. MILLER: As someone who helped me get through
21 the California Bar exam.

22 COMMISSIONER ROSENBERG: The way I'd answer the
23 Vice Chairman's question, assuming others don't have
24 objections to the overall subject we're voting on for the
25 next two items --

1 CHAIR ISRAEL: Well --

2 COMMISSIONER ROSENBERG: -- it is possible, I
3 believe, to have -- we can vote on those items. But we can
4 request that the written agreement be submitted to the Board
5 for technical written -- for the technical approval at the
6 next Board meeting. Now if there's something --

7 VICE CHAIR WINNER: After 45-days.

8 COMMISSIONER ROSENBERG: Wait. Let me finish. If
9 there's something --

10 VICE CHAIR WINNER: It would have to be --

11 COMMISSIONER ROSENBERG: No, no.

12 CHAIR ISRAEL: It's not a change of rule.

13 COMMISSIONER ROSENBERG: No. There's no --

14 VICE CHAIR WINNER: Okay.

15 COMMISSIONER ROSENBERG: But if there's something
16 in that agreement that we haven't heard yet that the Board
17 decides, not one person but if the Board decides it's
18 objectionable or should be discussed at the meeting, we'll
19 discuss it.

20 CHAIR ISRAEL: All right. Steve wanted to ask
21 something.

22 COMMISSIONER BENETO: Well, I like to simplify
23 things. It seems like it's in the best interest of Santa
24 Anita to make sure that -- that the horse population, in
25 other words, stays high, and that it should be their

1 responsibility to make sure that there's stabling for all
2 the horses. Because, after all, you guys are running the
3 meet and -- and it's revenue for you guys. The more horses
4 you get on a race the better your betting is.

5 So I think the responsibility should be on Santa
6 Anita. They should be monitoring all the time where the
7 horse population should be stabled and keep the horsemen
8 comfortable. Am I out of line saying that?

9 MR. DARUTY: You're absolutely -- this is Scott
10 Daruty on behalf of Santa Anita, and you're absolutely
11 correct and we absolutely do do that.

12 CHAIR ISRAEL: It's self-defeating not to have
13 enough stalls to house as many horses as possible because
14 handle has been proven time and time again if you go from
15 seven to nine horses it increases by almost a factor of two.
16 So --

17 COMMISSIONER BENETO: So I'd like to put the
18 monkey on your back.

19 CHAIR ISRAEL: They -- believe me, it's climbing
20 all over them, and it speaks German, as well as English.
21 So --

22 COMMISSIONER ROSENBERG: So I can make a motion
23 then to have counsel help with this to move to have the
24 agreement that was reached by the Stabling and Vanning
25 Committee, I presume, a written agreement among the parties

1 involved in the Stable and Vanning Committee.

2 CHAIR ISRAEL: No, it's not. It's not a Stabling
3 and Vanning agreement.

4 COMMISSIONER ROSENBERG: It isn't?

5 CHAIR ISRAEL: No. It's among the --

6 COMMISSIONER ROSENBERG: Okay. So the agreement
7 that was reached among the parties regarding Stable and
8 Vanning be submitted to the Board for technical approval and
9 to be discussed at the next Board meeting.

10 VICE CHAIR WINNER: Second.

11 CHAIR ISRAEL: I don't know that we have to take a
12 vote on that.

13 MR. MILLER: You don't have to take a vote.

14 CHAIR ISRAEL: I think we -- we -- we would -- we
15 could ask that. And -- and I'm sure you're going to consult
16 with attorneys who will tell us whether -- whether they
17 think we can do it or not. And you're going to have to come
18 up with -- I'm serious. We're going to need some legal
19 opinion because this is -- yeah, just do it. Just give us
20 the thing and we'll --

21 MR. MORRIS: This is Joe Morris with the TOC. And
22 we -- we have no problems giving you the agreement to -- to
23 look at. But I -- but I would ask you to still make a
24 motion on what we approved. I mean, what was in there is
25 what we've been discussing. We need to nail down the

1 stabling and vanning. That board did a unanimous vote where
2 we've laid out stabling for 2014. And we'd still like to
3 get the race dates part of it --

4 CHAIR ISRAEL: Well, work on that next. Those are
5 items seven and eight.

6 MR. MORRIS: -- as part of that.

7 COMMISSIONER ROSENBERG: That's number seven and
8 eight.

9 MR. MORRIS: But I'm hoping we can still move this
10 forward.

11 CHAIR ISRAEL: Well, yeah, I actually agree with
12 that. I'd like to move that we -- we approve the stabling
13 and vanning portion of the agreement pending next month
14 being -- being able to -- within the next month to be able
15 to re-review and vote on the written agreement.

16 MR. MORRIS: And we'll send you the motion from
17 the Stabling and Vanning Committee, two different things.
18 The agreement is one thing between the four parties. The
19 Stabling and Vanning Committee has made a motion,
20 unanimously approved, and we can send that to you so you can
21 see it. But that's the part that we want to get --

22 CHAIR ISRAEL: All right.

23 MR. MORRIS: -- get behind us.

24 COMMISSIONER CHOPER: And I think we ought to have
25 some summary at the next meeting of what was agreed to in

1 the course of these discussions. It's already in the
2 record, but it would be a lot simpler if we had a series of
3 bullets as to which each of the parties said what they were
4 going to do.

5 CHAIR ISRAEL: And that includes the trainers to
6 some extent.

7 COMMISSIONER CHOPER: And the trainers, yes, of
8 course.

9 COMMISSIONER ROSENBERG: I'll second. I'll second
10 your motion.

11 VICE CHAIR WINNER: Okay. So you made a motion;
12 correct?

13 COMMISSIONER ROSENBERG: I'll second that.

14 CHAIR ISRAEL: I think I made the motion.

15 VICE CHAIR WINNER: Yeah. That's --

16 CHAIR ISRAEL: I made the motion to approve this
17 pending the delivery of those written agreements.

18 VICE CHAIR WINNER: I second.

19 COMMISSIONER ROSENBERG: Second.

20 CHAIR ISRAEL: It's -- I moved it, seconded by
21 Commissioner Winner. All in favor?

22 ALL COMMISSIONERS: Aye.

23 CHAIR ISRAEL: Okay. Six is approved.

24 COMMISSIONER CHOPER: Can I -- go ahead.

25 CHAIR ISRAEL: Yeah. Go ahead, Jess.

1 COMMISSIONER CHOPER: If -- if we're done, I just
2 want to say a couple of quick things. And one is to thank
3 very deeply the chairman and -- and the vice chairman for
4 all of the effort that they've put into this. And I
5 don't -- I don't want to thank, I want to congratulate the
6 people at this table and those that they represent to get us
7 this far. Because for me it stands for something very close
8 to the way business ought to be conducted within this
9 industry. I think there are -- there are two criteria for
10 these matters that involve some difference of opinion and
11 some difference of need from -- from the parties.

12 They are -- first of all, I mean, they are full
13 participation by all the folks concerned. And, you know,
14 generally it's the -- the horsemen and the tracks and the
15 trainers. I mean, they're key. We don't have any races
16 without -- without those folks. And -- and on a number of
17 issues I guess the jockeys are, as well, ought to be
18 included to the extent that it in any way affects them.

19 And the secondly is I think the, you know, second
20 criterion for determining what was a successful agreement is
21 that nobody is fully satisfied. And if we don't accept that
22 proposition then we are in trouble because it is -- and
23 these issues are, by their nature, matters of taking care of
24 the interests of different people which are often competing.
25 And if we don't resolve those competing interests by

1 giving -- I'm, you know, singing a song that I've sung
2 before, but I've been known to repeat myself -- ask any of
3 my friends -- in the --

4 CHAIR ISRAEL: We're colleagues.

5 COMMISSIONER CHOPER: Colleagues, as well. Well,
6 there's a difference between colleagues and friends. But --

7 CHAIR ISRAEL: I know.

8 COMMISSIONER CHOPER: -- they are -- but that
9 is -- that is an important criterion to be recognized in
10 resolving any issues like this. And I just hope that we --
11 we've -- we've made a big first step, specifically in
12 respect to stabling and vanning, and I hope it's a big first
13 step in respect to issues that -- that absolutely are going
14 to arise in the future.

15 CHAIR ISRAEL: Okay. I'd just like to -- to
16 support that by saying when -- when we started our most
17 recent meeting on the 12th in Chuck's office the first thing
18 I told everybody is if when we leave here you're all equally
19 ticked off at me, we -- we've done our job. And everybody
20 left with that feeling, I'm sure.

21 The second thing is, is one of the things -- is
22 what -- is one of the reasons we were able to get this done
23 despite the acrimonious place which we started is I think in
24 the end we all viewed this not as a problem but as an
25 opportunity. And -- and we took it as an opportunity to

1 deal with the future of racing in a productive way, to find
2 a new way to conduct business and to find a way to work
3 together to grow the business. And I'm hopeful that that's
4 what will happen, that going forward when I'm not on this
5 Board after the end of the year, you know, it will be a
6 better and healthier and more flourishing business than --
7 than it is now or than it was when I joined the Board more
8 than well over five years ago. So, you know, I actually
9 think this will inure to the benefit of everybody and to the
10 health of horse racing in California.

11 That said, let's move on to number seven,
12 discussion and action regarding the request from Los
13 Alamitos Racing Association for the allocation of
14 thoroughbred race dates for the 2014 and 2015 year.

15 Brad, would you like to make a statement?

16 MR. MCKENZIE: Well, first I'd like to quote Lady
17 Gaga. No. I can say, first of all, on behalf of our owner
18 and chairman, Dr. Allred, we're excited to be here in front
19 of this Board requesting 2014/2015 dates. And as the
20 chairman said, we're not just excited for ourselves. We're
21 actually excited for this industry because the opportunity
22 to bring top class racing to Orange County is an opportunity
23 for us all to expose our sport to an entirely new market.

24 I sit here at many meetings where we talk about
25 how are we going to generate new fans? How are we going to

1 generate new fans? This is a way to generate new fans. And
2 hopefully they will not just be fans of Los Alamitos, they
3 will become fans of Santa Anita and Del Mar and thoroughbred
4 racing all over.

5 The Orange County market is a market that screams
6 potential. If you look at the performance of Los Alamitos
7 Race Course historically as a daytime satellite for
8 thoroughbred racing, we are the biggest producing satellite
9 in the state. Last year at Los Alamitos as a satellite for
10 thoroughbred racing we handled just over \$104 million; \$6.3
11 million generated for thoroughbred purses. Over \$5 million
12 generated to thoroughbred racing associations. And \$1.2
13 million generated for the much needed Stabling and Vanning
14 Fund.

15 If you look at the other signs of potential of our
16 market and you look no farther than the Kentucky Derby Day
17 when acting as a satellite, we are the largest satellite in
18 the state last year on Kentucky Derby Day as a satellite.
19 Los Alamitos, at our facility, handled \$1.9 million;
20 \$200,000 more than our friends at Santa Anita.

21 So we are excited about the opportunity. We also
22 would like to thank the many people who worked many hours to
23 produce this Magna Carta of a document that has led us here
24 today. We also have special thanks for our friends at Del
25 Mar and Santa Anita who have graciously given up one week of

1 racing from their calendar to make room for our request for
2 five weeks of racing in 2014 and 2015.

3 As we said, we are committed to build a mile race
4 track with expanded turn radiuses. We are also committed to
5 provide stabling for up to 700 thoroughbreds year-round, all
6 in an effort to be a part of this thoroughbred industry.

7 One thing I would like to say is we get asked
8 quite a bit what type of thoroughbred racing do we plan on
9 running at Los Alamitos. And I would like to tell you that
10 we plan on offering first class thoroughbred racing, working
11 with the TOC, offering a lucrative stakes program, allowance
12 program, and claiming program. We hope to run some of the
13 historical races that were run at Hollywood Park.

14 I would remind this audience that Los Alamitos has
15 always been a big-event race track. The three richest races
16 run annually in California: The \$2 million Los Alamitos Two
17 Million; the \$1.7 million Golden State Futurity; and the
18 \$1.1 million Edberg Futurity are all run at Los Alamitos.
19 We run another \$1 million race. We run a \$750,000 race.
20 And we run 13 other races with purses of more than \$200,000.
21 We do not intend to be just a placeholder on the
22 thoroughbred racing calendar. We plan to run an offer top
23 class thoroughbred racing, and we are doing everything to
24 make sure that that happens.

25 Once again, we are excited. We are excited to

1 have these dates blocked off so that we can move forward
2 with our expansion program. As I've said, we've been
3 working with the city and with engineers to be ready to go.
4 And we look -- we look forward to having these great dates
5 granted.

6 CHAIR ISRAEL: Thanks. Can you please tell the
7 Board what a typical race day would look like at -- at Los
8 Alamitos? And when you do that, I think you have to say
9 your name and your -- and state your position. Because I
10 saw -- there was movement over there when you first started
11 speaking.

12 MR. MCKENZIE: My name is Brad McKinzie, and I'm a
13 consultant at Los Alamitos Race Course.

14 CHAIR ISRAEL: Okay. Now, explain to us what --
15 what kind -- what does the race card look like? What will
16 be the purse structures on the thoroughbred races? Explain
17 to us that you're going to be overseen and committed to the
18 TOC program for those five weeks, you know, and run under
19 the agents of TOC, not -- not the Quarter Horse Association.

20 MR. MCKENZIE: Yes. We will be running -- we will
21 be running a straight thoroughbred race meet. Actually,
22 because there's some limitations to this Board's ability to
23 even grant dates to a meet that runs both thoroughbreds and
24 quarter horses, our plan now is to run the daytime
25 thoroughbred race meet Thursday, Friday, Saturday and

1 Sunday, and on Friday, Saturday and Sunday nights follow
2 that up with our normal quarter horse program.

3 The third daytime thoroughbred racing will be run
4 under the auspices of the TOC, just like we will operate
5 just like any other thoroughbred meet in California. The
6 TOC rollover purses, will sit down with the TOC and make as
7 good a projections as we can about what our handle will be
8 to set purse structures and what we can do to boost those
9 purses. And we -- we will operate just like everyone else.
10 We will join this dysfunctional family with great relish.

11 CHAIR ISRAEL: Your claiming races will be at what
12 level?

13 COMMISSIONER BENETO: Yeah, that's my question
14 too.

15 MR. MCKENZIE: Our claiming -- our claiming races
16 will be at the -- at the level that is currently run at
17 thoroughbred racing -- thoroughbred tracks. We will
18 hopefully negotiate with the TOC to maybe drop some of the
19 claiming levels from maidens or offer some races that aren't
20 currently being offered at the other race tracks. But it's
21 all -- it's all going to be a question of input from the TOC
22 and from maybe --

23 CHAIR ISRAEL: What do you -- what do you mean by
24 that? Give me some dollar figures.

25 MR. MCKENZIE: Well, for right now -- for right

1 now I think your bottom maiden claiming price at Santa
2 Anita -- I'm not sure what it is, Joe.

3 COMMISSIONER ROSENBERG: Twenty. Twenty.

4 MR. MCKENZIE: Twenty?

5 CHAIR ISRAEL: Well, why don't you talk about
6 Hollywood, because you're going to be taking their dates
7 basically.

8 VICE CHAIR WINNER: Right.

9 CHAIR ISRAEL: So let's -- you know --

10 MR. MCKENZIE: I think the 20.

11 CHAIR ISRAEL: -- apples to apples is what -- what
12 will you do in relation to what Hollywood has been doing?

13 MR. MCKENZIE: We'll basically run the same
14 program as Hollywood Park runs. And if there's a market for
15 it, maybe run some -- offer some -- you know, instead of
16 \$20,000 bottoms on maidens, maybe \$15,000 bottoms on
17 maidens. We're going to have discussions with the owners
18 and with the trainers, also, about what kind of races can we
19 offer during our meet at Los Alamitos, and maybe fill a
20 niche that's not being filled currently.

21 CHAIR ISRAEL: What about on weekend graded
22 stakes. I mean, we're obviously going to be losing some
23 graded stakes races with Hollywood closing.

24 MR. MCKENZIE: Our plan is to pick up as many of
25 the Hollywood Park graded stakes as we can. I've already

1 had a meeting with Tom Robbins from Del Mar who is involved
2 with the graded stakes committee where he looked at the
3 design of our race track with the intent to try to keep as
4 many graded stakes in California as we can. We personally
5 think that the business that we'll generate at Los Alamitos
6 will be able to justify a stakes program that will fit right
7 in with the rest of the California thoroughbred calendar.

8 COMMISSIONER BENETO: I think you ought to -- I
9 think you ought to follow Santa Anita's and Hollywood's
10 philosophy on the claiming races. I wouldn't drop your
11 maiden claiming any lower than they're -- they're doing,
12 because I think you'll just wind up getting less class
13 horses coming in which I don't think would be beneficial to
14 you.

15 MR. MCKENZIE: Well, it's a question of whether
16 there's less class horses coming in, or giving people that
17 have been getting beaten in races an opportunity to win a
18 race. I mean, it's -- it's -- there's --

19 COMMISSIONER BENETO: Well, that's not --

20 MR. MCKENZIE: -- it's a two-way street.

21 COMMISSIONER BENETO: I mean, I don't think that's
22 going to win a race.

23 MR. MCKENZIE: Well, we will -- we will listen to
24 the TOC, we will listen to the trainers, and we will come up
25 with the -- with the best overall race program that we can.

1 COMMISSIONER CHOPER: And you'll also consider the
2 Northern California tracks in the process?

3 MR. MCKENZIE: Yes, we will consider the Northern
4 California tracks in the process.

5 COMMISSIONER CHOPER: Well, I mean, that -- that's
6 part of the mix on what we're talking about. I just -- one
7 other question. What is the timing like? When do you
8 expect the last -- do you expect the same -- the same
9 audience for the thoroughbreds than to hang on for another
10 dozen quarter horse races that you have?

11 MR. MCKENZIE: No. We expect some.

12 COMMISSIONER CHOPER: No?

13 MR. MCKENZIE: As we -- as we see even today when
14 we -- you know, we offer daytime satellite wagering, and
15 then we follow it up with our quarter horse program. Some
16 people come late and stay. Most people come early. But we
17 have our own -- we've developed our own, you know, group of
18 customers that hopefully there will be intermingling of
19 them. Some of our night --

20 COMMISSIONER CHOPER: Uh-huh.

21 MS. MATTHEWS: -- quarter horse people will come
22 to the daytime thoroughbred racing. And we hope some of the
23 daytime thoroughbred crowd comes to our night quarter horse
24 racing.

25 COMMISSIONER CHOPER: And you're -- you're

1 confident that the horses are going to be -- you know, what
2 -- what are you going to be running, maybe 20-some races a
3 day; right?

4 MR. MCKENZIE: Well, we have -- we have our own
5 horse population to handle, our night program. And we're
6 confident that we will generate enough daytime thoroughbreds
7 to put on a program, yes.

8 COMMISSIONER CHOPER: Okay. Thanks.

9 CHAIR ISRAEL: Richard, do you want to say
10 something?

11 COMMISSIONER ROSENBERG: Yeah. You presently
12 run -- Los Alamitos has quarter horse meetings. And under
13 those quarter horse meetings you have the right to run some
14 thoroughbred races.

15 MR. MCKENZIE: Yes.

16 COMMISSIONER ROSENBERG: What we're talking about
17 here is -- will be thoroughbred meetings, but you will also
18 run quarter horses at night on some of those days; correct?

19 MR. MCKENZIE: Yes. We will continue to run
20 our -- our mixture of quarter horses and our class of
21 thoroughbred at night. And then during the day we will be
22 running the Hollywood Park style or Santa Anita style
23 thoroughbred meeting.

