

APPEARANCES

COMMISSIONERS

Chuck Winner, Chair
Bo Derek, Vice Chair
Richard Rosenberg, Vice Chair
Jesse Choper
Steve Beneto
George Krikorian
Madeline Auerbach

STAFF

Rick Baedeker, Executive Director
Robert Miller, Staff Counsel
Jacqueline Wagner, Regulations/Legislation Manager
Rick Arthur, Equine Medical Director

ALSO PRESENT

Mary Ann Breed, on behalf of Kirk Breed
Gail Matthews, Winning Hands Equine Massage Therapy
Mike Miller, on behalf of Assembly Member Mark Levine
Brandon Minto, on behalf of Congressman John Garamendi
Cal Rainey, Golden Gate Fields
Willy Pelote, Cal Expo & State Fair
Joe Morris, Thoroughbred Owners of California
Charlie Daugherty, California Thoroughbred Trainers

APPEARANCES (CONT.)

Alan Balch, California Thoroughbred Trainers
Chris Korby, California Racing Fairs (CARF)
Richard Lewis, Sonoma County Fair & Exposition
Lisa Carreno, Sonoma County Fair Board
Jim Morgan, Humboldt County Fair Association
Rick Pickering, California State Fair & Exposition
Russell Stiger for California Senator Darrell Steinberg
Warren Smith, Sacramento Republic Football Club
Rich Byrum, Butler Amusements
Richard Conway, Humboldt County Fair
Kula Koenig for Assemblyman Roger Dickinson
Pamela Howard, Friends of the California State Fair
Doug Warne, Sacramento Convention Visitors Bureau
Chris Schick, Watch and Wager Harness Racing
Brian May, San Joaquin County Fair
Kelly Olds, San Joaquin County Fair
Susan Bodkin, Dept. Finance, State Audits and Evaluations
Jacqueline Wagner, Regulations/Legislation Manager
Barry Broad, The Jockeys' Guild
Brad McKinzie, Finish Line Self-Insurance Group
Jim Cassidy, California Thoroughbred Trainers
Annemarie Del Magnaio, Veterinary Medical Board
Grant Miller, Veterinary Medical Association
Valerie Fenstermaker, Veterinary Medical Association

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

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

P R O C E E D I N G S

10:03 a.m.

PROCEEDINGS BEGIN AT 10:03 A.M.

(The meeting was called to order at 10:03 A.M.)

SACRAMENTO, CALIFORNIA, FRIDAY, MARCH 21, 2014

MEETING BEGINS AT 10:03 A.M.

CHAIR WINNER: Is everybody here, do we have all our commissioners up here?

Good morning. Welcome everybody. Let me just explain to start with even before the meeting gets going that there's a little bit of a problem with the sound system, so from time to time you're going to hear that sort of noise or a screeching noise of some sort. We're going to try to limit that by having only one person speaking at the same time, so if all of us up here are conscious of that, that would be helpful, because when a couple of people are talking at the same time, it does create a sound system problem, so we appreciate your understanding of that. And with that, we'll move on to the meeting.

Let me start by saying that this meeting of the California Horse Racing Board will come to order, so if everybody would please take their seats, we would appreciate it. This is the regular

1 noticed meeting of the California Horse Racing Board
2 on Friday, March 21st, at Cal Expo in Sacramento,
3 California.

4 Present at today's meeting are: Myself,
5 Chuck Winner, Chairman; Bo Derek, First Vice Chair;
6 Richard Rosenberg, Second Vice Chair; Madeline
7 Auerbach, Commissioner; Steve Beneto, Commissioner;
8 Jesse Choper, Commissioner; George Krikorian,
9 Commissioner.

10 Before we go on to the business of the
11 meeting, I need to make a few comments. The Board
12 invites public comment on the matters appearing on
13 the meeting agenda. The Board also invites comments
14 from those present today on matters not appearing on
15 the agenda during the public comment period if the
16 matter concerns horse racing in California.

17 In order to ensure all individuals have an
18 opportunity to speak and the meeting proceeds in a
19 timely fashion, I will strictly enforce the three-
20 minute time limit rule for each speaker. The three-
21 minute time limit will be enforced during discussion
22 of all matters as stated on the agenda, as well as
23 during the public comment period.

