

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

John Bucalo, Barona Casino

Rick Baedeker, Sportech and SCOTWINC

Phil Baldaramos, Sportech

Denny Kanakaris, Silky Sullivan Group

Chris Korby, CARF

Cal Rainey, Golden Gate Fields

Joe Morris, TOC

Jack Liebau, SCOTWINC

Scott Daruty, Santa Anita Race Track

APPEARANCES (CONT.)

ALSO PRESENT (CONT.)

Tom Robbins, Del Mar

Alan Balch, CTT

George Haines, Santa Anita Race Track

Brad McKenzie, Los Alamitos Race Course

Mike Seder, Fairplex and Barrett's Sales and Racing

Leif Dickinson, Del Mar

Rick Pickering, California Exposition State Fair

Jim Morgan, Humboldt County Fair

Tawny Tesconi, Sonoma County Fair

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1. Public Comment: Communications, reports, requests 3
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presentations.
2. Discussion and action by the Board regarding 8
the distribution of race day charity proceeds of
the Del Mar Thoroughbred Club in the amount of
\$152,665 to 11 beneficiaries.
3. Discussion and action by the Board regarding 8
the Application for License to Operate a
Minisatellite Wagering Facility of S&S Venues
California, LLC in Norco, California, for a period
of up to five years.
4. Discussion and action by the Board regarding 13
the request from Northern California Off Track
Wagering Inc. (NCOTWINC) to continue the
modification of the distribution of market access
fees from advance deposit wagering (ADW) at a rate

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5. Discussion and action by the Board regarding the request from Southern California Off Track Wagering Inc. (SCOTWINC) to continue the modification of the distribution of market access fees distributions as permitted under Business and Professions Code section 19604(f)(5)E() for advance deposit wagering (ADW) hosted by Southern California thoroughbred associations during calendar year 2014. 15
6. Discussion and action by the Board on the report from the Stabling and Vanning Committee regarding the status of the preparations being made to van horses to the various training facilities, as the closing of Hollywood Park as a training Location draws near. 18

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To serve terms commencing January 6, 2014. | 111 |
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A. The Board may convene a Closed Session to

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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 1126(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

10:01 a.m.

PROCEEDINGS BEGIN AT 10:01 A.M.

(The meeting was called to order at 10:01 A.M.)

INGLEWOOD, CALIFORNIA, THURSDAY, DECEMBER 12, 2013

MEETING BEGINS AT 10:01 A.M.

CHAIR ISRAEL: Ladies and Gentlemen - that's the last time I'm ever going to call any of you that -- this meeting of the California Horse Racing Board will come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, December 12th, 2013 at the Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, 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; and Richard Rosenberg, Commissioner.

Before we go on to the business of the meeting there are a few comments. The board invites public comment on the matters appearing on the meeting agenda. The board also invites comments from those present on matters not appearing on the agenda during the public comment period if

1 the matter concerns horse racing in California.

2 Two, in order to ensure all individuals have an
3 opportunity to speak and the meeting proceeds in a timely
4 fashion, we will strictly enforce the three-minute time
5 limit 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, there is a public - there are public
9 comment sign-in sheet for each agenda matter on which the
10 Board invites comments. Also, there are sign-in cards for
11 those wishing to speak during the public comment period for
12 matters not on the Board's agenda if it concerns horse
13 racing in California. Please print your name legibly on the
14 sign-in cards.

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

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

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

5 The first item on today's agenda -- we don't have
6 minutes to approve because the turnaround is too short. So
7 the first item is public comment. And I have two cards from
8 Gail Matthews. You want to speak on two separate subjects.
9 So consider six minutes your time period. Mike will time
10 you religiously.

11 MS. MATTHEWS: Thank you. Gail Matthews, Winning
12 Hands Equine Massage Therapy.

13 I wish to thank the California Horse Racing Board
14 for initiating a regulation that will authorize the board to
15 revoke the license of anyone party to a race horse leaving
16 the racetrack to go to sale for slaughter. One question is:
17 What would be -- what would be the infraction be that would
18 cause a licensee to have his or her license revoked? For
19 the regulation to be effective the nature of the violation
20 has to be clearly defined. Will it include lack of due
21 diligence?

22 Every horse has an owner and trainer that wanted
23 it in the first place. And every horse owner has a
24 responsibility for its welfare. At the moment there is

1 nothing to protect the race horse leaving the race track but
2 the character and ethics of its owner and trainer. And
3 there is a black market trade ready and waiting for those
4 horses whose owners and trainers are found lacking. The
5 real tragedy is that those directly involved in the illegal
6 trafficking of race horses for slaughter are CHRB licensees
7 with access to the backside, the barns and the horses, so-
8 called horsemen selling horses down the river.

9 You can't compel people to be ethical, but you can
10 give them a set of rules. And then you have to enforce
11 them. A well intended zero-tolerance policy has not stopped
12 race horses from going to slaughter. But a clearly defined
13 regulation and strict enforcement will. If penalties for
14 violations are not strictly and consistently imposed efforts
15 will be aspirational at best, and the sale of horses for
16 slaughter will continue.

17 Put teeth into the regulation, enforce it,
18 penalize violators, revoke their licenses, ban them from
19 their livelihoods; it won't take long for the message to get
20 across. With a public statement urge the attorney general
21 and the county district attorneys to enforce the California
22 Penal Code which prohibits the slaughter of horses and the
23 transportation of horses for slaughter. They are not doing
24 their jobs.

25 Cervantes in Don Quixote says, "Laws that

1 intimidate but are not enforced become like the log
2 that was the king of frogs. At first it frightened
3 them, but in time they came to despise it and climbed
4 upon it."

5 Thank you.

6 CHAIR ISRAEL: That's one subject.

7 MS. MATTHEWS: Do I get a new three minutes?

8 CHAIR ISRAEL: Absolutely.

9 MS. MATTHEWS: Okay.

10 CHAIR ISRAEL: I'm all for anybody who quotes
11 Quixote.

12 MS. MATTHEWS: At this moment up in Tehachapi,
13 Prescilla Clark, president of Tranquility Farm, California's
14 flagship thoroughbred retirement organization since 1998
15 is -- is packing the second load of barrel feeders, arena
16 fence, pipe corral and hay pallets into an empty horse
17 trailer and pickup truck and moving it all to a smaller
18 property up north in Cottonwood. Tranquility Farm is,
19 euphemistically speaking, downsizing. Instead of the 125
20 horses that Tranquility Farm can beautifully accommodate,
21 Prescilla has had to reduce the herd to 20 owner-sponsored
22 horses who will make the move north with her. Where funding
23 will come from for the remainder of the herd -- their names
24 are very well known to all of you -- is yet to be
25 determined. Prescilla, with help, will see to it that they

1 are not thrown under the bus.

2 Tranquility Farm is very grateful to CARMA, and a
3 handful of private donors whose names are all well known to
4 you, that has helped to keep Tranquility Farm going by the
5 skin of its teeth. Prescilla leaves the Tehachapi property
6 owed \$137,000 in back salary, funds that she chose to use to
7 care for the horses while dipping into retirement funds for
8 her own upkeep. A handful of hard working individuals have
9 taken it upon themselves to provide aftercare to myriad
10 thoroughbreds leaving the racetrack throughout California.
11 No one is held financially responsible for these horses.
12 Everyone smiles in the win picture, but very few stick
13 around to clean up after the party. The ball is being
14 dropped.

15 There's a lot of money out there; seven figures
16 purses, six figure stud fees, eight figure sales toppers.
17 And a lady in Tehachapi is owed \$137,000 so the retired race
18 horses in her keeping can be fed. This isn't right.

19 Tranquility Farm has received maximum support from
20 CARMA since the inception of the program. But three-tenths
21 of one percent of a \$100,000 purse provides funding to cover
22 only the fan ride to the farm. The Thoroughbred Aftercare
23 Alliance is currently distributing funds to accredited
24 organizations. It's another step in the right direction,
25 and we thank them. But it's the concept of charity that's

1 never going to work. Owner reciprocity is a must. There's
2 no cushy void for retiring race horses to fall into.

3 To positively impact the situation an affordable
4 and appropriate compulsory fee needs to be imposed on the
5 owner at the start of the horses career, an IRA of sorts.
6 The fundraising can not begin after the fact at the often
7 frustration, demoralizing and costly end of the horses
8 career. Should the funds not be needed for the horses
9 retirement for whatever reason, a future in the breeding
10 shed, a second career, private access to a farm, then they
11 would be returned to the owner. Responsibility for
12 aftercare can not be a voluntary act of charity when it's
13 the life of the horse that's at stake.

14 CHAIR ISRAEL: Thank you.

15 MS. MATTHEWS: Thank you.

16 CHAIR ISRAEL: Any questions? Any other comments?
17 Is there any other public comment on a matter that's not on
18 the agenda?

19 John Bucalo, I'm depressed that you don't have a
20 card. So --

21 MR. BUCALO: I've got one, but I didn't fill it
22 out.

23 CHAIR ISRAEL: Good. Okay. All right. I'll just
24 keep it as a souvenir then.

25 Item two, discussion and action by the board

1 regarding the distribution of race-day charity proceeds of
2 the Del Mar thoroughbred club in the amount of \$152,665 to
3 11 beneficiaries.

4 I don't -- is there any reason for anybody to come
5 up? No? Can I have a motion?

6 COMMISSIONER DEREK: I'll move it.

7 CHAIR ISRAEL: Bo. Second?

8 COMMISSIONER CHOPER: Second.

9 CHAIR ISRAEL: Moved by Commission Derek, seconded
10 by Commissioner Choper. All in favor?

11 ALL COMMISSIONERS: Aye.

12 CHAIR ISRAEL: The motion is approved to approve
13 that donation. Thank you very much. I think all of us
14 think that your donations and the way they're -- the choices
15 you make are a model that everybody should follow.

16 Item three, discussion and action by the board on
17 the Application for a License to Operate a Minisatellite
18 Wagering Facility of S&S Venues California, LLC in Norco,
19 California, for a period of up to five years.

20 Welcome.

21 MR. BAEDEKER: Good morning.

22 MR. BALDERAMOS: Good morning.

23 MR. BAEDEKER: This is a location that is unique
24 in a couple of different ways. Rick Baedeker representing
25 both Sportech and SCOTWINC. It's unique in that it happened

1 almost by accident. And because we were so rudely treated
2 in the City of Corona we were ambushed, is my word, at a
3 meeting at the city council there because there was a
4 disgruntled city councilman that wanted this on his
5 property. In any event, we left with our tail between our
6 legs, and shortly got a call from the City of Norco, which
7 is adjacent to it, which is also Horse Town USA, saying come
8 on over here, we'd love to have you.

9 And so now about six months later here we sit.
10 And this is a joint venture between Sportech and the Silky
11 Sullivan Group. Sportech is represented here by Phil
12 Balderamos, and the Silky Sullivan Group by Denny Kanakaris
13 who sat before you in January applying for a license in
14 Carlsbad, and I don't want to talk about that anymore. So
15 anyhow, they're back. And I can let them answer any
16 questions you might have.

17 CHAIR ISRAEL: George, do you have any questions?

18 COMMISSIONER KRIKORIAN: Good morning. I don't
19 have any questions. I've reviewed the application and have
20 spoken to Rick numerous times on this project. And I would
21 strongly recommend approval for it.

22 CHAIR ISRAEL: Okay. Anybody else?

23 COMMISSIONER ROSENBERG: I have one question.

24 CHAIR ISRAEL: Go ahead.

25 COMMISSIONER ROSENBERG: Sportech made a

1 presentation a few months ago about, as I recall, investing
2 \$20 million in these type of minisatellites. Is this part
3 of this package or is this separate and apart from that
4 package?

5 MR. BALDERAMOS: Phil Balderamos, Sportech. Yes,
6 this is part of the package. We -- we anticipate, as a
7 joint venture group, putting in around \$2 million to \$2.5
8 million to purpose-build this location, and it's part of
9 this package. So this will be one of the first locations we
10 will -- we will jointly develop.

11 COMMISSIONER ROSENBERG: Okay. Thank you.

12 MR. BAEDEKER: I might add, Commissioners, that as
13 Phil just said, this is a purpose-built facility. It's the
14 first one built to accommodate a minisatellite and
15 incorporate a minisatellite into the restaurant itself
16 rather than -- I think just about every one today is where
17 the minisatellite is an adjunct to a restaurant, and
18 sometimes it's a square peg in a round hole type thing.

19 So Sammy's, which will open in Lake Forest towards
20 the end of January, and then Norco, which will open, we
21 hope, before the Triple Crown, will be two purpose-built
22 minisatellites. And I do believe if we -- if we continue to
23 see progress at a couple other locations, I think by the end
24 of the next calendar year we're going to see the handle from
25 minisatellites double to about \$500,000 a day.

1 And so as Commissioner Krikorian talked about
2 several meetings ago at Hollywood Park where he showed the
3 impact of the handle from these minisatellites is going to
4 have as we continue to add them throughout the state, you
5 know, it's going to -- it's going to change the purse
6 structure and it's going to change the business, obviously
7 for the better.

8 CHAIR ISRAEL: Okay. I agree. Just how far along
9 are you in construction?

10 MR. BALDERAMOS: At the moment we have all our
11 city approvals from -- from Norco. Sorry, I should say Phil
12 Balderamos again, Sportech.

13 We are going to, pending approval, we hope today,
14 we are starting the permitting process. And we would be
15 looking to break ground on the project the middle of
16 January.

17 CHAIR ISRAEL: So it's -- there's no -- it's a
18 vacant lot now? There's no structure there?

19 MR. BALDERAMOS: It's -- no, there's a structure
20 there. It's actually -- it's an office building currently.
21 We've received all of the change of use permits to convert
22 it to a full service restaurant. We also have a full liquor
23 license which has been posted and approved for the location.
24 So our construction documents agent will actually go into
25 the city on the 24th of December. And the city have been

1 very, very helpful in turning that around quickly. So we're
2 looking at the middle of January.

3 CHAIR ISRAEL: So construction actually is
4 remodeling the interior?

5 MR. BALDERAMOS: Remodeling the interior.

6 CHAIR ISRAEL: So you have your exterior walls,
7 you have a parking lot, you have all -- that is all done?

8 MR. BALDERAMOS: We do, yes. We do.

9 CHAIR ISRAEL: Okay.

10 MR. BALDERAMOS: We do. We are putting an
11 extension on it. It's currently a 6,300 square foot
12 location. We're turning it into 9,300 square foot. So
13 we're putting a 3,000 -- 3,000 square foot extension on that
14 we have the planning permission for.

15 CHAIR ISRAEL: Will that be done in time for the
16 May opening?

17 MR. BALDERAMOS: Absolutely. Yeah.

18 CHAIR ISRAEL: Or the April, I guess, you'd want.
19 All right. So that stands to reason why there's no fire
20 clearance, workers compensation certificate, occupancy
21 permit, or facility photos because it would not be possible.

22 MR. BALDERAMOS: Yes.

23 CHAIR ISRAEL: Okay. All right. Anything else?

24 VICE CHAIR WINNER: I move approval pending
25 receipt of the missing documents.

1 CHAIR ISRAEL: Well, yeah.

2 COMMISSIONER KRIKORIAN: I'll second that.

3 CHAIR ISRAEL: Okay. Moved by Vice Chair Winner,
4 seconded by Commissioner Krikorian. All in favor?

5 ALL COMMISSIONERS: Aye.

6 CHAIR ISRAEL: Motion approved. Good luck. Thank
7 you.

8 COMMISSIONER DEREK: Good luck.

9 MR. BAEDEKER: Thank you.

10 MR. BALDERAMOS: Thank you very much.

11 CHAIR ISRAEL: Number four, discussion and action
12 by the board regarding the request from Northern California
13 Off Track Wagering Inc. (NCOTWINC) to continue modification
14 of distribution of market access fees from advance deposit
15 wagering at a rate of 2.9 percent as permitted under
16 Business and Professions Code section 19604(f)(5)(E) for
17 wagering conducted by thoroughbred associations in the
18 northern zone.

19 Who is going to appear for NCOTWINC? Bernie?
20 Who's appearing for NCOTWINC? Ah-ha. TOC, Golden Gate and
21 CARF. Okay. I know we've done this before. But please
22 walk us through what we're doing and why it's necessary to
23 do it every year.

24 MR. KORBY: If I -- Chris Korby, California
25 Authority of Racing Fairs. And if I might, by way of quick

1 introduction, this is not a matter that affects California
2 Authority of Racing Fairs, but we are a board member at
3 NCOTWINC and are in favor of this proposal that's coming
4 from NCOTWINC on behalf of Golden Gate Fields and TOC.

5 CHAIR ISRAEL: Okay. Therefore, you guys need to
6 walk us through. Don't all jump at the microphone at once.

7 MR. RAINEY: Cal Rainey, Golden Gate Fields.
8 We're working on balancing our NCOTWINC budget. And we had
9 a reduction last year. Some of the revenue that we expected
10 didn't come through as expected, so we're asking to go back
11 to the old percentage rate that we had before.

12 CHAIR ISRAEL: Okay.

13 MR. RAINEY: I think the TOC is in favor.

14 CHAIR ISRAEL: The TOC is fine with that.

15 MR. MORRIS: Yeah. Yeah. Joe Morris, TOC. We're
16 in favor of this. This is balance in the books for -- for
17 NCOTWINC so that it's able to conduct its business.

18 CHAIR ISRAEL: Any questions? Steve, do you have
19 any questions? Jesse? No?

20 COMMISSIONER ROSENBERG: I'll make a motion.

21 CHAIR ISRAEL: Richard will move that we approve
22 this proposal. I'll second it. All in favor?

23 ALL COMMISSIONERS: Aye.

24 CHAIR ISRAEL: The motion is approved. Thanks.

25 MR. RAINEY: Thank you.

1 MR. KORBY: Thank you.

2 CHAIR ISRAEL: Now you can go back to not talking
3 in your -- actually, now you'll probably talk because you're
4 going back there. Okay.

5 Joe, I think you can probably stay up here; right?
6 Okay.

7 Discussion and action by the board regarding the
8 request from Southern California Off Track Wagering for
9 approval of modification of market access fee distributions
10 as permitted under Business and Professions Code section
11 19604(f)(5)(E) for advance deposit wagering (ADW) hosted by
12 Southern California thoroughbred associations during the
13 calendar year 2014.

14 Jack?

15 MR. LIEBAU: Jack Liebau, Chairman of SCOTWINC.
16 My term runs probably consecutively with Mr. Israel's. And
17 so --

18 CHAIR ISRAEL: Yeah. Well, let's see, I'll race
19 you to the exit.

20 MR. LIEBAU: I might beat you.

21 CHAIR ISRAEL: You could be in better shape. But
22 it's an age for weight thing. I don't know.

23 MR. LIEBAU: In any event, our proposal is that it
24 be raised from 2.1 to 2.4. The reason for that is that
25 there has been a continued migration of handle from the

1 brick and mortar facilities to ADW. We've tried to contain
2 our costs over the last year as best we can, but that's how
3 much we need to balance the budget. The reason why it's
4 only one year was that we thought it was better to look at
5 this on a yearly basis rather than on a long term basis.
6 And just the fact that we've had to raise it sort of
7 substantiates that reason.

8 COMMISSIONER ROSENBERG: I have a question.

9 CHAIR ISRAEL: Go ahead.

10 MR. LIEBAU: Yes?

11 COMMISSIONER ROSENBERG: The budget for -- for
12 SCOTWINC does not include presently someone who is in charge
13 of SCOTWINC; correct? It's being run by, as I recall --

14 MR. LIEBAU: We do have -- we do have a budget
15 line for --

16 COMMISSIONER ROSENBERG: Next year --

17 MR. LIEBAU: -- for next year.

18 COMMISSIONER ROSENBERG: -- prospectively.

19 MR. LIEBAU: And just to clear that up a little
20 bit, our -- SCOTWINC in the past has been probably,
21 unfortunately, run to a large extent by the chairman of
22 SCOTWINC and the mutual managers. There's been some talk
23 from time to time that NCOTWINC has a general manager and
24 SCOTWINC doesn't. The only thing I would say is that
25 NCOTWINC's general manager happens to be the mutual manager

1 at Golden Gate Fields, which is a full-time position. So
2 down here responsibility on certain matters is spread among
3 the mutual managers at the tracks that happen to be
4 operating at any particular time.

5 CHAIR ISRAEL: What was Tom Varela's position
6 before he left? Didn't he work for SCOTWINC?

7 MR. LIEBAU: He did, yes.

8 CHAIR ISRAEL: Was he general manager?

9 MR. LIEBAU: I don't know why they had that
10 specific title, but he did work for --

11 CHAIR ISRAEL: He had that function?

12 MR. LIEBAU: He had that function.

13 CHAIR ISRAEL: Okay. So it's been, what, three
14 years that --

15 MR. LIEBAU: We've been -- we've been under a cost
16 containment, like everybody else in the industry, and have
17 had some people that have gotten stuck doing more than they
18 would ordinarily do as far as SCOTWINC is concerned.

19 MR. MORRIS: Joe Morris with the TOC. And we're
20 in the process of reengineering, restructuring SCOTWINC with
21 the other changes that are happening in the industry. And
22 there is a manager in the budget for the future and we'll be
23 changing the way that structure is and should have it ready
24 for the beginning of the year.

25 CHAIR ISRAEL: Okay. Any other questions? Is

1 there a motion?

2 VICE CHAIR WINNER: So moved.

3 COMMISSIONER ROSENBERG: Second.

4 CHAIR ISRAEL: Moved by Vice Chair Winner,
5 seconded by Commissioner Rosenberg. All in favor?

6 ALL COMMISSIONERS: Aye.

7 CHAIR ISRAEL: Motion is approved. Thank you.
8 Okay.

9 Item six, discussion and action by the board on
10 the report from the Stabling and Vanning Committee regarding
11 the status of preparations being made to van horses to the
12 various training facilities as the closing of Hollywood Park
13 as a training location draws near.

14 Joe, you're representing Stabling and Vanning?

15 MR. MORRIS: Yeah, I guess. Nobody else is coming
16 up. But Joe Morris, TOC.

17 CHAIR ISRAEL: Well --

18 MR. MORRIS: There really should be somebody --

19 CHAIR ISRAEL: -- it would be helpful if other
20 people came. Look, we're going to handle items six, seven,
21 which is the trainers on this. Well, actually, we'll go 6,
22 8, 9, and 11 and 12. So that includes Santa Anita, San Luis
23 Rey, which is the same, Del Mar, and Los Alamitos, and
24 Pomona.

25 And then we'll come back to item seven, which is

1 discussion and action by the board on the request from
2 California Thoroughbred Trainers concerning it's inclusion
3 in the Stabling and Vanning Committee, once we get through
4 these reports. Then you all stay there, and then Alan will
5 join you. That would make the sense in handling this.

6 VICE CHAIR WINNER: Mr. Chairman --

7 CHAIR ISRAEL: Yes?

8 VICE CHAIR WINNER: -- we may want to -- you know,
9 we may not want to include eight in this discussion. We may
10 want to have a separate discussion on it.

11 CHAIR ISRAEL: Right. And eight -- okay. We'll
12 go -- well, I actually didn't say eight. So -- so -- and
13 then eight will occur after everybody's gone, and Santa
14 Anita will stay up.

15 So, okay, first a general discussion of --

16 (Colloquy Between Chair Israel and Vice Chair Winner)

17 CHAIR ISRAEL: So general discussion of Stabling
18 and Vanning.

19 VICE CHAIR WINNER: Shouldn't Alan be up here
20 since --

21 CHAIR ISRAEL: Yeah, Alan, you might as well come
22 forward now. Okay.

23 What -- could somebody speak to how -- how this is
24 going to function or what the plans are, how the horses are
25 going to be disbursed from Hollywood, what kind of calendar

1 you have set up? Because, obviously, everybody can't make
2 an exit on the same -- within a three-day period. That's
3 just not practical.

4 MR. MORRIS: Joe Morris from the TOC. The -- the
5 stall assignments I think are coming out on Sunday. You
6 could ask Santa Anita that. But I think Sunday they're
7 actually going to do the stall assignments. Those have not
8 been done yet.

9 CHAIR ISRAEL: Well, they've been done. I assume
10 they just haven't been disbursed.

11 MR. MORRIS: They -- well, they haven't. But I
12 would ask --

13 MR. DARUTY: They're not complete.

14 CHAIR ISRAEL: And -- well, let me -- I'll just
15 interrupt. Are -- as you're proceeding has there been
16 conversation between specific trainers and the racing
17 secretaries office so that trainers have some idea or nobody
18 has any idea whether they're going to be displeased or
19 pleased?

20 MR. DARUTY: Scott Daruty on behalf of Santa
21 Anita. There have been discussions, but the stall
22 allocations have not been completed. And that is in process
23 and will be done shortly.

24 CHAIR ISRAEL: Okay. So the trainers, individual
25 trainers will be notified Sunday as to where they're going

1 to be starting February 1st?

2 MR. DARUTY: It will be Sunday or thereabouts.

3 CHAIR ISRAEL: Okay. And then -- so then whatever
4 disgruntlement may arise from that will be felt in the
5 following week from whenever?

6 MR. DARUTY: Well, I have not been directly
7 involved in the discussions. But I must assume that there
8 have been some dialog with trainers in the racing office.

9 CHAIR ISRAEL: All right. Well, Tom, you're the
10 one racing secretary up here. So have you had any
11 conversations with the racing secretaries office? Do you
12 have a vague idea of what's going on or even --

13 MR. ROBBINS: Yeah. I --

14 CHAIR ISRAEL: -- a complete idea of what's going
15 on?

16 MR. ROBBINS: Tom Robbins from Del Mar.

17 CHAIR ISRAEL: Well, let me interrupt you and just
18 say we're all very sorry on behalf of the board --

19 MR. ROBBINS: Oh, thank you.

20 CHAIR ISRAEL: -- on the death of your mother, and
21 would like to express our condolences.

22 MR. ROBBINS: I appreciate that. Thank you.

23 I have had conversations with Rick Hammerle. And
24 typically as the letters go out, it sounds like this
25 weekend, and as you said, disgruntled trainers, as they

1 don't get what they were expecting to get, they will then
2 meet with Rick. And it's a process that will be going on
3 for at least the next week. And Rick will have to go
4 through that process of dealing with individuals and trying
5 to sort through trainers, their letters, the ability for
6 them to maybe acquire more stalls at Santa Anita or to go to
7 Fairplex, or go to Los Alamitos or San Luis Rey Downs. It's
8 never happened at this time with Hollywood Park being open
9 as the offsite facility. So it's a little bit of
10 unchartered territory. But typically that's what would
11 happen. And I predict that's what will happen and Rick is
12 aware of that.

13 CHAIR ISRAEL: Okay. So are you providing Rick
14 with a bulletproof jacket or a straightjacket, one or the
15 other?

16 MR. ROBBINS: Both.

17 CHAIR ISRAEL: Both. Okay.

18 COMMISSIONER BENETO: Mr. Chairman --

19 CHAIR ISRAEL: Yes, sir?

20 COMMISSIONER BENETO: -- I've got a question.

21 CHAIR ISRAEL: Yeah.

22 COMMISSIONER BENETO: Are you going to put a limit
23 on how many stalls a trainer can have here at Santa Anita?

24 MR. DARUTY: Scott Daruty on behalf of Santa
25 Anita. Yes, there is, under an agreement with the CTT,

1 there is a maximum number that can be allocated to any one
2 trainer.

3 COMMISSIONER BENETO: Can you tell me what that
4 allocation is?

5 CHAIR ISRAEL: Well, Alan, you would know.

6 MR. DARUTY: It's 40.

7 COMMISSIONER BENETO: Forty?

8 COMMISSIONER ROSENBERG: Forty.

9 CHAIR ISRAEL: That's two sides of one barn;
10 right?

11 MR. DARUTY: Yes.

12 CHAIR ISRAEL: Yeah. Okay. Good. Alan?

13 MR. BALCH: Alan Balch, CTT. It's 40, with some
14 possibility up to 50 the way the language reads in the CTT
15 race meet agreement.

16 But there is another issue, to add on to what Mr.
17 Robbins said, that is a complication for this year going
18 forward. And that is that the stall applications that have
19 been filled out and received so far do not include two-year-
20 olds, because two-year-olds are not admitted until February
21 1st wherever they go.

22 So we have been in dialog with Mr. Hammerle trying
23 to develop an approach to this problem, that I think he's
24 doing on an individual basis with trainers because they have
25 to give some -- we believe they should give the racing

1 secretary some estimation of approximately how many two-
2 year-olds will be required to be stabled beginning February
3 1st and thereafter. Because again, as Mr. Robbins said,
4 this hasn't been an issue because there's been plenty of
5 capacity for the last couple of decades.

6 Now what we want to avoid is a chaotic situation
7 of moving and moving again, or having to create space
8 beginning in February --

9 CHAIR ISRAEL: That's why --

10 MR. BALCH: -- for the two-year-olds.

11 CHAIR ISRAEL: That's why these reports are being
12 made today.

13 MR. BALCH: Pardon me?

14 CHAIR ISRAEL: That's why we had you make these
15 reports today, to try to head off -- to try to prevent a
16 chaotic situation --

17 MR. BALCH: Right.

18 CHAIR ISRAEL: -- for all.

19 MR. BALCH: So I just -- I just want to say that
20 the -- I think the method of allocation space for two-year-
21 olds is not finally set, but I know the racing office is
22 working on that too. And I think that's part of the sort of
23 individual conversation with the trainers because the two-
24 year-olds weren't in the stall applications.

25 CHAIR ISRAEL: Okay. Well, but I understand also

1 that the horse population right now is particularly low.
2 It's below 2,500.

3 MR. BALCH: Well, this is -- the figures that we
4 have provided before show that this is always the time of
5 the year when it's at a low ebb.

6 CHAIR ISRAEL: But it's -- but it's even lower
7 than normal this year, and we're expecting fewer two-year-
8 olds because the foal crop two years ago was so small.

9 MR. BALCH: Well, not necessarily. I mean, we
10 track the -- we track the figures very closely. They're a
11 little bit lower than they were last year through November.
12 But, of course, the two-year-old population has actually
13 been growing despite the declining foal crop the last two
14 years. So that's an unknown at this point, and we've always
15 said it's an unknown.

16 CHAIR ISRAEL: Okay. Well, I was under the
17 impression that the sales -- that a disproportionately high
18 number of horses that were sold were sold to overseas
19 interests rather than domestic interests, which would, I
20 think, logically lead to a diminution in the two-year-olds
21 coming west.

22 I'm -- is -- can anybody -- Tom or Joe, can you
23 speak to that?

24 MR. ROBBINS: I think it's difficult. Two-year-
25 olds come from a lot of different locations and a variety of

1 ways of being acquired by California interests. So I don't
2 think you can use the sales as any sort of measurement in
3 terms of what we can expect to be in California.