24 COMMISSIONER ROSENBERG: So you will continue to
25 run under the quarter horse meeting at night. At the same

1 time you're running the daytime racing for thoroughbreds
2 you're going to still run some thoroughbred races under the
3 present --

4 MR. MCKENZIE: Yes.

5 COMMISSIONER ROSENBERG: -- under the present
6 structure?

7 MR. MCKENZIE: Yeah. We'll just -- we'll continue
8 our race program just as we're running it now.

9 CHAIR ISRAEL: So in other words, you're going to
10 run eight daytime thoroughbred races?

11 MR. MCKENZIE: Yes. And eight or nine
12 nighttime --

13 CHAIR ISRAEL: Nighttime.

14 MR. MCKENZIE: -- quarter horse.

15 CHAIR ISRAEL: With two or three thoroughbred
16 races?

17 MR. MCKENZIE: Yes. Exactly. Under two licenses.

18 CHAIR ISRAEL: And right now you're -- right now
19 the law only allows you to run up to four-and-a-half
20 furlongs?

21 MR. MCKENZIE: Right.

22 CHAIR ISRAEL: But because of the new
23 configuration, you're going to have to expand that to five
24 furlongs?

25 MR. MCKENZIE: We are going to be in -- yeah. We

1 are in discussions to expand that to five furlongs on the --

2 CHAIR ISRAEL: Okay. But that will be --

3 MR. MCKENZIE: -- on the track.

4 CHAIR ISRAEL: -- the longest nighttime
5 thoroughbred race?

6 MR. MCKENZIE: Depending on how the negotiations
7 go, yeah.

8 CHAIR ISRAEL: Okay. Whereas --

9 COMMISSIONER ROSENBERG: Are you negotiating with
10 the -- is the TOC on that --

11 CHAIR ISRAEL: Well, also --

12 MR. MCKENZIE: The TOC and the other race tracks.

13 CHAIR ISRAEL: Well, you also need enabling
14 legislation; right?

15 MR. MCKENZIE: Yes.

16 MS. WAGNER: Right.

17 CHAIR ISRAEL: And -- and -- but during the day
18 you're going to be running six, seven --

19 MR. MCKENZIE: We're going to be running --

20 CHAIR ISRAEL: -- a mile?

21 MR. MCKENZIE: On our race track we can run around
22 one turn. We can run a seven furlong race around two turns.
23 We can run a mile-and-a-quarter.

24 CHAIR ISRAEL: Okay. There you go.

25 MR. MCKENZIE: And just to give you an idea of the

1 scope of the race track, the homestretch will be 1,360 feet,
2 which is 100 feet longer than the homestretch at Churchill
3 Downs. So we are going to be running -- yes.

4 CHAIR ISRAEL: How does it compare to Belmont?

5 MR. MCKENZIE: It is -- I don't know.

6 CHAIR ISRAEL: I'll tell you right now, way
7 shorter, because that's an awful long homestretch.

8 COMMISSIONER ROSENBERG: And those -- those
9 nighttime races when you're on the thoroughbreds, two races
10 a night or something like that --

11 MR. MCKENZIE: Yes.

12 COMMISSIONER ROSENBERG: -- are those limited --
13 legislation limits you to the distance --

14 MR. MCKENZIE: Yes.

15 COMMISSIONER ROSENBERG: -- which may change --

16 MR. MCKENZIE: Yes.

17 COMMISSIONER ROSENBERG: -- by agreement.

18 MR. MCKENZIE: There will be no limiting
19 distance --

20 COMMISSIONER ROSENBERG: How about the purses; are
21 you allowed --

22 MR. MCKENZIE: -- during the meet.

23 COMMISSIONER ROSENBERG: -- a claiming price
24 level? Is there a level of claiming price?

25 MR. MCKENZIE: We can't go over \$5,000.

1 COMMISSIONER ROSENBERG: Are you going to try to
2 keep that the same or do you want to raise it?

3 MR. MCKENZIE: Oh, yes. No, no, no, we're not
4 going to go over the \$5,000.

5 COMMISSIONER ROSENBERG: Okay. The next question
6 is: What about the state; have you consulted with the
7 trainers and CTT concerning the training hours when they
8 train thoroughbreds versus -- when you train thoroughbreds
9 versus quarter horses? How is that going to work?

10 MR. MCKENZIE: Yes. We've -- as a matter of fact,
11 when -- our initial design of our race track, the first
12 people who saw it was the CTT. And we've had discussions
13 with them about how we can incorporate thoroughbred horses
14 with quarter horses. All the quarter horse speed work, our
15 gate drills will be done after ten o'clock when the track
16 closes. We're going to open the track at 5:30. And we've
17 been in discussions with them on how best to allocate the
18 other four-and-a-half hours. For the most part if you put a
19 quarter horse and a thoroughbred on a race track galloping,
20 you can't tell the difference between the two. But we are
21 in -- had discussions with the CTT about how to allocate
22 those training hours, yes.

23 COMMISSIONER ROSENBERG: How many horses presently
24 are stabled at -- quarter horses are stabled at Los Al?

25 MR. MCKENZIE: Right around 1,000.

1 COMMISSIONER ROSENBERG: A thousand. And you're
2 adding the thoroughbreds to that?

3 MR. MCKENZIE: Right.

4 COMMISSIONER ROSENBERG: Okay.

5 CHAIR ISRAEL: Well, quarter horses, there's a
6 great preponderance for them to train offsite and then ship
7 in to race; is that right?

8 MR. MCKENZIE: No, not really a great
9 preponderance. There's some. But remember, quarter horses,
10 whereas -- whereas thoroughbreds go to the race track just
11 about every morning --

12 CHAIR ISRAEL: Right.

13 MR. MCKENZIE: -- quarter horses, once they're in
14 race shape, may go the race track twice a week. So our --
15 our horses don't have the impact on the morning training
16 hours that thoroughbreds do.

17 CHAIR ISRAEL: Okay.

18 COMMISSIONER CHOPER: I just repeat what I said
19 before, you -- you will be running against the fairs or in,
20 I hope -- I put that wrongly -- in collaboration with the
21 fairs, for example, in your July the 2nd to July the 12
22 meet, you know, your dates there. Well, I think the kind of
23 horses, you know, the level of a claiming price and so
24 forth, is going -- I don't know, but I think you ought to be
25 in touch with them and find out, cooperate with them. I

1 know that's --

2 MR. MCKENZIE: Right.

3 COMMISSIONER CHOPER: And, two, in respect to
4 the -- to the number of races at what level, the claiming
5 level you might run.

6 MR. MCKENZIE: And, Commissioner Choper, just --
7 these decisions won't be made in a vacuum. These will be
8 made in conjunction with the TOC who is the governing
9 bodies --

10 COMMISSIONER CHOPER: Okay.

11 MR. MCKENZIE: -- as far as --

12 COMMISSIONER CHOPER: Good.

13 MR. MCKENZIE: -- how we conduct our race meet.

14 COMMISSIONER CHOPER: Okay.

15 CHAIR ISRAEL: George?

16 COMMISSIONER KRIKORIAN: Okay. I have a question.
17 Are you going to allow simulcasting for both HRTV and TVG?
18 Because right now you -- TVG does your deal; right?

19 MR. MCKENZIE: Simple answer. Yes.

20 COMMISSIONER KRIKORIAN: Okay. Thank you. We
21 don't have to deal with that. Great.

22 CHAIR ISRAEL: George is thrilled that you're
23 going to be open because he wins a lot of races during those
24 two weeks before Del Mar opens. We've already established
25 that.

1 COMMISSIONER KRIKORIAN: Not this year.

2 CHAIR ISRAEL: Well, okay, so you had a bad year.

3 Yes, Alan?

4 MR. BALCH: Alan Balch, CTT. Just -- just to
5 clarify, as we're not sure we heard this exactly right. The
6 nighttime program that you're currently running, you're
7 going to continue and have like doubleheaders during these
8 five weeks, meaning daytime thoroughbred, nighttime mixed
9 meet?

10 MR. MCKENZIE: As Ernie Banks said, "It's a
11 beautiful day; let's play two." Yes, we are going to be
12 having doubleheaders.

13 CHAIR ISRAEL: How did that work out for the Cubs
14 all those years?

15 MR. CASSIDY: Jim Cassidy, CTT. You -- you had
16 told us that you weren't going to have any night racing
17 during the thoroughbred meet from -- unless I was hearing
18 something different. But this is a new decision, basically?

19 MR. MCKENZIE: Well, it's based on -- first of
20 all, it's not a new decision. We told you that we would be
21 running our quarter horses after the daytime thoroughbred
22 races, so --

23 MR. CASSIDY: Yeah. But it was three races after
24 the thoroughbreds.

25 MR. MCKENZIE: Well, we had talked about that.

1 But one of the -- one of the -- one of the problems is that
2 this commission right now can't -- without a change of
3 legislation you can't -- you can't award dates to a track to
4 run both thoroughbred and quarter horse if you're not a
5 fair. So we -- we want to continue on running our night
6 program, which we don't see in any way, shape or form will
7 be detrimental to your daytime thoroughbred program. If
8 you -- if I -- if I can't even -- I can't think of a problem
9 that you would have if we wanted to run -- our horsemen want
10 to run their races, continue on at night, and not take two
11 weeks off and three weeks off in December.

12 MR. CASSIDY: No, I understand their position. I
13 just -- we just -- we're concerned about our horses getting
14 any rest. That was our biggest concern.

15 COMMISSIONER CHOPER: Getting what?

16 CHAIR ISRAEL: Getting rest.

17 MR. CASSIDY: Getting rest --

18 COMMISSIONER DEREK: Rest.

19 MR. CASSIDY: -- after the daytime performances.

20 MR. MCKENZIE: As we've -- as we've talked, when
21 Mr. Balch came out -- and I think you were with him -- came
22 out to Los Alamitos we even talked so much as that in the --
23 in the portion of the barn area where your thoroughbreds
24 are, we will turn off the speaker system at night so that
25 you're not -- the horses aren't disturbed and you can't --

1 you can't hear our announcer from the barn area. So your
2 horses will be able to rest easy.

3 CHAIR ISRAEL: Well, look, the way sound
4 travels -- and I experienced this on a different board where
5 we used to have outdoor concerts. And we learned -- we'd
6 get complaints from people ten miles away that -- you know,
7 nobody a mile away could hear something, but the way it
8 travels and bounces off clouds they could hear it. So
9 there's almost no way -- for instance, Jim, I mean, there
10 may be trouble that you're not anticipating at Fairplex when
11 not just the fair is going on, but when they have concerts
12 and things like that. And it's just -- that's the kind of
13 thing you can only know once you experience it, because
14 cloud cover changes the way sound -- sound dynamics. The
15 topography changes sound dynamics. You just don't know
16 until -- it is -- it's all -- it's all

17 MR. CASSIDY: No. Chairman, I understand. We
18 were just led to believe there would be no night racing, and
19 that was what we were led to believe. So this is a complete
20 surprise to us.

21 CHAIR ISRAEL: Okay. Well, I'm -- I always
22 assumed -- look, I always assumed there was a chance to be
23 night racing. And, frankly, I'm not displeased that the
24 higher end thoroughbreds aren't on the same card with the --
25 with the quarter horses. I think --

1 COMMISSIONER CHOPER: Well, I think the main thing
2 is that -- what you've talked about, and that is that if
3 it's efficiently sufficiently quieted down that it's not
4 going to bother the horses, or I guess the -- the people
5 that are involved with them too.

6 COMMISSIONER ROSENBERG: Well, there will be
7 some -- there will be some thoroughbreds racing at night
8 after daytime racing. So there will be activity in the
9 barns when they race. There will be activity in the barns
10 when they're open.

11 COMMISSIONER CHOPER: Well, that's a different --

12 VICE CHAIR WINNER: Will the nighttime -- just
13 to -- just to clarify -- will the nighttime -- the horses
14 that race in the nighttime thoroughbred races, will they be
15 stabled in the same area as the daytime thoroughbred horses
16 or will they be stabled more on the side of the quarter
17 horse?

18 MR. MCKENZIE: They'll be on the quarter horse
19 side.

20 VICE CHAIR WINNER: Okay. So they're --

21 MR. MCKENZIE: Now, if -- if some of the -- if
22 some of the -- if there's --

23 COMMISSIONER CHOPER: Yeah. They've got to see
24 how that works.

25 CHAIR ISRAEL: Yeah. Somebody may want to drop a

1 horse though. You don't know.

2 MR. MCKENZIE: Yeah. I mean --

3 VICE CHAIR WINNER: Yeah. Sure.

4 MR. MCKENZIE: -- I can't control who enters a
5 race.

6 VICE CHAIR WINNER: No. But typically right now
7 they're starting -- they're starting to work the quarter
8 horses.

9 MR. MCKENZIE: Our -- the group of current horse
10 population that we have at Los Alamitos is going to be
11 stabled -- we're always moving them over onto one side of
12 the barn area. The thoroughbred allotment of horses are on
13 the other side of the barn area. And as I said at the last
14 meeting, we're going to put a little Berlin Wall in between
15 them.

16 COMMISSIONER ROSENBERG: No. But the
17 thoroughbreds that will be racing at night will be stabled
18 in the thoroughbred area.

19 CHAIR ISRAEL: No, no, no.

20 MR. MCKENZIE: No, no, no, no. They're our
21 current --

22 CHAIR ISRAEL: No.

23 MR. MCKENZIE: They're within our current --

24 COMMISSIONER ROSENBERG: Not presently. I'm
25 talking about in the future. Why would you have only those

1 thoroughbreds who might race in the evening --

2 CHAIR ISRAEL: They're mostly trained by quarter
3 horse trainers.

4 COMMISSIONER DEREK: Yes.

5 COMMISSIONER ROSENBERG: No. But there will be
6 some --

7 VICE CHAIR WINNER: There will be some.

8 COMMISSIONER ROSENBERG: There will be --

9 COMMISSIONER DEREK: There will be some.

10 COMMISSIONER ROSENBERG: There will be
11 thoroughbred trainers who will train them; correct?

12 VICE CHAIR WINNER: Might be some.

13 CHAIR ISRAEL: Well, that's what he doesn't know,
14 who's going to drop.

15 VICE CHAIR WINNER: There might be some.

16 COMMISSIONER ROSENBERG: Right.

17 COMMISSIONER BENETO: Yeah.

18 CHAIR ISRAEL: But most of those horses aren't
19 going to run for \$5,000.

20 VICE CHAIR WINNER: There will be some. But, you
21 know --

22 COMMISSIONER CHOPER: They're also racing --

23 VICE CHAIR WINNER: It also affects the --

24 COMMISSIONER CHOPER: -- four-and-a-half furlongs.

25 VICE CHAIR WINNER: Richard, it also affects the

1 stall allocations.

2 COMMISSIONER ROSENBERG: Yeah.

3 VICE CHAIR WINNER: The stall allocations for the
4 thoroughbreds that we've been talking about take into
5 consideration the fact that the ones who race at night are
6 not going to take up those stalls, because they already have
7 stalls for quarter horses.

8 COMMISSIONER ROSENBERG: No, but there will be new
9 people. Excuse me. There will be new people coming in.

10 VICE CHAIR WINNER: Yeah. But -- but the new --
11 well, there will be new people coming in for the daytime.

12 COMMISSIONER ROSENBERG: Anyway --

13 CHAIR ISRAEL: Okay.

14 COMMISSIONER KRIKORIAN: A question.

15 CHAIR ISRAEL: Yes, George.

16 COMMISSIONER KRIKORIAN: CTT and the -- and the
17 jockeys, have they had an opportunity to review the plan for
18 the track and approve the radius and so forth, are they
19 having any concerns about that? Have they given their
20 blessings and so forth?

21 MR. MCKENZIE: Well, as I said, we've -- the first
22 people who saw the new track design was Mr. Balch and Mr.
23 Cassidy.

24 Just very quickly, just so you understand, the
25 track is being designed. We have a design team headed by

1 Bob Parsky, our architect, who has designed numerous race
2 tracks. And Dennis Moore and Dr. Mick Peterson. We do
3 have -- we actually have an intention of, if we move forward
4 from today, of bringing on a couple of current thoroughbred
5 riders to have input on the track design as we -- as we
6 finalize the track design and the turn radiuses. But, no,
7 we -- we fully intend to keep everyone abreast as we move
8 forward with the -- with the track design and get input. It
9 is to our benefit to design the best and safest track we
10 can. I mean, if we design a bad track we're going to have a
11 bad meet, and we do not want to have a bad meet.

12 COMMISSIONER KRIKORIAN: No, I agree. Thank you.

13 VICE CHAIR WINNER: The other thing, I can comment
14 on that, Brad wears another hat. And his other hat makes
15 him very concerned about safety. And we know from our
16 other -- from our committee meetings that Brad is a strong
17 advocate regarding the tracks being as safe as possible.

18 MR. MCKENZIE: Thank you.

19 CHAIR ISRAEL: All right. Now, I'd like to ask
20 Bob Miller, do we need to approve this separately, obviously
21 contingent upon the signing of AB 1074, or can we include
22 this in number eight which is going to be -- because it's
23 all part of the calendar? We're not granting a license.
24 And then once we do this, then we have to adjust the
25 calendar to take this into consideration.

1 MR. MILLER: Robert Miller, Board Counsel. I
2 would suggest that you approve this at this time --

3 CHAIR ISRAEL: Okay.

4 MR. MILLER: -- and then subject to the passing of
5 the legislation.

6 CHAIR ISRAEL: Okay. All right. Then I'll --
7 then I'll move, if there are no other questions, I'll move
8 that we approve the request from Los Alamitos to be
9 allocated thoroughbred racing dates on the calendars for
10 2014 and 2015, subject to the signing of AAA 1074 Statute of
11 2013 which amends the Horse Racing Law to allow the Board to
12 allocate a maximum of five weeks per year to a thoroughbred
13 racing association to conduct thoroughbred racing at a race
14 track in the southern zone that was not used to conduct a
15 thoroughbred race meeting in the southern zone prior to
16 2012.

17 COMMISSIONER KRIKORIAN: Second.

18 CHAIR ISRAEL: Seconded by Commission Krikorian.
19 All in favor?

20 ALL COMMISSIONERS: Aye.

21 CHAIR ISRAEL: Opposed?

22 MS. WAGNER: Just, if I may, can we go ahead --

23 CHAIR ISRAEL: The motion passes.

24 MS. WAGNER: Yes. If I may, can we go ahead and
25 put on the record the dates that are actually being

1 allocated --

2 CHAIR ISRAEL: Okay.

3 MS. WAGNER: -- so there is no question?

4 CHAIR ISRAEL: Okay. I'll do the dates. The
5 dates requested for 2014 are July 3 through July 13, and for
6 December 4 through December 21. The dates requested for
7 2015 are July 2 through July 12, and December 3, through
8 December 20. Okay.

9 CHAIR ISRAEL: Moving on --

10 MR. MCKENZIE: Thank you.

11 CHAIR ISRAEL: You're welcome. Don't screw it up.

12 MR. MCKENZIE: Well, we won't screw it up anymore
13 than everybody else has.

14 CHAIR ISRAEL: We're doomed. Actually, we're not
15 doomed. We're making progress. Okay.

16 (Colloquy Between Chair Israel and Ms. Wagner.)

17 CHAIR ISRAEL: All right. Given what we just did
18 we need to adjust the calendar for 2014 and the calendar for
19 2015. The adjustments will be as follows. As it is not
20 reflected in our Board package, I will do it on the fly
21 here. The calendar for 2014 --

22 COMMISSIONER BENETO: What number are we on?

23 CHAIR ISRAEL: Eight.

24 COMMISSIONER BENETO: Eight?

25 CHAIR ISRAEL: Go to 8-1. The calendar through

1 2014 will be Santa Anita Park, 12/26/13 through 7/1 -- or
2 7/5/14; is that right?