24 There's a public comment sign-in sheet for
25 each agenda matter on which the Board invites

1 comments. Also, there's a sign-in sheet for those
2 wishing to speak during the public comment period
3 for matters not on the Board's agenda if it concerns
4 horse racing in California. Please print your name
5 legibly on the public comment sign-in sheet.

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

14 When all names have been called the Chairman
15 will ask if there is anyone else who would like to
16 speak on the matter before the Board. Also, the
17 Board may ask questions of individuals who speak.
18 If a speaker repeats himself or herself the Chairman
19 will ask if the speaker has any new comments to
20 make. If there are none, the speaker will be asked
21 to let others make comments to the Board.

22 So with that, we will go on to the first
23 item, which, if you'll hold on a second. Do we have
24 the new agenda, Rick, that has -- I don't think my
25 book has the Kirk Breed item on it.

1 EXECUTIVE DIRECTOR BAEDEKER: Okay. It's --
2 Jackie will bring it up here.

3 CHAIR WINNER: Thank you. Okay, we'll start
4 with the approval of the minutes of the February
5 21st meeting. Is there a motion to approve the
6 minutes?

7 VICE CHAIR ROSENBERG: Move to approve.

8 CHAIR WINNER: Is there a second? Any
9 comment?

10 Okay, the minutes are approved.

11 Next item, discussion and action by the
12 Board on the request for a letter of support from
13 the California Horse Racing Board for Senate
14 Concurrent Resolution (SCR) 95.

15 This item of business did not appear in the
16 original posted agenda and any Board action on the
17 added item is conditioned upon at the upcoming
18 meeting the preliminary Board determination
19 specified in subsection 82 of the Government Code
20 section 11125.3.

21 Mrs. Breed, would you like to comment on
22 that?

23 MR. MILLER: Mr. Chairman, before the --
24 Robert Miller, Counsel of the California Horse
25 Racing Board.

1 Before the Board considers this matter, if
2 it could take a vote with three-quarters of the
3 members present to hear this matter.

4 CHAIR WINNER: Okay. Can I have a motion to
5 hear this matter?

6 VICE CHAIR DEREK: I move.

7 VICE CHAIR ROSENBERG: Second.

8 CHAIR WINNER: It's moved by Vice Chair
9 Derek, seconded by Vice Chair Rosenberg. All in
10 favor?

11 IN UNISON: Aye.

12 CHAIR WINNER: Any opposed?

13 Okay, so we have the three-quarter vote. We
14 can now hear this matter. Thank you. Thank you,
15 Mr. Miller.

16 Ms. Breed.

17 MS. BREED: Good morning and thank you,
18 Chairman Winner and the Commissioners. SCR, as you
19 know, would rename this racetrack. That would be
20 the Kirk Breed Memorial Racetrack, and I sent a
21 letter.

22 The bill, first of all, the bill will be
23 heard this Tuesday in the Senate Geo Committee, and
24 Senator Darryl Steinberg, who is the pro tem, is
25 carrying the legislation and he's seeking support

1 from the industry.

2 I've spoken to a number of the lobbyists in
3 the industry and have gotten positive feedback, and
4 so there'll be quite a few letters. And I'm also
5 inviting everybody to come and testify. It should
6 be a very short hearing. There's only live four,
7 five bills on the agenda, and it will be Tuesday at
8 9:30 in the Geo Committee in room 4202, I believe.
9 It's the John L. Bertant room.

10 And from there it will go to the floor and
11 then it will go to the Assembly side, and then it
12 will go to the Assembly floor. And once it's
13 approved by the Legislature, it's final. A
14 resolution does not require a governor's signature.

15 And so we're very excited about it.

16 So the purpose of my attending this meeting
17 is to ask for your support and ask for the
18 industry's support, because I know Kirk would be
19 overwhelmed and so humbled by this opportunity. And
20 I know he's here today and I'm going to tell you a
21 Kirk Breed racetrack story really quick, because
22 that was my husband.

23 So anyway, when we first started going
24 together he'd have all these stories, you know, and
25 they were like, okay, okay. But I loved the

1 Hollywood stories, right, because I went to college
2 down there, and so anyway, I'd hear all about the
3 stories from Oklahoma and blah-blah-blah.