4 CHAIR ISRAEL: Okay.

5 MR. ROBBINS: So hopefully -- hopefully it doesn't
6 drop too much.

7 CHAIR ISRAEL: All right.

8 MR. MORRIS: Joe Morris of the TOC. So going --
9 going back to it, so we'll have -- they'll -- they'll be --
10 the stalls will be assigned within -- within the week.

11 CHAIR ISRAEL: Right.

12 MR. MORRIS: We would expect the 1,850 stalls to
13 get filled at Santa Anita probably mostly before -- before
14 their opening --

15 CHAIR ISRAEL: On the 26th.

16 MR. MORRIS: -- on the 26th.

17 CHAIR ISRAEL: Right.

18 MR. MORRIS: That leaves some number of, you know,
19 600, 500, 600 more horses that will need to get moved. And
20 we've set the auxiliary stabling to be opened on January
21 22nd.

22 CHAIR ISRAEL: Okay. So you'll have a --

23 MR. MORRIS: So that leaves a ten day period to --

24 CHAIR ISRAEL: -- nine or ten day period?

25 MR. MORRIS: -- to get them moved.

1 CHAIR ISRAEL: And you've contracted and you have
2 sufficient number of vans and all of that?

3 MR. MORRIS: And that's been going on for a long
4 time, so we haven't really plugged into it. But they -- I
5 mean, the trainers and the vanning people are working
6 together on a regular basis for auxiliary training. So we
7 will --

8 CHAIR ISRAEL: Okay. But, I mean, there never
9 have been -- there never --

10 MR. MORRIS: Moved out.

11 CHAIR ISRAEL: -- has been an exodus quite like
12 this.

13 MR. MORRIS: Right. No.

14 CHAIR ISRAEL: I mean, obviously, the move to Del
15 Mar occurs on an annual basis but it's -- they know how to
16 do it because they've been doing it for so long.

17 MR. MORRIS: A long time, right.

18 CHAIR ISRAEL: This is different.

19 MR. MORRIS: Yeah.

20 CHAIR ISRAEL: Okay. Anybody else?

21 VICE CHAIR WINNER: Yeah. Let me just, Scott or
22 whomever, Alan, when you allocate, let's assume it's 40, or
23 as you said it might be as high as 50 per trainer, is there
24 any requirement with respect to the number of ponies that a
25 trainer can have in those facilities or any requirement with

1 respect to the activity of those horses or not?

2 MR. DARUTY: Meaning are they horses that are
3 actually going to race --

4 VICE CHAIR WINNER: Well, yeah.

5 MR. DARUTY: -- at the track?

6 VICE CHAIR WINNER: Yeah. Yeah. No, exactly.
7 Are these -- are they just being stabled there but they're
8 not going to race at the track? Or are there -- do certain
9 trainers have a number of ponies, as you know, that take up
10 stall space? Obviously, we would prefer that the stall
11 space be used for --

12 MR. DARUTY: Well, I think you raise a very good
13 point. And I think it's something that we haven't had to
14 deal with up to this point in our history because there's
15 always been ample stall capacity --

16 VICE CHAIR WINNER: Correct.

17 MR. DARUTY: -- in Southern California. And that
18 was one of the things that we discussed, this whole group
19 sitting before you, when we were talking about how many
20 facilities were going to be open and how many stalls did we
21 need. And we had counts of horses, and we had people saying
22 but, you know, how many of those horses are really race
23 horses. I don't think we have an answer to your question
24 yet, unless somebody else sitting up here does. It's
25 something we're going to need to pay attention to and figure

1 out as we go.

2 VICE CHAIR WINNER: Thank you.

3 CHAIR ISRAEL: Well, you need that pony. They
4 have to live somewhere.

5 VICE CHAIR WINNER: Yeah.

6 CHAIR ISRAEL: So they're --

7 VICE CHAIR WINNER: It's a question of how many.

8 MR. HAINES: George Haines, Santa Anita. We do
9 have a pony barn and -- a couple of pony barns. We also
10 have a holding barn that holds 24 horses that are for
11 transit horses coming in to race that day. And, you know,
12 that accommodates quite a few of the ponies. Some of the
13 trainers have transit -- transit barns, also, stalls that
14 they -- because their barns are so big. You know, some of
15 our leading trainers have these huge barns. So they'll have
16 three or four stalls at their -- their barn that they bring
17 horses in.

18 So there's, you know, room for the ponies. I
19 haven't heard any, you know, people saying that they're
20 worried about where they're going to put their ponies so
21 far.

22 VICE CHAIR WINNER: Thank you.

23 MR. BALCH: Alan Balch again, CTT. I agree with
24 what George said. In fact, within the 40-50 argument we
25 have to remember that one of the changes this year is that

1 there will be three locations away from Santa Anita. So the
2 commerce and shipping will be proportionately higher than
3 it's been when it's only been Hollywood Park, at least in
4 the last few years.

5 So I think that the flex-stalls, so to speak, are
6 very important, particularly for the larger outfits which
7 may have a very large number, at least one or maybe two of
8 the offsite locations. And the racing office, from
9 conversations I've had, has certainly taken that into
10 account.

11 Now, the racing office and through the databases,
12 Equibase and so forth, does chart starts per stall. In
13 Northern California, David Jerkins has been very cognizant
14 of that. They have used a person-to-person approach which
15 we certainly value, we the trainers. Because when the
16 stalls that are allocated for ready-to-race horses are not
17 being used for ready-to-race horses, that's pretty evident
18 in the starts per stall. But as we've said in writing,
19 there are lots of reasons that can be. And the individual
20 trainers need to confer with the racing office. And I think
21 the Stronach Group has indicated that that's the policy they
22 prefer, and that's certainly what we prefer, rather than
23 just some strict rule of X starts per stall, that the
24 individual trainers be conferred with so they see if there
25 if there was a virus in the barn, whatever.

1 But it's very important for trainers, as well as
2 the race track operators, to develop as many starts per
3 stall as is practically possible.

4 CHAIR ISRAEL: Okay.

5 VICE CHAIR WINNER: Thank you.

6 CHAIR ISRAEL: Thanks. And John Sadler and Dallas
7 Keen need their -- because they're men on horseback. They
8 need their horses. So they need their own ponies.

9 VICE CHAIR WINNER: Steve as a question.

10 CHAIR ISRAEL: Go ahead.

11 COMMISSIONER BENETO: I have a question. Who is
12 going to be monitoring the stalls, giving stalls out when
13 trainers ask for a stall?

14 MR. HAINES: George Haines, Santa Anita. That's a
15 function of the Santa Anita racing department.

16 COMMISSIONER BENETO: The secretary is going to be
17 in charge of that?

18 MR. HAINES: Right, along with the stall manager.

19 MR. MORRIS: And then whoever the host track is
20 does that. Joe Morris, TOC. So when -- when Del Mar is
21 running, you know, they'll be in charge of the stall side of
22 it.

23 COMMISSIONER BENETO: How are we going to do --
24 what are we going to do for small trainers that have got
25 four or five head who want to come in here? How are you

1 going to monitor that? I mean, say we've got a stable, a
2 small stable coming from Arizona or wherever that would put
3 in for -- he wants to race here at Santa Anita and he's got
4 horses that will qualify to race here, how do you handle
5 that?

6 MR. HAINES: Well, they can race here. They may
7 be at an offsite training facility rather than be here at
8 Santa Anita. I mean, it appears that Santa Anita is the
9 number one preference to people that are going to race at
10 our Santa Anita winter meet. So there are just going to be
11 some instances where people are going to be directed, as
12 they are to Hollywood Park now, when we're racing to either
13 Pomona or Los Alamitos or San Luis Rey.

14 COMMISSIONER BENETO: So the people who race here
15 year round will have preference then over the stalls?

16 MR. HAINES: Well, I think there's a lot of things
17 you have to look at and, you know, starts per stall, are the
18 horses race ready. I'm sure a lot of the two-year-olds that
19 are coming in are going to be at the offsite locations where
20 it's a better -- really a better training climate for a two-
21 year-old rather than being here at Santa Anita with 1,800
22 horses. But those are the things we're going to work with
23 the horsemen's organizations with and do the best we can.

24 CHAIR ISRAEL: Brad, who's -- who's doing --
25 who's -- have you decided on a racing secretary, and

1 who's -- you're having to allocate stalls now too. So who's
2 doing your stall allocation? You need to identify yourself
3 and --

4 MR. MCKINZIE: Brad McKinzie, Los Alamitos Race
5 Course. We don't allocate the stalls, Mr. Chairman.
6 Those -- those stalls are allocated by the --

7 CHAIR ISRAEL: Through Hammerle.

8 MR. MCKINZIE: -- racing secretary here at Santa
9 Anita.

10 CHAIR ISRAEL: Okay. What about when you're
11 racing? You have five weeks of racing.

12 MR. MCKINZIE: Well, then we will be allocating
13 our stalls. And we've hired Bob Moreno as our racing
14 secretary.

15 CHAIR ISRAEL: Okay. Thank you. Go ahead, Alan.

16 MR. BALCH: Alan Balch again. One additional
17 comment for Commissioner Beneto on the four to five, look at
18 it from the sort of inverse of that. The four to five is
19 not -- a small stable like that is really not a big issue
20 because everyone understands that that -- that size stable
21 can not be split.

22 The more difficult question is: At what size can
23 a stable be split? Twenty? Twenty-five? Thirty? And
24 that, it takes a lot of this individual communication that
25 you've heard about from Santa Anita between the racing

1 office and the trainers because trainers run their barns in
2 a different way. And I think from everything I've heard so
3 far, the racing office here has been very conscientious in
4 discussing with trainers their individual situation.
5 Because it's clearly in Santa Anita's interest to maximize
6 the number of race-ready horses that are available to run
7 here. And the way a stable area is laid out -- you're a
8 horsemen yourself so you know this -- there might be places
9 in the stable area where there's a place for a five-horse
10 stable or an eight-horse stable or something like that right
11 here at Santa Anita. So that wouldn't necessarily mean
12 they'd all be -- all the small outfits would be away from
13 the track.

14 It takes a lot of individual work. And Tommy can
15 talk to that more than I can, I'm sure.

16 COMMISSIONER BENETO: I just don't want to see a
17 small stable split, you know, three at Fairplex and three
18 here.

19 CHAIR ISRAEL: I don't think you have to worry
20 about that.

21 MR. BALCH: They obviously are not going to do
22 that.

23 CHAIR ISRAEL: Yeah. They're --

24 COMMISSIONER CHOPER: And I guess it goes without
25 saying -- or maybe I'm just repeating, no one's said it --

1 for these horses that are coming in from outside the state,
2 we've done a lot of things to try to be hospitable. We urge
3 them to come in. We don't want to kick them in the but when
4 they show up. So, I mean, but again, it sort of goes
5 without saying. It's a pie that's going to have to be
6 divided up in a very difficult fashion.

7 VICE CHAIR WINNER: It's a puzzle more than a pie.

8 COMMISSIONER CHOPER: A puzzle, right. I'd say --

9 CHAIR ISRAEL: Well, Asmussen, for instance, will
10 bring in a fairly substantial string for the winter meet
11 here. And I assume you -- he will be given 20 or 25 stalls
12 here, which is what I think he needs; is that right?
13 Because, you know, we'd like -- I tried like hell during the
14 Breeders' Cup to convince Pletcher to come here and he said,
15 you know, he'd love to, except for he's already traveling
16 back and forth between Florida and New York on a weekly
17 basis. The third -- the trine made no sense, you know, and
18 I understood. But it would be great to get his horses.

19 All right, so let's go specifically now on a case-
20 by-case basis. First, San Luis Rey Downs, give us an update
21 on where you are with that.

22 MR. DARUTY: Scott Daruty on behalf of Santa Anita
23 and San Luis Rey Downs. The renovation is virtually
24 complete. There's a little bit of finishing work to be
25 done. We've submitted in writing a letter updating you.

1 As you can see from that, the racing surface has
2 been totally re-graded and quite a bit of new material
3 added. A safety rail inside and out has been added. The
4 barns themselves have been essentially reconditioned to
5 like, you know, like-new condition with new paint, new
6 roofs, new walls. We have 91 dorm rooms. And that sort of
7 depends on how you count because we've got actually a
8 historical use of the facility of about 495 horses. As long
9 as we stay within that historical use we're okay from a
10 regulatory standpoint. So that's the maximum number of
11 horses that we're going to allow onsite. However, there are
12 actually 569 stalls at the facility. So there will be many
13 empty stalls.

14 In addition to those we have tack rooms and we
15 have dorm rooms. Because there's extra stalls, some of the
16 stalls could be used to store tack, and some of the tack
17 could be used -- converted into dorm rooms. So we have a
18 little bit of flexibility. But the bottom line is the way
19 it's conditioned right now there are about 91 dorm rooms
20 which would take, you know, two to three people each. There
21 are ten different restrooms facilities located at various
22 places throughout. And we're real proud. We think the
23 people who are training there are going to be very pleased
24 and will -- will welcome the opportunity to be training at
25 the renovated San Luis Rey Downs.

1 CHAIR ISRAEL: And you have a gate crew hired and
2 a starter?

3 MR. HAINES: George Haines. We're in the process
4 of hiring those people.

5 CHAIR ISRAEL: Okay. Thanks.

6 MR. HAINES: We already have people down there
7 that have taken those jobs traditionally. We expect them to
8 be back.

9 CHAIR ISRAEL: Stay on a full-time basis?

10 MR. HAINES: Yes.

11 CHAIR ISRAEL: Okay.

12 COMMISSIONER KRIKORIAN: I have a question.

13 CHAIR ISRAEL: George?

14 COMMISSIONER KRIKORIAN: Excuse me. Maybe I'm
15 stepping back here just a second. Because when we started
16 all this we talked about Santa Anita has 1,850 stalls. Joe
17 Morris indicated there's a need for another 500 or 600
18 horses off of -- in addition to that. That being the
19 population you're talking about between these four
20 facilities you're going to have 3,600 stalls and you're only
21 going to need -- you know, you're only going to need
22 approximately 2,500. So that means that two-thirds of the
23 stalls, aside from Santa Anita, are going to be empty. That
24 doesn't make a lot of economic sense. That's something that
25 should be looked at.

1 CHAIR ISRAEL: Well, the -- well, I'll let you
2 speak to what the agreement says, Joe. But that's absent
3 the two-year-olds that come in February. We don't know how
4 many there are. It's 2,500 now. And on February 1st all
5 the two-year-olds come in.

6 So, Joe, you can address that.

7 MR. MORRIS: Well, yeah, that's true. So this
8 2,500, 2,600 stalls, horses now, they'll go into the
9 stabling. And then we'll have -- on February 1 two-year-
10 olds will be allowed to come in. And, I mean, that number I
11 think is historically 400 or so, 400 or 500. Between 400
12 and 500.

13 MR. HAINES: It's 700 to 800, depending on --

14 MR. MORRIS: Oh, so --

15 COMMISSIONER KRIKORIAN: But you're still not
16 going to get up over 3,000. And so you've got a lot more
17 facilities than what you need. It's just an observation.

18 CHAIR ISRAEL: That was -- that was at the heart
19 of the dispute between --

20 COMMISSIONER KRIKORIAN: Well, that dispute was
21 never resolved, Mr. Chairman.

22 CHAIR ISRAEL: Yeah, it was. We voted on it,
23 so --

24 COMMISSIONER KRIKORIAN: We -- no.

25 MR. BALCH: Alan Balch again. Commissioner

1 Krikorian, I think the numbers are really clear that in
2 order to get ready for Del Mar and to get ready for
3 Hollywood, which doesn't exist anymore, so that means the
4 two-year-old races that are held in May and June, which are
5 key to the success of a year-round program, the number of
6 two-year-olds that has come into training during that
7 springtime period, meaning March, April, May, June, it takes
8 90 to 120 days to get a two-year-old ready, is a number that
9 approaches 800 a year.

10 Is that the right number, Tom?

11 So up to 800 a year. Now granted, it doesn't
12 start at 800. But that was the purpose of my rambling
13 explanation a few minutes ago about we don't know what the
14 number of two-year-olds is going to be. But we definitely
15 need to be prepared and have space for them, because if we
16 don't that would have a cataclysmic affect on trainers'
17 opportunities and where trainers would be. And we want to
18 keep them here in California and have plenty of capacity for
19 two-year-olds.

20 COMMISSIONER KRIKORIAN: Okay. Well, that makes
21 sense. But if the numbers are lower than you're estimating
22 moving forward, then what are you going to do if you -- if
23 you basically have a 50-percent-plus vacancy factor in a
24 couple of these facilities?

25 MR. MORRIS: Well, in our -- in our agreements --

1 COMMISSIONER KRIKORIAN: What would you plan --
2 what would you plan to do to be more efficient and
3 economical?

4 MR. MORRIS: In our agreements, if any facilities
5 come up short of horses we can -- we can look to --

6 CHAIR ISRAEL: They have to -- they have to reach
7 minimum occupancy --

8 MR. MORRIS: Right.

9 CHAIR ISRAEL: -- otherwise they're not going to
10 be open.

11 MR. MORRIS: Right.

12 CHAIR ISRAEL: Nobody -- no facility is going to
13 be open -- they have an agreement on the Stabling and
14 Vanning Committee that if -- that X number of horses have to
15 be assigned and accepted into that -- by trainers into that
16 facility or the facility is not opening for training.

17 COMMISSIONER KRIKORIAN: But immediately you're
18 going to have a high occupancy factor --

19 CHAIR ISRAEL: Vacancy factor.

20 COMMISSIONER KRIKORIAN: -- excuse me, vacancy
21 factor, and so then it remains to be seen. And certainly
22 you can do that, go a few months or six months and see how
23 it works. But beyond that, if -- it looks to me that the
24 occupancy --

25 CHAIR ISRAEL: Pomona is only going to be open for

1 six months, and then it's done --

2 VICE CHAIR WINNER: Because the agreement with
3 Pomona is --

4 CHAIR ISRAEL: -- by the agreement.

5 VICE CHAIR WINNER: -- six months only.

6 CHAIR ISRAEL: Six months only.

7 COMMISSIONER BENETO: And it's gone for good?

8 COMMISSIONER ROSENBERG: Yeah.

9 CHAIR ISRAEL: Yeah.

10 VICE CHAIR WINNER: Yeah.

11 COMMISSIONER KRIKORIAN: Okay. But that's a \$2
12 million expense, as I understand it --

13 CHAIR ISRAEL: That's --

14 COMMISSIONER KRIKORIAN: -- that you may not need.

15 CHAIR ISRAEL: That's an agreement they made.

16 MR. ROBBINS: If I may add -- Tom Robbins from Del
17 Mar -- I think the idea, Mr. Krikorian, was that -- and I
18 use the word uncharted -- words uncharted territory, it
19 truly is. And I think given some of the unknowns of 2014, I
20 think we wanted to provide opportunities for horsemen, horse
21 owners and trainers to see how things would shake out in
22 terms of where horses would land. I think the number is
23 slightly higher than what's being quoted in Southern
24 California, 2,500; it's a little more than that. And given
25 the, hopefully the incoming two-year-olds, we'll see where

1 they go.

2 And as was noted earlier by -- by Joe, if a
3 facility doesn't have 50 percent occupancy then -- then it
4 may not be a viable, suitable facility, and we may have to
5 shut it down. But we wanted to provide opportunities to
6 see -- to keep horsemen and owners as comfortable as
7 possible going into 2014. And I think that's what we've
8 accomplished at this point.

9 COMMISSIONER KRIKORIAN: And my issue is not to
10 where you're going -- what you're doing today, it's what
11 would happen tomorrow if, in fact, the numbers are less than
12 what would be, you know, hoped for.

13 COMMISSIONER BENETO: So if I get this clear in my
14 mind, the only thing that will be left after six months will
15 be Los Alamitos and San Luis Rey Downs, is that correct,
16 offsite?

17 MR. MORRIS: And then Del Mar when they are
18 running, and Santa Anita when they're running.

19 COMMISSIONER BENETO: Well, Del Mar, that's a
20 meet.

21 MR. MORRIS: But auxiliary stabling, yes, just --
22 just those two.

23 COMMISSIONER BENETO: But Del Mar is not going to
24 let you be there after the meet closes; right?

25 MR. MORRIS: They'll be open for their fall meet.

1 COMMISSIONER BENETO: Well, I know that.

2 MR. MORRIS: Yeah.

3 COMMISSIONER BENETO: But they're not going to let
4 you train there year round?

5 COMMISSIONER ROSENBERG: No.

6 CHAIR ISRAEL: Well, we're going to try to
7 convince them that staying open September and October is a
8 good idea.

9 VICE CHAIR WINNER: But for now I think that
10 that's correct.

11 CHAIR ISRAEL: So for now they're in hiding
12 anyway.

13 COMMISSIONER BENETO: September or October would
14 be good because they're going to have their November meet
15 anyway.

16 CHAIR ISRAEL: But they're coming up soon.

17 VICE CHAIR WINNER: But you're right. But for now
18 there are two -- after the Fairplex closes there are --
19 there are two auxiliary tracks.

20 MR. SEDER: Mike Seder with Fairplex. Our
21 understanding --

22 CHAIR ISRAEL: Wait, wait, wait. You can't not do
23 it on the mic, Mike.

24 COMMISSIONER BENETO: Jump up there and get in
25 closer.

1 CHAIR ISRAEL: I think you may have pulled it out.

2 COMMISSIONER BENETO: No, he didn't.

3 COMMISSIONER ROSENBERG: Well, it's okay.

4 COMMISSIONER DEREK: You can go to the podium.

5 MR. SEDER: Let me try this again. So I just want
6 to clarify Fairplex's understanding, and that is that we
7 would be stabling this year. And it would be a finite
8 period of time.

9 CHAIR ISRAEL: Right.

10 MR. SEDER: And that period of time as we
11 understand it today ends, I think it's the end of June, or
12 maybe it's a week --

13 MR. MORRIS: It's when Del Mar opens.

14 MR. SEDER: Okay. A couple weeks into July. So,
15 you know, that -- that is -- that is what we understand to
16 be the case. And we don't have any, at this point, any
17 agreements to do anything beyond that.

18 CHAIR ISRAEL: That's --

19 VICE CHAIR WINNER: That's correct.

20 CHAIR ISRAEL: That's everybody's understanding.
21 Thank you.

22 COMMISSIONER KRIKORIAN: Including -- you're
23 talking about even including next year?

24 MR. SEDER: Yeah.

25 CHAIR ISRAEL: Yeah. There's no agreement

1 beyond --

2 COMMISSIONER KRIKORIAN: Okay.

3 CHAIR ISRAEL: -- this initial six months.

4 COMMISSIONER KRIKORIAN: Well, then that's a
5 possible solution if you --

6 CHAIR ISRAEL: That is. That's why it was done
7 this way.

8 COMMISSIONER BENETO: You can't stable year round
9 by the -- the environmental problem or something; is that
10 correct?

11 MR. SEDER: Well, our issue is that in 2014 our
12 water quality permit is going to be reviewed. And at that
13 point if we're in the stabling business and we are looking
14 to be in that business long term, there may be some -- a lot
15 of work that might need to be done to get to that place.

16 CHAIR ISRAEL: Additional expense is the word --
17 those are the words you're looking for, Mike.

18 MR. SEDER: I'm sure, yes.

19 VICE CHAIR WINNER: But you got a waiver from --

20 MR. SEDER: Some magnitude that we would have no
21 idea what that means.

22 VICE CHAIR WINNER: You got a waiver for 2014 --

23 MR. SEDER: Yeah.

24 VICE CHAIR WINNER: -- from the Water Board; is
25 that correct?

1 MR. SEDER: That -- and that's all we can talk
2 about is '14.

3 VICE CHAIR WINNER: Right.

4 CHAIR ISRAEL: Right. They're -- it's -- it would
5 probably be a significant additional expense.

6 VICE CHAIR WINNER: Right.

7 CHAIR ISRAEL: All right. So we've dealt with San
8 Luis Rey.

9 COMMISSIONER ROSENBERG: Yeah.

10 CHAIR ISRAEL: Del Mar? We're going to come back
11 and deal with the backstretch with Santa Anita separately.

12 So just tell me, Tommy, you and Josh have a
13 presentation, Joe, on the --

14 COMMISSIONER ROSENBERG: Turf course?

15 CHAIR ISRAEL: -- turf course and all that since
16 it's all part of this. I saw with my own eyes last weekend.
17 It was a really impressive pile of dirt. And I was kind of
18 disappointed you only had one grader out there on the -- on
19 a would-be turf course.

20 MR. ROBBINS: We wouldn't win any beauty awards.

21 CHAIR ISRAEL: Huh?

22 MR. ROBBINS: We wouldn't win any beauty awards
23 right now.

24 CHAIR ISRAEL: I've seen kids with more equipment
25 out on the beach building sand castles. I don't know what's

1 going on down there. No, I'm kidding. Okay.

2 MR. ROBBINS: Okay. So if we want to get into
3 this, the turf course, the history of turf racing at Del
4 Mar, we're sort of suffered through this course for over 50
5 years, the last 50 years. And it's a very narrow course.
6 And so we're happy to announce today that we're progressing
7 very well in our efforts to expand the course. I'll give
8 you the basics. And Leif Dickinson is hopefully standing
9 behind me --

10 CHAIR ISRAEL: He is.

11 MR. ROBBINS: -- to answer any specifics.

12 The width of the course is going to be 80 feet
13 consistently all around.

14 CHAIR ISRAEL: As opposed to? What was it before?

15 MR. ROBBINS: Well, it's varied from anywhere
16 between 53 feet and slightly more than that.

17 CHAIR ISRAEL: All right.

18 MR. ROBBINS: By comparison, Santa Anita's course
19 is 80 feet. So you have a sense of what it's going to be.
20 The radius of the turns or the curvature of the turns will
21 be slightly less at 310 feet at the zero rail position,
22 slightly less than what Santa Anita is at 320 foot radius.
23 So we've existed for a lot of years with a very narrow turf
24 course that, you know, horses have virtually had to run
25 single file mostly, and limited, obviously, limited field

1 size.

2 CHAIR ISRAEL: Now you tell me. I could have
3 adjusted my wagering.

4 VICE CHAIR WINNER: That's what Jesse just said.

5 MR. ROBBINS: I'd say it's been a fair course,
6 it's just --

7 CHAIR ISRAEL: We're two customers on the board,
8 by the way.

9 MR. ROBBINS: So -- so one of the things, from a
10 racing perspective we're -- we've been limited on field
11 size. We've had to limit on our route races ten horses max
12 at any rail position, including stakes' races. Turf sprints
13 were even less; seven -- between either seven or eight
14 horses, depending on the rail position. So -- thank you.
15 Thank you. So given the additional width that this course
16 will provide will provide the ability to have more temporary
17 rail moves, provide the ability for the turf to repair in
18 better fashion than we've had in the past.

19 So those are kind of the basics. We will be able
20 to accommodate 14 horses in the event that Breeders' Cup
21 every chooses Del Mar as a venue. And hopefully we'll
22 increase our field size at the same time, if we have enough
23 horses.

24 CHAIR ISRAEL: Okay. You have a show and tell, if
25 you want. Leif, introduce yourself so that we have a

1 record, and then speak into the microphone.

2 MR. DICKINSON: Leif Dickinson, turf track and
3 landscape superintendent, Del Mar Fairgrounds. You know, we
4 started construction shortly after the meet ended. We
5 killed off all the existing Bermuda grass. We came in with
6 a renovation machine. We stripped off all the old turf.
7 And then the real construction actually start -- or started.
8 We stripped off approximately ten inches of the old profile.

9 And what we're in the process of doing right now is doing
10 some grading.

11 But most of the work is encompassing the new
12 irrigation system which is a state of the art irrigation
13 system. It's -- from our perspective it's going to be the
14 most elaborate, best performing irrigation system of any
15 track in North America, for that matter. So a lot of work
16 can not commence until the irrigation system is in because
17 everything has to be built completely on top of that. So we
18 expect to have the irrigation system finished some time
19 around mid-January. Then the new profile gets added. And
20 we're still hoping to have turf down someplace in very early
21 February. That's kind of where we're at right now.

22 Next. It's -- it's called GN-1 Bermuda grass. It
23 was developed by Pacific Sod in Camarillo. It's a Bermuda
24 grass that was developed to perform better coastally than
25 most Bermuda grasses do. Most Bermuda grasses, in fact all,

1 need very warm temperatures in order to survive, in order to
2 thrive. As you know, in Del Mar it's traditionally 69
3 degrees year round. But Bermuda grass is really our only
4 choice because of wear tolerance. And our use of reclaimed
5 water, being so close to the ocean, it has to be a very
6 salt-tolerant grass. So that particular variety is very
7 salt tolerant. And it also has wear tolerance. A
8 traditional cool-season grass would not do well because of
9 the wear tolerance and our lack of rainfall during the
10 summer when we're essentially doing deficit irrigation
11 during the race meet. So that's kind of the little history
12 on GN-1 Bermuda grass.

13 The biggest thing, and what people are going to
14 notice is the track has really been expanded. I mean, races
15 on the backstretch of the turf track that was only 43 feet
16 wide, essentially for the entire seven week meet horses were
17 running in the same spot. So we're going to have the
18 ability now to vary the rail positions. We've added --
19 we'll have six rail positions, a 0, a 6, 12, and so forth,
20 all the way out to 30 feet. Where horses go wide on the
21 homestretch, we're not really as concerned about that. What
22 we're trying to do is protect the turns, and it's the seven-
23 eighths turn and the three-eighths turn that suffers the
24 vast majority of wear where horses, in all honesty, are only
25 running about four or five feet wide. So by having multiple

1 rail moves to protect the turns, especially in that critical
2 first year when the turf is maybe a little less mature than
3 it would be in years two and three, we feel that that's
4 going to really be a fantastic benefit for us and horsemen
5 in general.

6 So we wanted to soften the transition from the
7 chute which was a big issue for us. When the horses would
8 come out of the chute it was almost a very hard left-hand
9 turn. We've softened that considerably. We've widened the
10 chute by five feet. And, of course, the new radius at 310
11 feet, the current radius, believe it or not, was 333 feet.
12 And a lot of people -- it actually had a greater radius than
13 Santa Anita Park does right now. So when we would get back
14 out to 8 feet or back out to 16 feet we'll essentially be
15 back to the original radius. But because of the
16 configuration of where the polytrack is and it being the
17 fairgrounds, we really didn't have the ability to move the
18 track out significantly. But we did. We pushed the east
19 turn out. We pushed the west turn out to -- they're now
20 within five feet of the poly track.

21 So -- and we'll still be able to run the same --
22 same -- the same race positions, five furlong, a mile-and-
23 an-eighth, a mile-and-a-sixteenth, a mile -- a mile-and-
24 three-eighths. And I think if we tried we could even get a
25 mile-and-a-half.