3 VICE CHAIR WINNER: No.

4 CHAIR ISRAEL: To 7/2? All right. Well, so,
5 okay. Okay. All right, 7/2, you're right. Okay.

6 Then -- then Del Mar will be as it exists.

7 VICE CHAIR WINNER: As it exists in our document?

8 CHAIR ISRAEL: In our -- in our document.

9 Fairplex will be 9/14 to 9/23. Santa Anita will be 9/25
10 through 11/2. Okay.

11 Now, so now you have to add between Santa Anita
12 and Del Mar at the beginning Los Alamitos, 7/20 -- 7/3
13 through 7/13. Okay. Now, you need to adjust Del Mar's fall
14 meet so that it ends on December 3rd; is that correct?

15 MS. WAGNER: Uh-huh.

16 CHAIR ISRAEL: Is that right, December 3rd, Josh?
17 Joe? Somebody -- okay. Okay. So Del Mar will run 11/5
18 through 12/3. And from 12/4 through 12/21 will be Los
19 Alamitos in 2014. Okay.

20 Now, in 2015 Santa Anita's meet will end on July
21 1, the first meet. Del Mar will run 7/15 through 9/7.
22 Fairplex will run 9/10 through 9/25. And is 2015 the
23 year -- or it 2014, 2015 --

24 MR. SEDER: Yes. Mike Seder.

25 CHAIR ISRAEL: 2015 is the year we're -- where

1 we've built in some flexibility on the Fairplex dates.

2 MR. SEDER: Subject to when Breeders' Cup happens.

3 CHAIR ISRAEL: Subject to when Breeders' Cup --
4 okay. And Santa Anita will run 9/26 through 10/15. Los
5 Alamitos then -- so between Del Mar and Santa Anita the
6 first time Los Alamitos will run 7/2 through 7/12. Then Del
7 Mar will end on 12/2/15. And Los Alamitos will run 12/3 to
8 12/20/15.

9 MR. HAINES: Excuse me, Commissioner.

10 CHAIR ISRAEL: Yes. Did I get something wrong?

11 MR. HAINES: We're looking -- we heard you to say
12 that Santa Anita would run 9/26 through 10/15.

13 CHAIR ISRAEL: That's what's written here. That's
14 wrong. That's completely wrong. It's through -- it's
15 through 10/27.

16 There's two weeks -- you've got two weeks where
17 nobody is running, Jackie.

18 COMMISSIONER CHOPER: Yeah.

19 CHAIR ISRAEL: That's -- that's completely wrong.
20 And Del Mar runs 10/28 --

21 MS. WAGNER: That must be a typo.

22 CHAIR ISRAEL: -- through 12/2

23 MR. HAINES: I believe it's 10/25.

24 MS. WAGNER: Hold on.

25 CHAIR ISRAEL: Okay. Yes, it must be 25.

1 VICE CHAIR WINNER: It's a typo.

2 CHAIR ISRAEL: It's 25.

3 MS. WAGNER: Uh-huh. Yeah.

4 CHAIR ISRAEL: Okay. It's wrong in the packet.

5 VICE CHAIR WINNER: Is this to or through?

6 CHAIR ISRAEL: They say too.

7 VICE CHAIR WINNER: Yeah. It should say through,
8 just as you said it, because it includes those dates.

9 (Colloquy Between Commissioners and Ms. Wagner.)

10 CHAIR ISRAEL: Well, again, two tracks aren't
11 running at the same time. We're just going to say that.

12 MS. WAGNER: Yes.

13 CHAIR ISRAEL: Okay. So, now I'll review what we
14 just did in the form of -- since I don't think we need any
15 more discussion because we already discussed all the
16 permutations here --

17 MR. SEDER: Mr. Chair --

18 CHAIR ISRAEL: Yes, Mike?

19 MR. SEDER: May I interrupt for a second?

20 CHAIR ISRAEL: Sure.

21 MR. SEDER: This is Mike Seder, Barretts Sales and
22 Racing. I want to just clarify on the 2015 dates --

23 CHAIR ISRAEL: Right.

24 MR. SEDER: Fairplex's traditional -- I said
25 Fairplex. Barretts Sales and Racing's traditional dates --

1 CHAIR ISRAEL: It should go back to Fairplex by
2 then.

3 MR. SEDER: Thank you.

4 CHAIR ISRAEL: The handle would improve.

5 MR. SEDER: It would take us through September the
6 29th.

7 CHAIR ISRAEL: Right.

8 MR. SEDER: And in the -- in the event that
9 Breeders' Cup happens at the end of October we're looking at
10 these dates through the 25th. But there would be an
11 economic consideration to make us whole for giving up those
12 days.

13 CHAIR ISRAEL: Yes.

14 MR. SEDER: And in the event the Breeders' Cup is
15 run the first week of November, then we would --

16 CHAIR ISRAEL: You would revert to your old
17 tradition.

18 MR. SEDER: -- revert back to the 29th of
19 September.

20 VICE CHAIR WINNER: That's a part -- that's part
21 of the understanding.

22 CHAIR ISRAEL: That was part of -- that's a part
23 of the understanding we reached back in May initially. And
24 it obviously is something to be dealt with, you know, two
25 years from now when licensing -- or a little bit less than

1 two years from now -- on licensing when we have more facts
2 in our --

3 VICE CHAIR WINNER: That's in the record and it's
4 been discussed.

5 CHAIR ISRAEL: -- when my -- when my future former
6 colleagues have more facts in hand. Okay.

7 So I'm going to make a motion to grant the
8 following dates in a calendar form in 2014 and 2015. And
9 obviously this includes a few days in 2013 because of our
10 peculiar calendar: 12/26/13 to 7/2/14, Santa Anita Park;
11 7/6/14 to 9/3 -- 7/3/14 to 7/13/14, Los Alamitos; 7/6/14 to
12 9/3/14, Del Mar; 9/4/14 to 9/23/14, Fairplex; 9/25/14 to
13 11/2/14, Santa Anita; 11/5/14 to 12/3/14, Del Mar; 12/4/14
14 to 12/21/14, Los Alamitos.

15 VICE CHAIR WINNER: I second.

16 CHAIR ISRAEL: Well, no, I got to -- do you want
17 to do it year by year? Should I do it --

18 VICE CHAIR WINNER: No. I think we should do it
19 year by year.

20 CHAIR ISRAEL: Okay. Okay. That's for -- that's
21 for 2014.

22 MR. DARUTY: Excuse me. Excuse me. May I -- may
23 I ask for one clarification? I thought you said Del Mar
24 opened on July 6th, but I may have misheard. It's the 6th?

25 CHAIR ISRAEL: 16th.

1 COMMISSIONER ROSENBERG: My question is --

2 VICE CHAIR WINNER: July 16th.

3 COMMISSIONER ROSENBERG: -- you're going to ask us
4 to vote on a motion you're making.

5 CHAIR ISRAEL: Right.

6 COMMISSIONER ROSENBERG: What about the four
7 conditions that are mentioned that we -- are you going to
8 review that with us to fill us in on what happened --

9 VICE CHAIR WINNER: Yes.

10 COMMISSIONER ROSENBERG: -- before we vote?

11 CHAIR ISRAEL: Oh, yeah. Okay.

12 COMMISSIONER ROSENBERG: Otherwise -- yeah,
13 just --

14 CHAIR ISRAEL: Okay. Well, we've agreed on the
15 Stabling and Vanning Fund.

16 COMMISSIONER ROSENBERG: Yeah.

17 CHAIR ISRAEL: Yeah. Oh, I forgot about that.

18 VICE CHAIR WINNER: Okay.

19 CHAIR ISRAEL: All right.

20 VICE CHAIR WINNER: One of the issues was the
21 backstretch at Santa Anita.

22 CHAIR ISRAEL: Right.

23 VICE CHAIR WINNER: And I think --

24 COMMISSIONER CHOPER: You were going to say
25 something about that?

1 COMMISSIONER ROSENBERG: Page two of the --

2 CHAIR ISRAEL: Yeah.

3 VICE CHAIR WINNER: Yeah. But also the fact is I
4 think that Mr. Brackpool sent an email, I think to all of
5 us --

6 CHAIR ISRAEL: Yes.

7 VICE CHAIR WINNER: -- with respect to some of the
8 things that they were planning on doing now --

9 CHAIR ISRAEL: It wasn't -- it wasn't --

10 VICE CHAIR WINNER: -- and in the future.

11 CHAIR ISRAEL: It wasn't directed to us. It
12 was -- we were copied on -- on something he sent to the
13 horsemen --

14 VICE CHAIR WINNER: Right. Exactly.

15 CHAIR ISRAEL: -- and woman. And -- and they've
16 made improvements now. And they -- he divulged, to a
17 certain extent, their long-term plans for improvement.

18 Scott, do you want to add something to that, or
19 George?

20 MR. DARUTY: Yeah. Scott Daruty on behalf of
21 Santa Anita. I don't really have anything to add in
22 addition to Mr. Brackpool's letter, but I'd be happy to
23 answer questions about it if anyone has any.

24 COMMISSIONER KRIKORIAN: IF you could just repeat
25 for the record what -- what their concessions are, what

1 they're agreeing to.

2 CHAIR ISRAEL: Right. I know you did improvements
3 over the summer that are short term, and then there's a
4 long-term plan.

5 MR. DARUTY: Well, again, Scott Daruty. And
6 you're going to test my memory a little bit because I don't
7 have the letter right in front of me. Again, everything he
8 said has been followed through on, and we have every
9 intention to continue to fulfill what he laid out in the
10 letter. Going from memory, the items that were covered in
11 the letter included improvements in repairs that were made
12 to the back side prior to the horses moving in at the
13 beginning of this month.

14 It includes the fact that we've developed a new,
15 we'll call it SWAT team for repairs. A number of additional
16 hires, I believe five additional people have been hired at
17 Santa Anita to be available, hopefully on an instant's
18 notice if a trainer notices an issue or a problem with the
19 given stall, then we'll have a team who will take care of it
20 very quickly and not let those things linger, as perhaps
21 they have in the past.

22 On a longer term basis, we are continuing our
23 discussions with the water -- the Regional Water Quality
24 Control Board as to what exactly we are going to be required
25 to do to meet the CAFO requirements on the Santa Anita back

1 side. Those discussions are continuing. They could
2 potentially at some point involve a relocation of all or a
3 material portion of the stables to a different area within
4 our property grounds. We don't know yet whether that is
5 going to happen or not going to happen, but is a possibility
6 and something we're exploring.

7 CHAIR ISRAEL: Thank you. All right. Moving
8 along, the industry fund, obviously the immediate use of the
9 money is for the additional cost of stabling and vanning in
10 2014 to 2015. And then -- then a more permanent -- but by
11 then they'll be work on a permanent solution. One of the
12 possibilities is working around training at Del Mar. And
13 how that will be funded would have to be determined once
14 they know whether they can do that or not.

15 The TVG and HRTV agreement, frankly, we tried, we
16 tried, we tried. We got nowhere. And what I think is the
17 best course of action for the Board, and it's something that
18 will probably have to be done after I'm gone, is they have
19 to come up for licensing, the ADWs. And if you can make a
20 license contingent upon sharing the signal in some way,
21 that's something you might be able to do.

22 But other than that particular -- Bob, are you
23 listening? I think the Board doesn't have the legal ability
24 to intercede and force either of the television networks to
25 carry the signal because it's not subject to the conditions

1 in the license currently. But I think you might be able to
2 do something --

3 VICE CHAIR WINNER: But at the last -- excuse me,
4 Mr. Chairman. At the last meeting --

5 CHAIR ISRAEL: Does that work for you, Jess?

6 VICE CHAIR WINNER: -- Scott or Jim -- at the last
7 meeting, the last unofficial meeting on the 12th, I think
8 the two parties agreed to have further discussions to try to
9 work this out. That's my recollection.

10 MR. DARUTY: Scott Daruty.

11 VICE CHAIR WINNER: Comment?

12 MR. DARUTY: Yes, on behalf of Santa Anita. And I
13 would like to just clarify for the record our position, the
14 position of Santa Anita, Golden Gate, and also HRTV.

15 VICE CHAIR WINNER: John, don't go away.

16 MR. DARUTY: We have offered, and I will say now
17 publicly on the record we will continue to offer TVG
18 Television the right to televise the Santa Anita meet during
19 2014, and also the Golden Gate Fields meet during 2014. We
20 are not asking for TVG to pay any additional percentage of
21 handle over and above what they already pay to just take
22 bets on the signal. We're not asking for any fee to be paid
23 to us over and above the normal -- normal fees, and are
24 willing to let them televise Santa Anita and Golden Gate
25 Fields.

1 COMMISSIONER CHOPER: Is 2015 still open?

2 MR. DARUTY: 2015 is still open. I don't
3 anticipate a change from our position, but that's a long way
4 away.

5 VICE CHAIR WINNER: But still, even 2014 is open;
6 correct?

7 MR. DARUTY: Well, we --

8 VICE CHAIR WINNER: I mean, you haven't reached
9 agreement on that?

10 CHAIR ISRAEL: Yeah.

11 MR. DARUTY: We have made the offer, and that
12 offer that I just laid out for you has not been accepted by
13 TVG Television.

14 VICE CHAIR WINNER: Okay.

15 CHAIR ISRAEL: Yeah. John is --

16 VICE CHAIR WINNER: Well, John is here to explain
17 his position.

18 MR. HINDMAN: Sure. This is John Hindman from
19 TVG. We did speak, Commissioners, Scott and I did, a couple
20 of days ago and they have, you know, the position that
21 they've had for a very long time. During the quote unquote
22 "experiment" that is going to, I guess, resume for a couple
23 of months, we've signed an agreement for it to resume for
24 the Santa Anita fall meet and final Hollywood Park meet
25 under terms that have been going on before then. There was

1 a limitation on the amount that any ADW providers had to pay
2 on TV fees. And Santa Anita's position is, is that going
3 forward, and Golden Gate's, I guess too, the Stronach Group
4 and HRTV, that that -- that condition would go away. So
5 while Mr. Daruty is saying that it wouldn't cost us any
6 additional fees, it actually would significantly.

7 So we're open, we -- Scott knows, we're open to
8 looking at creative ways to compromise and to make things
9 work out, and we will continue to be that way and keep an
10 open mind. So that's --

11 VICE CHAIR WINNER: Well, John, just to -- to
12 clarify, that's where we left it on the 12th was that the
13 two companies would get together and try to resolve this
14 percentage difference that -- that we had been talking about
15 with respect to what you consider to be a loss because of
16 the -- because essentially the -- the -- the bets on Santa
17 Anita would be cannibalizing some of your other wagering for
18 other tracks that are not Santa Anita; isn't that correct?

19 MR. HINDMAN: Yes. But they would --

20 VICE CHAIR WINNER: And that's a part --

21 MR. HINDMAN: But they would -- they would come at
22 a significantly -- they would come at --

23 VICE CHAIR WINNER: Well, but --

24 MR. HINDMAN: -- at a margin that wouldn't --

25 VICE CHAIR WINNER: I understand.

1 MR. HINDMAN: -- make it worth --

2 VICE CHAIR WINNER: But --

3 MR. HINDMAN: -- televising the races.

4 VICE CHAIR WINNER: Right. But -- but the
5 agreement I think was, at least what we agreed on at the
6 meeting, was that the two of you would recognize that
7 there's -- there's a gap there. And if you could kind of
8 resolve that gap then we could resolve this problem.

9 MR. HINDMAN: Scott?

10 VICE CHAIR WINNER: And I don't know exactly where
11 you've left it, but it sounds like --

12 MR. HINDMAN: Well --

13 VICE CHAIR WINNER: -- you haven't made a lot of
14 progress.

15 CHAIR ISRAEL: -- I know where we left it was the
16 gap is between one percent and two percent.

17 VICE CHAIR WINNER: Right.

18 CHAIR ISRAEL: You know, I glibly, since it's not
19 my money, said, "What's wrong with 1.5 percent."

20 VICE CHAIR WINNER: Right.

21 CHAIR ISRAEL: And then you agreed to talk. Did
22 you even have the conversation about 1.5 percent?

23 MR. DARUTY: Scott Daruty. John and I did speak
24 after the meeting last Thursday. It was a cordial dialogue.
25 And I just -- I can't tell you we made any significant

1 progress. We will continue to discuss it and continue to
2 work.

3 And as John mentions, we did reach an agreement to
4 have both TVG Television Network and HRTV Television Network
5 televise the upcoming Santa Anita autumn meet --

6 VICE CHAIR WINNER: Right.

7 MR. DARUTY: -- as well as the final Hollywood
8 Park fall meet. So there's some --

9 VICE CHAIR WINNER: That's 2013.

10 MR. HINDMAN: And Fairplex.

11 MR. DARUTY: Yeah. And Fairplex, I guess, as
12 well, and -- and Golden Gate.

13 VICE CHAIR WINNER: Right.

14 MR. DARUTY: So we are making strides, just
15 perhaps not as much as the Board would like.

16 CHAIR ISRAEL: Okay. Well --

17 VICE CHAIR WINNER: We continue to urge you.

18 CHAIR ISRAEL: Right.

19 VICE CHAIR WINNER: I mean, again, if that -- I
20 don't know. That -- that depends on how the Board votes
21 with respect to whether that hangs it up because it was
22 conditioned that we stipulated --

23 CHAIR ISRAEL: Right.

24 VICE CHAIR WINNER: -- in terms of granting the
25 dates. But that's up to the Board to make a decision. But

1 I would like to urge you, in the spirit of everything that
2 has been done up to now, to really make an effort to -- to
3 resolve this problem quickly.

4 COMMISSIONER KRIKORIAN: I have a question I'd
5 like to ask Joe Morris.

6 Joe, what -- what has been the impact when
7 you've -- when you've -- when they've shared the signal?
8 What has been the impact on the revenues?

9 MR. MORRIS: The -- the greatest impact was for
10 Golden Gate, Golden Gate Fields. And that's probably -- I
11 don't have the exact number, but it's probably cost purses a
12 couple thousand dollars a day by not having both of them on
13 that --

14 CHAIR ISRAEL: Well, talk about it in larger
15 terms, instead of just the owners terms. Handle increases
16 how much when it's on both networks at Golden Gate?

17 MR. MORRIS: When it was on, both, a year ago at
18 Golden Gate the increase we had was 40-some-odd percent.

19 CHAIR ISRAEL: Total handle or ADW handle?

20 MR. MORRIS: Well, the -- the ADW handle was up
21 40-some-odd percent.

22 CHAIR ISRAEL: Well, that's a big number.

23 MR. MORRIS: Right.

24 COMMISSIONER KRIKORIAN: It's a big number, and
25 it's in the best interest of horse racing that --

1 CHAIR ISRAEL: Right.

2 COMMISSIONER KRIKORIAN: -- that that continue.
3 And it's sad and disappointing, since we started talking
4 about this in May, to get the discussions you had a few week
5 ago, but since May until now, that there have been no --
6 no --

7 CHAIR ISRAEL: Well, I've tried everything. I
8 tried to get them to do the signal sharing on -- on a
9 licensee fee basis, as other sports operated. I tried to
10 find numbers that they would agree on. They just, to be
11 honest with you, they -- they agreed to the rest of 2013.

12 MR. MORRIS: Well, and they did agree to the rest
13 of 2013.

14 CHAIR ISRAEL: Yeah.

15 MR. MORRIS: And that wasn't on the table before.

16 CHAIR ISRAEL: Right.

17 MR. MORRIS: And they are still talking.

18 CHAIR ISRAEL: So -- but I that the Board's
19 greatest legal clout in this fight would be when the ADW
20 licenses are up.