4 So anyway, so I said, okay, tell me a story
5 from California, so he told me that years and years
6 and years ago he was at the Delmar racetrack and he
7 had an opportunity to sit in a really exclusive box
8 through his connections. So he was sitting there
9 and there was this woman sitting there and she was
10 by herself, and so he went over and so they started
11 to talk and she said, oh, I don't know anything
12 about racing and so he started getting up and making
13 bets for her and they were talking. And she was
14 this itty bitty thing, as he put it, she's like itty
15 bitty, you know. And so he'd make these bets.

16 And about an hour went on and he kept
17 calling her ma'am, you know, ma'am, yes, and ma'am,
18 would you like this, and ma'am. And it started to
19 really bother him because he said, gosh, she just
20 looks like somebody really famous. You know, those
21 eyes, I can't figure out who she is. Because he
22 never went to movies or anything.

23 So finally he turned to her and he said, you
24 know, I am so embarrassed, but I know that you've
25 got, you know, that face of yours, you've got to be

1 somebody famous. And if you're not, you should be.

2 And she turned to him and she said, "You can
3 call me Liz," and it was Elizabeth Taylor.

4 And needless to say, when her attorney came
5 and everything they told Kirk he could, you know,
6 hit the road, right. And so she said "No, no, no.
7 Kirk is my friend. This young man I want him to
8 stay here with my bets and we're doing just fine."

9 So anyway, I just wanted to share that story
10 with you and that's my Kirk and Liz story, so Thank
11 you very much.

12 CHAIR WINNER: Thank you very much.

13 All of us that had the honor and pleasure to
14 work with Kirk know what a phenomenal human being he
15 was in so many ways, and as Mrs. Breed said, he's
16 still with us here today. And I would like to move
17 that this Board unanimously approve a letter going
18 from this Board in support of SCR 95. Is there a
19 second?

20 VICE CHAIR ROSENBERG: I'll second.

21 CHAIR WINNER: Seconded by Vice Chair
22 Rosenberg.

23 Is there any comment? All in favor?

24 IN UNISON: Aye.

25 CHAIR WINNER: Any opposed? Passes

1 unanimously. Thank you very, very much.

2 We will now move on to item number three,
3 discussion and action by the Board regarding the
4 allocation of the Northern California 2015 racing
5 calendar and related issues for 2015.

6 Now what we're going to do on this --

7 VICE CHAIR ROSENBERG: We need to do public
8 comment, too.

9 CHAIR WINNER: Oh, sorry, I'm out of order.

10 Public comment number two. Number two on
11 the agenda is public comment. And we have -- does
12 Mike Miller want to speak on this issue? Okay.

13 Gail Matthews.

14 MS. MATTHEWS: Mrs. Breed is a tough act to
15 follow. Gail Matthews, Winning Hands Equine Massage
16 Therapy.

17 On October 22nd I got stopped for speeding.

18 It cost me \$472 and a day at traffic school. I
19 don't speed anymore. I got caught, I got fined, I
20 don't want to pay again.

21 What could this have to do with horse
22 racing?

23 On January 12th at Golden Gate Fields,
24 Stormy Surge, with over \$400,000 in earnings, broke
25 down running at the age of eleven for \$5,000 and had

1 to be euthanized.

2 On February 14th, Moscado, a nine-year-old
3 with 148,000 made the hard way in 63 starts, broke
4 down and had to be euthanized. It was his third
5 start since January 16th.

6 An unpleasant public brouhaha got Cost of
7 Freedom off the racetrack in one piece.

8 There's Kiambee, now ten years old and in
9 Ohio, with \$414,000 under his belt. His last start
10 was at Mountaineer where he ran sixth out of eight
11 for \$5,000.

12 And then there's Cause, a nine-year-old
13 supposedly entering retirement who probably won't be
14 noticed by anyone because his fatal injury was
15 sustained in the morning at Hollywood Park.