1 CHAIR ISRAEL: Great.

2 MR. DICKINSON: So --

3 CHAIR ISRAEL: Thanks. This whole Bermuda grass
4 thing since Bermuda is an island off the coast of North
5 Carolina that's about as big as this pen. So you'd think
6 everything that's Bermuda grass would be sea salt tolerant
7 and not need very hot weather, because Bermuda, it doesn't
8 get all that warm in the winter.

9 MR. DICKINSON: It really needs all temperatures
10 that are approaching 80 degrees. That's why we have it
11 being grown out in the desert where what they can do in two
12 years it would take us ten years, literally, to develop the
13 same turf.

14 CHAIR ISRAEL: Huh. Then Bermuda grass must not
15 really be from Bermuda.

16 COMMISSIONER KRIKORIAN: I have a quick question.
17 On -- on the issue of five furlongs in the triple, what
18 about six or six or six-and-a-half furlongs; are you able to
19 accommodate any races like that or --

20 MR. DICKINSON: We really don't have the ability
21 to do that. I mean, there's -- there's --

22 MR. ROBBINS: Unfortunately, it puts the starting
23 gate in the middle of the turn.

24 COMMISSIONER KRIKORIAN: I see.

25 MR. DICKINSON: Yeah.

1 MR. ROBBINS: So, yeah, we -- we would love to be
2 able to run a little longer sprint, but it would put the
3 gate in a position that wouldn't make it fair for all the
4 horses in that gate.

5 COMMISSIONER KRIKORIAN: I see. Okay.

6 CHAIR ISRAEL: Any other questions? Okay. Let's
7 move on to Los Alamitos where -- you have a report about
8 racetrack redevelopment, as well.

9 MR. MCKINZIE: We are also planting Bermuda grass.

10 CHAIR ISRAEL: On your head?

11 MS. MATTHEWS: I tried. It didn't take.

12 Apparently the temperature is not high enough to allow the
13 growth of anything, quite frankly.

14 The biggest development we have --

15 CHAIR ISRAEL: Brad, you've got to introduce
16 yourself.

17 MR. MCKINZIE: Oh. Brad McKinzie of Los Alamitos
18 Race Course. The biggest development for our construction
19 project at Los Alamitos occurred on Monday night when the
20 Cypress City Council approved five-nothing unanimous vote to
21 grant us our permits to move forward with our project. We
22 had been doing some preliminary work before that. So we
23 were approved Monday at 9:30 at night. And by eight o'clock
24 in the morning we were busy at Los Alamitos.

25 Mr. Chairman, if you like to look at heavy

1 equipment and see lots of tractors come down to Los Alamitos
2 you will see plenty.

3 We have a construction schedule which is being
4 supervised by Dennis Moore who is here today, if you have
5 any specific questions. We will be doing -- we're doing
6 preliminary grading right now. Dennis will be coming along
7 the first of the year, putting on our -- he's going to use a
8 decomposed granite base and shooting grades. And we'll be
9 installing the inside and outside rails. And when that is
10 done, approximately January 10th, we will close the
11 racetrack for a period. And Dennis -- we already have all
12 the material onsite that we're going to putting on the
13 racetrack. Dennis will be blending all the racetrack and
14 putting it on so that we have a uniform racetrack.

15 When we're done we will have a racetrack that's 25
16 yards short of a mile, so it will function as a mile
17 racetrack. We'll be able to run seven furlongs around one
18 turn, a mile-and-a-quarter around two turns. Expanded turn
19 radiuses. Track width at 110 feet down the straightaway, 85
20 feet in the final turn. We're actually expanding our first
21 turn where that first turn will be 100 feet wide. So we are
22 on schedule. And Dennis tells me he can get it done to
23 where our mile racetrack will be ready for horsemen on
24 January 23rd. We've coincided that to where when the
25 thoroughbred horses start arriving on January 22nd they can

1 start training immediately.

2 Our barn area, we've made a commitment that we
3 will be able to house 500 thoroughbred starting February
4 1st. We are in the process and pretty much completed of
5 moving our quarter horse trainers over to the other side of
6 the barn area to empty out that barn area. I've had
7 numerous thoroughbred trainers come down and visit Los
8 Alamitos and they, at least to my face, they say they really
9 like the facility, and particularly our track surface. But
10 the 500 stalls will be -- will be available come February
11 1st. Within those 500 stalls that there are, and I'm glad I
12 wrote this down, 161 rooms that we currently use for housing
13 employees, also 16 restrooms and shower facilities in that
14 are.

15 All of our barns, by the way, are 12 by 12. And
16 our barn construction, all the rooms, offices, tack rooms,
17 12 by 12 cinderblock and steel. There's not a drop of wood
18 in any of our construction. So those -- and they're all
19 equipped with smoke detectors. So we're ready to go as far
20 as that's concerned.

21 So as far as being prepared come February 1st for
22 our commitment on Stabling and Vanning, we will be -- we
23 will be ready prior to that. We'll be -- we'll be ready --
24 up and ready to go January 23rd with our mile racetrack and
25 with the barn area cleared out.

1 In regard to, just very quickly since you asked
2 about our racing secretary, how we're moving forward in
3 preparing for our meet, in addition to hiring Bob Moreno as
4 our director of racing -- and Bob, by the way, comes from a
5 very strong Los Alamitos lineage. I don't know if any of
6 you know, but his family was one of the foundation quarter
7 horse breeders in this country in raising many of the best
8 quarter horses that have ever run. And Bob has a great love
9 for Los Alamitos, and that's one of the reasons why we
10 selected him.

11 Dennis Moore, as I said, will be our track
12 superintendent, overseeing our racetrack at Los Alamitos.

13 Also joining our team -- he's here, if he could
14 just stand up -- Tony Allevato, former executive vice
15 president of TVG, is joining Los Alamitos as our
16 thoroughbred marketing director. Tony will not only be
17 assisting us doing our on-track marketing, but just as
18 importantly in our mind, since 85 percent of the handle
19 generated on our races comes from off-track, and much of
20 that coming from out-of-state and ADW where it is a very
21 competitive market, Tony is going to be instrumental in
22 designing a program which puts Los Alamitos to the forefront
23 in those better's mind. Because we think it's essential that
24 we market to those people since they are such an essential
25 part of our -- our handle.

1 We've also hired Jay Slender as our starter. And
2 during the -- when we act as a training facility for Santa
3 Anita, Jay will be sending over one of his key people who
4 will -- who will supervise the thoroughbred schooling and
5 gate works at Los Alamitos.

6 So in short, we are moving forward aggressively to
7 meet our commitments for Stabling and Vanning, and also to
8 put on a first class show starting in July when we run our
9 first thoroughbred meet.

10 CHAIR ISRAEL: Okay. Thanks. Any questions?
11 Thank you.

12 COMMISSIONER BENETO: Thank you.

13 CHAIR ISRAEL: Next up would be Fairplex or
14 Barrett's, whatever the hell it is, Barrett's Racing at
15 Fairplex Pomona.

16 MR. SEDER: Mike Seder, Barrett Sales and Racing.

17 CHAIR ISRAEL: Los Angeles County Fair.

18 MR. SEDER: Formerly known as.

19 CHAIR ISRAEL: Yeah.

20 MR. SEDER: Okay. So --

21 CHAIR ISRAEL: Let's call you Prince.

22 MR. SEDER: Right. So at -- at Fairplex we have
23 training, as we understand, going to be ready to be going at
24 the end of January. We, as I said earlier, understand that
25 our contracted period is through beginning -- just about the

1 beginning of the Del Mar meet. As far as our preparations
2 go, we'll be prepared, just as we are for our fair race
3 meet. Training is not new to us. We've been in the
4 training business for many years. So we are adding some
5 soil amendments. We've got sand that we've ordered to help
6 winterize the track. That will be going in the first part
7 of January.

8 Stalls; we have, you know, 1,000 stalls. We're
9 contracted to do 500 stalls. Those will be ready to go.

10 The paramedics are lined up through Cole Schaefer.
11 And work orders have been put in to deal with some of the
12 other minor issues like technology and stable office and
13 getting, you know, getting some other things done. So we'll
14 be prepared to go, to accommodate the needs.

15 We also have a backside café which operates during
16 the stabling period, and we'll get that up and going.

17 As far as our track crew, Steve Wood will be
18 our -- our track superintendent. And he'll be responsible
19 for putting the track crew together. Steve does that for us
20 during the fair.

21 And we're not clear at this point whether we're
22 going to be operating six or seven days a week. I think the
23 industry is still deciding that. We're prepared to operate
24 six days a week, or seven; it's okay with us either way.

25 CHAIR ISRAEL: Can you guys help answer that

1 question?

2 MR. MORRIS: Yeah. Joe Morris, TOC. We're --
3 we're good with six days a week for the auxiliary stabling.
4 And we've discussed it with the CTT, so --

5 CHAIR ISRAEL: Okay.

6 MR. SEDER: Okay. So really the open issue for us
7 is something that we have raised consistently with the
8 stabling group, and that is how are we going to get paid and
9 when are we going to get paid. So we do have that as an
10 open item. And there have been a lot of conversations
11 around that starting in August and September. And our
12 concern is that the way the stabling funds is currently,
13 there's about a four or five month lag in payments. And
14 compounding that, in 2014 there's going to be some
15 additional costs and additional deficit.

16 So conceivably Fairplex could be through all of
17 its training, which might be somewhere around a \$2 million
18 cost before ever receiving a dime. And so that's a concern
19 to us which we have raised consistently. And I would kind
20 of leave it to this group to jump in and help us answer the
21 question, because we've not been able to come up with an
22 answer at this point.

23 CHAIR ISRAEL: I mean, it seems to me everybody is
24 in pretty much the same position. I know that Hollywood
25 Park -- Jack may still be here -- carried and IOU for a long

1 time from Stabling and Vanning, if I'm not mistaken. Is
2 that correct?

3 MR. LIEBAU: Yes, for a very long time.

4 CHAIR ISRAEL: Yeah. So it's about -- and that
5 also was about \$2 million; is that correct?

6 VICE CHAIR WINNER: You want to identify yourself,
7 Jack?

8 MR. LIEBAU: Correct, initially.

9 CHAIR ISRAEL: Yeah.

10 MR. LIEBAU: Jack Liebau from Hollywood. With
11 respect to the discussions that have gone in the Stabling
12 and Vanning Committee as to payments of Hollywood, which we,
13 too, are concerned about, we have said that we would just
14 hope to be paid by June 30th. And that seemed to be
15 agreeable to everybody, because our last day of training
16 will be in January. So we've sort of anticipated the lag
17 and agreed to it and acknowledged. And I think everybody
18 has agreed that -- that heaven will be moved to get us paid
19 by June 30th.

20 CHAIR ISRAEL: I think it's fair to say everybody
21 has the best of intentions here. But also everybody has to
22 pull a little bit and work together for the benefit of the
23 game. And if it means payments are delayed as monies come
24 through the system, you know, I think that's just the way it
25 is. And I think you have to chip in a little bit here.

1 COMMISSIONER BENETO: Mr. Chairman?

2 CHAIR ISRAEL: Yes, go ahead, Steve.

3 COMMISSIONER BENETO: I think that's unacceptable,
4 I really do, to make somebody wait four or five month for
5 their money. I mean, you're -- you're in the banking
6 business, is what it amounts to, and I don't think -- I
7 don't think it's right. How come we can't speed up the
8 payments? What's the deal? I'd like to have somebody
9 answer -- answer that question.

10 MR. MORRIS: Joe Morris, TOC. It's a straight
11 funding challenge. Right now the Stabling and Vanning fund
12 is approximately \$2 million in the deficit. And the bills
13 right now are getting paid in the 80 to 100 day. But as we
14 add on the expense of 2014 we're going to go another
15 probably \$1.7 million, \$1.8 million in the hole on top of
16 that, and that will extend the payments out to what Mike was
17 talking about.

18 COMMISSIONER BENETO: Yeah, but you're broke and
19 don't know it.

20 CHAIR ISRAEL: Yeah. But, Steve --

21 MR. MORRIS: Well, we know it. Yeah, we --

22 COMMISSIONER BENETO: You know it.

23 CHAIR ISRAEL: Steve, the problem is by -- is how
24 Stabling and Vanning is funded through legislation.

25 MR. MORRIS: Right.

1 CHAIR ISRAEL: The monies always come from
2 satellite, a percentage of satellite handle. And satellite
3 handle has diminished as ADW handle has increased, and they
4 have to change the method for funding. Because while the
5 dollar amounts have increased, frankly, in ADW, none of that
6 money goes to replace the money that's been lost from the
7 satellite facilities.

8 COMMISSIONER BENETO: Yeah. But --

9 CHAIR ISRAEL: So it requires an act of the
10 legislature and a reconfiguration of the model. The model
11 is broken, and I think they're all aware of that, and
12 they're acting to fix it. And in this initial period where
13 the costs are increasing because Hollywood Park is closing,
14 I think everybody has to act in good faith if you're -- if
15 you're a member of the racing community. And you may, for a
16 short, brief period of time, you know, have to -- have to
17 bite the bullet. But you will be -- I trust everybody
18 eventually has gotten paid in full in this process and
19 everybody will be paid in full in the process because the
20 process has -- does have -- there is a legal remedy, and it
21 comes through this board and through the legislature. But
22 in order -- the legislation has to get passed.

23 And in my opinion, and I'm going to be a private
24 citizen who doesn't have any say, you know, come January
25 6th, but -- but, you know, I think it behooves Fairplex and

1 Santa Anita and Del Mar and whoever else is in the -- and
2 Los Alamitos, you know, whoever is in the offsite stabling
3 business to have a little flexibility in this first year to
4 benefit the greater good, which is the reconfiguration of
5 racing in Southern California. And, frankly, Hollywood Park
6 has been very flexible, even though come December 22nd they
7 won't have any more stake in the game.

8 So, I mean, I understand what you're saying. As a
9 business proposition nobody wants to wait more than 30 days,
10 which is the norm. But you just have some clients on
11 occasion who are having a tough time and you carry them, and
12 that seems to be the case here.

13 COMMISSIONER BENETO: Well, it's kind of --
14 Pomona --

15 CHAIR ISRAEL: And it eventually benefits if
16 racing benefits. Pomona has a very large stake in the sales
17 business. They have a race meet for three weeks a year that
18 grows if everybody does better. And they have a satellite
19 facility that operates 365 days a year, a very good one. So
20 they're important to the racing community. And I -- but
21 they also benefit by -- when the racing community is
22 healthy.

23 COMMISSIONER KRIKORIAN: Mr. Chairman?

24 COMMISSIONER BENETO: Well, this -- this -- this
25 needs to be corrected. And I'd like to see it be a priority

1 to this board to make sure it gets corrected. Because it's
2 crazy for somebody to wait six months to get paid. I mean,
3 anybody in the -- in the business world today would be broke
4 under those circumstances.

5 CHAIR ISRAEL: It requires legislation, Steve.

6 But, George, you had a question --

7 COMMISSIONER KRIKORIAN: Well --

8 CHAIR ISRAEL: -- or a comment?

9 COMMISSIONER KRIKORIAN: -- this is the point I
10 was trying to allude to earlier is that -- and I understand,
11 I agree with Steve. If I owned a business I'd need to get
12 paid. Six months is a whole long time to have to wait. But
13 what it's telling us is, though, we're making commitments to
14 take on debt and incur expenses that are not really
15 necessary today. And the simple way of doing that is, you
16 know, one of these facilities should probably not be open
17 this year. You don't need it. And if you do that the whole
18 problem goes away. The \$2 million problem goes away. And
19 you've got a year to try to come up with a new solution.

20 Bring satellite facilities onboard. They will
21 hopefully generate additional revenues. And then if you
22 have a need next year for an additional 500 stalls, maybe
23 that's the time to impose on Fairplex to, you know, provide
24 additional stalls. It's something that should be given some
25 very serious consideration here.

1 COMMISSIONER BENETO: I got another question.
2 When we -- your guarantee is 500 stalls; is that correct?

3 MR. SEDER: That's correct.

4 COMMISSIONER BENETO: Do we pay -- pay you for
5 those stalls whether they're empty or they're loaded? In
6 other words, if there's only 100 horses there, we're going
7 to pay you for 500?

8 MR. SEDER: No. Mike Seder. As was discussed
9 earlier, if there was less than 50 percent of the horses, 50
10 percent of the 500, then they would either be prorated down
11 or closed.

12 So if I could just say, you know, we -- in terms
13 of our business we really don't have a capacity to float \$2
14 million of funding, a \$2 million loan to the industry. I
15 mean, with all due respect, we have other operations that we
16 keep going on that property. And for us to be \$2 million
17 out in this case, it doesn't work.

18 CHAIR ISRAEL: Well --

19 MR. SEDER: There's a half a million dollars every
20 month that's generated in Stabling and Vanning funding, and
21 those dollars are real dollars that get generated through
22 handle. What -- what we really are asking for is the
23 ability to be a priority in the payment of those dollars.
24 So that's how we deal with the cash flow issue. It doesn't
25 address the bigger issue which is the deficit in the fund.

1 And that does require some sort of --

2 CHAIR ISRAEL: I mean, absolutely.

3 MR. SEDER: -- creative --

4 CHAIR ISRAEL: But, I mean, we could start taking
5 apart your fees if you want. And I know eight percent off
6 the top goes to the county; is that right, of the revenue?

7 MR. SEDER: Five percent.

8 CHAIR ISRAEL: Five percent?

9 MR. SEDER: In rent.

10 CHAIR ISRAEL: In rent. So five percent of any
11 dollars that come in go to the county?

12 MR. SEDER: Correct.

13 CHAIR ISRAEL: All right. So that's -- five
14 percent of \$2 million is how much? I know, \$100,000. So
15 now you can reduce that, because I'm sure the county will
16 carry you. And all you have to do is ask, and I know that
17 because I've talked to the county supervisors, at least two
18 of them, so you only need three votes. So you just reduced
19 your problem by \$100,000. Now, I'm sure there are other
20 places you can reduce the problem.

21 You know, I just -- look, I understand you don't
22 want to carry them.

23 MR. SEDER: Well, they probably -- I'm sorry.

24 But --

25 CHAIR ISRAEL: It's not my money and it's easy for

1 me to say.

2 COMMISSIONER ROSENBERG: Well, can you explain
3 one --

4 MR. SEDER: This industry hasn't --

5 COMMISSIONER ROSENBERG: Can you explain one
6 thing?

7 MR. SEDER: Sure.

8 COMMISSIONER ROSENBERG: You said that you're
9 willing to -- you want to be paid first. You're not saying
10 you have to be -- first meaning as those funds come into the
11 Stabling and Vanning Fund you would be -- have some kind of
12 priority?

13 MR. SEDER: Yeah.

14 COMMISSIONER ROSENBERG: Correct?

15 MR. SEDER: Right.

16 COMMISSIONER ROSENBERG: Okay. Have you discussed
17 that with anybody on the Stabling and Vanning Fund?

18 MR. SEDER: I have discussed that with everybody
19 since August.

20 COMMISSIONER ROSENBERG: And?

21 MR. SEDER: And there really has been very little
22 action, frankly, unless I raise the issue. And it hasn't
23 gotten resolved.

24 CHAIR ISRAEL: Well, Mike, why -- why should you
25 have the priority over the other partners in the Stabling

1 and Vanning Fund?

2 MR. SEDER: Well, if you -- I mean -- okay. If
3 we -- Fairplex offered to provide stabling to help this
4 industry in this bridge year. We didn't offer to do it at
5 our own expense. And we didn't offer to do it having to sit
6 back and wait for the funding. Everybody else in this
7 industry got advantaged with race dates. Fairplex did not.

8 So I feel like we've come to the table and said we're
9 willing to help in the solution of this transitional
10 problem. And we're also now being told, by the way, you're
11 not going to get paid until the money becomes available,
12 which could be six or seven months.

13 CHAIR ISRAEL: You never requested original race
14 dates. If you --

15 MR. SEDER: We went down -- we went down the road
16 of a track expansion which would have required additional
17 dates. We had the conversation with members of this
18 industry and really got nowhere. So --

19 CHAIR ISRAEL: Well, you never discussed it before
20 the board. And, in fact, when you -- when you floated the
21 proposition of lengthening your track to a mile, Dr. Allred
22 backed off and said he wouldn't expand his track if you were
23 going to expand yours. So you were actually in the priority
24 position. You had priority on those -- on that -- on that
25 expansion of those race dates. So that is without question

1 because it was published in the Daily Racing Form, among
2 other places. And Steve wrote that story. So -- and I
3 think it was also in the Blood Horse. So, I mean, it
4 just -- I'm not making this stuff up. But you never came
5 before the board and said, look, we'd like the dates, for
6 instance, that went to Los Alamitos.

7 MR. SEDER: Okay. All right. So that being said,
8 the fact is we really haven't gotten any additional race
9 dates or any additional funding to help with this particular
10 issue. So --

11 CHAIR ISRAEL: You can't get what you don't ask
12 for.

13 MR. SEDER: Well, I have asked this industry for
14 the ability to get funded for training because we're
15 providing a service to the industry to do this. I mean,
16 that's -- I think that is really all we've asked for at this
17 point, and we've not been able to make any progress in this.

18 CHAIR ISRAEL: I thought that you had made
19 progress. Is that not the case?

20 MR. SEDER: I think my colleagues need to speak on
21 this.

22 CHAIR ISRAEL: All right. Joe or Scott, Tom?
23 Tom, would you like to defer to Josh or -- I mean,
24 somebody's got to speak to this. Joe?

25 MR. MORRIS: Well, Joe Morris with the TOC. And

1 we've had conversations. We've had conversations even --
2 even over the course of the last few days as far as the
3 funding issue. The true fix for the Stabling and Vanning
4 isn't an easy fix and it's not a quick fix. So now you --
5 now you come down to, you know, what other sources are
6 there. So, you know, we said Del Mar is putting money in
7 out of their fall meet, you know, could we front some of
8 that? And that doesn't work. You know, do we want to write
9 a check out of purses to go to the TOC board? We don't want
10 to do that.

11 The only other place is if Santa Anita and Los Al,
12 the other people that are getting paid for their stabling,
13 step aside and let them -- let Fairplex be paid first, and
14 we've been having those conversations. So, you know, it's a
15 difficult situation.

16 CHAIR ISRAEL: Okay. Well, Scott is here. He
17 can -- he can speak for Santa Anita. And then Brad can
18 speak for Los Alamitos. And I saw Alan, you had your hand
19 up, then you'll speak after that.

20 COMMISSIONER ROSENBERG: Before we get to that,
21 one question.

22 CHAIR ISRAEL: Yeah.

23 COMMISSIONER ROSENBERG: We're talking about
24 \$500,000 a month; correct? You mentioned that number.
25 Okay. So in terms of the comment that Joe -- the

1 explanation Joe just made, of the \$500,000 a month that
2 we're talking about the TOC is not willing at this point to
3 do anything because they won't --

4 MR. MORRIS: The TOC is half of that. Half of
5 every dollar that goes into Stabling and Vanning comes from
6 the fees.

7 COMMISSIONER ROSENBERG: Right. And you don't
8 want to defer that at all. Okay.

9 COMMISSIONER KRIKORIAN: Yeah. But wouldn't
10 you -- wouldn't you -- wouldn't you prefer that you don't
11 have this \$2 million expense? If you don't need -- if you
12 don't need the stalls now, wouldn't that make more sense for
13 the TOC?

14 MR. MORRIS: Yes.

15 COMMISSIONER KRIKORIAN: Okay. Well, then why --
16 why don't we give some serious consideration here to not
17 having to force Fairplex to provide stalls we don't need
18 this year and save \$2 million.

19 VICE CHAIR WINNER: Mr. Chairman, if I may.

20 CHAIR ISRAEL: Yes, please.

21 VICE CHAIR WINNER: A couple of issues that I --

22 CHAIR ISRAEL: And then once Chuck is done
23 speaking, Scott, you'll answer where Santa Anita, and Brad
24 where answer where --

25 VICE CHAIR WINNER: There are a couple of issues

1 here. First of all is the overall long term issue, which I
2 think we all know has to be remedied. It requires
3 legislation. And hopefully we can all work together to
4 achieve that legislation to solve this problem in the long
5 run. That I think is a given.

6 Steve, I think that's the issue that you're most
7 concerned about. I think we all are. And I think it's
8 critical that we all work together to solve that problem
9 through legislation.

10 Now, with respect to the issue that you're talking
11 about, George, an awful lot of time was spent on trying to
12 work out an arrangement that satisfied all of the players
13 here, including the owners, the trainers, the facilities,
14 the associations, etcetera. I know that the chairman spent
15 an awful lot of time at it. I spent some time, I think we
16 all did, in trying to reach an accord that satisfied
17 everybody. Now, we were able to do that.

18 This issue of the delayed payment, frankly, was
19 never a part of those discussions to my knowledge, never
20 came up, never came up before this board, to my knowledge.
21 It is something that I trust has been going on in the
22 internal discussions between the various people at the
23 table. Go back in my view and try to unscramble the egg and
24 come up with a plan that works for 2014 at this late date
25 with -- with respect to Stabling and Vanning I think may

1 create a bigger problem than we solve.

2 And to my way of thinking I would much prefer to
3 see if we can't let the process as it's been going continue
4 the way it's been going, but try to resolve this problem
5 with the cooperation of all of the people here at the table,
6 and especially I think Fairplex since Fairplex is the one
7 that is -- that is asking for this -- for this -- it's not a
8 change. Obviously, it's something you've been talking about
9 all along, Mike, but for us it's a change. So sort of at
10 the last moment something has come before us that sort of
11 throws a monkey wrench into something that we've been
12 working on for months and months to try to resolve this
13 problem --

14 CHAIR ISRAEL: Right.

15 VICE CHAIR WINNER: -- given the closing of
16 Hollywood Park. And Hollywood Park, in order to achieve
17 these objectives, actually was very helpful in agreeing to
18 stay open during the month of January for Stabling and
19 Vanning, which they didn't have to do, but they did do at
20 our request.

21 COMMISSIONER KRIKORIAN: May I comment on this?

22 VICE CHAIR WINNER: Sure.

23 CHAIR ISRAEL: Well, just let me say one thing. I
24 spent literally hundreds of hours with all these people
25 trying to work out this deal between April and when we

1 finally got it resolved sometime in the fall. This payment
2 schedule never came up, not once in my presence. And Chuck
3 spent a lot of that time with me -- or in his presence. I
4 found out about this at 5:58 last night. And one of the
5 things that always irritated me about the entire process was
6 how much eleventh hour brinkmanship there was. Now, maybe
7 they all knew about it, but we didn't know about it.

8 How could I -- how can we as a board or me as a
9 chairman fix something I don't know about until basically
10 it's a done deal? And the agreements were made in good
11 faith by everybody for the process to be done this way. The
12 funding problems for Stabling and Vanning have been known
13 now for three, four years, five years. Ever since the
14 satellite business started to go this way while the ADW
15 business went that way the funding has been precarious. And
16 everybody -- I don't think anybody has gotten paid in 30
17 days for a long time. I mean, Jack can probably answer that
18 question.

19 So this -- it's an intolerable situation, frankly,
20 for this to be done at the eleventh hour. If this had come
21 up, you know, well before this meeting, you know, it's
22 something that we could have helped them work through. But,
23 you know, we can't.

24 COMMISSIONER KRIKORIAN: And I understand that,
25 all the separate that took place all year. We've all been

1 involved in this process. But I don't think we should look
2 at this as a negative. You should look at it as -- as an
3 opportunity. It's an expense that's not necessary right
4 now. You don't need to -- if they don't have stabling at
5 Fairplex this next year there's not going to be a shortage
6 of stalls. So we're going to save \$2 million. And all you
7 need to do is focus on 2015. And we hope that in 2015 we
8 need more stalls, and we can come back to Fairplex and ask
9 them to get on the bandwagon and support us.

10 CHAIR ISRAEL: That's not -- that's not the point
11 of view --

12 VICE CHAIR WINNER: Well, maybe, but --

13 CHAIR ISRAEL: -- of the trainers, which Alan can
14 address.

15 VICE CHAIR WINNER: Yeah.

16 CHAIR ISRAEL: But first I want to see if we can
17 make any progress --

18 COMMISSIONER KRIKORIAN: It may not be, but
19 it's -- it's just --

20 CHAIR ISRAEL: Well, you know --

21 COMMISSIONER KRIKORIAN: -- it's just common
22 sense.

23 COMMISSIONER ROSENBERG: Where are the two-year-
24 olds going to go?

25 VICE CHAIR WINNER: First of all, it may not be

1 true, because it may not be accurate.

2 COMMISSIONER ROSENBERG: George, where are the
3 two-year-olds going to go?

4 VICE CHAIR WINNER: There might be a shortage of
5 stalls.

6 CHAIR ISRAEL: Okay. No, wait. No, wait.

7 VICE CHAIR WINNER: We don't know the answer to
8 that.

9 CHAIR ISRAEL: Okay. Wait. Let's try to do this
10 in an orderly way.

11 Scott, please address where Santa Anita stands on
12 this issue. And then -- and then Brad will address where
13 Los Alamitos -- because they're the other two partners of
14 Stabling and Vanning who would be extracting funds from the
15 Stabling and Vanning Fund through -- because of San Luis Rey
16 and Los Alamitos also being offsite. Del Mar has, for now,
17 the advantage of not being an offsite facility. But we're
18 going to make sure they're an offsite facility sometime in
19 the future. So despite whatever wise crack Harper just
20 made. All right.

21 Scott, go ahead.

22 MR. DARUTY: Scott Daruty on behalf of Santa
23 Anita. I'll answer your question. Just to make sure we
24 have the right context I'd like to give a little bit of
25 background, if I could. And --

1 CHAIR ISRAEL: Okay.

2 MR. DARUTY: -- I don't have all the details right
3 in front of me, so some of the numbers I'm going to give
4 are -- are probably ballpark. And maybe some of the folks
5 up here can correct me if they know the exact amounts.

6 But generally there's about a \$2 million deficit
7 right now in the fund. When we were back last fall talking
8 about stabling for 2014 and how we were going to put a
9 solution together, one of the big issues at that time was
10 that Hollywood Park was owed a considerable amount of money,
11 and Fairplex was owed a considerable amount of money. And
12 at that time, in effort to get over that issue Santa Anita
13 voluntarily raised its hand and said we will step to the
14 back of the line with respect to money owed to Santa Anita
15 so that Fairplex and Hollywood Park could be brought, if not
16 to current, at least much more current than they were. So
17 we've already stepped to the back of the line one time.

18 With respect to moving forward, there's about
19 \$500,000 a month of revenue generated. So the question
20 we're addressing is what do we do with that \$500,000 a
21 month? Out of that \$500,000 a month there's basically a
22 number of different places where the money has to go. At
23 some point the deficit of \$2 million has to be made up. And
24 remember, a big amount of that deficit is owed to Santa
25 Anita because we've voluntarily stood behind others.