21 VICE CHAIR WINNER: Right.

22 COMMISSIONER CHOPER: Either that or with -- or an
23 order of compulsory arbitration for this. That's a little
24 less severe than -- than making it that. But --

25 CHAIR ISRAEL: Well, does the Board --

1 COMMISSIONER CHOPER: -- it seems to me you'd be
2 unhappy with that, Joe.

3 CHAIR ISRAEL: Bob Miller is dubious as to whether
4 the Board has a right to order that.

5 COMMISSIONER CHOPER: If you have a right to order
6 them to do it you have a right to -- that's just a means
7 rather than the end, I think.

8 CHAIR ISRAEL: Well --

9 COMMISSIONER CHOPER: And if not, I guess that
10 someone can sue us.

11 MR. MILLER: Well, they have -- they have --
12 currently they have their licenses. And there's no
13 conditions on their licenses that HRTV and TVG --

14 CHAIR ISRAEL: Yeah. I mean, I think --

15 COMMISSIONER CHOPER: If they renew their
16 licenses.

17 CHAIR ISRAEL: I think the renewal of the ADW
18 license --

19 COMMISSIONER CHOPER: Yeah. Yeah.

20 MR. MILLER: That's a different story.

21 CHAIR ISRAEL: And that will be in January.

22 COMMISSIONER CHOPER: Well, no, that's what I
23 meant.

24 CHAIR ISRAEL: Is that January or December?

25 COMMISSIONER CHOPER: That's January. So, I mean,

1 we've waited this long. I guess --

2 CHAIR ISRAEL: No, it will come in November.

3 COMMISSIONER CHOPER: -- unless you're going to do
4 something --

5 CHAIR ISRAEL: We'll still be here.

6 COMMISSIONER CHOPER: -- in the next little bit
7 we'll have to wait until January.

8 (Colloquy Between Chair and Ms. Wagner.)

9 COMMISSIONER CHOPER: But Counsel says that
10 that's -- that's the -- that's the -- the book that we
11 use --

12 CHAIR ISRAEL: Jess, Jess, hold on. Jackie
13 informed us that -- that the licenses for 2014 for the ADW
14 companies will come up for renewal at our November meeting.
15 And that would be --

16 COMMISSIONER CHOPER: That's even less than that.

17 CHAIR ISRAEL: That would be the time we can do
18 it.

19 COMMISSIONER CHOPER: That's -- so --

20 CHAIR ISRAEL: So I think there's a committee,
21 Richard's committee, right --

22 COMMISSIONER CHOPER: Yeah.

23 CHAIR ISRAEL: -- yeah, that -- that -- so maybe
24 you should schedule a hearing for October and start laying
25 down the law. And then we can consider it in November, at

1 least establish what the law is anyway.

2 COMMISSIONER CHOPER: You know, the problem is
3 that I'm sure it's fairly complicated between the two of you
4 or you would have reached agreement. So it's going to be
5 fairly complicated, I take it, for anyone who has to make a
6 final decision as to this. And it's in your joint interest,
7 I must say, unless you're gamblers and you haven't indicated
8 that so far, that you ought to reach an agreement between
9 the two of you.

10 Am I saying something wrong? I mean, if so,
11 that's all right. I've been told I've been wrong before.

12 MR. DARUTY: Scott Daruty. I don't believe you're
13 wrong. I do believe it is a large economic issue. And the
14 Board is talking the concept of isn't television good and
15 don't we want these tracks on all television platforms? And
16 I think the concept is correct. But what you would
17 ultimately, if you were to bring this to -- you know,
18 through one of the means you're talking about bring it to
19 the Board and say you're going to force a decision,
20 ultimately the decision you're going to force is an economic
21 one. And I would just ask that you make sure you understand
22 the entire landscape of what's going on before you start to
23 get in the middle of what the economic arrangement is.

24 COMMISSIONER CHOPER: I tell you, that's why I --
25 that's why I suggest that if you don't reach it that we have

1 an arbitrator or an arbitration board. That's -- I mean,
2 that's the way to get out of this thing finally. And the
3 fact that no one is going to be totally happy at the end is,
4 I would think as I said earlier on another matter, a good
5 thing. That's all. I mean, but from your own experience,
6 Stronach Group's own experience with Golden Gate Fields, you
7 know, it speaks pretty heavily towards having them both on.

8 CHAIR ISRAEL: Yeah. But they're larger
9 commercial interests there.

10 COMMISSIONER CHOPER: I know. I know. I know.
11 But there's --

12 CHAIR ISRAEL: So you can't --

13 COMMISSIONER CHOPER: There's no --

14 CHAIR ISRAEL: But you can't really --

15 COMMISSIONER CHOPER: I don't -- maybe there's a
16 reason to believe that that's not -- that's not typical, I
17 mean, that that can't be carried over. But --

18 MR. DARUTY: Scott Daruty again. Certainly it is
19 not typical. The -- the percentage increase received at
20 Golden Gate is much -- much higher than the percentage
21 increase at Santa Anita because the Golden Gate signal is
22 not as strong as Santa Anita, and therefore the --

23 COMMISSIONER CHOPER: No, I believe that, that
24 it's more. But even if it's less -- I mean, that it's less,
25 more at Golden Gate. But even if it's less than 40 percent,

1 that ain't bad.

2 CHAIR ISRAEL: Well, it depends on what your
3 corporate goal is, but we can discuss that later. All
4 right.

5 VICE CHAIR WINNER: The bottom line is, Mr.
6 Chairman, that we do have that authority, licensing
7 authority coming up in November.

8 CHAIR ISRAEL: Right.

9 VICE CHAIR WINNER: Hopefully, Jess, your
10 committee and Richard's will hold hearings between -- or
11 hold a committee meeting in October before the November
12 meeting at some point.

13 COMMISSIONER ROSENBERG: That would be sometime in
14 November.

15 VICE CHAIR WINNER: Whenever it is.

16 CHAIR ISRAEL: Right.

17 VICE CHAIR WINNER: And hopefully in the interim
18 the two parties can get together and try to work this out
19 and take it out of our hands, which would be a positive.

20 CHAIR ISRAEL: And it would be swell if TOC stuck
21 its nose in. That's -- the beneficiary at some point is
22 purses in California. Okay.

23 That said, 2014 calendar is on the table. I moved
24 it, and I need a second.

25 VICE CHAIR WINNER: I second it.

1 VICE CHAIR WINNER: Chuck seconded it. All in
2 favor?

3 ALL COMMISSIONERS: Aye.

4 CHAIR ISRAEL: Opposed? The motion passes.

5 2015: Once again, 12/26/14 to 7/1/15, Santa
6 Anita; 7/2 to 7/12/15, Los Alamitos; 7/15 through 9/7/15,
7 Del Mar; 9/10/15 through 9/25/15, Fairplex, with the
8 understanding that if Breeders' Cup grants dates later in
9 November its meet will be ended, and if the Breeders' Cup
10 dates are October 30th to 31st, Fairplex will reach some
11 accommodation with the other stakeholders to be compensated
12 financially for the loss of days; 9/26/15 to 10/2/15, Santa
13 Anita; 10/28/15 to 12/2/15, Del Mar; 12/3 to 12/20/15, Los
14 Alamitos.

15 VICE CHAIR WINNER: So moved.

16 CHAIR ISRAEL: It's moved by Commissioner Winner.
17 Is there a second?

18 COMMISSIONER CHOPER: Second.

19 CHAIR ISRAEL: Seconded by Commissioner Choper.
20 All in favor?

21 ALL COMMISSIONERS: Aye.

22 CHAIR ISRAEL: The motion passes. Thank you.

23 Okay.

24 One more thing before you all leave.

25 COMMISSIONER ROSENBERG: 2015.

1 CHAIR ISRAEL: We just did 2015?

2 COMMISSIONER ROSENBERG: Oh, no, the northern
3 calendar, the northern?

4 CHAIR ISRAEL: No, no. That's a different --
5 that's a different item.

6 COMMISSIONER ROSENBERG: Oh. Okay.

7 CHAIR ISRAEL: No, before these guys leave the
8 table, I think we generally do not have a December meeting.
9 But given all of the movement, all of -- all of the changes
10 that are going to occur, all the construction you're
11 committed to --

12 VICE CHAIR WINNER: Yes.

13 CHAIR ISRAEL: -- I think it would be wise for us
14 to meet in -- in December, sometime the week of December
15 16th which is, obviously, before the holidays, but well
16 enough into the month so that we can get a report from all
17 of you on where we stand on everything. So I'd like Jackie
18 to try to coordinate that.

19 VICE CHAIR WINNER: We talked about this
20 yesterday.

21 CHAIR ISRAEL: Yeah. And we can -- we can --
22 hopefully all the members of the Board will still be -- will
23 not -- it's the week before people generally go on vacation.
24 Maybe we should do it earlier in the week rather than later
25 in the week, try to do it Monday, Tuesday or Wednesday. You

1 know, maybe -- maybe Tuesday the 17th, something like that.
2 Would that -- Tuesday the 17th, would that work, and we
3 would do it --

4 COMMISSIONER ROSENBERG: That might --

5 COMMISSIONER CHOPER: Yeah.

6 CHAIR ISRAEL: Okay. But -- all right. Well,
7 you're probably out of school by then; right?

8 COMMISSIONER CHOPER: Yes.

9 CHAIR ISRAEL: All right. And do it in Los
10 Angeles, I think, where we can determine later, either
11 Hollywood or Santa Anita or -- I think probably Hollywood or
12 Santa Anita. That would probably be the logical thing.

13 COMMISSIONER BENETO: Probably be the last
14 meeting.

15 CHAIR ISRAEL: Yeah. So, there wouldn't be any
16 racing that day, but -- so that way we can get an update on
17 where we stand, progress on -- on plans for movement and all
18 that sort of thing, and a full construction update. So
19 Jackie will reach out to everybody and make sure they're
20 able to do that and request a meeting site. Okay. Okay.
21 Thank you.

22 We'll move on to item number nine, unless anybody
23 has any questions. No? What?

24 (Colloquy Between Chair and Commissioners.)

25 CHAIR ISRAEL: Okay. I've been advised by Ms.

1 Wagner that this would be a good time to take a break. So
2 we'll take -- we'll take, I'm going to say a 5 minute break
3 because those always turn into 15 minute breaks. But in
4 honor of Dave Brubeck, we're going to take five.

5 (Off the Record From 12:02 p.m., Until 12:13 p.m.)

6 CHAIR ISRAEL: Okay. Please take you're seats.
7 I'm a little horse, I don't know why.

8 MS. WAGNER: Long meeting.

9 CHAIR ISRAEL: Yeah, for most people. Okay.
10 We're up to item nine, this is the discussion and action by
11 the Board regarding the allocation of Northern California
12 2014/2015 racing calendar and related issues for 2014.

13 The Board has been presented with a number of
14 options which, frankly, is confusing. We'll do 14 first.
15 And I'd like to know if there's been any discussion since we
16 were presented with this material, any conclusions or
17 agreements reached by the various parties to maybe un-cloud
18 the skies?

19 Chris or Scott, will you please address that?

20 (Colloquy Between Chair and Commissioners.)

21 CHAIR ISRAEL: Okay. Go ahead, Chris.

22 MR. KORBY: Chris Korby, California Authority of
23 Racing Fairs. I will say that there have been several
24 discussions with representatives from Golden Gate Fields and
25 Stronach Group. They've been cordial discussions, but no

1 changes in the positions that are represented here.

2 CHAIR ISRAEL: Okay. I know -- I know
3 Commissioner Beneto has been active on this issue and I'd
4 like to turn the floor to him so he can make some
5 suggestions because, frankly, I'm dubious we're going to
6 reach any conclusions today. So --

7 COMMISSIONER BENETO: Well, we'll try.

8 CHAIR ISRAEL: Yes. So he has some ideas.

9 COMMISSIONER BENETO: My idea is this, Cal Expo --
10 or we should -- Alameda Fair dates will stay the same. Cal
11 Expo is dark the last week of the fair. And I'd like to see
12 them be in the State Fair, get three weeks of racing, so
13 they're racing up until they close on July -- what is
14 that --

15 MS. WAGNER: 22nd.

16 VICE CHAIR WINNER: 22nd?

17 MS. WAGNER: Uh-huh.

18 CHAIR ISRAEL: July 22nd.

19 MS. WAGNER: Yeah. Cal Expo is --

20 COMMISSIONER BENETO: 22nd? 27th, isn't it?

21 CHAIR ISRAEL: No.

22 MS. WAGNER: It's the 22nd.

23 CHAIR ISRAEL: It says 22nd in the book here.

24 VICE CHAIR WINNER: Rick, what's the right date?

25 COMMISSIONER BENETO: The fair -- the fair closes

1 the 27th.

2 MR. BAEDEKER: We are in operation until the 22nd.

3 CHAIR ISRAEL: So you want to run until the 27th?

4 COMMISSIONER BENETO: Right.

5 MR. BAEDEKER: At least the 27th.

6 CHAIR ISRAEL: Okay.

7 COMMISSIONER BENETO: I'd like to see Santa Rosa
8 move up a week and -- where they get their three weeks in
9 starting the 20th of July and run through the 17th of
10 August.

11 CHAIR ISRAEL: Right.

12 COMMISSIONER ROSENBERG: Could we -- could we use
13 a common calendar? While we're doing this it would be
14 helpful.

15 CHAIR ISRAEL: It's easier to do it on page 9-3.
16 You can just see it laid out.

17 COMMISSIONER ROSENBERG: 9-3?

18 CHAIR ISRAEL: Yeah.

19 COMMISSIONER BENETO: 9-3?

20 CHAIR ISRAEL: Yeah. It's not a calendar, it's
21 just a linear --

22 MS. WAGNER: A list.

23 COMMISSIONER ROSENBERG: How about this?

24 CHAIR ISRAEL: It would be easier for you to just
25 make the changes.

1 COMMISSIONER ROSENBERG: Right.

2 CHAIR ISRAEL: Because you don't have to worry
3 about color coding and stuff.

4 COMMISSIONER BENETO: I'd like to do this in two
5 parts. So if we can get an agreement on these three fairs,
6 then we can go into Humboldt and -- and Golden Gate.
7 Because the rest of the fairs will stay the same after --
8 Fresno's dates will stay the same, Stockton, so on and so
9 forth.

10 So the issue here is trying to give Cal Expo
11 another week of racing for their fair in 2014.

12 VICE CHAIR WINNER: So -- so that would be the 9th
13 through the 27th at Cal Expo; correct?

14 CHAIR ISRAEL: Right.

15 COMMISSIONER BENETO: Right.

16 VICE CHAIR WINNER: And what did you say that
17 Alameda would --

18 COMMISSIONER BENETO: Alameda stays the same.

19 VICE CHAIR WINNER: So which one shifted the way
20 you --

21 COMMISSIONER BENETO: Well, I'd like to move Santa
22 Rosa forward a week. And I'd like to see -- get into Golden
23 Gate if Golden Gate will give up a week.

24 CHAIR ISRAEL: Well, I don't think that's going to
25 happen.

1 COMMISSIONER BENETO: Well, I'm just suggesting
2 it, Mr. Chairman.

3 CHAIR ISRAEL: I know.

4 MR. DARUTY: Scott Daruty on behalf of Golden
5 Gate. We would obviously prefer to find a solution that
6 doesn't involve Golden Gate giving up a week.

7 COMMISSIONER BENETO: Well, do we want to work
8 this then with just Humboldt and Golden Gate?

9 CHAIR ISRAEL: They would overlap, that's for
10 sure.

11 MR. DARUTY: Well, I guess the question is in
12 your -- in your view of giving Cal Expo another week, do
13 they -- do -- is that then un-overlapped, and then Santa
14 Rosa would move back a week?

15 COMMISSIONER BENETO: Well, this affects -- this
16 affects a lot of things. We've got vendors that are
17 overlapping that can't go to Santa Rosa to work, or vice
18 versa. You've got kids with animals, 4H projects and stuff
19 that go to Santa Rosa, come to Cal Expo. There's
20 interference there. I'm trying to get this -- these fair
21 dates where they're not conflicting, not just racing. It
22 involves a lot of other things too.

23 MR. DARUTY: Well, I don't -- we're not opposed to
24 Cal Expo running another week. And the week you're
25 suggesting that they run doesn't impact us in any way.

1 COMMISSIONER BENETO: No.

2 MR. DARUTY: So we're not opposed to that. It's
3 just we --

4 COMMISSIONER BENETO: And it doesn't impact Santa
5 Rosa if they move up a week.

6 MR. DARUTY: And it does not impact Santa Rosa.

7 COMMISSIONER CHOPER: Who does it impact?

8 CHAIR ISRAEL: Humboldt runs overlapped.

9 COMMISSIONER CHOPER: Oh.

10 CHAIR ISRAEL: But, you know, I mean, here we go
11 again with --

12 MS. TESCONI: Tawny Tesconi.

13 COMMISSIONER CHOPER: Well, wait, wait, wait.

14 CHAIR ISRAEL: Yeah. Can I just say something?

15 MS. TESCONI: Sure.

16 CHAIR ISRAEL: All right. But you go ahead, and
17 then I'll say something.

18 MS. TESCONI: Okay. Tawny Tesconi, Sonoma County
19 Fair. First of all, as far as the other things outside of
20 racing that is impact -- that gets impacted, Santa Rosa is
21 probably more impacted by the overlap for the -- the junior
22 livestock programs and vendors and things like that. We've
23 chosen to do that because we are more at risk with that type
24 of an overlap with State Fair. But we feel that we need our
25 fair and our race meet to conclude no later than October

1 10th or 11th, because our schools are already starting right
2 after the fair is over. Our harvest is starting.

3 CHAIR ISRAEL: You mean August 10th or 11th?

4 MS. TESCONI: I'm sorry. August 10th or 11th.
5 Our harvest is starting. We do a second fair which is a
6 harvest fair, which is the second -- the first week in
7 October. I mean, we need our fair to get over by August
8 10th or 11th. And this is the first we've heard of this
9 potential date change. I have a board of directors I report
10 to. Obviously, I can't provide you anything as far as any
11 concrete decisions. But I can tell you, my board, and we've
12 talked about this before, will probably consider doing two
13 weeks of racing versus three weeks and ending on August
14 17th.

15 COMMISSIONER CHOPER: Your fair is two weeks long?

16 MS. TESCONI: No. Our fair has been -- our fair
17 has been 15 days, and the racing was 13 days this year. So
18 our fair is -- we started our fair on a Thursday and ran --

19 COMMISSIONER CHOPER: So totally -- it's totally
20 coincidental with the --

21 MS. TESCONI: Yes. We tried, you know, we did try
22 the -- running the race meet without the fair --

23 COMMISSIONER CHOPER: Yeah.

24 MS. TESCONI: -- and it didn't work well. So we
25 definitely wouldn't want to look at that. And I'm fairly

1 confident to say that my fair board is not going -- we could
2 have problems with our carnival and other things. I don't
3 know that we would necessarily be willing to sacrifice the
4 fair to move --

5 COMMISSIONER CHOPER: So the fair is --

6 MS. TESCONI: -- farther into August.

7 COMMISSIONER CHOPER: Sorry.

8 MS. TESCONI: Oh, that's okay.

9 COMMISSIONER BENETO: Well, the carnival --

10 COMMISSIONER CHOPER: So the fair is 15 days, and
11 you'd like to have 13 days of racing --

12 MS. TESCONI: And that's what we did this year.

13 COMMISSIONER CHOPER: -- within those 15 days?

14 MS. TESCONI: Yes. Uh-huh.

15 COMMISSIONER CHOPER: Effectively, within a two-
16 week period.

17 MS. TESCONI: Well, it's almost two-and-a-half
18 weeks, but, yes.

19 COMMISSIONER CHOPER: But doesn't the fair operate
20 every day?

21 MS. TESCONI: Oh, we are closed on Mondays.

22 COMMISSIONER CHOPER: Ah.

23 COMMISSIONER BENETO: Your -- your carnival, I
24 talked to Debbie from Helms. I want to make sure that -- if
25 the carnival was going to be a problem I'd stop right there,

1 because that's the most important thing, you know, too, to
2 have a carnival. You can't have a fair without a carnival.