16 What this has to do with is irresponsibly
17 running older horses.

18 I have two recommendations for the Board's
19 consideration.

20 One, set a maximum age limit. I couldn't
21 find one in the CHRB rules and regulations.

22 Two, impose stiff fine for fatalities, no
23 matter the age of the horse. Owners and trainers
24 are responsible for their horses' lives and with no
25 actual intention of cruelty, many are playing

1 Russian Roulette with them. It's a heartbreak for
2 everyone connected with the horse that has to be put
3 down, but we get over heartbreak. A hit to the
4 wallet you remember forever.

5 Accidents happen on the racetrack, even to
6 the horses of the most competent and conscientious
7 owners and trainers. They're already playing fair
8 with their horses. Regulate the ones who don't by
9 speaking their language.

10 I was told by one of them this is a
11 business. This is what horses are bred for. True
12 on both counts. Just eliminate the Russian
13 Roulette.

14 Make a catastrophic injury such bad business
15 that it's not a risk worth taking. The fine has to
16 hurt. \$10,000 would hurt. Make it stiffer for
17 repeat offenses.

18 Put the proceeds into thoroughbred aftercare
19 and backside security and knock out in one go three
20 public relations nightmares: fatalities, slaughter
21 and cheating.

22 If the industry and its regulators don't
23 bring horse racing into line with current standards
24 regarding the humane treatment of animals, the press
25 and the public will.

1 Timing is everything. Continue to send out
2 a strong message, as you have been so admirably
3 doing, horse racing in California is regulating its
4 own in favor of the horses.

5 As stock market operator Jesse Livermore
6 said, the only thing a man should do when he is
7 wrong is cease to be wrong.

8 I thank you.

9 CHAIR WINNER: Thank you, Gail.

10 Is there any comment on Ms. Matthews'
11 comments?

12 Thank you very much. I think this Board is
13 quite sympathetic and supportive of the comments you
14 make. And obviously some of the things that you're
15 talking about are legislative issues, some are
16 issues that we are dealing with.

17 VICE CHAIR DEREK: But we will -- you bring
18 up some good points and I have some ideas that we'll
19 discuss at committee level. Thank you.

20 CHAIR WINNER: Okay, now we'll move on to
21 item three, and before we begin item three, I'm
22 going to limit the discussion on this item to one
23 and a half hours, which should be plenty of time for
24 everybody to make their points. And we'll open the
25 phone lines. We've been asked to have an open phone

1 line for this item, and we're going to have an open
2 phone line and we'll try to limit that as much as we
3 can, but we're going to start with the people in the
4 room and then we'll go to the phone line.

5 And Rick, did you want to...

6 EXECUTIVE DIRECTOR BAEDEKER: Yes, thank
7 you, Mr. Chairman. I just wanted to clarify an
8 issue that staff was made aware of this week.
9 Apparently, there is a misunderstanding as to why
10 this item was taken off of the agenda at both the
11 January and February meetings. I know there were a
12 number of people that traveled down for the February
13 meeting and found out that meeting, as a matter of
14 fact, that the change had been made.

15 The California Horse Racing Board made that
16 change at a request of the legislators representing
17 the Sonoma County area, and that request came the
18 morning of that meeting in February. And of course,
19 the agenda was then -- I'm sorry, in January. And
20 then the agenda item was moved to the February
21 meeting and a similar request from the legislators
22 was received by the Board two days before that
23 meeting. And of course at that point it was made
24 public that we would put the item on this agenda.

25 And then finally, I guess a week ago Monday,

1 we received a request again on behalf of the
2 legislators that this meeting be moved to
3 Sacramento. And I think that it should be noted
4 that the Board has acquiesced in all three of those
5 instances when there has been a request for a change
6 on behalf of the legislators.

7 Thank you.

8 CHAIR WINNER: Okay. So we're on item
9 three, discussion and action by the Board regarding
10 the allocation of the Northern California 2015
11 racing calendar and related issues for 2015.

12 The call-in line is available for testimony
13 on this item. At this point, I'm going to turn the
14 meeting over to the chairman of the subcommittee,
15 Commissioner Beneto.