1 CHAIR ISRAEL: Are you getting paid an interest
2 charge on that?

3 MR. DARUTY: No, we do not get interest on that.
4 In addition to the payment to cover the deficit we are going
5 to have three stabling facilities open. We're going to have
6 Los Alamitos, which is entitled to roughly \$5,000 --

7 MR. MORRIS: \$4,750.

8 MR. DARUTY: -- \$4,750 per day. We have San Luis
9 Rey Downs which is entitled to roughly \$6,000 per day. And
10 we have Fairplex, which is asking for about \$13,000 per day.
11 Now, there's one additional amount we have to pay which
12 is -- Hollywood Park, as you all mentioned, has agreed to
13 stay open for the month of January. That's going to
14 generate about \$600,000 of fees that this fund has to pay.

15 So there's -- there's five different required
16 payments out of this \$500,000 per day. And again, I think
17 what -- what is being asked here is that Fairplex wants to
18 get \$13,000 a day. If you do that math that almost uses the
19 half a million a month we're generating. So Fairplex would
20 be paid for the end of January, February, March, April, May
21 and June. So they would be -- by the time they shut down in
22 July they would have received all of their money, but none
23 of those other payments would have been made.

24 We heard Mr. Liebau earlier state that he was
25 willing to take a six month payment schedule. And as long

1 as he got paid for January in July, June or July, that's
2 acceptable. But we're not going to be able to do that
3 because all the money generated in the first six months
4 would go towards the payment of Fairplex.

5 So -- so with all that background, you asked what
6 is Santa Anita willing to do to try to solve this problem.
7 We would be willing to allow ourselves to step behind
8 Fairplex for two months so that we can get Fairplex open.
9 Let's see, as the two-year-olds come in, how many stables do
10 we really need. And if in February and March Fairplex gets
11 paid first, at least in front of us, we can't speak for the
12 others, that's acceptable. But we don't think it could
13 continue beyond that point. If come April Fairplex is still
14 needed and there's still a need for those stalls, we can't
15 continue to pay them first because that's not fair to all
16 the other people standing in line.

17 Now again, that's Santa Anita's position only.
18 But we're not the only ones who would be impacted by that
19 decision. So the others would need to address whatever --

20 CHAIR ISRAEL: Jack's already acceptable, to step
21 back until June.

22 MR. LIEBAU: Well, you know, Hollywood has stepped
23 back --

24 VICE CHAIR WINNER: Jack, please -- please
25 introduce yourself.

1 MR. LIEBAU: My name is Jack Liebau from Hollywood
2 Park. Hollywood has stepped back with respect to the
3 January payment to June 30th. But of the \$2 million in
4 deficit that Scott referred to, I don't have the exact
5 numbers, but the bulk of that is, in fact, owed to Santa
6 Anita, but the remainder is owned to Hollywood. So part of
7 that deficit that exists is there.

8 And as far as the Stabling and Vanning Fund, it
9 did operate on a current basis in 2011 and 2010, but that
10 has gradually gone south on us.

11 The thing that I think that the board probably
12 already knows and Mr. Miller can confirm, the amount of
13 funds that go into the Stabling and Vanning Fund, that
14 deduction is unlike any other deduction in the Horse Racing
15 Board in that it is subtracted from track commissions and
16 subtracted from purses, whereas all the other deductions,
17 whether it's CMC or workers comp or medi-equine all come out
18 as takeout off the top. This one is a direct charge against
19 purses and against track commissions.

20 And that's why the Stabling and Vanning's section
21 is also very explicit as to who is on that committee. And
22 it says that the committee is formed of the racing fairs,
23 which is Fairplex, the racing associations, the thoroughbred
24 racing associations only, and TOC. And the reason for that
25 is it's -- it's coming out of their hide, so to speak. And

1 that's why they administer that fund.

2 But the one thing -- so, you know, this is the --
3 my sort of farewell here -- that I get extremely frustrated
4 about, and I'm going to say something that probably people
5 won't appreciate. The thing that I really get frustrated
6 about is when people -- and this is no -- not said
7 disparaging -- but, I mean, this problem can be solved other
8 than through legislation. And I'm sure that Mr. Miller can
9 speak to that. But if you look at the way that you have
10 solved the problem today with respect to NCOTWINC and
11 SCOTWINC, that same mechanism is available here. And --

12 CHAIR ISRAEL: Would require voluntary
13 participation of the ADW companies?

14 MR. LIEBAU: No.

15 CHAIR ISRAEL: Of whom?

16 MR. LIEBAU: It would require the -- with respect
17 to that you would have the -- the parties involved would be
18 the tracks, the horsemen, and also the breeders association
19 are signatories to the agreements that you approved with
20 respect to SCOTWINC and NCOTWINC.

21 And also, you know, the thing is this is Stabling
22 and Vanning Fund is sort of controversial. But, I mean, it
23 is subject to the board's supervision. It's made up of, as
24 I said, just the racing -- thoroughbred racing associations.
25 It doesn't involve -- it doesn't involve harness, it doesn't

1 involve quarters, and Thoroughbred Owners of California,
2 which is another thing on your agenda to get to. But -- and
3 the votes on that are historically the TOC has had a 50
4 percent vote and tracks have had the other 50 percent. And
5 the reason for that is, follow the money.

6 COMMISSIONER ROSENBERG: Well, that's not
7 statutory.

8 CHAIR ISRAEL: Well, yes.

9 COMMISSIONER ROSENBERG: That's not statutory.

10 MR. LIEBAU: What is it?

11 COMMISSIONER ROSENBERG: That voting within the
12 SCOTWINC entity that --

13 MR. LIEBAU: No, it's not SCOTWINC.

14 COMMISSIONER ROSENBERG: I mean, I'm sorry, with
15 the Stabling and Vanning Fund entity, that specific
16 statute --

17 MR. LIEBAU: Well --

18 COMMISSIONER ROSENBERG: -- does not mention how
19 voting takes place.

20 MR. LIEBAU: No, it doesn't. It's --

21 CHAIR ISRAEL: Well, not only that, to be more
22 specific --

23 MR. LIEBAU: Except it follows the money.

24 CHAIR ISRAEL: But --

25 MR. LIEBAU: Half the money is theirs and half the

1 money --

2 CHAIR ISRAEL: Well, wait.

3 COMMISSIONER ROSENBERG: That is not covered in
4 this statute.

5 CHAIR ISRAEL: Let me just correct it. It does
6 not say in the statute that TOC is involved. The statute
7 predates the existence of TOC.

8 MR. LIEBAU: No, I'm not --

9 CHAIR ISRAEL: It says horsemen, which is --

10 VICE CHAIR WINNER: Horsemen. Correct.

11 CHAIR ISRAEL: -- does not have any further
12 definition.

13 COMMISSIONER ROSENBERG: Right.

14 MR. LIEBAU: I'm not speaking to that issue.
15 That's on your agenda. Okay?

16 CHAIR ISRAEL: I know.

17 MR. LIEBAU: But historically I can say the reason
18 why --

19 CHAIR ISRAEL: I did read the --

20 MR. LIEBAU: No. I --

21 CHAIR ISRAEL: -- the background information,
22 so --

23 MR. LIEBAU: I understand. Just all I'm saying is
24 historically, because the money is 50 percent from purses
25 and 50 percent from commissions, the votes on that committee

1 historically have been 50-50.

2 VICE CHAIR WINNER: Let me tell you, if we can
3 resolve -- excuse me. If we can resolve this problem
4 without going through legislation, long term resolutions
5 with the agreement of all the parties involved, if you're
6 correct, and I assume --

7 MR. LIEBAU: Well, you can ask Mr. Miller.

8 VICE CHAIR WINNER: Well, I will ask Mr. Miller.
9 But I trust your legal interpretation, Jack. I have a high
10 regard for your legal knowledge and your knowledge of
11 racing. And if you are correct then I think that it's
12 something that we should all set about trying to resolve.
13 But that doesn't resolve the immediate problem.

14 COMMISSIONER BENETO: How much are you guys upside
15 down?

16 CHAIR ISRAEL: Two million.

17 COMMISSIONER BENETO: Two million?

18 CHAIR ISRAEL: Yeah.

19 COMMISSIONER BENETO: It ought to be more than
20 that.

21 CHAIR ISRAEL: No. It's \$2 million right now.

22 COMMISSIONER BENETO: Well, if they're running --
23 if they're running six --

24 CHAIR ISRAEL: Two million predated through 2013.
25 Once you hit 2014 the deficit increases dramatically.

1 COMMISSIONER BENETO: If they're running six
2 months behind on paying their bills it's got to be more than
3 that.

4 MR. MORRIS: We're 90 to 100 days behind right
5 now.

6 CHAIR ISRAEL: No. It will get to be six months.

7 MR. MORRIS: Right.

8 CHAIR ISRAEL: Because the -- because the expenses
9 increase in 2014 with Hollywood closing.

10 COMMISSIONER BENETO: Now -- now the vanning,
11 which amounts to \$1,600,000 you pay out in roughly vanning,
12 is that -- is that just for the horse that's running, or are
13 you shuttling horses to branches and into the --

14 MR. MORRIS: For race days. Race days.

15 COMMISSIONER BENETO: Just race days only, and
16 it's running that much?

17 CHAIR ISRAEL: Could -- can -- could -- Brad, can
18 you answer what Los Alamitos's position is? And then Jesse
19 has a comment or a question.

20 MR. MCKINZIE: Brad McKinzie, Los Alamitos Race
21 Course. Well, it's a little hard to give a definitive
22 answer. You found out about this problem at 5:58 last
23 night. I found out about it at 11:30 this morning. So --

24 CHAIR ISRAEL: Oh.

25 MR. MCKINZIE: -- I would say at first blush we

1 would -- it seems it's maybe Scott's --

2 VICE CHAIR WINNER: It's been a part of our
3 discussions.

4 MR. MCKINZIE: Pardon me?

5 VICE CHAIR WINNER: I thought it's been a part of
6 all these discussions.

7 MR. MCKINZIE: Not as far as the payment. As far
8 as the payments to Fairplex.

9 VICE CHAIR WINNER: Well, I thought that somebody
10 said earlier, maybe Mike, that these have been -- this has
11 been a part of all these discussions for months and months
12 and months.

13 MR. MORRIS: He's not on the Stabling Committee.

14 VICE CHAIR WINNER: Okay.

15 COMMISSIONER ROSENBERG: Okay. Yeah.

16 MR. MCKINZIE: Lucky me.

17 CHAIR ISRAEL: Right. He will be coming back in
18 2014.

19 VICE CHAIR WINNER: So nobody talked to -- okay.

20 MR. MCKINZIE: Nobody talked to me. But at first
21 blush I would say Scott's solution, if that helps, we'd be
22 willing to go along. I mean, if there's 60 days to, you
23 know, get them -- put them in some sort of priority position
24 for 60 days, I mean, we want to see this problem solved.
25 Because, quite frankly, I mean, we've been making our plans

1 at Los Alamitos that we're going to have all of these sites
2 open. So we've made a commitment to have 500 stalls
3 available February 1st. You can't -- I mean, to change
4 course right now would, quite frankly, just toss things way
5 too much up in the air. So we'd be more than happy to
6 follow Santa Anita's lead and work as best we can to get
7 this problem solved as far as the problem of paying
8 Fairplex.

9 CHAIR ISRAEL: Okay. Thank you. Jesse?

10 COMMISSIONER CHOPER: It seems to me, first, I
11 don't know what happened at 5:58, but I didn't get --

12 CHAIR ISRAEL: I got a text.

13 COMMISSIONER CHOPER: All right. Well, I don't
14 want to admit it but I don't pay much attention -- I mean, I
15 don't do texts.

16 CHAIR ISRAEL: I know that. So then I --

17 COMMISSIONER CHOPER: So, okay, so anyway --

18 CHAIR ISRAEL: I informed Vice Chair Winner that
19 we had a problem.

20 COMMISSIONER CHOPER: Anyway, one, as I understand
21 it, this problem is not going to be solved here, although
22 we've had two contributions, if you will, delays volunteered
23 for two months. That puts Fairplex, I take it, to the
24 front, at least on those particular recipients. And it may
25 well be -- I don't think we're going to resolve this here.

1 I don't think this is the best forum to do it, you know, a
2 piece at a time. One would hope that perhaps others could
3 see fit to do the same. And that, you know, is at least a
4 compromise for Fairplex. I mean, it's a pretty big -- a
5 pretty big preference when you think of all of the other
6 people who are giving it up because directly or indirectly
7 they're in the same position as you are, they've got to
8 finance this in some way. And whatever way you finance
9 anything, as I understand, is it costs money.

10 So I think we've pretty much heard what we can
11 hear on this. And I think we ought to, you know, appreciate
12 what Santa Anita, now Los Alamitos, has -- has done. And
13 who knows, maybe we'll have some others who will go ahead
14 for -- others of the payees, right?

15 How many are there? Just --

16 MR. DARUTY: There's five -- five different --

17 COMMISSIONER CHOPER: Yeah.

18 MR. DARUTY: -- debts that need to be paid.

19 COMMISSIONER CHOPER: Five.

20 CHAIR ISRAEL: Santa Anita.

21 COMMISSIONER CHOPER: And we've got -- we've got
22 two. Wait, we've got two now that have volunteered
23 preference to Fairplex; is that right?

24 VICE CHAIR WINNER: Well, Hollywood just agreed to
25 delay until June.

1 MR. MORRIS: Right.

2 CHAIR ISRAEL: Hollywood has agreed to delay until
3 June. Santa Anita has agreed a 60 day delay, and they're
4 already owed.

5 COMMISSIONER CHOPER: So that's three of the five.

6 CHAIR ISRAEL: And, well --

7 COMMISSIONER CHOPER: There's Los Alamitos.

8 CHAIR ISRAEL: -- and then Los Alamitos. Then
9 there's the van -- the van companies must be getting paid
10 late, no?

11 MR. DARUTY: Scott Daruty. That's a separate
12 payment.

13 CHAIR ISRAEL: Oh, separate fund. So this is just
14 stabling?

15 MR. DARUTY: Of -- this is just stabling.

16 CHAIR ISRAEL: Okay.

17 MR. DARUTY: Of the five --

18 COMMISSIONER CHOPER: Name the other two. Go
19 ahead.

20 MR. DARUTY: There's the past due amount which is
21 primarily owed to Santa Anita and Hollywood Park. There is
22 the -- the amount that's going to start occurring in January
23 for Los Alamitos, San Luis Rey Downs and Fairplex. And then
24 there's also what Hollywood Park is owed for January of
25 2014, which they've already agreed to postpone until June.

1 But we won't be able to pay them in June if we pay --

2 VICE CHAIR WINNER: Yeah. Yeah.

3 MR. DARUTY: -- Fairplex first for the next six
4 months.

5 COMMISSIONER CHOPER: Can I just get a --

6 COMMISSIONER ROSENBERG: Well, Scott, what
7 about -- what about your operating expenses though?

8 COMMISSIONER CHOPER: Well, I don't -- I guess --

9 COMMISSIONER ROSENBERG: What about your daily or
10 your monthly operating expenses? You just laid out what
11 those -- how are you paying your other operating expenses?
12 Don't you have salaries or --

13 MR. DARUTY: Those amounts do --

14 COMMISSIONER ROSENBERG: -- legal fees?

15 MR. DARUTY: Those amounts are --

16 COMMISSIONER ROSENBERG: I know you have legal
17 fees.

18 MR. DARUTY: -- are built into the daily fee that
19 Fairplex, Los Alamitos and San Luis Rey Downs will be
20 receiving.

21 CHAIR ISRAEL: Well, yeah, you know, Fairplex gets
22 \$13,000.

23 COMMISSIONER ROSENBERG: I know. I know. I'm
24 saying, but this is --

25 CHAIR ISRAEL: San Luis Rey Downs gets \$6,000 --

1 COMMISSIONER ROSENBERG: How are you -- on a cash
2 flow basis --

3 CHAIR ISRAEL: -- and they get \$4,750.

4 COMMISSIONER ROSENBERG: -- how do you figure
5 that? Are you deferring those costs?

6 MR. DARUTY: So as I said earlier, Santa Anita
7 would be willing to step to the back of the line for two
8 months and --

9 COMMISSIONER ROSENBERG: No, no, no. Answer my
10 question.

11 MR. DARUTY: Okay.

12 COMMISSIONER ROSENBERG: Those amounts you total
13 up are for the cost of stabling. Okay. I'm asking you,
14 SCOTWINC has employees. Do you pay any expenses for them?

15 MR. DARUTY: That's -- that's a different -- those
16 are -- you're talking SCOTWINC. We're talking Stabling and
17 Vanning.

18 CHAIR ISRAEL: Stabling and Vanning is separate
19 from SCOTWINC.

20 COMMISSIONER ROSENBERG: The Stabling and Vanning
21 Fund itself has no other expenses other than these expenses;
22 is that correct?

23 CHAIR ISRAEL: There's no --

24 MR. DARUTY: Correct.

25 CHAIR ISRAEL: There's no employees.

1 COMMISSIONER ROSENBERG: Okay. Got it

2 CHAIR ISRAEL: It's -- it's --

3 COMMISSIONER ROSENBERG: Okay.

4 CHAIR ISRAEL: It's the -- the expenses are eaten
5 by the salaries paid by the racing associations --

6 COMMISSIONER ROSENBERG: Got it. Okay.

7 CHAIR ISRAEL: -- and TOC.

8 COMMISSIONER BENETO: You're \$2 million upside
9 down now; right?

10 CHAIR ISRAEL: Yeah.

11 VICE CHAIR WINNER: Right.

12 COMMISSIONER BENETO: How much are you going to be
13 upside down six months from now?

14 MR. MORRIS: Well, I can give you for the year.
15 Right now the projection for '14 puts us another \$1.5
16 million to \$2 million more upside down.

17 COMMISSIONER BENETO: This is the craziest thing
18 I've ever heard in my life.

19 CHAIR ISRAEL: Well, wait. The formula needs to
20 be changed, Steve. That's -- you've got to understand.

21 COMMISSIONER BENETO: Well, god darn it, let's
22 change it right now.

23 CHAIR ISRAEL: Well, we can't. If -- if we get
24 elected to the legislature, God forbid, both for the State
25 of California and for us --

1 COMMISSIONER BENETO: How can we stood up -- how
2 can we stand up here and let this happen?

3 CHAIR ISRAEL: Well, because it's legislatively
4 mandated where they've got the --

5 COMMISSIONER BENETO: I've got -- I'm going to
6 drop a bomb on Scott.

7 CHAIR ISRAEL: Well, wait. Scott wanted -- Scott
8 would like to say something before he's dead.

9 COMMISSIONER BENETO: Well, I've got to get this
10 off my mind.

11 CHAIR ISRAEL: Wait, wait, wait. Let him -- he
12 wanted -- he was about to say something.

13 MR. DARUTY: I'm sorry. Scott Daruty. And before
14 I get bombed, I never completely answered the prior question
15 which was how many of the people have already agreed. Santa
16 Anita has said we'll step to the back of the line for two
17 months. That knocks off a debt owed to Santa Anita, as well
18 as the money owed to Santa Anita moving forward. Los
19 Alamitos has said they will go to the back of the line for
20 two months. So that's three out of the five. I believe,
21 and I haven't completely heard this, but I believe Jack
22 Liebaw may be willing for two months to step to the back of
23 the line. And if that's the case the fifth amount due is
24 due to Fairplex.

25 So really we have a solution here, as long as

1 Fairplex is willing to say, okay, two months is good enough,
2 and we'll reassess in April. If we're going to stay open
3 after April, we understand we may have to get in line with
4 everybody else.

5 VICE CHAIR WINNER: Jack, we thought you left.

6 MR. LIEBAU: No.

7 VICE CHAIR WINNER: Before Jack -- wait, Jack,
8 just one second. Before you answer --

9 CHAIR ISRAEL: Wait, wait.

10 VICE CHAIR WINNER: Scott, were you referring
11 to -- were you -- were you -- when I -- and I'm not trying
12 to put you on the spot -- when you said Santa Anita would
13 step back two months, did that include San Luis Rey or not?

14 MR. DARUTY: Yes, it did.

15 VICE CHAIR WINNER: Okay. Thank you.

16 COMMISSIONER DEREK: I have one question. I'm
17 confused. All of these different parties seem to be making
18 huge investments also. So why does Fairplex have to take
19 first position here?

20 COMMISSIONER CHOPER: Yeah. Well --

21 COMMISSIONER BENETO: Well, you know, I can answer
22 that question.

23 COMMISSIONER KRIKORIAN: Because they want to be
24 paid.

25 COMMISSIONER DEREK: They don't even have a long

1 term commitment to us, to racing.

2 COMMISSIONER BENETO: Well --

3 CHAIR ISRAEL: They're not investing any money in
4 infrastructure.

5 COMMISSIONER BENETO: Shouldn't Santa Anita pay
6 this bill? No, really, considering you're going to be
7 racing darn near year round.

8 COMMISSIONER DEREK: Why aren't you concerned
9 about Santa Anita's debt and money involved, invested?

10 COMMISSIONER BENETO: Well, they're going to pay
11 this -- this other debt that -- no. I'm saying they're
12 going to get us all even.

13 CHAIR ISRAEL: Wait. Why should Santa Anita pay
14 the bill?

15 COMMISSIONER BENETO: Oh, they're getting the --
16 they're getting the -- they're getting the -- they're
17 getting extra days of racing

18 CHAIR ISRAEL: Huh?

19 COMMISSIONER BENETO: They're getting extra days
20 every year.

21 CHAIR ISRAEL: Well, they've already -- they've
22 already put more than \$3 million into San Luis Rey Downs.
23 They're -- we're -- we're about to rake them over the coals
24 on their backstretch.

25 COMMISSIONER BENETO: But they don't have -- they

1 don't have enough -- enough stalls to accommodate the
2 horses, so they should pay the bill.

3 COMMISSIONER KRIKORIAN: But they're going to be
4 getting paid, though, every month.

5 CHAIR ISRAEL: Huh?

6 COMMISSIONER KRIKORIAN: When they open San Luis
7 Rey they're going to be getting paid every month. So, you
8 know, if you go out and build it up --

9 CHAIR ISRAEL: But they're not.

10 COMMISSIONER KRIKORIAN: Excuse me. If you go out
11 and build an apartment building and then people come in and
12 rent and stop paying you --

13 CHAIR ISRAEL: Well, no, George, have you --

14 COMMISSIONER KRIKORIAN: -- that's how you make
15 you're money.

16 CHAIR ISRAEL: Have you been listening? He's
17 deferring the payment to San Luis Rey for 60 days
18 voluntarily. He's not going to get paid a penny.

19 COMMISSIONER KRIKORIAN: But we're saying two
20 different things. We're talking about two different things
21 here.

22 CHAIR ISRAEL: No, we're not. San Luis Rey is not
23 going to be collecting any money at all to cover their
24 expenses.

25 COMMISSIONER KRIKORIAN: I know. But that's

1 not -- this is not a solution. You still have debt. All
2 you're doing is -- you talk about kicking the can down the
3 road. You're increasing your debt, allowing these people to
4 increase their debt when you don't need to be doing it, and
5 that's the problem.

6 CHAIR ISRAEL: Wait. I'm going to just tell you
7 that in May and June and July you were very much in favor of
8 Pomona being opened and argued for it. And now somehow or
9 another you woke up and realized that it cost money, which
10 was --

11 COMMISSIONER KRIKORIAN: I was never -- it may be,
12 but I was never in favor of opening all these different
13 locations at the same time --

14 CHAIR ISRAEL: Well, but you -- you argued in
15 favor --

16 COMMISSIONER KRIKORIAN: -- and incurring this
17 debt, so --

18 CHAIR ISRAEL: -- of Pomona. And the whole
19 argument against Pomona, which was made by TOC -- and, I
20 mean, I'll -- you know, I was the broker in this thing so I
21 listened to everybody's side 100 times, was that it was too
22 expensive to open Pomona because we had a sufficient number
23 of stalls for at least a period of time with just San Luis
24 Rey and Los Alamitos. Los Alamitos is \$4,750 a day. San
25 Luis Rey is about \$6,000, \$6,200 a day. And -- and Pomona

1 is \$13,000 a day for 500 stalls. And -- but to keep sort of
2 peace in the family everybody agreed that for a period of no
3 more than six months Pomona would open up.

4 Chuck and I went back and forth in one day and got
5 it to start on February 1st. And in a conversation with
6 Jack, got him to agree to stay open until the end of January
7 so that the trainers who -- there seems to be a group of
8 trainers who prefer to train at Pomona. And everybody said,
9 okay, we'll eat that cost one time only for six months.

10 This is not -- that part of it hasn't been secret.
11 The unknown was that Pomona wanted their money in a -- when
12 they knew there was a financial issue, almost up front. I
13 mean, they want it within 30 days, which in the way this
14 thing has been operating now for more than a year is up
15 front. And everybody else was willing to stand in line.

16 That's the history of the thing. So as far as
17 this board is concerned this -- this demand is an eleventh
18 hour demand that's kind of a surprise to me and to Chuck and
19 to everybody, and to Richard apparently. And the reasons
20 why this all occurred -- occurred -- they occurred over a
21 long period of time in slow motion to appease all of the
22 various interests in horse racing. I, frankly, it doesn't
23 matter to me where anybody trains, as long as the training
24 facilities are sufficient for the -- for the people
25 involved, and safe and healthy for the horses involved, and

1 approximate enough so that horses can get to the racetrack
2 in a reasonable amount of time without being shipped God
3 knows where.

4 So, you know, I mean, we're trying to reach --
5 this has all been an exercise in finding compromise. By --
6 by definition compromise leaves nobody happy, but it does
7 accomplish the goal.

8 VICE CHAIR WINNER: That's right.

9 CHAIR ISRAEL: So if everybody is a little bit
10 unhappy, everybody's a little bit unhappy, but the goal is
11 met.

12 COMMISSIONER KRIKORIAN: Nobody is arguing about
13 the history, and nobody's trying to be argumentative either.
14 Just the simple fact is that you don't need that many
15 stalls. You can save \$2 million. TOC has just acknowledged
16 that. Fairplex has acknowledged that.

17 CHAIR ISRAEL: George --

18 COMMISSIONER KRIKORIAN: And you're wanting to
19 force them to --

20 CHAIR ISRAEL: You're -- the party you're --

21 COMMISSIONER KRIKORIAN: -- incur a debt they
22 don't need to.

23 CHAIR ISRAEL: The party you're attending has been
24 over for three or four months, to be really honest. That --
25 those were all the things we dealt with through the summer

1 and the fall.

2 COMMISSIONER KRIKORIAN: Well -- well --

3 COMMISSIONER BENETO: But the thing is --

4 COMMISSIONER KRIKORIAN: -- it shouldn't be ending
5 when there's -- when there's an opportunity to do something
6 today --

7 CHAIR ISRAEL: There is no opportunity.

8 COMMISSIONER KRIKORIAN: -- that you didn't have
9 an opportunity --

10 CHAIR ISRAEL: Everybody -- here's --

11 COMMISSIONER KRIKORIAN: -- to do four months ago.

12 CHAIR ISRAEL: It's not an opportunity.

13 VICE CHAIR WINNER: Well, let me just -- perhaps
14 Alan should comment on this since a lot of these -- you
15 know, one of the things that we try to do, I think all of us
16 agree on this board, one of the things we're trying to do is
17 to get this industry to work together, to find ways to
18 satisfy everybody as much as possible to get the industry to
19 work together, something that hasn't always been the case.
20 And I think that ought to be our goal going forward.

21 One of the -- one of the things that occurred
22 during this whole period is that Chairman Israel worked
23 quite hard, and I know it because I was there for part of
24 it, to try to get this industry to work together. And,
25 frankly, they agreed. And it took -- it took a lot of

1 discussion, but everybody came together. And that's a good
2 thing in my view, not just for now but for the future.

3 And one of the things that we tried to do, among
4 other things, was to appease or agree with the trainers who
5 felt that for whatever their reasons they wanted to go to
6 Fairplex, at least this year, rather than some of these
7 other facilities. And at the time, and I'm not sure it's
8 not still true, it wasn't definite that we would have enough
9 stalls without Fairplex during the two-year-old period, when
10 the ramp-up occurs for the two-year-old period.

11 So this was -- as Chairman Israel says, this is
12 something that took place for a long time. Now, it's
13 true -- I mean, I'm not really in favor of unscrambling the
14 egg -- but it's true that we have to be flexible. And if
15 circumstances have changed and if everybody agrees that we
16 can go back and undo what we did, fine. That's -- that's
17 fine. And we can save \$2 million or whatever it is. And if
18 we don't need to spend it, that's fine. But I will tell you
19 that that will be an extreme change from all the discussions
20 that have taken place.

21 And, indeed, it is for us, Mike, for us. I'm not
22 talking about your internal discussions. This is all coming
23 about today because we learned at the last moment about this
24 problem that we didn't even know existed. And I would have
25 to say that it's quite encouraging that Scott and Jack --

1 CHAIR ISRAEL: Brad.

2 VICE CHAIR WINNER: -- and Brad have -- have
3 stepped up to the table and have agreed to help work for the
4 best interest, in the best interest of the industry. And I
5 hope that you can join them.

6 COMMISSIONER BENETO: Mr. Vice Chair, there's the
7 problem right there. Not kidding. You guys are spending
8 money that you didn't have. You guys, before you went into
9 this meeting on the stalls you should have said how much
10 money have we got coming in and how much are we going to
11 spend for going out? And you guys should have had that done
12 before we made the -- the board made a decision.

13 CHAIR ISRAEL: Wait, wait, wait.

14 COMMISSIONER ROSENBERG: Wait a second.

15 CHAIR ISRAEL: Who are you -- who are you pointing
16 at?

17 COMMISSIONER BENETO: TOC and CTT.

18 MR. BALCH: Well, wait a second.

19 CHAIR ISRAEL: TOC argued against doing this. CTT
20 insisted --

21 COMMISSIONER DEREK: Yeah.

22 CHAIR ISRAEL: -- that the long term detriment of
23 not doing it --

24 COMMISSIONER BENETO: Okay. Then blame Alan.

25 CHAIR ISRAEL: -- would be much more expensive in

1 the long run than the short term cost of doing it is.

2 MR. BALCH: Yes.

3 CHAIR ISRAEL: That's -- I can -- that -- in a
4 sentence, was that your argument, Alan?

5 MR. BALCH: That was.

6 CHAIR ISRAEL: Okay.

7 MR. BALCH: May I speak further? May I speak
8 further? Alan Balch --

9 CHAIR ISRAEL: Absolutely.

10 MR. BALCH: -- CTT. I liked very much Mr.
11 Winner's description of how it evolved. And I will call to
12 the Chairman's attention, as well, that in the meeting
13 that -- one of the zillion meetings that you brokered, this
14 one happened to be at Mr. Winner's office, everyone exited
15 the room except CTT. And I think everyone came back into
16 the room and very clearly disclosed the deficit.