3 And I asked her, I said, "If we get Santa Rosa to
4 move will that affect you?"

5 And she said, "Definitely not. In fact," she
6 said, "it will probably help us."

7 So the carnival --

8 MS. TESCONI: Well, I would rather have a
9 conversation with my carnival operator myself, but --

10 COMMISSIONER BENETO: Well, I wanted to make sure
11 that if there was a problem there that we couldn't go any
12 further.

13 MS. TESCONI: Right. Uh-huh.

14 COMMISSIONER BENETO: So I wanted to get that -- I
15 wanted to get that cleared.

16 CHAIR ISRAEL: Okay. So you're reluctant to do
17 this, obviously?

18 MS. TESCONI: Very reluctant. I couldn't agree to
19 it anyway. I'd need to talk to my fair board.

20 CHAIR ISRAEL: I know. And --

21 MS. TESCONI: But I can tell you --

22 CHAIR ISRAEL: -- Golden Gate obviously is
23 reluctant.

24 MS. TESCONI: -- we would love to move farther
25 into July.

1 COMMISSIONER BENETO: Yeah. But the thing is --

2 MS. TESCONI: But --

3 COMMISSIONER BENETO: -- we've got a state fair.
4 This is California State Fair. And we're running two -- two
5 weeks -- eight days of racing. It doesn't make sense for a
6 state fair.

7 CHAIR ISRAEL: Well, I can tell you that we've --
8 we've heard the governor would like to see the state fair
9 have three weeks of racing.

10 VICE CHAIR WINNER: Right.

11 MS. TESCONI: Maybe move forward.

12 CHAIR ISRAEL: Huh?

13 MS. TESCONI: Maybe move forward.

14 CHAIR ISRAEL: Oh, you mean start the state fair a
15 week later; is that what you're saying? Excuse me, I
16 mean --

17 MS. TESCONI: Start the state fair a week earlier.

18 CHAIR ISRAEL: A week earlier. See, everybody
19 says forward and backwards. Everybody has different
20 meanings for forwards and backwards.

21 MS. TESCONI: You know, we put a lot of --

22 CHAIR ISRAEL: He means forward -- when he says
23 forward he means started.

24 MS. TESCONI: I know.

25 COMMISSIONER BENETO: We've got Alameda in there.

1 We can't -- we can't screw that up.

2 MR. MORGAN: Jim Morgan, Humboldt County Fair.

3 CHAIR ISRAEL: Yeah.

4 MR. MORGAN: The original dates that we discussed
5 last week at the CARF meeting had Humboldt racing from
6 August 6th through August 17th. What Mr. Beneto has just
7 proposed wipes out our entire fair calendar and our
8 agricultural program. I agree with the Santa Rosa position,
9 that they wish to terminate their fair by about August 10th
10 for their school. We have the same issues where we need to
11 end our fair by about August 24th for -- for our schools.

12 We did agree in the CARF meeting, and the CARF
13 Racing Committee unanimously approved that if this Board was
14 going to grant three weeks as calendared for Santa Rosa that
15 was going to end on August -- the weekend of August 6th,
16 then we would move back our fair a week to accommodate,
17 August 10th, so that we would run from the 13th through the
18 24th. That's about as far back as we can go. Santa Rosa
19 and Humboldt are both agriculturally rich communities and
20 they have an intense 4H program that -- that goes along with
21 that.

22 But to answer your question about the state fair
23 wanting three weeks, Mr. Beneto, in the past you've been an
24 advocate of them moving behind Humboldt and taking that spot
25 of Labor Day and the first couple of weeks of September. Is

1 that a change in your perception of what might work?

2 COMMISSIONER BENETO: You mean having a fair like
3 it used to be, you mean?

4 MR. MORGAN: Yeah.

5 COMMISSIONER BENETO: Well, that's always been my
6 goal, but that's never going to happen.

7 MR. MORGAN: Okay.

8 COMMISSIONER BENETO: I mean, when I was on the
9 fair board I was against moving the dates in the first
10 place. So I don't want to get into that because I can go on
11 for an hour.

12 MR. MORGAN: All right.

13 COMMISSIONER BENETO: But what I'd like to do, I
14 know -- I didn't think I was going to get this much
15 resistance. Because I need -- we need to -- to get Cal Expo
16 three weeks of racing because it is a state fair, the
17 governor wants it that way.

18 CHAIR ISRAEL: All right.

19 COMMISSIONER BENETO: I hate to see Santa Rosa
20 give up a week. I'd like to see the three -- I always
21 consider Alameda -- if Cal Expo and Santa Rosa are the major
22 fairs, we should have nine weeks of racing between the three
23 of them.

24 CHAIR ISRAEL: All right. Let me make a
25 suggestion and a comment. The comment is this, it seems to

1 me this didn't happen when I was in school. School is
2 starting earlier and earlier every year.

3 MR. SCHICK: Yeah.

4 CHAIR ISRAEL: And everybody wants to run their
5 fair when schools are on vacation. But nobody is starting
6 the fairs earlier in June, which is kind of
7 counterintuitive.

8 So maybe you have to revisit when this whole fair
9 structure begins in the first place. Because if you all
10 want to be done by the middle of August because school is
11 beginning, you know, once again, I always thought school
12 began after Labor Day, but what do I know. So if you want
13 to end these fairs by basically mid-August, then you need to
14 start the programs sometime earlier in June because school
15 will already be out by then anyway. So if that's the
16 consideration you really need to examine the entire fair
17 calendar.

18 The second thing is this isn't the right forum to
19 be discussing issues at this kind of micro level, and that's
20 what it's going to require. I mean, there is a fair amount
21 of descent, even before Steve made his suggestions, to
22 everybody else's suggestions. There's no agreement really
23 on anything significant, except for when Golden Gate runs in
24 the winter when nobody else wants to run.

25 So I think you're -- you're going to have to now

1 go through a process similar to the one that we went through
2 in the south, although probably not quite as difficult. And
3 I think you're going to have to start meeting apart from
4 this body with a couple of mediators from the Board. And
5 if -- if they're willing to do it I think geographically
6 what would make sense is for Steve to head that up with --
7 with Jess. And if -- if they can sit down with all of you
8 at a time that -- that's convenient for them in either
9 Berkeley or Sacramento, you know, sometime in the next month
10 maybe you can iron this out.

11 I mean, Cal, is that -- that's something I think
12 you can do, Chris, and then Santa Rosa and Humboldt, and
13 whoever else wants to participate in this, you know?

14 COMMISSIONER CHOPER: Can I add -- oh, I'm sorry.

15 CHAIR ISRAEL: Yeah.

16 COMMISSIONER BENETO: Mr. Chairman --

17 CHAIR ISRAEL: Yes?

18 COMMISSIONER BENETO: -- can I --

19 CHAIR ISRAEL: Well, let Jess go first.

20 COMMISSIONER CHOPER: Can I add something to that?

21 I think -- I don't know if -- I know Santa Rosa is -- are
22 you still out of CARF or are you back in?

23 MS. TESCONI: We're out.

24 COMMISSIONER CHOPER: You're still out?

25 MS. TESCONI: Uh-huh.

1 COMMISSIONER CHOPER: Do you participate in their
2 meetings?

3 MS. TESCONI: The CARF meetings?

4 COMMISSIONER CHOPER: At Santa Rosa.

5 MS. TESCONI: We don't. We attend the CARF
6 meetings, but we don't necessarily participate in them.

7 COMMISSIONER CHOPER: Yeah. So you attend the
8 CARF meetings. Okay.

9 Do you attend the CARF meetings?

10 MR. RAINEY: (Off mike.) I haven't, no.

11 COMMISSIONER CHOPER: Well, I think you ought to
12 start. And I think not only ought to attend, but I hope you
13 have some opportunity to make some comments during them.
14 Because you come in and, I take it, you -- this is a
15 surprise to you, right, the proposal we just had here?

16 MS. TESCONI: It is to me.

17 COMMISSIONER CHOPER: I'm asking the Stronach
18 Group.

19 MR. DARUTY: Commissioner Beneto's proposal was
20 not something we had really been --

21 COMMISSIONER CHOPER: Okay.

22 MR. DARUTY: -- considering before.

23 COMMISSIONER CHOPER: So these things you ought
24 to -- I think the -- I think the chairman was right, this is
25 going to be a mini-version of what happened in the south.

1 And you've got to get these people, but first you ought to
2 be talking among yourselves, I think. And you ought to
3 have, once again, everyone who is affected, meaningfully
4 affected ought to be there. And if they're not members of
5 CARF they're not members of CARF, but they ought to be
6 heard. I guess they can't vote. I'm not telling you how to
7 run your procedures, except to say that everyone affected --
8 it's just efficiency calls for everyone affected being
9 represented there. Okay. That's all. That's all I wanted
10 to say.

11 CHAIR ISRAEL: Well, to that end -- to that end --

12 MR. MILLER: Identify yourself for the record
13 please, because he spoke and --

14 MR. RAINEY: Cal Rainey at Golden Gate Fields.

15 MR. MILLER: Thank you.

16 CHAIR ISRAEL: Okay. To that end, though, I'd
17 like to create an ad hoc committee that Steve Beneto is
18 chair of, Jesse Choper is the other member, to oversee the
19 allocation of the 2014/2015 Northern California racing
20 calendar. And I would ask each one of you to establish a
21 rapport with Steve and report into him on the progress
22 you're making. And then he can decide when and if he needs
23 to have, for all intents and purposes, mediation sessions,
24 which is what we did in the -- in the south, where everybody
25 is at the table at one time and talks through their issues.

1 MS. TESCONI: Chairman Israel, could I ask that --
2 Tawny Tesconi, Sonoma County Fair.

3 CHAIR ISRAEL: Yes, Tawny?

4 MS. TESCONI: Would a representative from TOC also
5 be part of that?

6 CHAIR ISRAEL: Sure. Joe is right there.

7 COMMISSIONER CHOPER: Yeah. Whoever -- whoever is
8 involved. I think that's -- that's right.

9 MR. MORRIS: Joe Morris from -- from the TOC. And
10 we'd -- we'd like to be involved. And speaking for TOC and
11 CTT on this one, who would also like to be involved --

12 CHAIR ISRAEL: Okay. Absolutely.

13 MR. MORRIS: -- we -- we'd like to see the -- the
14 footprint of the calendar stay the same right now. So
15 Golden Gate would still operate within their traditional
16 dates, and the fairs would stay within their footprint. But
17 willing to sit down and try to work through this.

18 CHAIR ISRAEL: Yeah. Well, you may need to -- I
19 mean, this -- if what I'm hearing about the fairs all
20 wanting to end at the same time is true you can't start on
21 June 18th. You have to start sooner or there just simply
22 aren't enough days for all the fairs to have racing and
23 fairs. I mean, look, what do I know about fairs? Until
24 Beneto explained to me --

25 MR. MORRIS: There's less and less fairs with the

1 same number of days.

2 CHAIR ISRAEL: Until Beneto explained to me
3 yesterday that they're something to do with livestock sale I
4 had not clue. I'm a city boy. You know, it's like --

5 VICE CHAIR WINNER: Well, may I suggest, Mr.
6 Chairman, that you walk out of this building and take a
7 look.

8 CHAIR ISRAEL: I didn't grow up in Los Angeles. I
9 grew up in the real city, so --

10 COMMISSIONER BENETO: For the record, the dates
11 that Golden Gate have were originally fair dates. Those
12 were our gift. So I just want you to know that, if you
13 forgot.

14 MR. MORRIS: Well, they -- they -- and I guess I
15 understand that, but they've had them for a long, long time.

16 COMMISSIONER BENETO: No, they haven't. They've
17 only had them for about three years.

18 COMMISSIONER BENETO: No, they haven't. They've
19 only had them for about three years.

20 CHAIR ISRAEL: Well, whatever. They're -- they're
21 very important to the economy of Northern California racing.
22 I mean, you know, I mean, I'll tell you a story.

23 I mean, I turned on opening day at Humboldt on TV
24 and they were running five races. That was not exactly what
25 I was looking for. And then later in the Humboldt meeting I

1 got a call from somebody with whom I'm friendly who is very
2 enthusiastic about Humboldt and affiliated with the Humboldt
3 Fair, and he -- he didn't realize that it probably wasn't
4 appropriate but he asked me if it would be possible to stay
5 the suspension of a jockey who was to serve days while he
6 was at Humboldt because if he were suspended they wouldn't
7 have enough jockeys to ride horses in the few races they
8 actually had, and there weren't a hell of a lot of horses
9 running up there. And, fortunately, I had already not
10 stayed the decision. I don't do that a lot, in case you
11 haven't noticed. So the decision had not been stayed and
12 the suspension was served.

13 But if they can't attract horses, enough horses to
14 run more than five races, and they can't attract enough
15 jockeys to ride the races, I mean, there's a question about
16 economic viability. And I think you're all going to have to
17 address that in your meeting. I mean, this is -- you know,
18 county fair racing welfare at some point isn't good for the
19 rest of racing. So -- and that's just something for you to
20 take into consideration when you meet.

21 COMMISSIONER ROSENBERG: You raised a point that
22 I'd like to bring up --

23 CHAIR ISRAEL: Go ahead.

24 COMMISSIONER ROSENBERG: -- which is some of
25 the -- some of the correspondence we received from someone

1 at Humboldt. And that is there were some allegations made
2 that -- that Golden Gate had not lived up to some agreements
3 they had made in terms of conditions, the type of claiming
4 races they would write, etcetera. I don't want to hold
5 things up from having you get together to try to solve this,
6 but is there anything -- is there any merit -- is that
7 Humboldt's position or was that a lawyer who wrote it?

8 CHAIR ISRAEL: He's the lawyer.

9 MR. MORGAN: Jim Morgan, Humboldt County.

10 COMMISSIONER ROSENBERG: Ah, yes.

11 MR. MORGAN: I am the -- I am special counsel for
12 the fair.

13 COMMISSIONER ROSENBERG: Okay.

14 MR. MORGAN: I felt that it was incumbent upon
15 this Board, as Mr. Choper said at an earlier event, to
16 enforce the promises and representations made before this
17 Board. It had been sprinkled out across three separate
18 meetings which is why -- and I apologize to the Board
19 members for a lengthy treatise on the issue. But basically
20 it was promised that Golden Gate Fields would distribute a
21 condition book --

22 CHAIR ISRAEL: Well, stop. Let me stop you for a
23 second. Did you distribute the letter to Golden Gate? Has
24 anybody at Golden Gate seen it?

25 MR. MORGAN: No. I --

1 CHAIR ISRAEL: Okay. This isn't then the
2 proper -- until they've seen it and can rebut what -- what
3 you said in the letter, I honestly -- I honestly -- I
4 honestly don't think it's -- this is a fair -- this is the
5 right time to have this conversation.

6 MR. MORGAN: I appreciate and respect that, Mr.
7 Chairman, but I --

8 CHAIR ISRAEL: And why didn't you send them a
9 letter?

10 MR. MORGAN: Because I felt that our
11 communications had come to a standstill. I had -- I had
12 sent letters to Mr. Rainey at the beginning. First I sent
13 letters to Mr. Morris and Mr. Rainey a month before our fair
14 started saying we want you to abide by your commitment to
15 not write races below \$5,000. I did not get a response.
16 Then on August 16th I wrote Mr. Rainey and said, hey, you
17 guys are writing races below the level that you promised us.
18 I didn't get a response them. I got a response from Mr.
19 Rainey saying, hey, we're doing the best we can to help
20 Humboldt. We're only going to write one race like that on
21 Saturday.

22 CHAIR ISRAEL: All right. This is --

23 MR. MORGAN: Our -- our --

24 CHAIR ISRAEL: This is getting into details that
25 they -- they just haven't seen the letter so it's just not

1 fair to them.

2 MR. MORGAN: They haven't seen the letter, but
3 they -- they have been --

4 COMMISSIONER CHOPER: They know all the facts.

5 MR. MORGAN: They know all the facts and they were
6 involved in the --

7 MR. DARUTY: Just for the record, we do, of
8 course, disagree with the characterization. But we can talk
9 about it and see if we can reach a resolution.

10 CHAIR ISRAEL: All right.

11 MR. MORGAN: Well, I think it's clear, they either
12 promise not to write races below \$5,000 or they didn't.
13 They either ran those races or they didn't.

14 CHAIR ISRAEL: But --

15 MR. MORGAN: And the problem, Mr. Chairman, when
16 you say that Humboldt might not be economically viable is
17 those trainers got those condition books that wrote those
18 races for each and every day of the Humboldt overlap, and
19 those trainers made an economic decision to go back south
20 where they're going to be stabled anyway, rather than come
21 north to Humboldt. And so our -- our racing secretary will
22 tell you, our horse population was decimated.

23 Another problem that was made on the record was
24 that Golden Gate's racing secretary was to coordinate with
25 Balmer (phonetic), our racing secretary, about to make sure

1 the condition books were going to be written that way. They
2 weren't. We were cut off at the knees.

3 And so I take exception to your comments about,
4 gee, you only had five races. Well, I wonder why?

5 CHAIR ISRAEL: Well, you did only have five races.

6 COMMISSIONER CHOPER: Wait. Wait. Wait.

7 MR. MORGAN: Of course we did.

8 COMMISSIONER CHOPER: This is --

9 CHAIR ISRAEL: Yeah.

10 COMMISSIONER CHOPER: I think, A, you ought to
11 give him the letter. All right?

12 MR. MORGAN: Sure. Absolutely.

13 COMMISSIONER CHOPER: I'm sure that's easy enough.

14 And then, Mr. Chairman, respectfully, you -- you
15 appointed a committee.

16 CHAIR ISRAEL: Yeah.

17 COMMISSIONER CHOPER: We'll -- we'll --

18 CHAIR ISRAEL: You'll deal with it.

19 COMMISSIONER CHOPER: We'll deal with this.

20 CHAIR ISRAEL: Okay. Yeah. That's what I said,
21 this is the wrong forum.

22 COMMISSIONER CHOPER: No sense --

23 CHAIR ISRAEL: Yeah.

24 COMMISSIONER CHOPER: -- you know --

25 MR. DARUTY: May I ask --

1 COMMISSIONER CHOPER: -- arguing this thing out
2 here.

3 MR. DARUTY: May I ask one question? Scott Daruty
4 on behalf of --

5 CHAIR ISRAEL: Yes.

6 MR. DARUTY: -- Golden Gate Fields. Obviously,
7 the Board is moving towards the direction of putting over a
8 decision on the dates, which we are actually supportive of
9 so a lot of this can be discussed. But with that preface,
10 is it possible to issue the dates for the first part of the
11 year? Our next CHRB meeting will be October. That is
12 starting to, you know, run into the time we need to do our
13 planning, stakes schedule, budgets.

14 CHAIR ISRAEL: All right. So I'll make a motion
15 to accommodate that now just so I don't forget it, that --
16 that Golden Gate Fields be granted the dates that are not in
17 dispute, which is December 26th, 2013 to June 29th, 2014 for
18 the winter-spring meeting and so they can plan accordingly.
19 Is there any --

20 COMMISSIONER CHOPER: That is in dispute.

21 MR. DARUTY: I think -- yeah. The --

22 COMMISSIONER CHOPER: The last week is in dispute.

23 MR. DARUTY: Yeah. I'm sorry. What --

24 CHAIR ISRAEL: Oh. Oh, see, because --

25 MR. DARUTY: What we would actually recommend is

1 through June 15th.