17 Now, we, to answer Commissioner Krikorian, we do
18 not consider it to be a deficit. We consider it to be an
19 investment. Because the numbers that you are siting do not
20 take into account the two-year-olds. And every set of
21 numbers we have provided to this board in a great detail
22 have shown, and I think there's general agreement, that the
23 horse population on a month-to-month basis is at a low ebb
24 in December for precisely the reason that the two-year-olds
25 do not come online until the following year, and horsemen

1 are clearing out their stop, replenishing their barns, and
2 so forth. And Commissioner Israel I think was instrumental
3 in setting the date of February 1st, along with the
4 assistance of Hollywood Park which was very welcome.

5 CHAIR ISRAEL: And Chuck.

6 MR. BALCH: And Chuck. Well, everybody really.

7 COMMISSIONER DEREK: Everybody.

8 MR. BALCH: Because everybody --

9 CHAIR ISRAEL: And God bless Marty Wygod, and I
10 don't God bless Marty Wygod all that often.

11 MR. BALCH: But everybody really did contribute to
12 this situation that we have now, this omelet, whatever you
13 call it, that is not perfect, but nobody could predict the
14 future of what the total capacity needed would be. We knew
15 it was going to be less than we had before. And it was a
16 high risk if we were to cut down our capacity beginning in
17 February, I'll use the word cataclysmic again. It could
18 have been a cataclysmic situation for year round racing if
19 we did not have the capacity required when the two-year-olds
20 come online. And we've been through this again and again.

21 So this year we're going to see. And I think
22 everybody at this table has been prudent in making an
23 arrangement, understanding that if the two-year-olds are not
24 here and that the capacity at these places drops below an
25 acceptable level they'll have to be closed.

1 COMMISSIONER ROSENBERG: I have a question, Mike.

2

3 MR. SEDER: Yes?

4 COMMISSIONER ROSENBERG: Do you have authority to
5 agree to anything today on behalf of Fairplex?

6 MR. SEDER: Sure.

7 COMMISSIONER ROSENBERG: You do?

8 MR. SEDER: Yes.

9 COMMISSIONER ROSENBERG: You have authority?

10 MR. SEDER: Yes.

11 COMMISSIONER ROSENBERG: So will you agree to this
12 two month --

13 MR. SEDER: Yeah. Mike Seder. I would like to
14 say, first of all, thank you for listening to this. And I'm
15 sorry that it got to this point. I really have been trying
16 for months to make progress. And we've made more progress
17 in the last 30 minutes that we made, obviously, in four
18 months. So this -- this is something that we can work with.
19 Okay. This is a good step forward for us. I would hope we
20 could have a little more conversation and work out a few
21 more of the details. I know we've taken up a tremendous
22 amount of your time today. But it's moving us in a
23 direction that we can work with, so I appreciate that very
24 much.

25 VICE CHAIR WINNER: That was a great question --

1 COMMISSIONER ROSENBERG: Thank you.

2 COMMISSIONER CHOPER: -- and a very good answer.

3 And if there were a motion possible --

4 CHAIR ISRAEL: Yeah. In other words --

5 COMMISSIONER CHOPER: -- I would like to make it.

6 CHAIR ISRAEL: The motion Jesse would like to make
7 is can we move on to the next subject.

8 CHAIR ISRAEL: And seconded. And if the motion
9 passes with one vote, mine. So --

10 VICE CHAIR WINNER: So far Jesse made the motion
11 and seconded it.

12 CHAIR ISRAEL: Okay.

13 COMMISSIONER CHOPER: It's good.

14 CHAIR ISRAEL: That said, let's -- let's move on
15 to item eight -- well, wait. While you're all here, let's
16 move on to item seven.

17 VICE CHAIR WINNER: Can we -- can we just take a
18 second to thank everybody for, again, coming together. And
19 at the end of the day --

20 CHAIR ISRAEL: Thank you, Mike.

21 VICE CHAIR WINNER: -- thank Mike --

22 CHAIR ISRAEL: Thank you, Scott.

23 VICE CHAIR WINNER: -- and Scott and Brad and
24 Jack, etcetera.

25 CHAIR ISRAEL: Joe, Alan, Brad, Dr. Allred --

1 COMMISSIONER DEREK: Thank you.

2 CHAIR ISRAEL: -- Bill Harper, Jack Liebau. Okay.

3

4 (Colloquy Between Commissioners)

5 CHAIR ISRAEL: George Haines, thank you. Okay.

6 While you're all sitting here let's do item seven
7 which is discussion and action by the board -- is everybody
8 available to discuss their -- okay. We've all just -- we've
9 discussed, actually, the practical matters in all of this
10 stuff. Okay. Discussion and action by the board on the
11 request of the California Thoroughbred Trainers concerning
12 inclusion on the Stabling and Vanning Committee.

13 I take it maybe this was probably not the right
14 day to do this given the current acrimony. So, Alan, would
15 you -- would you like to say anything or defer until
16 everybody is singing Kumbaya again?

17 MR. BALCH: Well, I think -- Alan Balch, CTT. I
18 think everybody did just sort of sing Kumbaya again.

19 CHAIR ISRAEL: Okay.

20 MR. BALCH: And I think our position is described
21 in our letter. I think one of the main problems of the last
22 year or more has been that the participation of CTT, even as
23 an observer of the Stabling and Vanning Committee
24 operations, has been discontinued in Southern California
25 over the last year. It still continues in Northern

1 California, for which we're very thankful. Mr. Miller,
2 Counsel Miller understands that he received a letter from
3 CTT about this matter back in 2009 and responded to it.
4 That's in --

5 CHAIR ISRAEL: Yes, it's in our package.

6 MR. BALCH: -- your package.

7 CHAIR ISRAEL: We've seen it.

8 MR. BALCH: Right. And when I came in 2010 I felt
9 myself, and I think a majority of the CTT board, although
10 the full CTT board did not agree with me that we should not
11 press the issue at that time because we felt we were being
12 included in the discussions. And except for this board, I
13 don't think we would have been included in the discussions
14 over the last six months to a year. We did have some
15 acrimonious exchanges. But thanks to this board, we were
16 involved.

17 And now I think Mr. Liebau has laid out the
18 overall evolution of the Stabling and Vanning Committee and
19 how the timing worked, and we think it's time. And I think
20 we could save a lot of time of this board if the CTT were
21 formally involved in the Stabling and Vanning Committee so a
22 lot of these things could be worked out without an appeal to
23 this board.

24 CHAIR ISRAEL: Okay. Let me -- let me make a
25 suggestion then. I think it would be best if you worked it

1 out among yourselves. And I think a solution that might
2 work for everybody is if -- and hopefully for CTT -- is if
3 the executive director -- is that your title? What's your
4 title? Executive director and the chairman of CTT were ex
5 officio members by terms of -- by -- or made ex officio
6 members of Stabling and Vanning. Therefore, you'll be there
7 to participate in the discussions. But because the
8 financial stake isn't there you won't have an actual vote.
9 And I -- but your voice will be heard and you'll be able to
10 listen to all the proceedings. So if that could be done
11 voluntarily, at least that would be -- and, Joe, I mean, you
12 can't speak for your board necessarily, but --

13 MR. MORRIS: Joe Morris, TOC. I have a board
14 meeting on Monday. But we can call a Stabling and Vanning
15 meeting next week and address that.

16 COMMISSIONER ROSENBERG: I have a question.

17 CHAIR ISRAEL: Well, I think the associations and
18 you would have -- you're going to have to get your board to
19 support that.

20 MR. MORRIS: Right.

21 CHAIR ISRAEL: But, Alan, is ex officio
22 sufficient?

23 MR. BALCH: We'd -- we'd certainly be able -- be
24 willing to consider anything. And I think that would be
25 excellent --

1 CHAIR ISRAEL: Okay.

2 MR. BALCH: -- myself.

3 CHAIR ISRAEL: Jack is about to say something.

4 MR. LIEBAU: Jack Liebau. I, before this meeting,
5 had a somewhat unofficial polling of the racing
6 associations. And the racing associations have no problem
7 with CTT being ex officio or observers of included in the
8 discussions.

9 VICE CHAIR WINNER: Good.

10 CHAIR ISRAEL: Well, I assume you have bylaws. So
11 you can just change the bylaws to account for the executive
12 director and the chairman of the CTT being ex officio
13 members so it doesn't come up again before the board, it
14 doesn't have to be done every time personnel changes.

15 MR. LIEBAU: I'm sure the committee, the Stabling
16 and Vanning Committee, subject to TOC agreeing, could adopt
17 such --

18 CHAIR ISRAEL: A bylaw.

19 MR. LIEBAU: -- a bylaw --

20 CHAIR ISRAEL: Okay.

21 MR. LIEBAU: -- or provision that would be --

22 COMMISSIONER ROSENBERG: Jack --

23 MR. LIEBAU: -- governed by the body.

24 COMMISSIONER ROSENBERG: I have a question on that
25 subject, which I mentioned briefly before, on the way the

1 structure is of the Stabling and Vanning Committee. Someone
2 told me there are 36 votes; is that correct? How many --
3 how many people vote on that?

4 MR. LIEBAU: No. We have continued discussion --
5 or confusion about SCOTWINC and the Stabling and Vanning
6 Committee.

7 COMMISSIONER ROSENBERG: Stabling and Vanning
8 only.

9 MR. LIEBAU: Stabling and Vanning only
10 historically has been 50 percent by the TOC. In other
11 words, nothing can be spent without the TOC approving it
12 because it's coming out -- half of it comes out of purses.

13 COMMISSIONER ROSENBERG: And you say historically.
14 This is not statutory, it's something you worked out --

15 MR. LIEBAU: No.

16 COMMISSIONER ROSENBERG: -- within the --

17 MR. LIEBAU: No.

18 COMMISSIONER ROSENBERG: -- Stabling and Vanning
19 Committee?

20 MR. LIEBAU: And I guess, you know, what happens
21 is the TOC plus any racing association, as it turns out,
22 could make the decision.

23 COMMISSIONER ROSENBERG: So it's --

24 MR. LIEBAU: So, you know, as I said, the Stabling
25 and Vanning Committee is made up of TOC, racing

1 associations, plus the Fairplex which is a racing fair. All
2 of this is in 19607.

3 VICE CHAIR WINNER: Okay. So this --

4 CHAIR ISRAEL: Okay. Thank you. So this is
5 resolved. Okay.

6 We're moving on to number eight.

7 VICE CHAIR WINNER: And again, thank you.

8 Another -- another --

9 CHAIR ISRAEL: Thank you.

10 VICE CHAIR WINNER: -- situation where the --
11 where the industry has come together in a positive way.

12 CHAIR ISRAEL: Yeah. Let's see if it stays that
13 way when I'm not around to smack anybody upside the head.

14 VICE CHAIR WINNER: The rest of us will be here to
15 smack them.

16 CHAIR ISRAEL: Well, you better go to the gym.

17 (Colloquy Between Commissioner Choper and Commissioner
18 Derek)

19 CHAIR ISRAEL: Scott, George, okay, you provided
20 us with a letter about your sort of plans. But you want --
21 you have a more extensive report you'd like to make, as I
22 understand it?

23 MR. DARUTY: Scott Daruty and George Haines on
24 behalf of Santa Anita. We were asked to come to the board
25 this month and give a report on where the plans are for our

1 backside improvements. We did submit a written summary of
2 some of the procedural issues we're going through. The
3 bottom line is as much as we would like to sit here today
4 and say we have definitive plans, they've been approved,
5 here's the construction schedule, here's how much money
6 we're going to spend, and here's when it's going to be done,
7 while we would love to be in that position, quite simply
8 we're not. We still have regulatory hurdles we need to get
9 over with the -- related to the storm water on the backside.
10 We still have some -- some internal business issues to
11 decide in terms of what exactly do we want the new barn area
12 to look like? Which part of the property? Do we want to
13 rebuild it where it is or try to relocate somewhere else?

14 We gave, in our written summary, the exact
15 conditions that we need to fulfill in terms of the
16 reissuance of an MPDES permit in terms of the meetings we've
17 been having with the storm water regulators. And in terms
18 of what the next steps are with them, we would welcome this
19 board, if it chooses, because I know this is a very
20 important issue to the board and to the whole industry, and
21 we know you want to be kept in the loop, we would welcome
22 the formation of an ad hoc committee of the board where we
23 could meet at whatever frequency, you know, the board deems
24 appropriate and keep at least two members much more
25 intimately involved with what's going on. So if that's

1 something the board, you know, chooses to do we would
2 welcome that.

3 CHAIR ISRAEL: Yeah. Well, I have discussed this
4 with Vice Chair Winner and we've agreed to do that. And
5 that -- that ad hoc committee will consist of Vice Chair
6 Winner as its chair and Commissioner Krikorian as the
7 member, because I know he has an interest in the
8 backstretch. And they will continue to function through the
9 next administration.

10 COMMISSIONER CHOPER: And have you set regularly
11 scheduled meetings with the regulatory agencies?

12 MR. DARUTY: Well, I wouldn't -- I would not say
13 regularly scheduled meetings. There have been ongoing
14 meetings. And there is a timeline for the next meeting and
15 what needs to be accomplished.

16 COMMISSIONER CHOPER: That's in January.

17 MR. DARUTY: Before the next meeting. Correct.

18 COMMISSIONER CHOPER: And after that you set
19 another timeline, is that --

20 MR. DARUTY: I think at the January meeting,
21 depending on what's resolved and what's still open, then a
22 next meeting will be set.

23 COMMISSIONER CHOPER: And your sense about them is
24 that they would like to get this accomplished as soon as --
25 as soon as they can?

1 MR. DARUTY: Well, without -- without a doubt --

2 COMMISSIONER CHOPER: No, I'll take that back. I
3 didn't phrase that well, but go ahead.

4 MR. DARUTY: Without a doubt they would like --

5 COMMISSIONER CHOPER: Soon is what I meant.

6 MR. DARUTY: Yeah. Without a doubt they would
7 like to get it resolved, and as would we. And again,
8 whether their idea of resolution and our idea of resolution
9 match up, that's what the meeting is about to determine.

10 COMMISSIONER CHOPER: Well, I think the important
11 thing is to try to get some -- get it as specifically as
12 possible as to what they want. And, you know, maybe get it
13 in writing or have some stenographer there, take it down,
14 and try to hold them to it. I mean, you were there. You
15 heard -- I mean, you will be there. You will hear what
16 they've got to say. You'll object to it if it's not
17 reasonable. But once it's down try to put them in a
18 position so that they can't change their minds, as it seems
19 to me goes on with a lot of these situations.

20 MR. DARUTY: You're correct.

21 VICE CHAIR WINNER: Mr. Chairman --

22 CHAIR ISRAEL: Vice Chair Winner?

23 VICE CHAIR WINNER: -- I've had, as Chairman
24 Israel mentioned, Scott and I have had a number of
25 conversations on this issue over the last few days. And

1 it's not just the Water Board. There are some internal
2 business decisions, as Scott pointed out, that also have to
3 be made. I very much appreciate the offer of Scott and
4 Santa Anita to allow Commissioner Krikorian and I, on behalf
5 of the board, to at least participate in an ad hoc committee
6 so that we're constantly involved in the process and knowing
7 what the process is.

8 As Scott and I have talked about, there's a
9 history here going back several years of everyone hoping to
10 achieve certain objectives with respect to the backstretch.
11 We all have the same objectives, and it just hasn't been
12 achieved. So together maybe we can be somewhat helpful.
13 And I respect and appreciate Santa Anita's willingness to
14 allow us to participate in the process. If you can't
15 participate in the process then you really can't participate
16 in the decision making. It's not our decision. It's a
17 business decision. But we have a lot of say over that
18 decision because of race dates, etcetera.

19 So with that I would say thank you, and let's try
20 to get something done as quickly as we possibly can because
21 it's so important, for all the reasons we've discussed.

22 CHAIR ISRAEL: All right. Anybody else?

23 COMMISSIONER KRIKORIAN: Well, I share
24 Commissioner Winner's comments.

25 CHAIR ISRAEL: Okay.

1 MR. DARUTY: Thank you.

2 CHAIR ISRAEL: Thank you. All right. We're going
3 to skip to item 17 because Commissioner Derek has to leave
4 early today for --

5 COMMISSIONER BENETO: Which number was it?

6 CHAIR ISRAEL: Huh?

7 COMMISSIONER BENETO: Which number?

8 CHAIR ISRAEL: We're just going to skip to 17 and
9 then come back to the other so Commissioner Derek can leave.
10 She has a family matter to attend to.

11 So the issue up for us now is the election of the
12 board chairman and vice chairman to serve terms commencing
13 January 6th, 2014 at 9:00 a.m. So if you've got anything to
14 say to me, say it by 8L59 a.m. or I ain't answering the
15 phone.

16 VICE CHAIR WINNER: I want it to be 8:00 a.m.

17 CHAIR ISRAEL: Fine, 8:00 a.m.

18 VICE CHAIR WINNER: Mr. Chairman, I have a motion
19 that I'd like to bring to the board --

20 CHAIR ISRAEL: Fine. Go ahead.

21 VICE CHAIR WINNER: -- that deals with this issue.
22 And that is that upon discussion with a number of board
23 member's and with Mr. Miller, for a variety of reasons which
24 I won't go through unless anybody specifically wants me to
25 go through, I'm going to move that from this point forward,

1 at least for the next election cycle, that there be a first
2 vice chairman and a second vice chairman.

3 COMMISSIONER CHOPER: Second.

4 VICE CHAIR WINNER: So therefore there would be a
5 chairman and two vice chairmans, a first vice chairman
6 and --

7 CHAIR ISRAEL: Chairpersons.

8 VICE CHAIR WINNER: Vice persons.

9 CHAIR ISRAEL: Chairpersons.

10 COMMISSIONER CHOPER: Chairs, vice chairs.

11 VICE CHAIR WINNER: Vice chair.

12 CHAIR ISRAEL: Just say chair.

13 VICE CHAIR WINNER: A vice table or whatever.

14 COMMISSIONER CHOPER: Yeah, whatever it is.

15 CHAIR ISRAEL: Well, there's a motion. Does
16 anybody have any discussion, any questions?

17 VICE CHAIR WINNER: Jesse seconded it.

18 COMMISSIONER CHOPER: I seconded it.

19 CHAIR ISRAEL: That's okay. The motion was put
20 forth by Vice Chair Winner -- Vice Chair Winner, that's
21 actually -- soon you're going to be chair -- never mind --
22 and Commissioner Choper. All in favor?

23 ALL COMMISSIONERS: Aye.

24 CHAIR ISRAEL: Opposed? Motion passes. Okay.

25 Next motion is the -- next issue is the election

1 of a board chairman. Is there --

2 COMMISSIONER CHOPER: I move that Vice Chair
3 Winner stop vice.

4 COMMISSIONER BENETO: And I second. And I second
5 it.

6 CHAIR ISRAEL: You just screwed up his life. That
7 was the one part of his -- first of all, how is he going to
8 come to a racetrack if vice is -- never mind.

9 COMMISSIONER CHOPER: Vice at the racetrack? I'm
10 shocked. There's no vice.

11 CHAIR ISRAEL: Anyhow, it's okay. Vice Chair --
12 Chuck Winner is nominated by Commissioner Choper for chair,
13 and is seconded by Commissioner Beneto. All in favor?

14 ALL COMMISSIONERS: Aye.

15 CHAIR ISRAEL: Opposed? Motion passes
16 unanimously.

17 VICE CHAIR WINNER: Thank you very much.

18 CHAIR ISRAEL: You're welcome. Do a great job. I
19 know you'll do a great job.

20 VICE CHAIR WINNER: May I now move --

21 CHAIR ISRAEL: Yes, you can.

22 VICE CHAIR WINNER: -- for vice chairs?

23 CHAIR ISRAEL: For vice chairs, yes.

24 VICE CHAIR WINNER: Yeah.

25 CHAIR ISRAEL: Well, we'll do one at a time.

1 VICE CHAIR WINNER: Okay. I would like to move
2 that the first vice chair be Commissioner Derek.

3 CHAIR ISRAEL: Okay. Is there a second?

4 COMMISSIONER ROSENBERG: Second.

5 COMMISSIONER BENETO: Second.

6 COMMISSIONER KRIKORIAN: Second.

7 CHAIR ISRAEL: Okay. Everybody seconded. The
8 motion is on the floor. All in favor?

9 ALL COMMISSIONERS: Aye.

10 CHAIR ISRAEL: Opposed? Motion carries.

11 VICE CHAIR WINNER: I would like to move the
12 second vice chair, for second vice chair Commissioner
13 Rosenberg.

14 CHAIR ISRAEL: Okay.

15 COMMISSIONER KRIKORIAN: Second it.

16 COMMISSIONER CHOPER: Second.

17 COMMISSIONER BENETO: And I'll second it.

18 CHAIR ISRAEL: Seconded by Commissioner -- by the
19 left side of the table did the whole thing. All in favor?

20 ALL COMMISSIONERS: Aye.

21 CHAIR ISRAEL: Opposed? Motion passes. All
22 right. Congratulations to all of you. And I look forward
23 to never listening to any of your broadcasts.

24 COMMISSIONER DEREK: Oh.

25 VICE CHAIR WINNER: Okay. Before we go further,

1 because Commissioner Derek has to leave, I would like to, on
2 behalf of the board and on behalf of the staff, make this
3 presentation to our chairman. Having worked with the
4 chairman closely, very closely, maybe too closely on some of
5 the calls at midnight over the last year, no one has worked
6 harder, accomplished more with more effort. In my view it's
7 unparalleled what David has done on behalf of horse racing
8 in California. I think everybody who has anything to do
9 with horse racing owes him a great debt of gratitude. And
10 this is but a very small token of the appreciation of our
11 board and the staff of CHRB. And I think it represents
12 everyone involved in racing in thanking David for the
13 service that he's provided us.

14 And perhaps -- and perhaps he would like to --
15 perhaps you would like to read what it says.

16 CHAIR ISRAEL: Oh, okay. I'm supposed to read
17 what it says.

18 "Thank you for your years of service of that California
19 Horse Racing Board and your tirelessly and very
20 effective year as chairman. Thanks, too, for your
21 generous contributions to equine charities stemming
22 from your use of the F word."

23 You're F word commissioners. No. How about your
24 fellow commissioners?

25 VICE CHAIR WINNER: What we have here is a gavel,

1 but also a hundred dollar --

2 CHAIR ISRAEL: A real hundred dollar bill.

3 VICE CHAIR WINNER: -- laminated hundred dollar
4 bill.

5 CHAIR ISRAEL: A laminated hundred dollar bill.

6 VICE CHAIR WINNER: Right.

7 CHAIR ISRAEL: That's one of the new ones too.

8 VICE CHAIR WINNER: That's right.

9 CHAIR ISRAEL: Thank you. Well, I --

10 VICE CHAIR WINNER: And I want to thank Mike, by
11 the way, for helping to organize this.

12 COMMISSIONER ROSENBERG: I have one question.

13 CHAIR ISRAEL: Thank you, Mike.

14 COMMISSIONER ROSENBERG: Did you pay your fines?

15 CHAIR ISRAEL: I have, actually, in cash. Where's
16 Lucinda? She can attest to that.

17 COMMISSIONER DEREK: Of course you have.

18 CHAIR ISRAEL: Actually, the last time I just went
19 right downstairs to the CARF office. So I'll probably stop
20 by there today before we're done.

21 COMMISSIONER DEREK: No.

22 CHAIR ISRAEL: Anyway, I just want to thank
23 everybody for a very interesting ride, almost six years.
24 And I actually think we got a lot accomplished, particularly
25 in the last year when there was -- there was a great deal to

1 do and not a lot of time to do it. I hope you work
2 continuously to maintain the progress we started to make in
3 making racing safer and better, maintaining integrity for
4 the -- for the consumer, and making it a good place for
5 everybody to spend time.

6 I mean, I think the claiming rule was great
7 progress. I think we've made progress on eliminating the
8 abusive use of drugs. I'm not one who thinks we should turn
9 our back on science though. I think there are legitimate
10 uses for properly prescribed and administered drugs. This
11 isn't the 19th Century, it's the 21st Century. And science
12 has a place in everything, in all of our lives. But it
13 can't be abused. And it can't be used in a way that racing
14 isn't honest, and that competition isn't clean. It should
15 be used to benefit the horse, not to benefit the human
16 being.

17 But, you know, I'm -- I'll miss some of you. I'll
18 see you around the racetrack. And I'll be happier because
19 people will be bugging somebody else. And, you know, I'd
20 like to thank all the associations, the various and sundry
21 community racing organizations, and the trainers, the
22 owners, the jockeys in particular, the people who work
23 tirelessly in the backstretch, grooms, hot walkers, exercise
24 riders, you know, they're the hard of the sport. The guys
25 who work on the gate crew who initially when we forced them

1 to wear helmets gave me a ration full when I went out to see
2 them one day, but now they're okay with it. It's amazing
3 how much better their vision got.

4 And just keep the sport clean and safe and it will
5 find its audience and it will grow. And make it
6 entertaining and fun for everybody.

7 And now that I'm going to be on the other side of
8 the table, maybe you should lower the takeout a little bit.

9 COMMISSIONER BENETO: I'll second it.

10 CHAIR ISRAEL: Anyway, all right, thanks. Let's
11 get back to work here.

12 COMMISSIONER DEREK: All right.

13 CHAIR ISRAEL: I'd particularly like to thank, by
14 the way, Chuck for being there all of this year by my side
15 and being a great partner, and Bo who -- she and I took the
16 ride together from the first day. I mean, I showed up at
17 Del Mar for that first meeting and said, "Hi, I'm not Bo
18 Derek." Nobody really wanted to meet me, so it was kind of
19 weird. But it worked out really nicely.

20 I'd like to thank Jackie who, with Bob and Mike,
21 you know, had a very difficult run this last year-and-a-
22 half, two years that Kirk was ill and then passed away. But
23 they held things together as well, you know, as well as they
24 possibly could out of it in Sacramento. And the staff
25 really pulled together in extreme circumstances. So I'd

1 like to thank all the members of staff, and the enforcement
2 guys, and even the stewards who I'll be cursing out in about
3 a week or two anyway. They never once did anything I wanted
4 them to do.

5 I had this papal exacta. Right after they named
6 the new pope there was one race where all these -- where all
7 these horses had sort of papal relevant names. And one of
8 them finished first and one of them finished first. And all
9 they had to do was flip the second and third horses, and
10 there was an inquiry, and they wouldn't do it. So -- so
11 even they have integrity.

12 Anyway, thank you very much, and let's get back to
13 work. All right.

14 Item 13, discussion and action by the board on a
15 report from the California Authority of Racing Fairs
16 regarding its hub agreement with Lien Games, dba BetAmerica,
17 to allow advance deposit wagering of thoroughbred races and
18 how it plans to cooperate with California's other
19 thoroughbred racing associations.

20 Chris Korby, where are you at? There you are.

21 And then Northern California is on deck. So
22 everybody who is relevant to that be ready to come up,
23 because this is not going to take very long. All right.

24 And you weren't at the last meeting when we were
25 discussing ADW. It was -- we were told that -- that CARF

1 had made some sort of agreement with Lien Games, some hub
2 agreement. Can you tell us more about that, because we're
3 somewhat unclear.

4 MR. KORBY: Chris Korby, California Authority of
5 Racing Fairs. We are in the midst of negotiating an
6 agreement. We look at this as a multiple stage process.
7 We -- we have negotiated an agreement with Lien Games,
8 BetAmerica, which is relatively newly licensed by the Horse
9 Racing Board. We've entered into an agreement with them,
10 and that agreement has gone to the TOC for review. It's our
11 understanding of the requirements that TOC give its consent
12 to any ADW agreement that's entered into in California. So
13 they're in the process of reviewing that right now. That --
14 that is the status of the -- of the report at this time.

15 CHAIR ISRAEL: Okay. Any questions? Do you
16 expect -- where are you with TOC on that? Have you
17 gotten --

18 MR. KORBY: We're -- we're --

19 CHAIR ISRAEL: -- significantly into it?

20 MR. KORBY: We're in discussion with them, still
21 negotiating. I don't know what their timeline is.
22 That's --

23 CHAIR ISRAEL: All right. Now --

24 MR. KORBY: -- up to TOC.

25 CHAIR ISRAEL: -- we were told by John Ford,

1 right, from Lien Games that your deal was somewhat different
2 from the other hub agreements and favorable to CARF in a way
3 that the other hub agreements aren't necessarily favorable
4 to the other associations. Can you explain to us the
5 difference and how you plan to share that money if you're
6 approved -- if this is approved with the associations, in
7 the south in particularly that are putting on the races.

8 MR. KORBY: From our perspective that's -- that's
9 still a matter to be negotiated. We worked to negotiate an
10 agreement with BetAmerica/Lien Games that was favorable both
11 to CARF and to horsemen. We hope the horsemen agree with
12 that. If they do then that agreement will go forward and
13 we'll continue to negotiate any relevant aspects of that
14 contract that -- that may affect anyone else that has
15 standing.

16 CHAIR ISRAEL: Okay. Any questions?

17 COMMISSIONER ROSENBERG: No.

18 CHAIR ISRAEL: No? All right. Let's move on
19 to --

20 MR. KORBY: Thank you.

21 CHAIR ISRAEL: Thank you. Stay there. You're
22 part of the next one, Northern California, okay, Northern
23 California racing dates. Everybody who's involved, please
24 come up, take a position, TOC, Golden Gate, CARF, Santa
25 this, Santa that. Okay.

1 Steve, you're the reporter from the Northern
2 California --

3 COMMISSIONER BENETO: Well, we met --

4 CHAIR ISRAEL: -- Ad Hoc Committee, so reports.

5 COMMISSIONER BENETO: We met at Golden Gate Fields
6 first part of November. And I'll go through the -- through
7 2014 dates, and '15. Of course, everybody's got copies of
8 this.

9 We go to Golden Gate through May, June --

10 CHAIR ISRAEL: Right. We all have copies in
11 our --

12 COMMISSIONER CHOPER: Yeah. I don't need to hear
13 them.

14 COMMISSIONER BENETO: Golden Gate will run until
15 the 15th of June. Pleasanton starts the 19th or the 18th,
16 whatever they prefer, which goes to -- goes through --
17 Pleasanton, yeah, will go through the 18th through the --

18 CHAIR ISRAEL: Okay. You know what, it's easy for
19 you to follow. Look at page 15-2. You'll see -- the --
20 actually, start at the bottom of 15-1.

21 COMMISSIONER BENETO: Oh, I found it.

22 CHAIR ISRAEL: And it's listed very easily. And
23 then that's where 14 is. And then 15 is on the back of that
24 page.

25 COMMISSIONER BENETO: Yeah, I got it. I got the

1 summary here. I got it. I want to go through the calendar
2 but --

3 CHAIR ISRAEL: Right, yeah, but it's effectively
4 the calendar written out.

5 COMMISSIONER BENETO: Yeah, I saw that.

6 (Colloquy Between Commissioner Choper and Commissioner
7 Beneto)

8 COMMISSIONER BENETO: Golden Gate will start the
9 26th of 2013 through June 15th, 2014. Dates allocated of
10 September 19th, 2013 board meeting. Alameda will start the
11 19th of June and run until July 6th. Cal Expo is July 10th,
12 '14 through July 20th, '14. Sonoma will start the 21st
13 through August 10th. Humboldt-Ferndale the 13th of August
14 through the 24th of August, '14. Golden Gate will start
15 August 15th and go through the 14th of September. San
16 Joaquin will start the 19th of September and end the 28th.
17 And then Fresno kicks in October 1st through the 13th,
18 '14 -- of 2014. And Golden Gate will start the 16th through
19 the 21st. That's through '14.

20 Now, we start with '15.

21 CHAIR ISRAEL: Should we take them one year at a
22 time?

23 VICE CHAIR WINNER: One year, yeah.

24 CHAIR ISRAEL: Yeah. Well, okay. Is there a
25 motion then for --

1 COMMISSIONER BENETO: Well, wait. Didn't you want
2 a two-year calendar?

3 CHAIR ISRAEL: Yeah. But I think we just approve
4 one year at a time, but we'll approve both of them. Or do
5 you want to do it in a two-year calendar? It's up to you.
6 It's your --

7 COMMISSIONER BENETO: I want to do the two-year
8 deal.

9 CHAIR ISRAEL: Okay. You want to do it as a two-
10 year? Okay. Fine.

11 COMMISSIONER BENETO: Golden Gate starts the 26th
12 of December, '14 through June 14th, '15. Alameda, June 15th
13 through July 6th. Cal Expo, July 9th through July 26th,
14 '15. Sonoma, July 30th through August 16th, '15.

15 MS. WAGNER: Commissioner Beneto, if I can
16 interrupt, there's a typo on the next one.

17 COMMISSIONER CHOPER: Yeah, I got it right there.

18 MS. WAGNER: Humboldt County Fair --

19 COMMISSIONER CHOPER: Humboldt is August 19th.

20 MS. WAGNER: -- should be August 19th through
21 August the 30th.

22 COMMISSIONER BENETO: Did I jump over that? I'm
23 sorry.

24 MS. WAGNER: No, no.

25 CHAIR ISRAEL: No, no. It says -- it says 29.

1 MS. WAGNER: It's incorrect. It's just incorrect
2 on the analysis.

3 COMMISSIONER BENETO: Oh, okay.

4 CHAIR ISRAEL: Just a typo.

5 (Colloquy Between Chair Israel and Ms. Wagner)

6 CHAIR ISRAEL: And there's a second type.

7 MS. WAGNER: There's an additional typo for PRA at
8 Golden Gate Fields.

9 CHAIR ISRAEL: September. It should be --

10 MS. WAGNER: The analysis says that --

11 CHAIR ISRAEL: It should be what?

12 COMMISSIONER BENETO: August 19th through October
13 30th.

14 VICE CHAIR WINNER: Through August 30th.

15 CHAIR ISRAEL: August 30th.

16 COMMISSIONER BENETO: August 30th. Okay.

17 CHAIR ISRAEL: Okay. And then the next one should
18 be --

19 MS. WAGNER: August 21st through September 13th.

20 CHAIR ISRAEL: August 21st. Okay.

21 MS. WAGNER: That's PRA at Golden Gate Fields.

22 COMMISSIONER BENETO: Golden Gate will start
23 the --

24 CHAIR ISRAEL: August 21.

25 MS. WAGNER: August 21.

1 COMMISSIONER BENETO: August 21. All right.

2 CHAIR ISRAEL: Okay. Thank you.

3 MR. BALCH: Through September 18th, is that what
4 you got?

5 VICE CHAIR WINNER: September 13th.

6 CHAIR ISRAEL: September 13th. So the end date is
7 correct.

8 MS. WAGNER: Correct.

9 COMMISSIONER CHOPER: Then San Joaquin is right.
10 The rest are all right.

11 COMMISSIONER BENETO: San Joaquin will go the 18th
12 through the 27th of September. And Fresno will start August
13 1st through the 12th of '15. And Golden Gate will start
14 actually the 16th, I guess. That's a typo, it looks like,
15 too. The 15th through August 20th.

16 CHAIR ISRAEL: Is Golden Gate stopping the 15th or
17 16th? Where is -- the 15th or 16th?

18 MS. WAGNER: The 15th.

19 COMMISSIONER BENETO: Is that 15?

20 MS. WAGNER: Yes.

21 COMMISSIONER CHOPER: They're all right from there
22 on.

23 COMMISSIONER BENETO: I was trying to go through
24 the calendar because I know what I printed up here.

25 (Colloquy Between Commissioners Choper and Commissioner

1 Beneto)

2 CHAIR ISRAEL: So is there any discussion,
3 comments, questions?

4 VICE CHAIR WINNER: I'd assume there's some over
5 there.

6 COMMISSIONER ROSENBERG: I have a question.

7 CHAIR ISRAEL: Go ahead, Richard.

8 COMMISSIONER ROSENBERG: Is this -- is this -- are
9 you speaking of -- is this schedule something that was
10 proposed by the Ad Hoc Committee? Who's proposing this
11 schedule?

12 CHAIR ISRAEL: The Ad Hoc Committee.

13 COMMISSIONER BENETO: The Ad Hoc Committee.

14 COMMISSIONER ROSENBERG: Okay. Just clarifying.

15 CHAIR ISRAEL: Yeah. Jesse and Steve worked it
16 out.

17 COMMISSIONER BENETO: Yeah.

18 CHAIR ISRAEL: Correct. And there's compromise
19 involved that they -- that they brokered and that they
20 worked on together.

21 Jesse, do you have a comment you'd like to make?

22 COMMISSIONER ROSENBERG: Well, is --

23 COMMISSIONER CHOPER: Not yet.

24 CHAIR ISRAEL: No? Okay.

25 COMMISSIONER ROSENBERG: Is there -- you say a

1 compromise worked out. Who's agreed to this on the -- as
2 far as the parties involved in it? I'm just curious.

3 COMMISSIONER BENETO: Well, no. Well --

4 COMMISSIONER ROSENBERG: Well, it says -- there's
5 some summary down here in our background but --

6 COMMISSIONER CHOPER: The compromise was between
7 the members of the committee, of the subcommittee.

8 VICE CHAIR WINNER: The Ad Hoc Committee.

9 COMMISSIONER CHOPER: The Ad Hoc Committee.

10 COMMISSIONER ROSENBERG: Oh, so there's no
11 compromise? There's no compromise?

12 CHAIR ISRAEL: There was.

13 COMMISSIONER ROSENBERG: No.

14 CHAIR ISRAEL: They had different perspectives.

15 COMMISSIONER ROSENBERG: Right. Okay. The
16 parties haven't agreed to anything, in other words.

17 CHAIR ISRAEL: No. The parties -- the racing days
18 are assigned. They're not --

19 COMMISSIONER KRIKORIAN: If somebody's objecting,
20 why don't we just ask what their objections are? If
21 somebody's objecting --

22 MS. WAGNER: If I may, Jackie Wagner, Assistant
23 Executive Director of staff. If I may, and you correct me,
24 Commissioners Beneto and Choper, at our Ad Hoc Committee
25 meeting for the year 2014, we left that meeting with fairly

1 agreeable consensus that 2014 as it was presented and
2 discussed at that meeting, the parties were in agreement.
3 Most of the objections or the concerns came with our 2015
4 calendar.

5 COMMISSIONER ROSENBERG: Okay.

6 MS. WAGNER: That's my recollection.

7 COMMISSIONER BENETO: That's correct.

8 MS. WAGNER: For 2014 the parties and the Ad Hoc
9 Committee are all on the same page.

10 COMMISSIONER ROSENBERG: Oh, okay. So there
11 wasn't a compromise.

12 COMMISSIONER CHOPER: Well, the parties are right
13 here. We need to hear from them.

14 CHAIR ISRAEL: One of the parties is about to
15 address that.

16 MR. MORRIS: Joe Morris, TOC. I mostly agree with
17 what Jackie just said. The -- the -- for '14 it was close.
18 The TOC does have an issue with racing dates being held at
19 fairs without the fair. And in this particular 2014 I'm not
20 sure Stockton is having a fair. I don't believe they're
21 having it in September. If they do -- they didn't this
22 year. And we don't think race meets should be run at a fair
23 without the fair being present. Other than that, the '14 we
24 were -- we were good with. And '15, I think other than
25 Commissioner Beneto and CARF, nobody was in agreement.

1 MS. WAGNER: Right. And if I remember correctly,
2 2014, the dates that are being proposed by the Ad Hoc
3 Committee are similar to those dates that are being -- that
4 were run in 2014.

5 COMMISSIONER CHOPER: But you don't object, I
6 understand, to 2014; is that right?

7 MR. MORRIS: Except for the fact that we think
8 that if there's going to be racing at a fair facility the
9 fair needs to be going on.

10 COMMISSIONER BENETO: Yeah. But the board -- our
11 board does not tell the fair when to run their fair. We
12 just give out racing dates.

13 MR. MORRIS: Right.

14 COMMISSIONER BENETO: So we want to keep that --
15 let's keep that --

16 MR. MORRIS: I was just saying, you know, that I'd
17 ask the question, if -- if we'd say, okay, we've got two
18 weeks that we could run in September without a fair next
19 year, where would you like to run them, I'm not sure
20 Stockton would be our first choice.

21

22 COMMISSIONER ROSENBERG: Yeah.

23 MR. MORRIS: You know, so that's the concern that
24 we have with this.

25 CHAIR ISRAEL: This is 2014?

1 MR. MORRIS: This is '14, right.

2 COMMISSIONER ROSENBERG: This is the first time
3 I'm -- first time I'm hearing this issue raised.

4 CHAIR ISRAEL: Yeah. Nobody's --

5 COMMISSIONER ROSENBERG: It sounds like --

6 CHAIR ISRAEL: These dates have been around. I
7 mean --

8 MR. MORRIS: And they've -- and they've brought
9 them with the fair, except for this last year.

10 CHAIR ISRAEL: Well --

11 MR. MORRIS: And now they've moved the fair and
12 the horse racing.

13 CHAIR ISRAEL: They moved the fair.

14 COMMISSIONER ROSENBERG: Oh, that's new. Okay.

15 CHAIR ISRAEL: How are we supposed to prevent them
16 from moving their fair?

17 COMMISSIONER ROSENBERG: Well, we can -- we don't
18 have to -- we don't have to give them the race dates to race
19 then at that --

20 CHAIR ISRAEL: Is that what you're suggesting, no
21 race dates?

22 MR. MORRIS: We think, again, we think a fair --
23 if a fair is going to have race dates the fair should be
24 going on at that time, or else the dates ought to go to a
25 different spot.

1 CHAIR ISRAEL: And what spot might you be
2 suggesting?

3 MR. MORRIS: I would say one of two. I mean, you
4 know, maybe you do an experiment and have a week prelude
5 into Fresno. And other than that you'd run them at the only
6 other non-fair meet -- place up there, which would be Golden
7 Gate.

8 CHAIR ISRAEL: Wait, wait. What do you mean, a
9 prelude to Fresno?

10 MR. MORRIS: Well, Fresno, they go the last two
11 weeks of September. So maybe you would try a week that led
12 into Fresno before the fair.

13 CHAIR ISRAEL: You're talking the first week of
14 October?

15 COMMISSIONER CHOPER: They're the two -- they're
16 the two adjacent.

17 MR. MORRIS: Huh?

18 CHAIR ISRAEL: They're the first two weeks of
19 October.

20 MR. MORRIS: Right. So maybe you would try a week
21 with no fair there. But it just doesn't make a lot of sense
22 or financial backing to be at -- to be at Stockton in
23 particular.

24 VICE CHAIR WINNER: Wait, wait, wait.

25 CHAIR ISRAEL: What's the difference between

1 Fresno and Stockton?

2 MR. MORRIS: Then we'll move them to Golden Gate
3 where --

4 CHAIR ISRAEL: No, no, no, you didn't answer my
5 question. What's the difference between Fresno and
6 Stockton?

7 MR. MORRIS: Because it would be --

8 CHAIR ISRAEL: If there's no fair, there's no
9 fair.

10 MR. MORRIS: With the -- with the marketing that
11 Fresno is going, getting ready to open up their fair --

12 CHAIR ISRAEL: Different subject, Joe. You said
13 about the fair.

14 COMMISSIONER BENETO: Joe --

15 MR. MORRIS: Yeah?

16 COMMISSIONER BENETO: -- you can say Golden Gate
17 should have a fair, too, to run a race meet. I mean, this
18 doesn't make sense, what you're saying.

19 COMMISSIONER ROSENBERG: Right.

20 COMMISSIONER BENETO: I mean, you can say Santa
21 Anita needs to have a fair to run race meets. I mean, we're
22 getting into -- you're putting this board in a position that
23 we shouldn't be in. It's up to the fairs when they want to
24 run their races and when they want to run their fairs,
25 period.

1 MR. KORBY: Chris Korby, California Authority of
2 Racing Fairs. I would agree. I think this is -- this is a
3 hypothetical that -- that depends on what a decision by the
4 Fair Board might be. They haven't decided what their fair
5 dates will be for 2014.

6 CHAIR ISRAEL: Stockton hasn't decided when their
7 fair dates are?

8 COMMISSIONER BENETO: No.

9 CHAIR ISRAEL: Why are the fairs then always
10 bothering us, saying we can't get our, you know, roller
11 coasters and Tilt-A-Whirls and cotton candy machines, all
12 that stuff --

13 VICE CHAIR WINNER: How do you know? You've never
14 been to a fair.

15 CHAIR ISRAEL: I've been to a fair. I've been to
16 them. I don't enjoy them, but I've been to them. I mean,
17 they're always telling us, we need a year in advance to know
18 when -- when to -- when to make all of these financial
19 commitments. And now you're telling us that Stockton, which
20 I assume is a fairly big -- now, obviously, it's a community
21 in some sort of financial distress. But it's -- it's --

22 COMMISSIONER CHOPER: That's putting it mildly,
23 yeah.

24 CHAIR ISRAEL: Yeah. I mean, but it is -- it's a
25 substantial --

1 COMMISSIONER CHOPER: So is Detroit.

2 CHAIR ISRAEL: It's an important, you know, it's
3 an important community. It's fairly large. It's got a big
4 university, the University of Pacific. It's --

5 MR. KORBY: And that's why we think the board
6 should award them racing dates.

7 CHAIR ISRAEL: It's where -- it's where a lot of
8 the produce that's -- that's grown in the San Joaquin Valley
9 is -- winds up before it's shipped around the world. I
10 mean, it's an important place.

11 VICE CHAIR WINNER: Joe, is it --

12 CHAIR ISRAEL: And you're telling us a date --
13 they haven't gotten around to deciding when to have their
14 fair, obviously, it kind of makes me question the urgency of
15 all these other fairs saying, oh, we need to know forever in
16 advance. Otherwise, we're messed up.

17 COMMISSIONER ROSENBERG: You lead -- you lead
18 into --

19 COMMISSIONER CHOPER: Joe? Joe, can I ask a
20 question?

21 COMMISSIONER ROSENBERG: You lead into a point --

22 COMMISSIONER CHOPER: Is it your point that
23 they're not going to be --

24 COMMISSIONER ROSENBERG: -- why do we have to do
25 2015 now? You know, why do we have to do 2015?

1 CHAIR ISRAEL: Look, we're trying to do racing
2 calendars for two years.

3 COMMISSIONER ROSENBERG: I know. I know we're
4 trying to do that, Mr. Chairman. But I think that this is a
5 good example of why we shouldn't be forcing down --
6 something down people's throats without seeing how it works.
7 See how this year works. And by the way, I personally do
8 agree with the TOC on this issue. But I don't think it's --
9 it may be too late to do anything about it this year.

10 MS. WAGNER: Right.

11 COMMISSIONER CHOPER: Yeah. I think you just
12 ought to -- you ought to say -- I don't want to put the
13 words in your mouth. Why is it that you -- that you feel
14 that that's important that the --

15 MR. MORRIS: Our board thinks --

16 COMMISSIONER CHOPER: -- that the San Joaquin Fair
17 coincide over -- with their racing dates?

18 MR. MORRIS: Well, with the racing dates there's
19 going to be a higher attendance with people going to the
20 fair. And then they would go to the races and the handle
21 would be higher, which is --

22 COMMISSIONER CHOPER: Is there -- higher handle.

23 MR. MORRIS: -- which raises purses.

24 COMMISSIONER CHOPER: Okay.

25 MR. MORRIS: So it all comes back to purses --

1 COMMISSIONER CHOPER: Okay.

2 MR. MORRIS: -- versus no fair.

3 COMMISSIONER CHOPER: Okay.

4 MR. MORRIS: You know, you don't get that same
5 situation.

6 COMMISSIONER CHOPER: I think it's true. I think
7 two points I'd like to make. One is I do think that it
8 probably comes to late to ask them to do anything in order
9 to satisfy that, you know, what is plainly desirable in the
10 abstract for '14. But what I -- what I also -- I just think
11 it's too late to do that. Whether you want to, you know --

12 COMMISSIONER BENETO: But they'll have to have
13 their fair with their racing dates; is that what you're
14 saying, Joe?

15 MR. MORRIS: Right. We think that --

16 COMMISSIONER BENETO: Well, I agree with -- I
17 agree that fairs should be running -- coincide with racing.
18 I agree on that wholeheartedly. But the thing is last year
19 the had their fair in May and raced. So we need to suggest
20 to them, I guess, that they have their fair with their
21 racing dates; is that what you're saying?

22 MR. MORRIS: Yes.

23 COMMISSIONER CHOPER: Well, one way or the other.

24 CHAIR ISRAEL: Yeah. But we don't have the
25 authority. You can suggest that.

1 COMMISSIONER CHOPER: No.

2 CHAIR ISRAEL: And you're saying in the absence of
3 that it should be moved, basically, to Golden Gate?

4 MR. MORRIS: Yes.

5 CHAIR ISRAEL: Okay. Well, that's fine with me.
6 Go ahead, Rick.

7 MR. PICKERING: Mr. Chairman, Rick Pickering,
8 California Exposition State Fair. I'm very pleased to hear
9 Mr. Morgan and TOC say that they believe that all the extra
10 people coming to a fair really helps the live race product.
11 Because the largest fair in Northern California, 49 percent
12 of our attendees come the last week, last seven days of our
13 fair when we have no live racing product.

14 So, Joe, I'm really pleased that TOC supports
15 racing at a fair because there's so many extra people there.

16 Thank you. And we would have even supported it more in
17 2014, but there's not enough time. So we're happy with the
18 2015 schedule

19 MR. RAINEY: Cal Rainey at Golden Gate Fields. We
20 came to the agreement on the 2014 calendar with compromise.
21 We thought we brought plenty to the table from Golden Gate
22 Fields to make the compromise and make everybody -- make a
23 deal for '14. However, '15, we haven't had any meaningful
24 discussion on -- with all the parties that have agreed on
25 any kind of compromise or anything.

1 And I think what Joe Morris brings up is that if
2 Stockton doesn't know when they're going to have their fair
3 in '15, then possibly the other fairs that are looking to
4 increase their dates in the summer would have an opportunity
5 to go to those dates in September, like Cal Expo.

6 CHAIR ISRAEL: He's -- but he's saying '14. He's
7 not complaining about '15. And -- and I'll ask you this --

8 COMMISSIONER CHOPER: Not yet.

9 CHAIR ISRAEL: What? I'll ask you this question.
10 If -- when this meeting was noticed and you're all asked to
11 attend, Commissioner Beneto made it amply clear that this
12 was about 2014 and 2015. So why weren't you able to get
13 your ducks in a row for 2015? It's -- it's not that
14 extravagant an ask. I mean, a two-year calendar is
15 beneficial to everybody.

16 MR. RAINEY: No. We did -- we did discuss '14 and
17 come to an agreement. We did discuss '15 and did not come
18 to an agreement. And I think all the stakeholders at the
19 table here, or most of them, have come to an agreement to
20 have a meeting in January to go over 2015 dates because we
21 didn't agree on it.

22 COMMISSIONER BENETO: No, we didn't. We didn't
23 talk --

24 CHAIR ISRAEL: Who did you agree to that with?

25 COMMISSIONER BENETO: We didn't talk about that.

1 That was never --

2 CHAIR ISRAEL: You had a public meeting that
3 was -- that two commissioners --

4 MR. RAINEY: My understanding --

5 CHAIR ISRAEL: -- took the time running.

6 MR. RAINEY: My understanding was that we were
7 going to come back in January for another Ad Hoc Committee
8 meeting --

9 COMMISSIONER BENETO: No, sir.

10 MR. RAINEY: -- for 2015 dates.

11 COMMISSIONER BENETO: That's a damn lie. That was
12 never discussed.

13 MR. MORRIS: From the TOC side of it, we --

14 CHAIR ISRAEL: Wait, wait. Let me just say that
15 Jackie Wagner and Jesse Choper and Steve Beneto are saying
16 that's completely untrue, that there was never --

17 COMMISSIONER BENETO: Never discussed.

18 CHAIR ISRAEL: -- an agreement for the Ad Hoc
19 Committee to meet again in January. He said --

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

21 COMMISSIONER BENETO: The only thing --

22 CHAIR ISRAEL: It does matter. I mean --

23 COMMISSIONER BENETO: The only thing that was --

24 CHAIR ISRAEL: -- you can't -- these things can't
25 go on interminably.

1 COMMISSIONER BENETO: This is -- you know, we're
2 getting railroaded here.

3 MR. DARUTY: Scott Daruty on behalf of Golden
4 Gate. I mean, I think the -- the concept of a two-year
5 calendar is -- is a noble endeavor. There were reasons in
6 Southern California, given the closing of Hollywood Park and
7 the -- and the need for certainty on facilities that were
8 going to be investing, like Los Alamitos and San Luis Rey,
9 so that -- that made a lot of sense.

10 Again, I understand why the board would like a
11 two-year calendar in Northern California. As far as 2014, I
12 think everybody sitting at this table, you know, with the
13 minor tweak that Joe raised which, you know, you guys can
14 choose whether to consider that or not consider that, 2014
15 is an agreement. But to try to force a calendar today for
16 2015 when we don't even know when some of the fairs are
17 going to be open in 2015, and particularly to force a
18 calendar that has major changes from what has been occurring
19 in the last couple years, might be okay if all the
20 stakeholders were in agreement.

21 But between, you know, the TOC being opposed and
22 the CTT being opposed, and Golden Gate Fields being opposed
23 and Santa Rosa being opposed to this 2015 calendar, it just
24 doesn't seem like that's the best decision for this board to
25 make.

1 VICE CHAIR WINNER: Mr. Chairman?

2 COMMISSIONER KRIKORIAN: I have a question.

3 CHAIR ISRAEL: Well, first Chuck, and then George.

4 COMMISSIONER KRIKORIAN: Okay. Oh.

5 CHAIR ISRAEL: No, no. First Chuck, and then you.

6 COMMISSIONER KRIKORIAN: Sorry.

7 VICE CHAIR WINNER: Steve and Jesse, help me out
8 with this. I thought in -- in the various discussions that
9 we've had about your meetings that one of the -- one of the
10 issues was sort of a compromise, that you would -- that
11 originally you wanted the change to take place in 2014.

12 COMMISSIONER BENETO: Correct.

13 VICE CHAIR WINNER: And that as a compromise you
14 agreed to -- to allow 2014 to go the way that it is now --

15 COMMISSIONER BENETO: Correct.

16 VICE CHAIR WINNER: -- stated, with the change
17 taking place in 2015 so that the fairs could adjust in order
18 to meet those dates. Is that --

19 COMMISSIONER BENETO: Exactly.

20 VICE CHAIR WINNER: Is that as you explained it?

21 COMMISSIONER BENETO: Exactly. No, they --

22 VICE CHAIR WINNER: Just so I understand what --

23 COMMISSIONER BENETO: For 2014 they all said
24 that --

25 VICE CHAIR WINNER: -- the Ad Hoc Committee --

1 COMMISSIONER BENETO: -- they just didn't have
2 enough time. Now, I'm giving them plenty of time now by
3 giving -- setting the '15 dates, and I think we ought to
4 pass on that and let them work -- work their fair out with
5 their -- whatever they've got to do.

6 CHAIR ISRAEL: In other words --

7 COMMISSIONER ROSENBERG: I have a suggestion.

8 CHAIR ISRAEL: Wait, wait. Let me just make --
9 I'm going to make one comment and then --

10 COMMISSIONER KRIKORIAN: Go ahead.

11 CHAIR ISRAEL: -- then George goes. The one --
12 the one comment is, is the goal of the committee, and I
13 think of the concept of the board, is the racing dates are
14 assigned, and then the fairs will fall into place following
15 the racing dates instead of the other way around. So --
16 so -- which is the way it had been done before. Because
17 nobody has any province and control over when fairs -- when
18 and how fairs select their dates. That's -- they do that on
19 their own. And, you know, if one county overlaps with
20 another it doesn't really affect. We're only interested in
21 those fairs that have racing. Therefore, we're determining
22 what a better racing calendar might be in the view of this
23 board which has the legislative statutory right to assign
24 racing dates. That's -- that's the concept.

25 George?

1 COMMISSIONER BENETO: But, Mr. Chairman --

2 CHAIR ISRAEL: George had a question. Let him go
3 first.

4 COMMISSIONER KRIKORIAN: I can wait.

5 COMMISSIONER BENETO: Okay. George will defer to
6 you. Go ahead.

7 COMMISSIONER BENETO: We -- this should have been
8 done last July. And they asked you --

9 CHAIR ISRAEL: Yeah. I initially said -- right.

10 COMMISSIONER BENETO: -- to postpone everything --

11 CHAIR ISRAEL: You lobbied me to postpone.

12 COMMISSIONER BENETO: -- all the dates until
13 September because they were so busy with their fair, they
14 didn't have time for us. Remember that?

15 CHAIR ISRAEL: Yes. You convinced me to postpone.

16 COMMISSIONER BENETO: When September came we sat
17 at a meeting. And now they're saying -- now they're saying
18 they don't have enough time to get set for next year's fair
19 if we -- if we change the racing dates. So going to do like
20 I did, I did the 2014 to -- to help you guys. Now '15 is
21 here. Cal Expo wants to run three weeks. Let's put our
22 cards on the table. And I gave them three weeks on our
23 calendar here and moved Santa Rosa one week and so everybody
24 would have a chance to run with their fair. That's the
25 whole deal right there.

1 George, you have the table.

2 COMMISSIONER KRIKORIAN: The question I had was
3 when -- when I'm looking at the 2014 you've got Humboldt
4 County running August 13th through the 24th and -- and
5 Golden Gate opening on the 15th, so they're running
6 concurrently; correct?

7 CHAIR ISRAEL: Yes.

8 COMMISSIONER BENETO: Right.

9 COMMISSIONER KRIKORIAN: But in 2015 proposing
10 that Humboldt County operates from the 17th of August
11 through August 30th and will not be running concurrent with
12 Golden Gate. They start on September 1st. Is that
13 accurate --

14 CHAIR ISRAEL: No.

15 COMMISSIONER KRIKORIAN: -- what's being proposed?

16 CHAIR ISRAEL: No, that's -- that's a typo.

17 Humboldt County opens the 19th?

18 COMMISSIONER BENETO: The 19th, and it goes --

19 CHAIR ISRAEL: And Golden Gate opens August 21st.

20 COMMISSIONER KRIKORIAN: Oh, so there's two typos
21 here?

22 CHAIR ISRAEL: Two typos.

23 COMMISSIONER BENETO: Yeah.

24 CHAIR ISRAEL: There's two successive typos.

25 COMMISSIONER BENETO: Golden Gate will be run

1 three days a week for two weeks.

2 CHAIR ISRAEL: No, it's the same.

3 MR. MORGAN: Jim Morgan, Humboldt County. I was
4 not able to attend the postponed Ad Hoc Committee meeting
5 when it -- when Chairman -- or Commissioner Beneto was sick.
6 The 2014 calendar, the dates, we have a problem with it,
7 just like Golden Gate had a problem with it. Golden Gate
8 indicated that they -- everybody suffers when we have to
9 race with overlap.

10 We understand we're small. But when we raced one
11 week without overlap in 2010 we had sustaining revenues of
12 over a half million dollars. When we had to run overlap it
13 got cut in half and we couldn't get sustaining revenues. We
14 asked that the calendar accommodate our being allowed to
15 race without overlap on our opening Wednesday, Friday and
16 Saturday, and give Golden Gate Fields its biggest day of the
17 week which is Sunday, it's Dollar Day, and have them open
18 their meet there. If this board would enable us to do that
19 we would have a sustaining income.

20 Alternatively, if the board is not inclined, if
21 you are mandating that we race in overlap with Golden Gate
22 Fields we would request that we share the host status for
23 those overlap days. It does not affect anyone else
24 adversely in the industry. Host status goes to the track
25 that has live racing. We have live racing. Golden Gate

1 Fields has live racing. We -- we might be able to sustain
2 with one half of the host status for the overlap days in
3 addition to the Wednesdays-Thursdays we race without
4 overlap.

5
6 Finally, there was a deal brokered last year
7 between then Chairman Brackpool and the representatives of
8 Golden Gate Fields for the racing secretary of Golden Gate
9 Fields not to write races in the condition book for \$5,000
10 or less during the period of overlap, the -- the thought
11 process being create -- if you're going to race an overlap
12 you create a separate identity for the two meets. The
13 higher class horses and the curve horses go to Golden Gate
14 Fields. The lower class horses have incentive to come to
15 Humboldt after a meet at Santa Rosa. That was discussed on
16 the record. It was not a condition of any agreement.

17 But if you're going to legislate overlap I would
18 implore you to legislate conditions that allows Humboldt,
19 which does contribute and has contributed to the racing
20 community in California for 118 years, to perpetuate. And
21 the way -- if we just blankly adopt the 2014 calendar as is
22 there's not precautions there or there's not adequate
23 security there to allow Humboldt to perpetuate. We do
24 contribute to the racing industry. We had one of our horses
25 that won, won a Grade 1 race on Breeders' Cup Day. We had

1 our leading owner --

2 CHAIR ISRAEL: It was an Arabian.

3 MR. MORGAN: It was an Arabian. Our leading owner
4 (inaudible).

5 CHAIR ISRAEL: And it didn't make it back to the
6 barn.

7 MR. MORGAN: Yeah. But that wasn't Humboldt's
8 fault. It made it back to the Humboldt -- there was a
9 scholarship awarded according to the Paulick Report
10 yesterday to a young man who fell in love with racing
11 watching it live at Humboldt County.

12 COMMISSIONER BENETO: Jim, I gave you an extra day
13 for 2014 to be the host. You're going to be the host four
14 days.