2 CHAIR ISRAEL: June 15th. Fine. Okay.

3 COMMISSIONER BENETO: Of '14? Is it '14?

4 MR. DARUTY: Of 2014.

5 CHAIR ISRAEL: Of 2014. Okay.

6 COMMISSIONER BENETO: And we'll -- and we'll --
7 we'll work out the other thing later.

8 CHAIR ISRAEL: Everything else. Okay. And so I
9 made the motion. It was seconded by Commissioner Choper.
10 All in favor?

11 ALL COMMISSIONERS: Aye.

12 CHAIR ISRAEL: Okay. Motion passes. All right.

13 Now, let's continue this conversation. The only
14 thing I will say about -- that you need to consider is, you
15 know, a lot of things are said on the record. But what
16 matters is what's in the motion. Now, I can quote Maria
17 Muldaur if you'd like to me, because she had a very famous
18 hit called It Ain't The Meat, It's The Motion That Makes
19 Your Mommy Wanna Dance. Anyway, she also sang Midnight At
20 The Oasis. I don't know if you remember her. Anyway,
21 Richard probably represented her; right?

22 COMMISSIONER ROSENBERG: A one-song wonder.

23 CHAIR ISRAEL: No, two songs. There are two.

24 COMMISSIONER ROSENBERG: Oh.

25 COMMISSIONER CHOPER: I think that the trainer --

1 CHAIR ISRAEL: Wait, I'm not done.

2 COMMISSIONER CHOPER: Well, anyway --

3 CHAIR ISRAEL: No, Jess, I wasn't finished. All
4 right.

5 COMMISSIONER CHOPER: I thought you were finished.

6 CHAIR ISRAEL: No. Anyway, the point is you have
7 to look what's in the motion, not what was in the
8 conversations had. If it wasn't -- if the motion wasn't
9 made contingent upon a variety of issues, then it's only
10 what's in the motion that is --

11 COMMISSIONER ROSENBERG: Yeah. I --

12 CHAIR ISRAEL: -- that we abide by.

13 COMMISSIONER ROSENBERG: Mr. Chairman, I would
14 just say --

15 CHAIR ISRAEL: Yeah.

16 COMMISSIONER ROSENBERG: -- respectfully that what
17 the gentleman is raising is for the -- regarding the future,
18 not the past. He's not looking to kind of solve his past.
19 He's letting us know what happened in the past. And I think
20 it's important that we look at that and see if that
21 prevented them from being economically viable, which is your
22 point always. And they may not be because they're getting
23 interfered with. Anyway --

24 COMMISSIONER CHOPER: I want to add that your
25 point about involving -- about trainers going one place or

1 another with their horses indicates to me that they -- I
2 don't see them here.

3 VICE CHAIR WINNER: Yeah, he's here.

4 COMMISSIONER CHOPER: Oh, yeah, they are. So I
5 think you ought to be --

6 VICE CHAIR WINNER: Yeah. We already agreed to
7 that.

8 CHAIR ISRAEL: Alan, we already agreed --

9 COMMISSIONER CHOPER: Okay.

10 CHAIR ISRAEL: I mean, Jess, we already agreed to
11 that.

12 COMMISSIONER CHOPER: I understand.

13 CHAIR ISRAEL: The trainers are involved.

14 COMMISSIONER CHOPER: Good.

15 CHAIR ISRAEL: All right.

16 COMMISSIONER CHOPER: Excuse me.

17 CHAIR ISRAEL: That's okay.

18 MR. KORBY: Chris Korby, California Authority of
19 Racing Fairs.

20 Mr. Chairman, we'd look forward to working with
21 Mr. Beneto and his committee.

22 CHAIR ISRAEL: Okay.

23 MR. KORBY: And in response to some of Mr.
24 Choper's observations, we have invited representatives from
25 management at Golden Gate Fields. Prior to Cal being in the

1 position that he is when Joe was at Golden Gate he did come
2 to several CARF meetings. So we do actively --

3 CHAIR ISRAEL: Okay.

4 COMMISSIONER CHOPER: Good. Good.

5 MR. KORBY: -- promote that kind of participation.

6 CHAIR ISRAEL: All right.

7 COMMISSIONER BENETO: And, Chris, where could we
8 have this meeting? Where you would you suggest for
9 everybody?

10 MR. KORBY: Well, I heard East Bay or Sacramento.
11 Either way is fine with us.

12 CHAIR ISRAEL: Jackie will do it. Do it in
13 Sacramento and she'll find office space. We have offices
14 there.

15 MR. KORBY: And we'd -- we'd offer our conference
16 room.

17 COMMISSIONER CHOPER: There are offices at Golden
18 Gate Fields.

19 MR. DARUTY: We can offer Golden Gate Fields, as
20 well.

21 CHAIR ISRAEL: Yeah. All right.

22 COMMISSIONER BENETO: Well, for Jesse's sake, he'd
23 don't want to drive to Sacramento.

24 CHAIR ISRAEL: So it's just as easy for -- okay.

25 COMMISSIONER CHOPER: I just as well not. I

1 mean --

2 CHAIR ISRAEL: All right.

3 COMMISSIONER CHOPER: -- nothing against
4 Sacramento.

5 CHAIR ISRAEL: You guys work it out.

6 VICE CHAIR WINNER: But you guys can have that
7 conversation.

8 CHAIR ISRAEL: That's right. Chuck and I worked
9 it out when we did, so you guys work it out. It's not --
10 it's not important to do it now. Okay.

11 If there's nothing else for this issue you have
12 the first half of the racing calendar for 2014. It's
13 settled. And the rest of it will be subject to Commissioner
14 Beneto and Commissioner Choper helping you reach an
15 agreement that you can all live with. And I would urge you
16 if this mid-August thing is real, you've got to look at how
17 you schedule all these -- these county fairs. Because
18 it's -- you're trying to cram 50 pounds into a 3-pound bag.
19 It's kind of crazy.

20 MR. CASTRO: May I say something on this subject?

21 CHAIR ISRAEL: Yes, Richard.

22 MR. CASTRO: My name is Richard Castro,
23 representing Pari-Mutuel Employees Guild Local 280. All I
24 would like to say is when you consider these scheduling
25 dates in the future -- well, first I'd like to say the fairs

1 have really, in my opinion, gone out of their way for the
2 most part to accommodate our members. Especially knowing
3 that most of our people are traveling long distances. They
4 don't live in the area when they go to work. And it is
5 appreciated.

6 Let me give you an example of Humboldt County, of
7 what I'm talking about when you do schedule. They work
8 on -- a workday was a Wednesday. They're dark on Thursday.
9 We go back to work on Friday. That's a split week under the
10 contract. That costs them extra money. We prefer to work
11 rather than freeload.

12 So when you do this scheduling if you can lump the
13 days together it helps us also because we're traveling.
14 We're staying in motels. Fresno is a tough place for us.
15 I've only got maybe five people living in the Fresno area.
16 Most of the people are coming from either the Los Angeles
17 area. Some are coming from the San Diego area. A lot are
18 coming from the San Francisco area. The more days you can
19 lump together in a row the easier it is on us. That's -- I
20 would just like you to consider that.

21 CHAIR ISRAEL: Okay. We heard you. Thank you,
22 Richard.

23 COMMISSIONER BENETO: Thank you, Mr. Chairman.

24 CHAIR ISRAEL: Okay. All right.

25 MR. KORBY: Mr. Chairman --

1 CHAIR ISRAEL: Yes, sir?

2 MR. KORBY: Insofar as it might relate to -- Chris
3 Korby, California Authority of Racing Fairs. Insofar as it
4 relates to Northern California racing dates in the future,
5 Mr. Chillingworth has asked if I would introduce him to make
6 a brief comment.

7 CHAIR ISRAEL: Sure. Chillie?

8 Scott, would you --

9 MR. CHILLINGWORTH: Sherwood Chillingworth, Oak
10 Tree Racing. One of -- I want to make a comment about the
11 Los Alamitos application. Last November/December we did a
12 very extensive study, economic study of running a meet at
13 Los Alamitos, and it was extremely positive. So I just want
14 to say, our comment would be I think they're going to be
15 successful and we wish them every good thing on that. I
16 think it will work.

17 Getting back to Oak Tree, I just want to reach
18 back to an old story, and I know you're all tired of hearing
19 it. But when Oak Tree wanted to go to -- to Santa Anita --
20 and the idea was there was no racing from late September to
21 late December and horsemen were having trouble making ends
22 meet. So a group of horsemen get together and say why don't
23 we start a nonprofit meet during this period of time to help
24 these guys out. It went to Bob (inaudible), oh, it just --
25 it would ruin the start of my other maiden. Anyway, we

1 worked on him for a year and he finally agreed.

2 These six or seven gentlemen who include Clement
3 Hirsch, Dr. Robbins, Hal Ramser, Lou Rowan, put up their own
4 money to start this meet. It turned out to be very
5 successful. That was 42 years ago. And they have run a
6 successful meet in the interim. Now we're gone.

7 And all I want to do, the reason I bring up that
8 comment is we're now thinking of going to -- north, going
9 north. And I think three years ago Dr. Arthur, who is
10 sitting here, one of our directors, suggested at that time,
11 as long as we're out of the Southern California picture why
12 don't we go north and establish a base up there, because
13 they were in trouble and they needed help.

14 About four months ago Chris Korby tapped me on the
15 shoulder and said, "Why don't we talk?" And we've been in
16 discussions every since.

17 We've had meetings with both Cal Expo and
18 Pleasanton. And we've been well accepted up there. And I
19 think they are very eager for us to come up there, and we're
20 very anxious to go up there ourselves. The idea is we can
21 take the risk of not making money for a couple years and try
22 and start a meet up there that's going to be successful.

23 One of these days Golden Gate Fields is going to
24 be gone. It will either be sold or, you know, not making
25 any money for years and years can turn off their investors

1 eagerness. We think that we can go up there and start a
2 meet, see how it goes, and then we could contribute to
3 putting in a turf close so we would have a good place for
4 Northern California racing to go if anything happened to
5 Golden Gate Fields.

6 CHAIR ISRAEL: Chillie, I think this would be
7 appropriate to discuss at the meetings that Steve and Jess
8 hold in Northern California. I mean, it would be something
9 for them to consider before they come back to us next month
10 with a recommendation.

11 MR. CHILLINGWORTH: Okay. Well, I just wanted to
12 point out that we're talking about not taking anybody else's
13 dates. We're talking about running the Alameda County dates
14 ourselves. And, you know, we're not saying we want Golden
15 Gate Fields dates or anything else. So I just want to beg
16 you to be aware that after a long diligent search trying to
17 find a home here with great expectations, none of them were
18 fulfilled and we have to go somewhere else. And we think
19 the best place we can go would be Northern California. And
20 at this point we think Pleasanton would be the best spot.
21 Thank you.

22 MR. KORBY: We'll make sure that Oak Tree is
23 invited to participate.

24 CHAIR ISRAEL: Thank you.

25 MR. CHILLINGWORTH: I'm sorry?

1 CHAIR ISRAEL: No. He said that you'd be invited
2 to their initial meetings. And then when Commissioners
3 Beneto and Choper have their meeting you'll also be invited.

4 MR. CHILLINGWORTH: Okay. Great. Thank you.

5 CHAIR ISRAEL: Anything else? Okay. Thank you.

6 MR. KORBY: Thank you.

7 CHAIR ISRAEL: We're ready to move on. Item ten,
8 report from the Minisatellite Wagering Task Force Committee.
9 George?

10 COMMISSIONER KRIKORIAN: Okay. Commission Beneto
11 and I convened the Minisatellite Committee on August 23rd,
12 which was the day after our last Board meeting. And the
13 whole point of our meeting was to gain a better
14 understanding of where things stand with minisatellites and
15 how we might be able to jumpstart the program to get new
16 highly productive minisatellites open throughout the state
17 so that we can substantially increase the pari-mutuel handle
18 to the benefit of all stakeholders.

19 His law was passed in 2007, and yet we only have
20 five minisatellites currently opened and two more set to
21 open this year. That's 7 of the 45 we're allowed to have
22 under the current law. We asked stakeholders their thoughts
23 on the 20-mile radius. Chris Korby reiterated the position
24 of most of the current operators of wagering facilities.
25 Most of them want to retain the 20-mile radius protection.

1 But from what we understand, many operators are willing to
2 either waive this protection outright under the right
3 circumstances, or negotiate a deal giving them parity on
4 revenues.

5 Korby promised to provide us with facts indicating
6 that opening a new facility within 20 miles has a negative
7 impact on existing facilities.

8 "We need facts, not speculation," Rick Baedeker
9 said.

10 They did surveys at the Orange County Tavern
11 indicating that customers there increased their monthly
12 attendance at a race track or wagering facility from one to
13 three times a month before Orange County Tavern opened to
14 ten or more times per month now.

15 And Joe Morris said that they are gathering
16 information on these facilities, what the attendance is,
17 what the return on the investments are. And they believe
18 this package of information is going to create new interest
19 among potential operators.

20 Brad McKinzie is a partner in the Lake Forest
21 facility that will be opening soon. And all indications are
22 that Sammy's, which is what it's going to be called, I
23 believe, is exactly the kind of facility that we want. It's
24 going to be about 10,000 square feet. It's a rehab of a
25 former Black Angus Restaurant in a thriving community that

1 is being created expressly for wagering on horse racing.

2 COMMISSIONER ROSENBERG: Lake Forest?

3 COMMISSIONER KRIKORIAN: Lake Forest.

4 COMMISSIONER ROSENBERG: What?

5 COMMISSIONER KRIKORIAN: Lake Forest.

6 CHAIR ISRAEL: Lake Forest.

7 COMMISSIONER KRIKORIAN: It's --

8 COMMISSIONER ROSENBERG: It's in Orange County?

9 CHAIR ISRAEL: It's in Orange County.

10 COMMISSIONER ROSENBERG: East Orange County?

11 COMMISSIONER KRIKORIAN: Yeah. Just north of San
12 Clemente.

13 COMMISSIONER ROSENBERG: I didn't know that's
14 where it was.

15 COMMISSIONER KRIKORIAN: But he said he hadn't
16 seen the real commitment from the stakeholders to really get
17 behind minisatellites and build more places like Sammy's.

18 I pointed out that race track hosts need to look
19 beyond the two to three percent that is going out on these
20 new wagering outlets by realizing that by greatly increasing
21 handle that helps everyone's bottom line. Korby pointed out
22 that SCOTWINC has gotten behind minisatellites by providing
23 an additional one-and-a-quarter percent for new ones. He
24 would like that expanded to the existing satellites.

25 Concerning industry commitment, Sportech has a

1 proposal on the table which they outlined in our meeting in
2 June asking the industry to kick in an additional one
3 percent, giving Sportech three percent of the handle to
4 justify the massive capital expenditures required to open
5 these facilities. Perhaps Jack Liebau who is -- I don't
6 know if he's still here -- or another SCOTWINC
7 representative will come to the microphone and provide the
8 Board with the status on that proposal.

9 Rick Baedeker, who has been involved in
10 minisatellites for a number of years as a representative of
11 SCOTWINC and now Sportech, said that while some cities
12 welcome minisatellites, others oppose new gambling
13 facilities or have other concerns that greatly delay or even
14 prevent them from opening.

15 Next we got into the business side of SCOTWINC
16 which provided a detailed printed report that I believe was
17 provided to each member of this Board last month, so I won't
18 go into details of that. But I do think it's important to
19 point out that while everyone talks about traditional brick
20 and mortar simulcast wagering facilities receiving just two
21 percent of the handle for their operations, the truth is
22 they do receive an additional one-and-a-quarter percent from
23 ADW wagering. That means a facility like Barona, instead of
24 receiving just under \$300,000 from their 200 -- 2012 handle
25 based on two percent, actually received closer to a half a

1 million dollars.

2 Getting back to the point I made earlier, the
3 tracks' benefit from increased handle at satellites, the
4 tracks benefitted by approximately \$32.6 million as their
5 share of satellite revenues in 2012.

6 The biggest cost to satellite facilities is labor,
7 and that led us to a discussion of how SCOTWINC and NOTWINC
8 determine how many clerks to place at each facility. It's
9 all based on well documented reports handled by a clerk --
10 per clerk.

11 And this led to the revelation that under the
12 contract that Sportech signed with NOTWINC, that Sportech
13 provides a tote employee to every simulcast facility to
14 handle repairs. But there is no such manning of commitment
15 in the -- in the SCOTWINC agreement. That's something I
16 want to place back on our committee agenda to explore
17 further to see if there's a way for Sportech to increase
18 staffing in Southern California locations.

19 Another matter I want to -- another matter I want
20 on the committee agenda is staffing at SCOTWINC. Right now
21 they rely on the pari-mutuel managers are the race tracks to
22 run things, to oversee staffing, deal with problems and so
23 forth. There used to be a SCOTWINC general manager, but
24 that position was eliminated. So now they don't have an
25 employee specifically responsible for visiting facilities,

1 listening to concerns and so forth. We need to address
2 that, as well.

3 We talked about streamlining the application
4 process for minisatellites to make it easier on business
5 owners. And we asked Rick Baedeker and others to submit
6 their suggestions to staff. Our committee will be getting
7 involved very early in the process going forward. Whenever
8 they have an applicant they want to move forward we want to
9 hear about it right away, get involved early, and be helpful
10 to the process as much as possible. Thank you.

11 CHAIR ISRAEL: Thank you, George.

12 COMMISSIONER DEREK: Thank you.

13 COMMISSIONER CHOPER: I just want to ask one
14 questions, a fact, and maybe I probably missed this. The
15 place Lake Forest, who is within the 20-mile radius?

16 COMMISSIONER KRIKORIAN: No one.

17 MS. WAGNER: No one.

18 COMMISSIONER CHOPER: Oh. So that's not an issue.

19 COMMISSIONER KRIKORIAN: It just happens to be a
20 very small geographic area.

21 COMMISSIONER CHOPER: Yeah. Yeah. Well, that's
22 all right.

23 CHAIR ISRAEL: It's just beyond the Orange County
24 Fair, Los Alamitos --

25 COMMISSIONER KRIKORIAN: Right.

1 CHAIR ISRAEL: -- Del Mar. It's just out of
2 everybody's reach.

3 COMMISSIONER KRIKORIAN: It's probably the only
4 place in the state that wasn't covered.

5 CHAIR ISRAEL: Where -- where there's actually
6 people in it. Somewhere in the Sierra you can get --

7 COMMISSIONER KRIKORIAN: Right. That's right.

8 CHAIR ISRAEL: -- you can build whatever you want.

9 COMMISSIONER KRIKORIAN: You can build it in
10 Cleveland National Forest.

11 CHAIR ISRAEL: John Bucalo, you have a comment
12 you'd like to make? If you want to use that thing you
13 better get over there. So grab a microphone and do a little
14 floor show or move that thing.

15 MR. BUCALO: How about I just yell?

16 CHAIR ISRAEL: No, that's not good, because you've
17 got to be broadcast.

18 MR. BUCALO: Okay.

19 CHAIR ISRAEL: So you got to move that thing. I
20 don't know what you want it for but --

21 (Colloquy Between Commissioners.)

22 MR. BUCALO: I lugged this all the way from San
23 Diego, and it took me an hour to get here, so I'm --

24 CHAIR ISRAEL: Well, you still need to use a
25 microphone.

1 MR. BUCALO: Okay.

2 VICE CHAIR WINNER: And introduce yourself, John.

3 CHAIR ISRAEL: And introduce yourself. Just don't
4 break into song.

5 MR. BUCALO: John Bucalo, Barona Casino Off-track
6 Betting Manager. The 20-mile radius, I believe and I said
7 at the meeting, was actually less than 20 miles. And the
8 way I'm going to demonstrate that was challenged after I
9 walked away. I believe Mr. Morris believed it was actually
10 40 miles, he said.

11 But if this would be the radius and this would be
12 a satellite, outside this perimeter would be the 20 miles.
13 If that's 20 miles you could build a satellite here or
14 anywhere around there. The furthest away anyone would be
15 would be ten miles either this direction or this direction.
16 That's all they'd have to travel to get to a satellite, and
17 that's not asking much for a guest to do. And we believe
18 that we want to oppose this 20 mile reduction or to do away
19 with it unless there is a commission, that's increasement in
20 it. That would have to be something that the Board or the
21 tribal members would have to agree on. I can't do that.
22 And certainly we believe we deserve that. And we can't
23 compete. It's going to take away from our facility, and
24 that's a fact. It's going to allow other satellite
25 facilities to cannibalize our facility.

1 Recently Bakersfield closed down. That's a new
2 one that just closed down. They can't make it.

3 Our satellite certainly can't -- is not doing that
4 well, although you said we -- we made a lot of money. Our
5 expenses are huge. We have five employees working there.
6 We promote racing. We do not want to go out of business.
7 We do not want to close. The casino won't go out of
8 business. We put a lot of money back into this racing. We
9 had a \$1.5 million sponsorship deal with Del Mar, which is a
10 lot of money. We had a suite at Del Mar. And just for the
11 suite, I believe, the food and beverage and the suite cost
12 approaching a quarter of a million dollars. We took our
13 highest end players there. We try to develop people to be
14 horse racing members. We do more, we believe, than anyone.

15
16 And we believe that we are going to be
17 cannibalized. It's not going to be a fair situation for us
18 to have other satellite move up.

19 CHAIR ISRAEL: John?

20 MR. BUCALO: Yes.

21 CHAIR ISRAEL: Can I just interrupt you for a
22 minute?

23 MR. BUCALO: Yes.

24 CHAIR ISRAEL: You know how I love irony? The
25 irony of an Indian casino complaining about some other

1 gambling establishment cannibalizing its business is too
2 much for me not to comment upon.

3 MR. BUCALO: This is an off-track betting facility
4 that I'm talking about. I'm not here representing the
5 casino.

6 COMMISSIONER ROSENBERG: Mr. Chairman, we're not
7 voting on anything today.

8 MS. WAGNER: Yeah.

9 CHAIR ISRAEL: Well, he's allowed -- he's allowed
10 three minutes.

11 MR. BUCALO: We -- we were -- it would dilute
12 current satellites. Tulare is ready to close. We must
13 protect, and we expect the Board to protect us.

14 CHAIR ISRAEL: John, I think your three minutes
15 are --

16 MS. WAGNER: Yeah.

17 CHAIR ISRAEL: Yeah.

18 MR. BUCALO: Well, okay. But --

19 CHAIR ISRAEL: You made your point.

20 MR. BUCALO: Yeah.

21 CHAIR ISRAEL: You go out the 20-mile radius.

22 COMMISSIONER BENETO: John, I got to talk to John
23 a minute.

24 MR. BUCALO: Yes, sir?

25 COMMISSIONER BENETO: Your -- your satellite is in

1 your casino; right?

2 MR. BUCALO: That's correct.

3 COMMISSIONER BENETO: Okay. How much foot traffic
4 do you get there in a day through that place?

5 MR. BUCALO: It depends. On weekends we're above
6 200 usually. And on weekdays --

7 COMMISSIONER BENETO: 200, you mean, total go
8 through the casino?

9 CHAIR ISRAEL: No. He means the casino.

10 MR. BUCALO: Oh, the entire casino?

11 CHAIR ISRAEL: Yeah.

12 MR. BUCALO: That number I'm not sure of, sir.

13 COMMISSIONER BENETO: I'd like to know. Because
14 if you're getting 1,000 or 2,000 people coming through there
15 a day and you're only getting a little bit of betting you
16 shouldn't even be in the -- you shouldn't even be in that
17 business.

18 MR. BUCALO: Well, believe me, a lot of those
19 casinos don't want to be. You have Pala, you have Pechanga,
20 you have many casinos that don't want to be in the business
21 because of the small amount of commission that's derived
22 from it.

23 COMMISSIONER BENETO: Did you guys -- did you
24 guys -- yeah, but that -- the better doesn't know what the
25 commission is. How do you get people in your casino to go

1 bet a horse? Did you guys ever figure that out?

2 MR. BUCALO: Well, they -- they enjoy horse
3 racing.

4 COMMISSIONER BENETO: You said you only get 200
5 people come in out of maybe 2,000 or 3,000 goes through the
6 door every day.

7 MR. BUCALO: Right. Well, we have promotional
8 events in our casino. We try -- for the OTB, we try to get
9 them into the OTB to develop stronger players, cultivate
10 them so they -- we have a mini-museum in my office of horse
11 racing, pictures from back in the '30s and on.

12 COMMISSIONER BENETO: I'd like to have you come
13 back to me next meeting and give me how much foot traffic
14 you average per day through that casino and how much -- how
15 much foot traffic you're getting through the betting -- your
16 satellite. Because maybe -- maybe we need to -- maybe we
17 need to promote it in another way or --

18 CHAIR ISRAEL: Yeah.

19 COMMISSIONER BENETO: -- the 20-mile radius maybe
20 is not working for us or you.

21 CHAIR ISRAEL: Let me -- let me suggest that you
22 just say yes, because Steve is throwing you a lifesaver
23 here. Because you're making an argument against your
24 specific own job interests, is what he's saying.

25 MR. BUCALO: Well, I believe that my interests go

1 further than my job. I have a passionate love for this
2 industry that can not be matched more than anybody in this
3 room.

4 CHAIR ISRAEL: Okay.

5 COMMISSIONER ROSENBERG: All right.

6 CHAIR ISRAEL: It's not a competition. Thank you.

7 COMMISSIONER BENETO: But, John, I'm not trying to
8 castrate you here.

9 MR. BUCALO: Well, it hasn't been done before, so
10 I hope not.

11 COMMISSIONER BENETO: Can you get those figures
12 for me? I'm curious.

13 CHAIR ISRAEL: Just say yes.

14 MR. BUCALO: You bet you. Yes.

15 COMMISSIONER BENETO: Okay. Thank you.

16 CHAIR ISRAEL: Okay. Thank you.

17 MR. BUCALO: But we need the Board's support on
18 this. I mean, you --

19 CHAIR ISRAEL: Okay. Well --

20 MR. BUCALO: We have satellites --

21 CHAIR ISRAEL: This isn't the time or the forum.

22 MR. BUCALO: Okay.

23 CHAIR ISRAEL: Thank you, John.

24 MR. BUCALO: Thank you.

25 CHAIR ISRAEL: Rick?

1 MR. BAEDEKER: Rick Baedeker. I'm not sure who
2 I'm representing these days. But I'd just -- I'd just like
3 to represent myself as -- as a lifer in the sport. And I
4 know everybody knows it, but we can't lose focus of the
5 fact, and it was said earlier I think by Joe Morris, these
6 minisatellites, given our current economic situation, can be
7 a game changer. These stupid 20-mile circles are preventing
8 us from doing the right thing, getting these open --

9 CHAIR ISRAEL: Okay.

10 MR. BAEDEKER: -- throughout the state.
11 Commissioner Krikorian is finally focused on this. And I
12 hope that the industry can come together and use some common
13 sense and work something out.

14 COMMISSIONER ROSENBERG: I have to make one
15 comment.

16 CHAIR ISRAEL: Richard.

17 COMMISSIONER ROSENBERG: I'm not going to delay
18 this. But the San Diego situation, are you -- are you free
19 to discuss the situation publicly as to what happened down
20 there at San Diego as to why we're not able to get a
21 minisatellites in?

22 MR. BAEDEKER: Yes, I think so. The -- the issue
23 with the Tilted Kilt down there --

24 COMMISSIONER ROSENBERG: Well, the Tilted Kilt was
25 going to build a facility in Downtown San Diego.

1 MR. BAEDEKER: Correct.

2 COMMISSIONER ROSENBERG: There were originally
3 objections on the 20-mile radius by the Sycuan Band of
4 Indians.

5 MR. BAEDEKER: Right.

6 COMMISSIONER ROSENBERG: They supposedly agreed to
7 waive those conditions after making some kind of a deal.
8 But the -- but somehow Major League Baseball or the Padres
9 put pressure on the landlords.

10 VICE CHAIR WINNER: I think it was the Padres.

11 CHAIR ISRAEL: No. It was originally the Padres,
12 but then they --

13 VICE CHAIR WINNER: It was originally the Padres,
14 Richard.

15 CHAIR ISRAEL: But that -- that was -- there's -
16 there's --

17 COMMISSIONER ROSENBERG: No, but it came back
18 again.

19 COMMISSIONER KRIKORIAN: Let him tell you.

20 CHAIR ISRAEL: There's two issues.

21 COMMISSIONER ROSENBERG: Let him tell -- let him
22 tell the story.

23 COMMISSIONER KRIKORIAN: Let him tell you.

24 MR. BAEDEKER: We actually did work out the whole
25 Sycuan situation by virtue of changing the nature of the

1 SCOTWINC contract with Sycuan. That worked out fine.

2 The remaining two issues have nothing to do with
3 us. One is the Padres, who have threatened to fight this to
4 the death for reasons unknown to reasonable men. And the
5 other is with their landlord, who we think is intimidated by
6 the Padres, their neighbor. And so they've got two issues
7 that don't pertain to us. They're now deciding, the Tilted
8 Kilt, whether or not to file some kind of lawsuit, maybe try
9 to get a declaratory judgment, but that's their call and --

10 COMMISSIONER ROSENBERG: The reason I brought it
11 up is the Padres -- you're saying both of those issues are
12 Padres' issues.

13 MR. BAEDEKER: Well --

14 COMMISSIONER ROSENBERG: The landlord is
15 intimidated by the Padres, perhaps, and the Padres --

16 MR. BAEDEKER: The landlord of the building.

17 COMMISSIONER ROSENBERG: -- are the problem. And
18 they're -- that -- that ballpark is full of signs on gaming,
19 gambling, Sycuan Casino is all over the ballpark at Petco
20 Park. So what's their objection? Have they stated a
21 written objection that gambling is going to take place close
22 to the park or what?

23 MR. BAEDEKER: They're hanging their hat on a CC&R
24 between the business owner group in the neighborhood there
25 that says that casino gambling is not permitted. And

1 they're saying that this falls under casino gambling.

2 COMMISSIONER ROSENBERG: It's not casino gambling.

3 MR. BAEDEKER: What they're saying is that at the
4 time that the CC&R was written and signed, that
5 minisatellite wagering was not permitted by law, so there
6 was no reason to include it. And that's all I know.

7 COMMISSIONER ROSENBERG: That seems to -- it's --

8 VICE CHAIR WINNER: Mr. Chairman, can I just
9 ask --

10 CHAIR ISRAEL: Go ahead.

11 VICE CHAIR WINNER: It seems to me that a young
12 woman, an attorney, came and presented the case for the
13 Padres to our Board meeting.

14 CHAIR ISRAEL: At Santa Anita.

15 VICE CHAIR WINNER: Yes. And that we overrode
16 that. We voted against her and voted in favor of the Tilted
17 Kilt. That's my recollection.

18 COMMISSIONER CHOPER: That won't keep her out of
19 court --

20 CHAIR ISRAEL: Right.

21 VICE CHAIR WINNER: That's right.

22 COMMISSIONER CHOPER: -- unfortunately.

23 VICE CHAIR WINNER: Right. So -- but that's the
24 same issue --

25 CHAIR ISRAEL: Yes.

1 VICE CHAIR WINNER: -- correct? It's ongoing?

2 CHAIR ISRAEL: They're using a business
3 association issue and some sort of gambling -- bogus
4 gambling claim.

5 MR. BAEDEKER: Here's the practical part of it.
6 The landlord won't permit the equipment for the downlink to
7 be placed on the roof. And without it they can't present a
8 signal. You'd say, well, why don't they just open and
9 invite a lawsuit? Well, they can't open without -- without
10 the downlink.

11 COMMISSIONER CHOPER: Why won't the landlord do
12 it, just out of curiosity? He's being intimidated by the
13 people around him?

14 MR. BAEDEKER: That's the -- I think that's the
15 practical reason.

16 COMMISSIONER ROSENBERG: I think it's the right
17 thing to make this known --

18 MR. BAEDEKER: He's -- he's got a clause in his
19 lease that --

20 COMMISSIONER ROSENBERG: -- to the public.

21

22 COMMISSIONER CHOPER: Good point.

23 COMMISSIONER ROSENBERG: Wouldn't you think this
24 should be in the press and that --

25 COMMISSIONER CHOPER: Good point.

1 COMMISSIONER ROSENBERG: -- the Padres are
2 blocking a minisatellite?

3 CHAIR ISRAEL: Well, the minisatellite guy should
4 hire a PR person.

5 COMMISSIONER DEREK: Yeah.

6 COMMISSIONER ROSENBERG: Well, I think we should
7 have an interest too. I think the Board could maybe make
8 some kind of resolution urging the Padres to cooperate to
9 enable this facility to be opened, because they're holding
10 us back.

11 VICE CHAIR WINNER: Well, aren't you a big Padre
12 fan? You should be able to handle it.

13 MR. BAEDEKER: He's a Giant fan.

14 CHAIR ISRAEL: He's a Phillies fan.

15 COMMISSIONER CHOPER: Counsel Miller, you can
16 represent the -- represent us in a suit.

17 COMMISSIONER ROSENBERG: Anyway --

18 CHAIR ISRAEL: No. I don't -- but we can't do it
19 now because it's not on the agenda. But we -- if you guys
20 want to put it on the agenda.

21 COMMISSIONER KRIKORIAN: Well, these are the kinds
22 of issues that --

23 CHAIR ISRAEL: Yeah.

24 COMMISSIONER KRIKORIAN: -- you know, that our
25 committee needs to work on --

1 COMMISSIONER DEREK: Right.

2 CHAIR ISRAEL: Okay.

3 COMMISSIONER KRIKORIAN: -- to figure out a way
4 that we can make, you know, make a better marketing
5 presentation to communities and -- and landlords --

6 CHAIR ISRAEL: Right.

7 COMMISSIONER KRIKORIAN: -- and retailers, that
8 they --

9 CHAIR ISRAEL: Well --

10 COMMISSIONER KRIKORIAN: -- they don't really have
11 any -- it's not going to be a problem.

12 CHAIR ISRAEL: Okay. I know -- the Padres are
13 essentially owned by the --

14 COMMISSIONER ROSENBERG: O'Malley.

15 CHAIR ISRAEL: -- O'Malleys. And they have a long
16 history of doing things like this. I mean, it's funny, I
17 just saw Peter not long ago. If I had known this was still
18 an issue I would have said something to him. But I
19 thought -- I thought, actually, this part had been resolved,
20 that Del Mar had interceded on behalf of the industry and
21 gotten some -- made some progress, but I guess I'm wrong.

22 All right, so let's revisit this then next month.

23 VICE CHAIR WINNER: Okay.

24 CHAIR ISRAEL: Joe, did you want to say something?

25 MR. MORRIS: Joe Morris, TOC, actually speaking

1 for SCOTWINC. Just to touch base on a couple of things
2 Commissioner Krikorian said, SCOTWINC and NOTWINC are still
3 gathering information. And that is -- that is proceeding
4 along as requested.

5 On the Sportech side with SCOTWINC there is a
6 contract being reviewed right now. It's gone back and forth
7 a couple of times. If things go right I would hope to have
8 it agreed to next week, at which point SCOTWINC will vote
9 it. And that will free up the up to \$20 million and the
10 start of Sportech investing in the south.

11 In the north is an LOI with Sportech and NOTWINC
12 being reviewed. And hopefully that can get worked through.
13 That would open up the three spots in San Francisco with
14 no -- with no mileage, and they'd be looking at others in --

15 CHAIR ISRAEL: What's an LOI?

16 MR. MORRIS: Letter of intent.

17 VICE CHAIR WINNER: Letter of intent.

18 CHAIR ISRAEL: Oh, letter of intent.

19 MR. MORRIS: So you get the letter of intent, you
20 agree to that, and it goes on to -- to a contract.

21 CHAIR ISRAEL: LLI, I thought he said.

22 MR. MORRIS: So --

23 COMMISSIONER CHOPER: It's note the 20 miles. As
24 you well know, it's not the 20 miles --

25 MR. MORRIS: There is no 20 miles.

1 COMMISSIONER CHOPER: -- in San Francisco.

2 MR. MORRIS: And the -- and the first --

3 COMMISSIONER CHOPER: It's San Francisco as a
4 city.

5 MR. MORRIS: And the first couple of southern ones
6 there's no 20-mile issue either in the south.

7 COMMISSIONER CHOPER: No. But, I mean, San
8 Francisco --

9 MR. MORRIS: Three sites can go there without
10 any --

11 COMMISSIONER CHOPER: Yeah. But you've got -- the
12 city doesn't want to put them in.

13 MR. MORRIS: Well, we -- we have to go down that
14 road.

15 CHAIR ISRAEL: Well, isn't there -- wait. I
16 thought there was legislation when Willie was mayor that
17 allowed three minisatellites anywhere within --

18 MR. MORRIS: That part is done. We just --

19 CHAIR ISRAEL: Yeah.

20 MR. MORRIS: We would have to still go through the
21 local process up there with it.

22 CHAIR ISRAEL: Oh, okay.

23 MR. MORRIS: But --

24 CHAIR ISRAEL: Okay.

25 MR. MORRIS: But, yes, there are three sites that

1 have already been passed through.

2 On the SCOTWINC revamp side, you know, with
3 Hollywood leaving, there was a small committee that's been
4 formed that we're working on it. We have a lawyer helping
5 us. We're going to see our first draft next week on how we
6 redo the shares, how we re-divide SCOTWINC up. And the
7 board has discussed hiring a general manager, and there is
8 complete consensus there. So as we revamp this, that will
9 go together.

10 And the last thing I'll share is we did pass a
11 resolution on minisatellites, just real quick,

12 "Be it resolved, SCOTWINC on a case-by-case basis shall
13 encourage further investment in new satellite wagering
14 facilities, including minisatellites, as well as
15 investment in the upgrading of existing satellite
16 wagering facilities by using its best efforts to cause
17 the establishment of new satellite wagering facilities and
18 the upgrading of existing satellites, it is in the best
19 interest of the California horse racing industry for
20 SCOTWINC to encourage investment in the opening in new
21 satellite wagering facilities and the upgrading of
22 existing satellite wagering facilities.

23 "Be it resolved, SCOTWINC on a case-by-case basis shall
24 encourage further investment in new satellite wagering
25 facilities, including minisatellites, as well as
26 investment in the upgrading of existing satellite
27 wagering facilities by using its best efforts to cause

1 the revenue of such satellite wagering facilities to be
2 increased by up to an additional one percent of
3 comingled handle generated at such satellite wagering
4 facilities."

5 So we've -- that's in which shows the support of
6 us to -- to continue to develop these.

7 COMMISSIONER CHOPER: And it seems to me that that
8 comprehends a point that should be made to Mr. Bucalo, and
9 that is we have no interest in closing down other
10 satellites --

11 MR. MORRIS: Right.

12 COMMISSIONER CHOPER: -- in order to open new
13 ones. And I don't think you have to respond. I mean, I
14 think -- I think the case ought to be made by any particular
15 existing satellite that this ain't going to work too well.
16 It seems to me that no one has an interest in -- in doing
17 the cannibalizing if it's going to hurt the industry. Now,
18 action has to be taken to make that perfectly clear to
19 people, but I think that's important.