15 CHAIR ISRAEL: Yeah.

16 MS. WAGNER: Right.

17 COMMISSIONER BENETO: Cal did not agree with it
18 but he -- I twisted his arm and he --

19 CHAIR ISRAEL: You get an extra two days.

20 MS. WAGNER: Right.

21 COMMISSIONER BENETO: Two days each.

22 CHAIR ISRAEL: And Wednesday-Thursday, Wednesday-
23 Thursday, two weeks.

24 COMMISSIONER BENETO: Two weeks. They got four
25 host days.

1 COMMISSIONER ROSENBERG: Right.

2 CHAIR ISRAEL: Yeah, instead of -- instead of two
3 host days.

4 COMMISSIONER CHOPER: It was more than the year
5 before.

6 COMMISSIONER BENETO: I had three the year before.

7 MR. MORGAN: One more weekday than the year
8 before. But you should understand that the Wednesday-
9 Thursdays generate commissions and purses of about \$12,000
10 to \$20,000, whereas the Fridays, Saturdays and Sundays go
11 \$50,000 to \$65,000 per day in purses and commissions, and we
12 need that to sustain. Every other fair, every other race
13 meet that you authorize, northern region/southern region
14 goes without overlap. You don't want to give us overlap
15 days, at least give us half --

16 CHAIR ISRAEL: We can't because you're not --

17 MR. MORGAN: -- the host status.

18 CHAIR ISRAEL: Because it costs the rest of the
19 industry too much money.

20 MR. KORBY: Mr. Chair, may I speak for a moment.

21 CHAIR ISRAEL: It costs -- it costs us a
22 tremendous amount versus it -- I mean, come on. I mean --

23 MR. KORBY: Mr. Chairman --

24 CHAIR ISRAEL: -- we've been through this 100
25 times.

1 MR. KORBY: -- may I speak for a moment.

2 CHAIR ISRAEL: Yeah.

3 MR. KORBY: This is Chris Korby, California
4 Authority of Racing Fairs. I think what you're hearing is
5 what you described earlier as the outcome of a successful
6 compromise.

7 CHAIR ISRAEL: Yeah. Everybody --

8 MR. KORBY: There's a little bit of unhappiness
9 everywhere.

10 CHAIR ISRAEL: Yeah.

11 MR. KORBY: We're not happy. We have things we
12 could point to at -- from our organization that we're not
13 happy about, but we support this compromise.

14 The -- the subcommittee, I know how hard they
15 worked. They built in flexibility in 2015 to accommodate
16 Sonoma County Fair. If Sonoma County Fair does not wish to
17 run in the dates that -- that are allocated in this calendar
18 then there's -- there is a mechanism for them to -- to run
19 with their traditional dates. They just don't run as many
20 dates. I think that they've made every endeavor to -- to
21 offer a balanced compromise, and we're supportive of it.

22 CHAIR ISRAEL: I agree. Look, I -- we've been
23 dealing with this on both things, you know, the whole time
24 I've been on the board, way more time on this than it's --
25 than it's worth financially or psychically. I mean,

1 basically, you can't survive without racetrack welfare. And
2 there's only so much money in the pot to offer you welfare.

3 You're getting four host days. You've got to find a way to
4 make it work. I mean, you know, I don't know what else to
5 tell you. Tax the pot growers, you know? You know? What?

6 MR. MORGAN: Jim Morgan, Humboldt County.

7 CHAIR ISRAEL: Yeah.

8 MR. MORGAN: CARF Racing Committee unanimously
9 voted for Humboldt to race without overlap. You're offering
10 no incentive to get horses there at the \$5,000 and lower
11 level. You're telling us --

12 CHAIR ISRAEL: Your first race day--

13 MR. MORGAN: You're telling us that --

14 CHAIR ISRAEL: -- you only -- you only --

15 MR. MORGAN: Excuse me, Mr. Chairman.

16 CHAIR ISRAEL: -- you only filled -- you only
17 filled five races this year. You had a couple of four-horse
18 races. I was watching on TV.

19 COMMISSIONER ROSENBERG: Five races?

20 CHAIR ISRAEL: Yeah, that's all they had. The
21 first day they raced this year they had five races.

22 COMMISSIONER ROSENBERG: The other days?

23 CHAIR ISRAEL: Huh?

24 COMMISSIONER ROSENBERG: How about the other days?

25 MR. MORGAN: We had six, seven and eight races.

1 And to -- and, Mr. Chairman, with all due respect, this
2 board --

3 COMMISSIONER ROSENBERG: No, they had five races.

4 MR. MORGAN: -- received a commitment from Golden
5 Gate Fields not to race horses below \$5,000. When the
6 condition book for Golden Gate Fields came out and had races
7 below \$5,000 the horses made a beeline from Santa Rosa down
8 to Golden Gate Fields. Had that agreement --

9 CHAIR ISRAEL: And what does that tell you?

10 MR. MORGAN: Can I finish a sentence please?

11 CHAIR ISRAEL: No. What does that --

12 MR. MORGAN: All right.

13 CHAIR ISRAEL: -- tell you? That tells you that
14 there wasn't -- people would rather race at Golden Gate. I
15 mean, what are we supposed to, make them take their horses
16 to a place they don't want to race?

17 MR. MORGAN: No, they do want to race there, Mr.
18 Chairman. The agreement was that they would not run races
19 below. Golden Gate ran seven races in violation of that
20 agreement. It undercut our ability to make sustainable
21 revenue. And if you -- and if you go ahead and approve a
22 calendar without those kinds of precautions again you're
23 undercutting it again.

24 I don't know what Humboldt did to deserve your
25 ire. They have contributed --

1 CHAIR ISRAEL: Nothing.

2 MR. MORGAN: -- to racing for 118 years. Their
3 leading owner won a Breeders' Cup, albeit he got
4 disqualified. They had a horse there that won a Breeders'
5 Cup race. No other fair can say that. There's a guy that's
6 got a scholarship because he learned to love live racing
7 with full grandstands at Humboldt.

8 CHAIR ISRAEL: Actually, that's not true. I think
9 Alameda County Fair had a horse. Yeah. One of
10 Hollendorfer's horses won a Breeders' Cup race; right?

11 COMMISSIONER ROSENBERG: Can I say something? I
12 think --

13 MR. MORGAN: But Alameda gets to run without
14 overlap.

15 COMMISSIONER ROSENBERG: Mr. Morgan, okay, I'm --
16 I just want to be clear. I totally disagree with
17 Commissioner Israel's position on Humboldt, and I've been in
18 disagreement ever since he stated it two years ago. It
19 would be a crime. Our responsibility is to keep this place
20 open, not to close it. And it's nickels and dimes --

21 MR. MORGAN: Thank you.

22 COMMISSIONER ROSENBERG: -- to the industry. How
23 much are you talking about here in the overall spectrum of
24 the size of these --

25 CHAIR ISRAEL: Over the --

1 COMMISSIONER ROSENBERG: -- these operations?

2 CHAIR ISRAEL: It's \$100,000 in purses every week.

3 COMMISSIONER ROSENBERG: It's -- it doesn't -- so
4 what?

5 CHAIR ISRAEL: \$100,000 in purses a week.

6 COMMISSIONER ROSENBERG: \$100,000 out of what?

7 CHAIR ISRAEL: \$100,00 out of --

8 COMMISSIONER ROSENBERG: Out of what? Out of
9 what?

10 CHAIR ISRAEL: In Northern California that's a
11 lot.

12 COMMISSIONER ROSENBERG: How much is that -- how
13 much is that per month?

14 CHAIR ISRAEL: In Northern California it's a lot
15 of money.

16 COMMISSIONER ROSENBERG: It's nickels and dimes.

17 CHAIR ISRAEL: Joe, go ahead. In Northern
18 California you've got people struggling.

19 MR. MORRIS: Right. I mean, obviously, we want
20 every dollar into purses we can get. And when Golden Gate
21 is running we get more purse dollars.

22 COMMISSIONER ROSENBERG: I understand that. But
23 it's nickels and dimes compared to the overall spectrum --

24 COMMISSIONER KRIKORIAN: But you have --

25 COMMISSIONER ROSENBERG: -- of the racing

1 industry.

2 MR. RAINEY: Cal Rainey, Golden Gate Fields.

3 COMMISSIONER KRIKORIAN: But you have -- you have
4 that problem with all the -- with all the fairs, right,
5 trying to compete with the grosses that Golden Gate could
6 generate versus the fairs. It's always going to be
7 substantially higher, isn't it?

8 MR. RAINEY: But 100 -- Cal Rainey, Golden Gate
9 Fields. \$100,000 is a whole race day in Northern California
10 in the summer.

11 CHAIR ISRAEL: That's for purses?

12 MR. RAINEY: For purses?

13 CHAIR ISRAEL: So that's two --

14 COMMISSIONER CHOPER: Could you repeat that again?

15 CHAIR ISRAEL: That's two race days of purses they
16 want.

17 COMMISSIONER CHOPER: I want to get that one more
18 time.

19 MR. RAINEY: \$100,000 is purse money for a whole
20 day of racing in Northern California at Golden Gate Fields
21 in the summer meet.

22 CHAIR ISRAEL: So --

23 COMMISSIONER CHOPER: And how much is it Humboldt?
24 That's --

25 CHAIR ISRAEL: No. That's how much they lose in

1 purses if Humboldt runs on overlap.

2 COMMISSIONER CHOPER: The purses are --

3 COMMISSIONER ROSENBERG: Where did you get that
4 number from?

5 CHAIR ISRAEL: \$100,000 a week from --

6 COMMISSIONER ROSENBERG: How did you get that
7 number?

8 CHAIR ISRAEL: Everybody's been -- agreed on that
9 for years.

10 MR. MORRIS: That's been -- we -- this is not the
11 first time we've --

12 (Colloquy Between Commissioners)

13 MR. MORRIS: I mean, we've been having this
14 discussion for the whole three years I've been around also.

15 COMMISSIONER ROSENBERG: Oh, per day. Yeah.

16 CHAIR ISRAEL: No, it's \$100,000 per week. So you
17 lose two full race days full of purses. The math is really
18 simple.

19 COMMISSIONER BENETO: If I had my way I'd -- I'd
20 give Humboldt the -- the host the whole two weeks, but that
21 ain't going to fly. I mean, the TOC is not going to --

22 MR. KORBY: We had that discussion at the
23 committee. The same arguments were made there. This is a
24 balanced compromise. We encourage the board to consider
25 voting in favor of this.

1 COMMISSIONER ROSENBERG: Is Humboldt a CARF
2 member?

3 MR. KORBY: Yes.

4 CHAIR ISRAEL: Yes.

5 COMMISSIONER ROSENBERG: So how do you feel about
6 CARF going out of business -- I mean, Humboldt going out of
7 business if this causes them to close altogether? How does
8 CARF feel about that? In favor of that?

9 MR. KORBY: We don't want that to happen. We
10 do -- we do everything we can to make them successful.

11 COMMISSIONER ROSENBERG: Well, why are you
12 supporting this calendar then?

13 MR. KORBY: Because we recognize that there are
14 elements --

15 CHAIR ISRAEL: Into the microphone please.

16 MR. KORBY: -- that we don't like. You know, I
17 could -- I could sit up here and tell you all the things
18 that I don't like about it.

19 COMMISSIONER ROSENBERG: But do you think --

20 MR. KORBY: But I'm telling you that there was a
21 lot of hard work that went into crafting a compromise.
22 There's a little bit of pain that everybody suffers. I
23 don't know that Humboldt is going to go out of business.

24 COMMISSIONER ROSENBERG: Well, that's the
25 question.

1 COMMISSIONER KRIKORIAN: But Humboldt is saying
2 that the compromise guarantees their failure; is that
3 correct?

4 MR. MORGAN: That's correct.

5 MR. DARUTY: Scott Daruty on behalf of Golden Gate
6 Fields. I mean, there is another racetrack here involved,
7 and that is Golden Gate. August has turned out to be one of
8 the best times to actually get people out to the track.
9 It's beautiful weather in the Bay Area. And we want to make
10 sure we're exposing racing fans in the Bay Area to
11 thoroughbred racing and building a fan base and trying to
12 grow the sport.

13 I would, you know, echo what Chris Korby said in
14 terms of the elements of compromise in this 2014 proposal
15 that's on the table. There are things we don't like about
16 it. We have certainly given from -- from, you know, the
17 perspective of what we had in 2013 versus what -- what we're
18 going to receive in 2014 under this proposal. It is a
19 compromise. We don't like it. We're not getting everything
20 we want. But we have -- have offered up something in
21 compromise.

22 You know, as far as 2015, I think again, that's a
23 little bit different issue. Because you're going to hear
24 from the CTT an the TOC and Santa Rosa and Golden Gate
25 Fields that that's such a drastic divergence from what the

1 history of -- the recent history of that racing dates has
2 been that it probably doesn't make sense to try to jump off
3 that cliff right now when we're talking about 2015, and we
4 don't even know when the fairs are going to be running.

5 So from Golden Gate Fields's position we think the
6 proposal that's on the table for 2014 is a reasonable
7 compromise between all the various interests, and that 2015
8 should be postponed until we get a little bit closer to the
9 timeframe. Remember, we have 75 or 80 years of racing
10 history in California. And this is the first time there's
11 ever been two yeas of dates run at one time.

12 COMMISSIONER CHOPER: May I ask you a question?

13 CHAIR ISRAEL: Well, it's got to start somewhere.

14 COMMISSIONER CHOPER: We -- we --

15 COMMISSIONER BENETO: It's got to start somewhere,
16 right.

17 COMMISSIONER CHOPER: We talked about the \$4,000
18 horses. You were going to --

19 CHAIR ISRAEL: \$5,000.

20 COMMISSIONER ROSENBERG: \$5,000.

21 CHAIR ISRAEL: \$5,000, Jesse.

22 COMMISSIONER CHOPER: That they wouldn't -- they
23 wouldn't write races for \$4,000 horses, \$4,000 claiming
24 races. You were going to look into that. Is there any
25 chance that something can be done in respect to that?

1 CHAIR ISRAEL: Alan, that question is for you.

2 MR. RAINEY: Cal Rainey, Golden Gate Fields.

3 CHAIR ISRAEL: Is Alan -- is Alan here?

4 COMMISSIONER CHOPER: Well, I guess it's Cal. I
5 guess it's Joe Morris and -- and --

6 CHAIR ISRAEL: No. Is Alan Jerkins here? He's
7 not here; right?

8 MR. RAINEY: David is not here, no.

9 CHAIR ISRAEL: Okay.

10 MR. RAINEY: We tried to limit the number -- we,
11 obviously, we tried to fill our card with eight races a day,
12 and we tried to limit the number this past summer. We did
13 have some claimers under \$5,000 in the book. We had less
14 than we had the year before. We did end up running those
15 races, because to fill the card we need to card those races.
16 So we did run those races in 2013.

17 VICE CHAIR WINNER: Was there a commitment? I
18 think Jim said there was a commitment. Was there a
19 commitment?

20 MR. DARUTY: From our -- Scott Daruty on behalf of
21 Golden Gate Fields. We obviously disagree with the
22 characterization of a flat out agreement that we would not
23 run races under \$5,000. The commitment was we'd use efforts
24 to try to minimize and not run those if possible. We never
25 interpreted that to mean if we're going to go without races

1 we should, you know, go without races.

2 CHAIR ISRAEL: I think we can check the minutes.
3 And while it was discussed it was never a condition of any
4 license.

5 MR. MORGAN: Jim Morgan, Humboldt County. Mr.
6 Chairman, you're correct. It was not a condition of the
7 license. But when they were making their pitch for a
8 license -- and I've cited the exact references on the
9 transcript -- there was an agreement that -- that Golden
10 Gate Fields would not write races below \$5,000. There was
11 an agreement that they would run at least half of their
12 races on the turf. And this was a compromise to allow the
13 overlap. And -- and as the weeks got closer to the meet I
14 sent emails back and forth with Cal.

15 VICE CHAIR WINNER: Who was that agreement with?

16 MR. MORGAN: It was --

17 VICE CHAIR WINNER: You say that there was an
18 agreement, but it wasn't a condition?

19 MR. MORGAN: It was not -- yes. And there's an
20 ambiguity there. But it was done during Golden Gate
21 Fields's application. And Chairman Brackpool used the
22 words, and the Golden Gate representative mimicked them,
23 there's an agreement that we will not write races below
24 \$5,000. And we will also have the turf festival with 50
25 percent of the races.

1 VICE CHAIR WINNER: No, I understand your
2 position. I'm asking a simple question. Who was the
3 agreement with?

4 MR. MORGAN: It was between Chairman Brackpool,
5 this board, and the then general manager of Golden Gate
6 Fields which would have been Joe Morris at the time.

7 CHAIR ISRAEL: Okay. Well, Joe is here to speak
8 for himself. Brackpool is not allowed to be here.

9 MR. MORGAN: The transcript speaks for everybody.

10 CHAIR ISRAEL: No, no. A transcript -- a vote is
11 the final word. And it was not a condition of -- of the
12 license agreement on which the board voted.

13 MR. MORGAN: You've got to rely on it. And
14 Humboldt is the one that suffered the financial (inaudible).

15 (Colloquy Between Commissioners)

16 COMMISSIONER CHOPER: Well, why go back over that?

17 CHAIR ISRAEL: But first of all, I don't think --

18 COMMISSIONER CHOPER: Excuse me.

19 CHAIR ISRAEL: Yeah.

20 COMMISSIONER CHOPER: Can I say --

21 CHAIR ISRAEL: Go ahead. Yeah.

22 COMMISSIONER CHOPER: -- don't go back, it's done.

23 All right. Did you run -- did you run any \$5,000 races on
24 those days?

25 MR. RAINEY: Yes, we did.

1 COMMISSIONER CHOPER: And you couldn't fill them?

2 MR. RAINEY: No. We filled \$5,000 races. And we
3 also had a few of the lower races. But no \$3,200 races.

4 COMMISSIONER CHOPER: No, I understand. I guess I
5 think if you give it a shot, no agreement, no conditions,
6 okay, but you give it a shot and run more \$5,000 races on
7 those days that you have trouble filling, maybe -- maybe
8 that would help. I mean, what -- what I would ask is for
9 the races that didn't fill, right, \$5,000 races --

10 MR. RAINEY: I'd have to check with the racing
11 secretary to see what we filled.

12 COMMISSIONER CHOPER: I think you'd probably
13 find --

14 MR. RAINEY: But I think that Alan from the CTT
15 can also support this, that the horsemen at Golden Gate
16 Fields, they want those \$4,000 races during the summer.
17 That's --

18 CHAIR ISRAEL: Well, the only question is that
19 we're talking about four race days, Saturday and Sunday of
20 the two weeks they overlap at Humboldt, or Friday, Saturday,
21 six race days.

22 MR. BALCH: Alan Balch, CTT.

23 CHAIR ISRAEL: Hold on a second, Alan.

24 Cal, I mean, we're only talking about six race
25 days. You overlap with them six days of live racing for

1 you --

2 MR. RAINEY: Right.

3 CHAIR ISRAEL: -- Friday, Saturday, Sunday of two
4 weeks. So you're talking about, you know, how many -- how
5 many claiming races do you run? That's eight races a day.
6 It's 48 races. You're probably talking about --

7 COMMISSIONER CHOPER: No, they run more than that
8 on the weekends.

9 CHAIR ISRAEL: Yeah, but you run -- most of yours
10 are \$8,000, \$10,000, you know; right? Aren't they?

11 COMMISSIONER CHOPER: No, not on Friday, Saturday
12 and Sunday.

13 CHAIR ISRAEL: Do you run a \$5,000 race?

14 COMMISSIONER CHOPER: At least not on Saturday --
15 oh, \$4,000? Yeah, they run a lot of \$4,000.

16 CHAIR ISRAEL: How many?

17 MR. MORGAN: They ran seven during the overlapped
18 period with Humboldt last year.

19 CHAIR ISRAEL: Seven total?

20 MR. MORGAN: Seven for \$3,200 -- one \$3,200, and
21 \$4,000 races during the time they overlapped.

22 CHAIR ISRAEL: Wait. Now you're confusing me. So
23 they ran one \$3,200 claimer --

24 MR. MORGAN: Right.

25 CHAIR ISRAEL: -- and six \$4,000 claimers?

1 MR. MORGAN: That's correct.

2 COMMISSIONER BENETO: One a day.

3 COMMISSIONER CHOPER: No, no, no, no, total.

4 MR. MORGAN: Well, they had three the last Sunday.

5 CHAIR ISRAEL: Yeah. But that averages one a day.

6 COMMISSIONER ROSENBERG: Yeah.

7 CHAIR ISRAEL: So can you find -- out of the 48
8 races you write, can you find a way to write something
9 different for those six races?

10 MR. RAINEY: The problem is our horsemen at Golden
11 Gate Fields that have the horses for a \$4,000 claimer,
12 several of them don't want to travel all the way up to
13 Humboldt. And they -- they prefer to stay in the Bay Area
14 and train at Golden Gate.

15 CHAIR ISRAEL: Well, put a \$4,000 and a \$5,000
16 claimer. They get an extra grand if they're lucky.

17 COMMISSIONER BENETO: It's a 300 -- it's a 300
18 mile haul.

19 CHAIR ISRAEL: I mean, really, what are we talking
20 about here? I mean, come on, write it as a \$5,000. What's
21 the difference?

22 COMMISSIONER CHOPER: If they write the race for
23 \$5,000 --

24 CHAIR ISRAEL: Yeah.

25 COMMISSIONER CHOPER: -- then they -- I mean, it's

1 one thing to write an allowance race and it doesn't fill --

2 CHAIR ISRAEL: Right. Because this is -- we're
3 talking about --

4 COMMISSIONER CHOPER: -- because that -- because
5 that's not going to fill no matter what you write; right? I
6 mean, that doesn't make any difference. \$4,000 races --

7 CHAIR ISRAEL: Yeah.

8 COMMISSIONER CHOPER: -- are not going to affect
9 \$25,000 allowance races.

10 CHAIR ISRAEL: Cal, I mean, if, you know, if a
11 horse is good enough to claim for \$4,000 it's probably good
12 enough to claim for \$5,000.

13 MR. DARUTY: Scott Daruty on behalf of --

14 CHAIR ISRAEL: It's not a real deterrent.

15 MR. DARUTY: -- Golden Gate. Let's keep -- let's
16 keep a focus on what the issue is. If the issue is that
17 we're not supposed to be running those races because we're
18 going to somehow support Humboldt where the horsemen maybe
19 don't really want to run, if we run the \$5,000 race and all
20 the \$4,000 horses enter in it we really haven't achieved our
21 purpose --

22 CHAIR ISRAEL: Correct.

23 MR. DARUTY: -- have we?

24 CHAIR ISRAEL: Well, we have because they're
25 saying it makes a difference to them. If you prove it

1 doesn't make a difference to them, then they've got no
2 argument. So --

3 VICE CHAIR WINNER: Yeah. But the two -- the two
4 points conflict with one another, with what Scott is saying.
5 And I think he's correct.

6 COMMISSIONER BENETO: Is there anyway we can
7 approve these dates for '14 and '15?

8 CHAIR ISRAEL: Well, we haven't gotten to making a
9 motion yet.

10 MR. BALCH: Right.

11 CHAIR ISRAEL: We've got to let everybody speak
12 their peace.

13 MR. BALCH: May I be heard?

14 CHAIR ISRAEL: Yes, sir. Yes, sir.

15 MR. BALCH: Alan Balch, CTT.

16 CHAIR ISRAEL: Except you were -- did point out
17 that Alan Jerkins is not available.

18 MR. BALCH: Right. Not available at all.

19 CHAIR ISRAEL: Yeah.

20 MR. BALCH: I would just like, on behalf of CTT,
21 to endorse what Mr. Daruty and Joe Morris have said as far
22 as this -- this compromise that you're talking about for
23 2014 and -- and Humboldt. Not everybody is happy. But
24 remember, it's not just purse levels. It's a half-mile
25 track, it's -- at Humboldt. It's the location. It's a

1 different track surface. It's different conditions. It's
2 all kinds of things. I think the most we can ask is that
3 the racing offices at Humboldt and Golden Gate get together
4 and make a good faith effort to try not to get in each
5 other's way.

6 This happens in Southern California when -- we
7 don't have overlapping meetings, but at the end of one
8 meeting and the beginning of the other they get together and
9 coordinate. And I think that's about the most you can offer
10 because you don't want -- you don't want either place not to
11 be able to fill a card of races in an overlapped situation.

12 So -- but for 2014, I think it's pretty evident
13 there have been a lot of compromises already. Our problem,
14 as Mr. Daruty pointed out and others, is the discussion on
15 the merits of 2015. Because it's very hard to understand
16 how a quote unquote "compromise" from one year to the next
17 is -- it's as though 2014 is being used as leverage against
18 2015 when the 2015 merits and -- an the schedule have really
19 not been discussed in front of this board.

20 CHAIR ISRAEL: Well, that's the purpose of the
21 meeting.

22 MR. BALCH: Right.

23 CHAIR ISRAEL: Let me just say a couple things.
24 One is if you and Morris and Daruty are agreeing on
25 something I'm pretty -- I'm just -- I'm declaring victory,

1 okay? The -- so the -- I'm voting yes on that no matter
2 what. Then the second thing is, I mean, what -- what this
3 all stems from is there's a desire on the part of the
4 governor, whose interests we serve, frankly, who represents
5 all the people of the State of California, to add an extra
6 week of racing at Cal Expo. And I think everything is
7 derived from that.

8 COMMISSIONER CHOPER: No.

9 COMMISSIONER ROSENBERG: No.

10 CHAIR ISRAEL: No?

11 COMMISSIONER BENETO: No.

12 VICE CHAIR WINNER: No. I'm sorry, Mr. Chairman.

13 CHAIR ISRAEL: Why not? I thought he wanted three
14 weeks?

15 VICE CHAIR WINNER: No. The governor's --

16 COMMISSIONER BENETO: No.

17 VICE CHAIR WINNER: The governor's position is
18 that it's up to this board to make that decision.

19 COMMISSIONER BENETO: Up to this board, yeah. He
20 doesn't want no part of this.

21 COMMISSIONER ROSENBERG: Can I make a comment?

22 COMMISSIONER BENETO: He don't want no part of
23 racing.

24 COMMISSIONER ROSENBERG: Mr. Chair, a suggestion.

25 COMMISSIONER BENETO: He doesn't know nothing

1 about it.

2 COMMISSIONER ROSENBERG: May I make a suggestion,
3 if someone could help me craft a motion here, David.

4 CHAIR ISRAEL: What?

5 COMMISSIONER ROSENBERG: Craft a motion which
6 would be to approve the 2014 calendar as presented with the
7 understanding that the Golden Gate in particular, the race
8 secretary there will be asked by his -- by management to use
9 extreme caution in carding any races that are less than --
10 that are less than \$5,000 claiming races.

11 CHAIR ISRAEL: Claiming races below \$5,000.

12 COMMISSIONER ROSENBERG: Secondly -- secondly,
13 that for 2015 --

14 COMMISSIONER CHOPER: Let's leave 2015 out for the
15 moment.

16 COMMISSIONER ROSENBERG: -- we defer 2015 out,
17 except I would say that the board as part of the motion
18 would, based upon the information that we received and --
19 from Cal Expo, and respecting that the Ad Hoc Committee is
20 in favor of this, strongly urges the parties to settle a
21 2015 calendar no later than, question mark, you come up with
22 a date, and that the board is -- the members of the board
23 who will be continuing on the new regime starting in January
24 are in favor of granting -- are inclined to grant three
25 weeks to Sacramento.

1 COMMISSIONER BENETO: Why don't we do it now,
2 Richard?

3 COMMISSIONER ROSENBERG: Because it was too -- it
4 will never -- we'll be here four more days, that's why.

5 COMMISSIONER BENETO: You know, I worked hard on
6 this thing and I put a lot of time into it, and so did
7 Choper. And to -- and to have that postponed again is
8 ludicrous.

9 VICE CHAIR WINNER: I have a comment. I don't
10 know if -- do you -- did you second it, Jesse? I just don't
11 know if there's a second.

12 COMMISSIONER CHOPER: I don't know.

13 CHAIR ISRAEL: Okay.

14 COMMISSIONER CHOPER: I think there was a motion
15 on the floor.

16 VICE CHAIR WINNER: Okay. Here -- here --

17 CHAIR ISRAEL: There is a motion. But a motion
18 can be -- it can be changed and it can --

19 COMMISSIONER BENETO: Nothing's going to change.

20 VICE CHAIR WINNER: Here is -- here is my position
21 on it, at least as of -- as of now, and that is that
22 Commissioner Beneto and Commissioner Choper were assigned by
23 the chairman to form an ad hoc committee and come up with a
24 plan. They've had a number of meetings. They've had a
25 number of sessions. Having gone through it down south and

1 recognizing the difficulty of working with a whole lot of
2 different groups trying to achieve something, it's not an
3 easy thing and it's never going to make everybody happy.
4 They worked really hard at it. I recognize it doesn't make
5 everybody happy.

6 The problem is, as I understand it, just based on
7 my discussions with the two commissioners here, part of the
8 agreement on 2014 was because they postponed the decision on
9 Cal Expo to 2015.

10 COMMISSIONER CHOPER: That's correct.

11 VICE CHAIR WINNER: So therefore the two are
12 linked. If you unlink them you unlink the agreement on
13 2014. That's my view of it, as I understand it.

14 COMMISSIONER ROSENBERG: That's not -- that's not
15 what we heard. And we just heard the parties --

16 VICE CHAIR WINNER: Well, then I'll leave it up
17 to -- well, why don't you guys --

18 COMMISSIONER ROSENBERG: That's not what the
19 parties here are saying.

20 COMMISSIONER KRIKORIAN: May I say -- I'd like to
21 say that I agree with Commissioner Winner. I think that
22 we're talking about 2014 and 2015. And if there's any
23 inequities here as time goes by, then in 2016 you can make
24 adjustments. I don't -- I think that that's -- that's the
25 way we should go as well.

1 COMMISSIONER BENETO: I'm for passing both of them
2 now and put it to bed.

3 CHAIR ISRAEL: Then make the motion.

4 COMMISSIONER BENETO: I make a motion that we pass
5 '14 and '15 as -- as stated.

6 CHAIR ISRAEL: Is there a second?

7 COMMISSIONER KRIKORIAN: I'll second it.

8 CHAIR ISRAEL: Okay. Since this is acrimonious
9 I'll take --

10 MR. MORRIS: Can we still do comment or are we
11 done? I mean --

12 MR. RAINEY: We haven't discussed the merits of
13 2015.

14 CHAIR ISRAEL: All right. Okay. You can still
15 comment. The motion is on the floor. Comment.

16 MR. MORRIS: I mean, the -- and I went to the
17 first meeting. I didn't make it to the second one, but I
18 had a representative there. You know, we've got momentum
19 going in the north. Golden Gate has probably been up in
20 handle four -- four meets in a row. We've got some
21 stability going up there. And in 15 there's just too many
22 changes. And we've still got changes that we need to see
23 that are going to happen here in the south. And they
24 could -- we may need some northern dates movement from what
25 happens with the schedule down here.