20 COMMISSIONER ROSENBERG: And this sort of evens
21 out the playing field with that one percent, because that
22 way the satellites are getting the extra money from the ADW
23 market fee; correct? Yeah.

24 CHAIR ISRAEL: Okay.

25 MR. KORBY: If I may, Mr. Chairman. Chris Korby,

1 California Authority of Racing Fairs. We embrace this
2 resolution.

3 CHAIR ISRAEL: You guys aren't killing enough
4 trees. I'm supposed to get cards.

5 MR. KORBY: Oh, I'm sorry.

6 CHAIR ISRAEL: I'm just kidding.

7 MR. KORBY: I'll bring one up afterwards.

8 CHAIR ISRAEL: It's okay. Mike --

9 MR. KORBY: Mr. Krikorian's committee has really
10 helped move these things forward with the industry, and our
11 sincere thanks to him. And we embrace this resolution from
12 SCOTWINC as -- as a significant step in the right direction.
13 I just wanted to put that out there.

14 CHAIR ISRAEL: Thank you.

15 MR. KORBY: Okay.

16 CHAIR ISRAEL: Okay. You don't need to put in a
17 card for that. Anybody who says something nice, you don't
18 have to put in a card. Okay. You done?

19 Let's -- let's move on to the Medication and Track
20 Safety Committee. But before Bo Derek reports, I just want
21 to congratulate her on swimming from Europe to Asia in two
22 hours. And it took Diana Nyad, who is also my friend, 54
23 hours just to go from Cuba to Florida. She went from one
24 continent to another in two hours on the same day.

25 COMMISSIONER BENETO: Did you do that, really?

1 COMMISSIONER DEREK: I did.

2 COMMISSIONER BENETO: God bless you.

3 COMMISSIONER DEREK: Thank you.

4 CHAIR ISRAEL: So I'm sorry the audience is
5 diminished. I wanted --

6 COMMISSIONER DEREK: Yeah, I know.

7 CHAIR ISRAEL: I should have said it at the
8 beginning of the meeting.

9 COMMISSIONER DEREK: Oh, no, that's --

10 COMMISSIONER CHOPER: What was the distance that
11 was --

12 CHAIR ISRAEL: Don't -- don't parse. You
13 lawyers --

14 VICE CHAIR WINNER: Don't bother anybody with the
15 facts.

16 CHAIR ISRAEL: -- don't parse.

17 VICE CHAIR WINNER: This is from one continent to
18 another.

19 CHAIR ISRAEL: She swam from Europe to Asia. And
20 all Diana did was swim from Cuba to Florida. I mean, people
21 do that all the time.

22 COMMISSIONER DEREK: Thank you. Thank you,
23 Chairman Israel. Okay.

24 We had a great meeting yesterday for the
25 Medication and Track Safety Committee. We discussed -- we

1 continued discussing, as promised, the claiming rule
2 pertaining to voided claims. We've been monitoring this
3 program to determine if any additional changes are needed.
4 Dr. Arthur provided some useful information about the number
5 of voided claims, and the number of horses that have race
6 backs since their claims were voided. All of these details
7 are included in the committee package which is available
8 online. But I believe the most significant statistic is
9 that only five percent of all claims have been voided;
10 that's 1 in 20. Another interesting statistic is that those
11 horses whose claims were voided prior to July 1st, 56
12 percent of those horses have not started back.

13 Going forward Dr. Arthur will be addressing the
14 issue of horses that have come back positive for excessive
15 bute, without which they might have failed the post-race
16 evaluation and had their claims voided.

17 At the request of the CTT we will be discussing
18 the possibility of adding significant bleeding from the
19 nostrils as a possible reason to have claims voided. The
20 committee is prepared to move forward with amendments to the
21 veterinary list rule to require, first, that horses
22 receiving shockwave therapy be prohibited from working for a
23 minimum of 72 hours. And, second, that horses placed on the
24 vet's list as lame or unsound remain on that list for a
25 minimum of ten days and for longer periods for the second,

1 third and fourth incidents. These amendments will be
2 brought before the Board in October.

3 We've been trying to work with owners and
4 veterinarians for something -- for about two years on the
5 issue of submitting veterinary records to the postmortem
6 program. We believe it is time to -- thank you, Mike --
7 grab the bit on this and move forward. We need these
8 records. We need a regulation to require their submission.
9 Staff will provide a proposed rule for Board consideration
10 at the October meeting, and Dr. Arthur will continue
11 developing a simplified reporting process.

12 Backstretch security continues to be a major issue
13 of concern to the Board, the industry and the public. Our
14 discussion yesterday included a summary of previous efforts
15 to deal with security. We decided to form an ad hoc
16 committee to look into the alternatives which include
17 additional security personnel in the stable areas,
18 surveillance cameras, earned surveillance, and detention
19 stalls. A critical element to all of this will be cost
20 estimates. Staff will present us with a list of
21 suggested -- with a list of suggested members for this ad
22 hoc committee, and we'll go forward from there.

23 A lawsuit against the Quarter Horse Registry over
24 the issue of cloning has raised concern that one day a
25 cloned horse might be entered to run here in California.

1 The committee would like to prevent that from occurring by
2 considering a rule prohibiting any cloned horse from racing
3 in California. We would like that placed on the Board
4 agenda for evaluation and determine how best to proceed.

5 COMMISSIONER ROSENBERG: I've got a question.

6 CHAIR ISRAEL: Does that require legislation?

7 MR. MILLER: I don't believe so. I think that you
8 can have a regulation.

9 COMMISSIONER DEREK: Yes.

10 CHAIR ISRAEL: Okay. All right. Richard, go
11 ahead.

12 COMMISSIONER ROSENBERG: I have a question of
13 Doctor -- actually, Bo and Dr. Arthur. I was sort of
14 surprised that 60 percent of 56 percent of horses didn't
15 come back. That wasn't -- that's on page 1-8 of your
16 report, 1-8, 1-9. It says, "56 out of" -- what does this
17 refer to? This says -- this says "three-year period." Then
18 below you say "horses claimed on the vet's list." It
19 doesn't mention whether that's under the new system or the
20 old system. Are those horses that were -- that broke down
21 or were put on the vet's list before the new rule was put in
22 place so they could have gone -- taken -- vanned off the
23 track and stuff like that?

24 DR. ARTHUR: Dr. Arthur, Equine Medical Director.
25 I don't know exactly what you're looking at.

1 COMMISSIONER ROSENBERG: What I was looking at
2 is --

3 DR. ARTHUR: An appendage of -- for a period of
4 time, a three-year period of time from, I think it is 2009
5 to 2012 --

6 COMMISSIONER ROSENBERG: Yeah.

7 DR. ARTHUR: -- that was going to be for
8 reference.

9 VICE CHAIR WINNER: Yeah.

10 DR. ARTHUR: What --

11 VICE CHAIR WINNER: That doesn't include --

12 DR. ARTHUR: What Commissioner Derek was referring
13 to is information on the table on the first page of that.
14 And if you take the first 25 horses that had their claims
15 voided from the middle of May until the end of June, which
16 would have given those horses anywhere between 70 and 100
17 days chance to return to racing --

18 COMMISSIONER ROSENBERG: Right.

19 DR. ARTHUR: -- 56 percent of those horses had not
20 returned to racing. And this is similar to --

21 COMMISSIONER ROSENBERG: Is it this -- this chart
22 here?

23 DR. ARTHUR: That -- that right there. So --

24 COMMISSIONER DEREK: I'd like to -- if I may
25 clarify one thing, also, regarding the lameness -- where is

1 that? Which one is that, Bob?

2 MR. MILLER: Returning to action.

3 COMMISSIONER DEREK: Yeah. That lame or unsound
4 horses remain on a list of a minimum of ten days and longer
5 periods. The harness racing --

6 VICE CHAIR WINNER: Right.

7 COMMISSIONER DEREK: -- asked that they be cut out
8 of this rule, because they just don't have that problem in
9 that breed of horse or racing.

10 VICE CHAIR WINNER: And there was no objection to
11 that, to them being --

12 COMMISSIONER DEREK: Excluded.

13 VICE CHAIR WINNER: -- excluded.

14 COMMISSIONER DEREK: And can I also take this
15 moment to commend Del Mar and congratulate them on an
16 incredibly safe meet.

17 VICE CHAIR WINNER: Which, if I may say, whether
18 there's a cause and affect on one can say, but the fact of
19 the matter is there was one fatality on the dirt, and I
20 guess one --

21 COMMISSIONER DEREK: One on the turf.

22 VICE CHAIR WINNER: -- on the grass --

23 COMMISSIONER BENETO: One on the turf.

24 VICE CHAIR WINNER: -- which is way down.

25 COMMISSIONER DEREK: Yeah.

1 VICE CHAIR WINNER: And I'd like to think that --
2 that there may be some cause and affect, that the horses are
3 a little safer.

4 The other thing that should be noted, and Staff
5 has been asked to look into this, is that it appears as
6 though there were more claims per race during this meet than
7 there have been in the past, but we're going to get the
8 numbers on that. But it should also speak to this.

9 And as a further point, again, without speaking
10 for anybody, but there have been a number of trainers who
11 originally opposed this rule who have since then indicated
12 that they think it has worked and they support the rule.

13 CHAIR ISRAEL: Including many who approached me
14 without provocation.

15 COMMISSIONER ROSENBERG: Dr. Arthur, when you --
16 not for today, but could you let us know that statistic that
17 Commissioner Derek mentioned, 56 percent of the horses who
18 were -- that were claimed and put on the vet's list did not
19 return to racing? Did you -- that was not all from this
20 August period? That was a different period?

21 DR. ARTHUR: No. That was for -- for the first --

22 COMMISSIONER DEREK: July 1st.

23 DR. ARTHUR: -- from May 16th through the end of
24 June, because those are the horses that would -- if you look
25 at the entire -- all the horses who have had their claims

1 voided --

2 CHAIR ISRAEL: Yeah.

3 DR. ARTHUR: -- 80 percent of them haven't come
4 back and raced. But some of those were only a few weeks
5 ago, so they wouldn't have had a chance. So we took the --

6 COMMISSIONER ROSENBERG: So you took out the
7 dates?

8 DR. ARTHUR: We took those that had --

9 COMMISSIONER ROSENBERG: Right.

10 DR. ARTHUR: -- 70 to 100 days to have an
11 opportunity to return to racing. And of those, 56 percent
12 had not -- had not raced in that period of time.

13 VICE CHAIR WINNER: There's also a percentage that
14 did race but then went back on the vet's list.

15 DR. ARTHUR: Yes.

16 COMMISSIONER ROSENBERG: And they keep winning and
17 going back on the list. It's a funny one. There is --
18 there is actually --

19 COMMISSIONER DEREK: There's one.

20 COMMISSIONER ROSENBERG: -- a horse that's done
21 that legal separation. I mean --

22 CHAIR ISRAEL: There you go.

23 COMMISSIONER KRIKORIAN: You had mentioned in
24 the -- in your report about horses bleeding, about looking
25 at that --

1 COMMISSIONER DEREK: Yes.

2 COMMISSIONER KRIKORIAN: -- as a possible reason
3 for voiding claims.

4 DR. ARTHUR: That was at the request of the CTT.

5 COMMISSIONER KRIKORIAN: Oh, okay. Because --

6 VICE CHAIR WINNER: Bleeding through the nose.

7 COMMISSIONER DEREK: It wasn't --

8 COMMISSIONER KRIKORIAN: I mean, yes. No, I
9 understand.

10 COMMISSIONER DEREK: -- actual --

11 COMMISSIONER KRIKORIAN: Because -- but over the
12 years I've had a number of horses that have bled, but they
13 have no, you know, no serious problems. I mean, they
14 would -- a lot of them we don't even give them -- oh, what
15 do you call it -- Lasix, younger horses and whatever. And
16 then at some point they might bleed or have a little
17 trickle. But they go right back to training and it's just
18 not a problem.

19 So, I mean, I think that would need some very
20 careful consideration before you make that a voidable
21 situation.

22 VICE CHAIR WINNER: Yeah. Yeah.

23 COMMISSIONER DEREK: Well, that was their request.

24 VICE CHAIR WINNER: Yeah, again, they -- yeah,
25 just as Commissioner Derek said, we didn't -- that wasn't

1 us. That was actually Alan who raised that issue.

2 COMMISSIONER DEREK: Yeah.

3 CHAIR ISRAEL: Alan was here. I guess he left.

4 VICE CHAIR WINNER: Okay. And --

5 COMMISSIONER DEREK: He's still here.

6 CHAIR ISRAEL: Oh, there he is.

7 VICE CHAIR WINNER: There is he. And he -- I
8 don't know whether he recommended it or didn't recommend it
9 but -- and he can speak for himself, but the point is he
10 raised that issue. And what we said is that since it was
11 raised by the CTT, that at our next meeting we would make
12 that an agenda item to discuss, for all the reasons that you
13 suggest.

14 COMMISSIONER KRIKORIAN: Okay.

15 VICE CHAIR WINNER: I, too, have had horses that
16 have bled. But, you know, there is an issue with horses,
17 and I'm not a vet, but horses that bleed through the nose
18 severely that have lung damage, you know, long-term lung
19 damage because of it.

20 And so there is -- but -- but, frankly, that
21 wasn't the original intent of the claiming rule change. The
22 intent was to prevent horses from running that are damaged
23 and that trainers know are damaged --

24 COMMISSIONER KRIKORIAN: Right.

25 VICE CHAIR WINNER: -- to -- to put them in a

1 claiming race to dump them, and thereby causing injury to
2 the horse and possibly to the person on his back or --

3 COMMISSIONER KRIKORIAN: Right.

4 VICE CHAIR WINNER: -- on a horses back, etcetera.

5 COMMISSIONER KRIKORIAN: No, I understand what
6 you're --

7 VICE CHAIR WINNER: Bleeding is -- bleeding is a
8 little bit different. But all we said was --

9 COMMISSIONER KRIKORIAN: Right.

10 VICE CHAIR WINNER: -- we would entertain --

11 COMMISSIONER KRIKORIAN: Right.

12 VICE CHAIR WINNER: -- that issue --

13 COMMISSIONER DEREK: Definitely.

14 VICE CHAIR WINNER: -- for discussion.

15 COMMISSIONER KRIKORIAN: It doesn't always -- it
16 doesn't always lead to damage, so I think.

17 VICE CHAIR WINNER: Yes, that's correct. I agree.

18 COMMISSIONER KRIKORIAN: Okay.

19 CHAIR ISRAEL: Alan?

20 MR. BALCH: Alan Balch, CTT. Yes, I thank -- I
21 thank you for the opportunity to make clear that it wasn't a
22 recommendation. I raised it as a matter of consistency
23 because we've been asked by trainers, well, wait a minute,
24 there was a statement in the appendix about consistency is
25 important. And we've been asked, well, gee, when you can

1 have the void -- have the claim voided for minor lameness,
2 relatively minor lameness, and a horse has severe bleeding
3 through the nostrils, why isn't bleeding -- now, my
4 understand is just as Commissioner Winner said, that, you
5 know, a tremendous number, according to studies, of horses
6 bleed. We're not going to scope all the horses.

7 VICE CHAIR WINNER: Right.

8 MR. BALCH: But if you're talking about epistaxis,
9 severe bleeding through the nose, that's a judgment call.
10 But lameness is a judgment call too.

11 So I don't think it hurts anything to look at it
12 again and -- and see. And if the -- if the wisdom of the
13 committee and the Board is that it should be left alone,
14 that's fine too. Thank you.

15 COMMISSIONER DEREK: We will take it up at our
16 next committee meeting.

17 VICE CHAIR WINNER: Thank you.

18 CHAIR ISRAEL: Thank you, Alan. All right.

19 Next and final item on the agenda, report from
20 Jockey and Driver Welfare Committee.

21 VICE CHAIR WINNER: I will be very quick.

22 CHAIR ISRAEL: And this Commissioner Winner, by
23 the way, who has flown from Europe to Asia.

24 VICE CHAIR WINNER: Well, way, way too often, I
25 would say. I'll be -- I'll be brief.

1 We really discussed two items, and moved both of
2 them on to the Board for -- for recommended action. The
3 first one was an update on -- was -- was the development of
4 the proposed CHRB Rule 1500.2, Random Drug Testing of Racing
5 Participants, to allow random drug testing of exercise
6 riders, racing officials, stewards whose names appear on the
7 official programs, as well as outriders and the starting
8 gate crew. We -- this had been discussed earlier, it was
9 discussed at this meeting, and we agreed to move it on to
10 the Board for recommended action.

11 COMMISSIONER BENETO: I didn't hear jockeys.

12 VICE CHAIR WINNER: Well, jockeys are already.

13 COMMISSIONER DEREK: Jockeys are already.

14 CHAIR ISRAEL: Jockeys are already.

15 VICE CHAIR WINNER: This is in addition to
16 jockeys.

17 COMMISSIONER DEREK: And we also added alcohol.

18 CHAIR ISRAEL: We're expanding.

19 VICE CHAIR WINNER: And we also added alcohol,
20 correct, to the -- to the -- to what we're being -- what is
21 being tested for.

22 The second item was the proposed addition of CHRB
23 Rule 1498.1, Exercise Rider Physical Examination, to require
24 that exercise riders undergo an annual physical examination
25 prior to the race meeting of the year in which they intend

1 to participate. It's interesting to note that Brad McKinzie
2 gave us the -- the number of -- of claims of exercise
3 riders. In one year, in the last year there were 187
4 workers comp claims amounting to \$8.6 million in judgment,
5 which we pay for. That's paid for out of -- so --

6 CHAIR ISRAEL: Who's we?

7 COMMISSIONER ROSENBERG: Out of -- out of --

8 CHAIR ISRAEL: The owners pay for it.

9 VICE CHAIR WINNER: Yeah, the owners pay for it,
10 we, the owners, not we the Board.

11 CHAIR ISRAEL: Yeah.

12 VICE CHAIR WINNER: I apologize.

13 CHAIR ISRAEL: Thank you.

14 VICE CHAIR WINNER: Those of you that are not
15 owners don't pay.

16 CHAIR ISRAEL: Yes.

17 VICE CHAIR WINNER: Those of us that are, we pay.

18 CHAIR ISRAEL: Because you raise --

19 VICE CHAIR WINNER: So \$8.6 million --

20 CHAIR ISRAEL: You're raising a conflict of
21 interest, you know?

22 VICE CHAIR WINNER: \$8.6 million a year is rather
23 substantial.

24 COMMISSIONER DEREK: Yes.

25 VICE CHAIR WINNER: And up until now there really

1 has been nothing that has been done to deal with exercise
2 riders, both in terms of alcohol, drugs, the ability to
3 ride, whether they have the physical ability. What we're
4 trying to do is to create safety in the morning like we've
5 been trying to do in the afternoon. And I think this goes a
6 long way towards doing it. We've moved this to the Board
7 for final approval. End of my report.

8 CHAIR ISRAEL: Any questions or comments? I will
9 adjourn.

10 COMMISSIONER DEREK: Yes.

11 CHAIR ISRAEL: Is there a motion to adjourn?

12 COMMISSIONER DEREK: Yes.

13 CHAIR ISRAEL: Is there a second?

14 COMMISSIONER BENETO: Yeah, right.

15 CHAIR ISRAEL: This meeting is adjourned.

16 (The Commission meeting adjourned at 1:27 p.m.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of September, 2013.

/s/ Martha L. Nelson_
MARTHA L. NELSON

CERTIFICATE OF TRANSCRIBER

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

/s/ Martha L. Nelson
MARTHA L. NELSON, CERT**367

September 19, 2013