1 CHAIR ISRAEL: Well, George made the point that as
2 that arises you have plenty of time to make those changes.

3 COMMISSIONER BENETO: You have plenty of time.

4 CHAIR ISRAEL: But at least you have a framework
5 to work from.

6 MR. MORRIS: Well, then -- well, then we'll
7 have -- well, then where we're sitting at you have
8 Commissioner Beneto and CARF who like the 2015 schedule and
9 they think it's good, and you've got Golden Gate which is
10 the track operator up there, TOC, the horsemen's group, CTT,
11 CTBA, who don't think it's a good schedule and think it
12 needs more debate.

13 COMMISSIONER BENETO: Joe, you -- Joe --

14 COMMISSIONER ROSENBERG: The point is there was
15 never a compromise made.

16 COMMISSIONER BENETO: No.

17 COMMISSIONER ROSENBERG: Chuck -- Chuck, there was
18 never a compromise made. That was a fallacy. The
19 compromise as made between the two commissioners, is what
20 was stated by Commissioner Choper. They compromised to make
21 a recommendation; the parties never did.

22 VICE CHAIR WINNER: Okay. So then wouldn't it be
23 true, if you're correct, Richard, and I suspect that you may
24 be correct, wouldn't it be true then that if you were going
25 to do the 2014 calendar, since the agreement between the two

1 commissioners here was to withdraw their request that Cal
2 Expo get three weeks in 2014, which is where this originally
3 started, and agree to put it into 2015, those three weeks,
4 then by unlinking the two you ought to go back and give the
5 third week to Cal Expo?

6 COMMISSIONER ROSENBERG: Well, we can discuss it.
7 No, I agree with you. If that -- if that's what happens I
8 think we should discuss it and maybe we do it next month.

9 COMMISSIONER BENETO: No. It's a simple thing.

10 CHAIR ISRAEL: Well, there's -- there's a motion
11 on the floor.

12 COMMISSIONER BENETO: Richard, it boils down to
13 one thing, Cal Expo wants three weeks. And they didn't get
14 three weeks in '14 because of -- we got screwed, the board
15 did, by not having this meeting in July like we were
16 supposed to. We gave them a grace period because they
17 couldn't meet with us because of their fairs, and so on and
18 so forth.

19 The only -- so '15 we gave Cal Expo the three
20 weeks. Okay. Do you disagree with that or agree with that,
21 them getting three weeks?

22 COMMISSIONER ROSENBERG: In '15?

23 COMMISSIONER BENETO: Yeah.

24 COMMISSIONER ROSENBERG: They haven't done
25 anything.

1 COMMISSIONER BENETO: No, I'm asking you.

2 COMMISSIONER ROSENBERG: No, I'm fine with three
3 weeks. The calendar can be worked out later.

4 COMMISSIONER BENETO: Are you -- are you -- are
5 you -- are you satisfied giving Cal Expo three weeks in '15?

6 COMMISSIONER ROSENBERG: Without regard to
7 considering the other dates or just the three weeks? I was
8 suggesting in my motion that we -- the board would be in
9 favor of -- those commissioners here today who are going
10 forward, and there's five of them --

11
12 COMMISSIONER BENETO: So there's nothing much I
13 can change in the calendar. Either you give them three
14 weeks or you -- or you say Cal Expo --

15 CHAIR ISRAEL: Right. Once you give them three
16 weeks they're dominos, and the dominos have to be
17 rearranged.

18 COMMISSIONER ROSENBERG: Which has to be
19 negotiated.

20 CHAIR ISRAEL: No, it doesn't have to be
21 negotiated. Look, let me just make one thing clear. The
22 racing dates don't belong to any of you, and they frankly
23 don't even belong to us. They belong to the people of the
24 State of California. We're -- we're acting here as
25 representatives of the people of the State of California.

1 If it's the sense of this board which is -- which is
2 something we find out by holding a vote, that these dates
3 should be the ones that are being recommended by
4 Commissioner Beneto, then that's what the people of
5 California decided. And -- and if it displeases you, the
6 good news about it being a two-year calendar is you have a
7 long time to work through your displeasure and come up with
8 alternatives. But without a framework you've got nothing to
9 work off of. You're working in an ether.

10 COMMISSIONER BENETO: Correct.

11 CHAIR ISRAEL: And I think that it makes sense to
12 have a framework, whether you agree with it or not, so that
13 you have specific points of disagreement that you can try
14 to -- you can try to move things around on. Because it's
15 not -- it's not -- look, obviously, I'm not going to be
16 here. But it's -- it's not stonework. This is written on a
17 piece of paper and, you know, and a digitized screen of a
18 computer. And those changes are very easy to make if it
19 should be necessary. You may find that it's something
20 perfectly acceptable.

21 MR. BALCH: Mr. Chairman, you mentioned the
22 interests of the people of the State of California --

23 CHAIR ISRAEL: Right.

24 MR. BALCH: -- correctly so, and horse racing in
25 general, correctly so. We haven't even been able to engage

1 today in the debate on the merits of what is magic about
2 giving Cal Expo, because they asked for it, three weeks.
3 The ramifications of that, the suitability of Cal Expo
4 versus another fair --

5 CHAIR ISRAEL: But, Alan, that was --

6 MR. BALCH: -- Santa Rosa, and so forth --

7 CHAIR ISRAEL: -- that was the whole purpose of --
8 you had -- you had two subcommittee meetings. These
9 things -- these are the things --

10 MR. BALCH: I understand.

11 CHAIR ISRAEL: -- that get discussed in committee.

12 MR. BALCH: I understand. Our representatives
13 were there.

14 CHAIR ISRAEL: The committee reports to the full
15 board and the board acts.

16 MR. BALCH: I understand.

17 CHAIR ISRAEL: The same thing happens with
18 Medication. The same things happen when --

19 MR. BALCH: Yes.

20 CHAIR ISRAEL: -- we negotiated --

21 MR. BALCH: I agree. I've been around.

22 CHAIR ISRAEL: -- Chuck and I negotiated this out
23 in Southern California.

24 MR. BALCH: But -- but there's a key difference.

25 In the Southern California six months head bashing there was

1 a consensus reached amongst all parties. This is a
2 consensus reached amongst a commissioner and -- and one part
3 of the fair organization --

4 CHAIR ISRAEL: No, no, no.

5 MR. BALCH: -- where the other part of the
6 fairs --

7 CHAIR ISRAEL: This has been --

8 MR. BALCH: -- don't even agree.

9 CHAIR ISRAEL: This is different. No. This is
10 different, though, because this is a calendar issue. And
11 the calendar by law is the province of the board, whereas a
12 stabling and vanning agreement by law is not the province of
13 the board. We -- the board was acting as a broker in order
14 to -- but ultimately you did have to agree on it because it
15 was your contract.

16 MR. BALCH: Everybody agreed on the Southern
17 California calendar.

18 CHAIR ISRAEL: Well --

19 MR. BALCH: And in this case you have all but one
20 not --

21 CHAIR ISRAEL: Look, I will say, the Southern
22 California calendar is much easier to accomplish because
23 there are so few moving parts.

24 MR. BALCH: Agreed.

25 CHAIR ISRAEL: Okay. I mean, I -- I mean, I knew

1 when -- I knew years ago that eventually Hollywood Park was
2 going to close. And I didn't know -- I didn't know that Los
3 Alamitos was going to want five weeks. But I could have,
4 within those -- with that five week margin of error I could
5 have told you that calendar, you know, five years ago. That
6 was -- it was -- that was obvious to everybody, given a
7 tweak here and there.

8 So, you know, but this is a different matter. And
9 I think -- I think there are so many moving parts, unless
10 you put them in squares and then deal with the square once
11 they're voted on, you're never going to get anything done.
12 I think it's actually easier to work off of this.

13 COMMISSIONER ROSENBERG: No, once we vote it's --

14 VICE CHAIR WINNER: Okay. Well, may I make --

15 COMMISSIONER ROSENBERG: No, once we vote it's all
16 set.

17 CHAIR ISRAEL: No, because --

18 COMMISSIONER ROSENBERG: Because you can't -- no,
19 it's set.

20 CHAIR ISRAEL: Richard, it's not because every
21 association has to be licensed.

22 COMMISSIONER ROSENBERG: No, no. People will --
23 it's automatic. People will automatically say, oh, these
24 dates next year are for Sacramento. And you know what,
25 who's going to come back and complain to this board --

1 CHAIR ISRAEL: Fine. Then they'll find a way --

2 COMMISSIONER ROSENBERG: -- and make a commotion?

3 CHAIR ISRAEL: -- to make it work. So you just --
4 you're arguing against yourself.

5 COMMISSIONER ROSENBERG: It's the Russian
6 Roulette. I don't get it.

7 VICE CHAIR WINNER: I -- yeah, go ahead.

8 CHAIR ISRAEL: So -- because it makes no sense to
9 have these one-year -- from the first day I was on this
10 board it was clear to me there needed to be calendars,
11 probably five years out so you could have five-year business
12 plans and five -- you know, this constant, constant
13 uncertainty in the horse racing business makes no sense.
14 It's a lousy way to run a business.

15 VICE CHAIR WINNER: I agree with --

16 COMMISSIONER KRIKORIAN: I'm not -- yeah,
17 nobody --

18 VICE CHAIR WINNER: I agree with what you're
19 saying. However -- however, in the interest of moving ahead
20 I have a suggestion. And the suggestion is that we approve
21 the 2014 calendar conditioned on the agreement that -- that
22 Cal Expo will get three weeks in 2015, and that their --
23 that the Ad Hoc Committee meet again prior to the January
24 board meeting and determine the -- how that puzzle is going
25 to be -- is going to be worked out, so that we don't have to

1 do it here and now, and so that some of these things that
2 everybody is concerned about, at least there's another
3 opportunity for them to get worked out.

4 CHAIR ISRAEL: Okay. Steve -- Steve, are you
5 willing to amend your motion?

6 COMMISSIONER BENETO: Yeah --

7 CHAIR ISRAEL: Okay.

8 COMMISSIONER BENETO: -- providing that they --
9 that they're -- that they get their calendar for '15, their
10 three weeks on that calendar, which is July. Is that -- is
11 that fair?

12 COMMISSIONER ROSENBERG: No.

13 VICE CHAIR WINNER: That's the motion.

14 COMMISSIONER KRIKORIAN: He wants the -- you want
15 the dates that you've --

16 COMMISSIONER BENETO: Well, it has to be.

17 COMMISSIONER KRIKORIAN: -- you've asked for in
18 2015 --

19 COMMISSIONER BENETO: It has to be. That's when
20 their fair is.

21 COMMISSIONER KRIKORIAN: -- and 2014?

22 COMMISSIONER BENETO: The fair starts July 10th
23 and goes until the 30th.

24 CHAIR ISRAEL: Tammy wants to say something.

25 MS. TESCONI: Tawny --

1 CHAIR ISRAEL: Oh, Tawny. I'm sorry.

2 MS. TESCONI: Tawny Tesconi, Sonoma County Fair.
3 So -- and I appreciate you trying to work all of this out.
4 But the one thing you have to realize is that if your
5 concern is about the future of California racing and doing
6 the good for the public and everything, as we've all talked
7 about, what ultimately is going to happen is, you know, if
8 we end up with the three weeks that's proposed in 2015 we
9 most likely will run that last week without the fair over
10 the top of it. Then that pushes Humboldt and Golden Gate.
11 So ultimately you lose a week of racing at Golden Gate
12 because the calendar is only so many days.

13 So now you've hurt one of your best fairs with a
14 turf track, Santa Rosa. You've hurt Golden Gate. You've
15 hurt Humboldt, because now you're pushing them into their
16 school season as well. So many of the things you all talked
17 about, in some ways you're contradicting yourself with the
18 2015 calendar.

19 I really think that if it's going to be done
20 prudently you need to look at the bottom line. You need to
21 look at the commissions and the purses generated. And
22 compared to what's going to happen in 2014 with this
23 calendar, and then take the 2015 calendar as you proposed,
24 and estimate what the commissions and purses are going to
25 be, because you're going to hurt the horsemen, you're going

1 to hurt purses, you're going to hurt the fairs.

2 And ultimately I have to ask you, just because Cal
3 Expo wants an extra week of racing, and we have determined
4 that the governor has not requested this specifically, why
5 are -- why do you feel that that is in the best interest of
6 horse racing?

7 COMMISSIONER KRIKORIAN: You know, I think that
8 one of the things that should be pointed out here is that I
9 think the board is trying to struggle between what, you
10 know, what's fair to keep the fairs open and everything.
11 Because if this is just a pure economic issue I think all
12 the dates would go to Golden Gate and we'd all -- and that
13 would be the end of it, because that's where the most
14 revenue is going to be generated. I don't think anybody
15 would have a question with that.

16 So you're asking the board --

17 CHAIR ISRAEL: Well --

18 COMMISSIONER KRIKORIAN: -- to pick and choose.

19 CHAIR ISRAEL: Legislatively the fair are
20 protected in a way that the racing associations aren't.

21 COMMISSIONER KRIKORIAN: No, and I -- and I
22 understand that. I'm not -- I'm not ignoring that. But --
23 but the point is, is that we're trying to do something
24 that's equitable for -- come up with approved dates that
25 are, you know, equitable. And there's going to be some give

1 and take and some frustration. So I'm inclined to still
2 agree with Steve's proposal here.

3 MR. PICKERING: Mr. Chairman, there's been --

4 CHAIR ISRAEL: Just let -- Commissioner Choper has
5 something to say. Jesse, go.

6 COMMISSIONER CHOPER: Look, it is -- it is true
7 that I did agree with Commissioner Beneto to offer the three
8 weeks to Sacramento. Okay. It is also true that we ha no
9 strong opposition at this past meeting from the TOC, from
10 the CTT, from the -- who else -- whoever else here and --

11 CHAIR ISRAEL: Golden Gate.

12 COMMISSIONER ROSENBERG: Santa Anita.

13 COMMISSIONER CHOPER: No, no.

14 COMMISSIONER ROSENBERG: Golden Gate.

15 CHAIR ISRAEL: Golden Gate.

16 COMMISSIONER CHOPER: Golden Gate expressed their
17 opposition.

18 CHAIR ISRAEL: Oh, they did? Okay.

19 COMMISSIONER CHOPER: But, no, the TOC, the CTT --

20 CHAIR ISRAEL: Santa Rosa.

21 COMMISSIONER CHOPER: -- and the CTBA, I was --
22 they got invoked here, too, somewhere along the way. Okay.
23 So I guess what I think is that we ought to vote 2014 now.
24 I think that if we've been told that January is a date at
25 which we'll know more from your organizations, all right,

1 that I'm willing -- I'm willing to put that off for one
2 month.

3 I want to say something about Santa Rosa as well.
4 I've said this thing 100 times, it's not a perfect world.
5 Your fair board is meeting early in January, I understand.

6 MS. TESCONI: Actually, it's the end -- it's after
7 your January meeting, because of the fairs' convention.

8 COMMISSIONER CHOPER: Wait, wait.

9 CHAIR ISRAEL: Wait, so --

10 COMMISSIONER CHOPER: Jackie, didn't -- didn't
11 Santa Rosa ask for the -- to put off the January meeting?

12 MS. TESCONI: I said my board was meeting in
13 January.

14 COMMISSIONER CHOPER: Pardon me?

15 MS. TESCONI: Yeah. I said my board was meeting
16 in January.

17 CHAIR ISRAEL: You've got to say your name, and
18 use the mic.

19 COMMISSIONER CHOPER: Well, I think they ought
20 to --

21 MS. TESCONI: Tawny Tesconi --

22 COMMISSIONER CHOPER: -- meet earlier --

23 MS. TESCONI: -- Sonoma County Fair.

24 COMMISSIONER CHOPER: -- for one week --

25 MS. TESCONI: Okay.

1 COMMISSIONER CHOPER: -- because we're going to
2 give them a little bit more time.

3 COMMISSIONER BENETO: I like -- I like your
4 motion.

5 CHAIR ISRAEL: Who's motion?

6 COMMISSIONER BENETO: Chuck's.

7 CHAIR ISRAEL: Well, you made it. In other words,
8 the one you made.

9 COMMISSIONER ROSENBERG: Well, I'm going to --

10 MR. KORBY: Chris Korby, California Authority --

11 VICE CHAIR WINNER: No, no, I made it.

12 MR. KORBY: -- of Racing Fairs.

13 COMMISSIONER ROSENBERG: But if you move -- but my
14 give them the specific dates? I understand that Steve --

15 COMMISSIONER BENETO: Well, no, it's the fair's
16 dates.

17 COMMISSIONER ROSENBERG: I -- so what? So other
18 people are going to have to race without the -- we're doing
19 that to other people. So why can't we discuss that later
20 when we hear from all the parties? Why do we have to rush
21 into this?

22 COMMISSIONER CHOPER: On the other hand, I
23 agree --

24 COMMISSIONER KRIKORIAN: But, Richard, this has
25 been the --

1 COMMISSIONER CHOPER: -- that the fairs --

2 COMMISSIONER KRIKORIAN: -- the fourth meeting
3 we've discussed this.

4 COMMISSIONER ROSENBERG: Where did this Cal Expo
5 come from?

6 COMMISSIONER CHOPER: -- with adequate notice have
7 to arrange to deal with having their fairs open at the dates
8 that they -- that they get. I do agree with that. And
9 that's -- that's one of the things that I totally agree
10 with, Commissioner. We don't set --

11 CHAIR ISRAEL: Look --

12 COMMISSIONER CHOPER: -- dates of fairs. And, you
13 know, they -- they can't, I don't think, dictate when we
14 have -- when we assign dates. We shouldn't assign dates
15 arbitrarily without any consideration of the fairs. But we
16 should, after that, assign them in that way.

17 So I guess that's -- that's where I come out on
18 this, despite the fact, I want to be clear, that I agreed
19 that we would go -- go, because I didn't hear this kind of
20 opposition at the last -- at the last meeting, that we would
21 pass both of them together. One month.

22 CHAIR ISRAEL: I just -- I just want to say that
23 after five-and-a-half or almost six years the last issue
24 we're hearing I finally find out from Commissioner Choper
25 it's not a perfect world.

1 COMMISSIONER BENETO: And, Tawny --

2 CHAIR ISRAEL: You couldn't have told me that
3 sooner?

4 COMMISSIONER BENETO: -- don't -- you got the
5 cream of the crop on racing dates because you're racing --

6 MS. TESCONI: We have the cream of the crop
7 fairgrounds.

8 COMMISSIONER BENETO: -- because you're -- you're
9 racing with Del Mar all three weeks. There's not nobody
10 sitting at that table that's got that opportunity. So don't
11 say you're going to give up the weeks.

12 MS. TESCONI: Well, I'm sure if you ask Del Mar,
13 they appreciate they're running three weeks with us.

14 MR. PICKERING: Mr. Chairman, there's been a
15 number of comments made about Cal Expo that I would like to
16 just briefly address --

17 CHAIR ISRAEL: Okay.

18 MR. PICKERING: -- that the single --

19 CHAIR ISRAEL: Briefly.

20 CHAIR ISRAEL: Introduce yourself, Rick.

21 VICE CHAIR WINNER: Identify yourself.

22 MR. PICKERING: Rick Pickering, CEO of the
23 California Exposition and State Fair. The single highest
24 attended week of fair time in Northern California is the
25 final seven days of the California State Fair. More than

1 340,000 people attend the California State Fair in the last
2 seven days.

3 COMMISSIONER CHOPER: And the handle reflects
4 that?

5 MR. PICKERING: There is no live racing that
6 entire last week of the California State Fair. The last
7 week of the California State Fair's attendance, the last
8 seven days without racing, there's no exposure to a live
9 racing product because racing has moved to Sonoma County
10 Fairgrounds, traditionally. Cal Expo has the first three
11 days of racing on top of the closing of Hollywood Park.
12 It's next weekend is on top of the opening of Del Mar. It's
13 final seven days of the California State Fair with 340,000-
14 something people, there is no live horse racing product.

15 CHAIR ISRAEL: And the fair is open for three
16 weeks total?

17 MR. PICKERING: The three weekends, the 17 days.
18 And the attendance in those seven days at the California
19 State Fair, the last week without live racing exceeds the
20 entire three weeks of attendance at the Sonoma County Fair.
21 Sacramento's gross metropolitan product is \$83 billion a
22 year. Sonoma County is \$6 billion a year. Sacramento's
23 population, according to the last census decade, grew by 16
24 percent and is now the 27th largest metropolitan area in the
25 country. So the growth is there.

1 Cal Expo has the newest fair grandstands out of
2 the fairs in Northern California. It has the only
3 winterized grandstands out of all the fairs in Northern
4 California. So it's not a matter of Cal Expo just saying,
5 gee, we want a week of racing. It's 340,000 people in a
6 large metropolitan area, the largest attended week of fair
7 in Northern California does not have a live racing product.

8 COMMISSIONER CHOPER: Could I ask you a question?
9 I read that you just -- I mean, you gave us these figures in
10 a memo and they're very impressive. There's no question
11 about that.

12 What I -- what I saw missing from them was handle.
13 You did mention the handle for the harness racing. But you
14 did not mention any figures of handle for Cal Expo racing.

15 MR. PICKERING: I don't believe the handles will
16 compare adequately between Cal Expo and Santa Rosa. The
17 first week of racing at Del Mar doesn't generate the handle
18 that the second and third week or last week of racing at Del
19 Mar does. The last week of racing at Hollywood Park on top
20 of Cal Expo is not Hollywood Park's strongest week. In
21 fact, they've started reducing days of week and number of
22 races a week as they are moving toward going out of
23 business.

24 CHAIR ISRAEL: Well, going forward you're going to
25 be against Los Alamitos now.

1 MR. PICKERING: Which, had we received three weeks
2 of racing in 2014, that would have buffered the Los
3 Alamitos. I hope Los Alamitos is wildly successful. But
4 for 2014 with only two weeks of racing at State Fair, our
5 first week will be with Los Al it's final week, and our
6 second week will be with Del Mar's opening week. So we
7 don't have a buffer to -- to spread it if Los Al doesn't do
8 as well as Hollywood did.

9 COMMISSIONER CHOPER: No. But I still want to go
10 back.

11 COMMISSIONER ROSENBERG: Let's go back to the
12 motion.

13 COMMISSIONER CHOPER: You race -- you race
14 concurrently with Del Mar one week now; is that correct?

15 MR. PICKERING: Correct.

16 COMMISSIONER CHOPER: So --

17 MR. PICKERING: And then we --

18 COMMISSIONER CHOPER: -- we see -- we see, I'm
19 sure they're there, the handle figures for that week as
20 compared to Santa Rosa's when they go concurrently with Del
21 Mar.

22 MR. PICKERING: Certainly. And under that --

23 COMMISSIONER CHOPER: I think that's important.

24 MR. PICKERING: I think it's important as well.

25 COMMISSIONER CHOPER: Look, you know, if we had

1 about 62 weeks, that's a different question. We don't have
2 that.

3 VICE CHAIR WINNER: Can this board approve that?

4 COMMISSIONER CHOPER: Yeah, that's right --

5 COMMISSIONER BENETO: And we've got to -- we've
6 got to --

7 COMMISSIONER CHOPER: -- in my lifetime.

8 COMMISSIONER BENETO: We've got to vote on '15 --

9 CHAIR ISRAEL: You lose a year every five years.

10 COMMISSIONER BENETO: -- on your motion, Chuck.

11 VICE CHAIR WINNER: Yes.

12 CHAIR ISRAEL: There's a motion on the -- on the
13 floor made by Commissioner Beneto to approve the 2014
14 calendar as is, contingent upon a grant of three weeks of
15 racing to Cal Expo in 2015. Is that -- did I say that
16 correctly?

17 COMMISSIONER BENETO: Yes.

18 VICE CHAIR WINNER: That's my -- I think it's my
19 motion.

20 CHAIR ISRAEL: And that was -- that was
21 seconded --

22 COMMISSIONER BENETO: It's Chucks' -- Chuck's
23 motion.

24 COMMISSIONER KRIKORIAN: Chuck's.

25 VICE CHAIR WINNER: I think it was my motion.

1 CHAIR ISRAEL: Did you make it?

2 VICE CHAIR WINNER: Yeah.

3 CHAIR ISRAEL: Okay. And it was seconded by --

4 VICE CHAIR WINNER: And Steve seconded it.

5 CHAIR ISRAEL: -- Commissioner Beneto.

6 VICE CHAIR WINNER: Yeah.

7 COMMISSIONER ROSENBERG: Okay.

8 CHAIR ISRAEL: Commissioner Rosenberg made a
9 motion but there was never a second for it. So that
10 motion --

11 COMMISSIONER CHOPER: What was that motion?

12 CHAIR ISRAEL: Just to approve --

13 COMMISSIONER ROSENBERG: Forget the motion.

14 CHAIR ISRAEL: -- 2014 only.

15 COMMISSIONER ROSENBERG: It wasn't -- it wasn't
16 really a full motion because it wasn't composed with dates.
17 So let's just go with this one.

18 CHAIR ISRAEL: Okay. So --

19 MR. MORGAN: I hate to interrupt. Jim Morgan,
20 Humboldt County. Does this include the request that during
21 the overlap period that races not be --

22 COMMISSIONER ROSENBERG: No.

23 VICE CHAIR WINNER: My motion doesn't. Somebody
24 can amend it, or we can have another motion --

25 MR. MORGAN: Okay.

1 VICE CHAIR WINNER: -- that deals with your
2 overlap issue with --

3 MR. MORGAN: Thank you for that --

4 VICE CHAIR WINNER: -- Golden Gate.

5 MR. MORGAN: I would request that motion be made.

6 VICE CHAIR WINNER: Well, that's fine. That is
7 not included in my motion.

8 COMMISSIONER ROSENBERG: Does a motion to amend
9 have to be before or after a second?

10 VICE CHAIR WINNER: There has been a second.

11 COMMISSIONER ROSENBERG: So I would move to amend
12 to merely -- that the board requests that Golden Gate
13 management encourage the racing office to respect the fact
14 that Humboldt County -- Humboldt County's success --

15 COMMISSIONER CHOPER: I think the language that
16 you used --

17 COMMISSIONER ROSENBERG: -- is dependent upon --

18 COMMISSIONER CHOPER: -- a good faith effort to --

19 COMMISSIONER ROSENBERG: -- their not writing --

20 COMMISSIONER CHOPER: -- do what they could.

21 COMMISSIONER ROSENBERG: -- writing claiming races
22 of less than -- of less than \$5,000 during the overlap
23 period.

24 VICE CHAIR WINNER: I accept that. I accept that
25 amendment.

1 COMMISSIONER BENETO: That's regarding the same
2 motion?

3 COMMISSIONER ROSENBERG: Yes.

4 VICE CHAIR WINNER: Yes. I accept it. Do you?

5 CHAIR ISRAEL: Bob, is that right?

6 MR. MILLER: Yes. It needs a second, the
7 amendment.

8 CHAIR ISRAEL: Somebody's got to second it.
9 Somebody's got to second the amendment.

10 COMMISSIONER CHOPER: I'll second it.

11 CHAIR ISRAEL: Okay.

12 VICE CHAIR WINNER: And I accept it, and so does
13 Commissioner Beneto.

14 CHAIR ISRAEL: Okay. All right. So I'll try to
15 restate this. The motion is to approve the 2014 calendar as
16 it appears in the document that was prepared by Staff.

17 Jackie, do you want to read the dates out, or is
18 that -- is that necessary?

19 COMMISSIONER ROSENBERG: Well, it's in the --

20 CHAIR ISRAEL: It's not necessary. It's in --
21 it's in the document.

22 MS. WAGNER: Okay.

23 CHAIR ISRAEL: I'll refer to the document. And
24 to -- contingent upon the two items. One is Cal Expo races
25 three weeks in 2015, gets three weeks of thoroughbred

1 racing. And two is a good faith effort made by Golden Gate
2 Fields not to write any claiming races for less than \$5,000
3 during the six days of overlap with --

4 COMMISSIONER ROSENBERG: Humboldt.

5 CHAIR ISRAEL: -- Humboldt.

6 VICE CHAIR WINNER: Well, wait, there's another
7 part of the original motion which was that we revisit this
8 issue --

9 CHAIR ISRAEL: Oh, okay.

10 VICE CHAIR WINNER: -- at the January meeting --

11 CHAIR ISRAEL: That goes without saying.

12 VICE CHAIR WINNER: -- and that the various
13 parties involved --

14 CHAIR ISRAEL: Right.

15 VICE CHAIR WINNER: -- work with the Ad Hoc
16 Committee --

17 CHAIR ISRAEL: And the Ad Hoc Committee will meet
18 again in January.

19 VICE CHAIR WINNER: -- to resolve this puzzle.

20 CHAIR ISRAEL: Okay. All right. So there's --
21 it's a very lengthy motion so we'll -- and I'll --
22 Commissioner Krikorian?

23 COMMISSIONER KRIKORIAN: I'll approve it.

24 CHAIR ISRAEL: Commissioner Rosenberg?

25 COMMISSIONER ROSENBERG: Approve.

1 CHAIR ISRAEL: Commissioner Winner?

2 VICE CHAIR WINNER: Aye.

3 COMMISSIONER CHOPER: Aye.

4 CHAIR ISRAEL: Choper? Beneto?

5 COMMISSIONER BENETO: Aye.

6 CHAIR ISRAEL: Aye. The motion passes six-
7 nothing. And with that, motion to adjourn?

8 COMMISSIONER BENETO: I'm beat. How do I get out
9 of this chair.

10 MR. PICKERING: Thank you.

11 CHAIR ISRAEL: Next chairman?

12 VICE CHAIR WINNER: I think we have an executive
13 session for about five minutes.

14 CHAIR ISRAEL: Yes, a very short one.

15 COMMISSIONER ROSENBERG: We do?

16 CHAIR ISRAEL: We -- and we don't have -- item 16,
17 I should have told everybody at the beginning --

18 VICE CHAIR WINNER: Maybe we can ask everybody to
19 leave and we can stay?

20 CHAIR ISRAEL: Yeah. Well, they may -- they may
21 have food for us down there.

22 VICE CHAIR WINNER: Oh, do they have food? Well,
23 then, we'll go there.

24 (Colloquy Between Commissioners)

25 CHAIR ISRAEL: Right, Chuck, 16 is deferred until

1 next month, the executive director?

2 VICE CHAIR WINNER: Yeah, that's deferred.

3 CHAIR ISRAEL: It's deferred.

4 VICE CHAIR WINNER: That's what we're having our
5 executive session about. It's deferred.

6 (The Commission meeting adjourned at 1:45 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 Regular 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 12th day of December, 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

December 12, 2013