16 COMMISSIONER BENETO: Thank you, Mr.
17 Chairman. Can everybody hear me back there? Oh.

18 We had several meetings with the ad hoc
19 meeting and the last one was at Golden Gate.

20 UNIDENTIFIED MALE: We can't hear you.

21 COMMISSIONER BENETO: Yeah, the light's on.

22 Can you hear me now?

23 Our last meeting was at Golden Gate and I
24 thought at that meeting we pretty well had a deal
25 done when I left. I guess we didn't. I thought

1 everybody kind of halfway agreed to the dates and we
2 were going to go on. They talked about who was
3 going to be the host and so on and so forth. I told
4 everybody that I'd let them work that out on the
5 host, satellite host. But the calendar still stays.

6 I could try to redo it and to give everybody a fair
7 shake. Three weeks of racing with Pleasanton and
8 Sacramento and Santa Rosa, Humboldt and Golden Gate.

9 The calendar has not moved, still stays the same,
10 so I guess that's about it.

11 CHAIR WINNER: So let me just say that when
12 we granted the 2014 Northern California dates, a
13 part of that motion was to grant Cal Expo a third
14 week, so that has already taken place. It was
15 during at the time that motion passed it was agreed
16 that it would go back to committee for a
17 determination of when that week would occur, and
18 subsequent to that the committee, the subcommittee
19 or the ad hoc committee had another meeting and,
20 Commissioner Beneto, can you just explain the dates
21 as they now exist as per your, the ad hoc
22 committee's recommendation.

23 COMMISSIONER BENETO: Okay. The way the
24 dates stand now is Golden Gate within -- this is
25 2015 -- within the 14th of June.

1 Pleasanton would start and end the -- I got
2 it on a Monday because of the Fourth of July --
3 would end on the 6th.

4 Cal Expo would start on the 9th, which is a
5 Thursday. Of course, they can start any time they
6 want, I guess, that week. And would end the 26th.

7 Santa Rosa would start the 30th and end the
8 16th of August.

9 Ferndale will run the 19th through the 30th.

10 They would have some overlap with Golden Gate.
11 They would be the host on the 19th and 20th they
12 wouldn't be running with Golden Gate, and the 26th
13 and 27th of August they wouldn't run with Golden
14 Gate.

15 Golden Gate was run 21st, 22nd, 23rd of
16 August. It would be on three days for two weeks,
17 and then they would continue on from the 31st
18 through the 13th of September.

19 Stockton would run 18th, 19th and 20th of
20 September, and the 25th, 26th, 27th of September.

21 And October 1st would be Fresno, it would
22 start October 1st and continue on until the 12th
23 October.

24 Then Golden Gate would start the 15th and go
25 on through December. Just a second here. They

1 would run through the 20th of December.

2 Any questions? I mean from the Board.

3 CHAIR WINNER: Anybody have questions on the
4 dates? Obviously we're going to have a long
5 discussion on the dates.

6 VICE CHAIR ROSENBERG: My question is,
7 what's this new Option B that was attached?

8 CHAIR WINNER: I think you have to sort of
9 tap.

10 VICE CHAIR ROSENBERG: New Option B, there
11 was a page that says new Option B, which I've seen
12 before. What is that in reference to?

13 COMMISSIONER BENETO: That referenced to
14 Santa Rosa does not want to run the third week of
15 their meet, and we'd use that option. Proposed
16 option.

17 COMMISSIONER AUERBACH: Was that something
18 that they requested? I'm confused.

19 COMMISSIONER BENETO: Pardon?

20 COMMISSIONER AUERBACH: Was that something
21 they requested?

22 COMMISSIONER BENETO: No, I made that up.

23 COMMISSIONER AUERBACH: If they don't want
24 to run but you made it up. I'm confused.

25 COMMISSIONER BENETO: Well, the rumor was

1 out --

2 CHAIR WINNER: Hold on. I think the way
3 this works is you're going to have to tap your mic
4 before you speak. Good. And swallow the mic.

5 COMMISSIONER AUERBACH: No, I'm sorry, maybe
6 I misunderstood what you said. You said that Santa
7 Rosa does not want to run?

8 COMMISSIONER BENETO: I said if they chose
9 not to run we would use option B.

10 COMMISSIONER AUERBACH: Okay. Did they
11 indicate to you that they --

12 COMMISSIONER BENETO: They did indicate
13 that. They might.

14 COMMISSIONER AUERBACH: Okay.

15 COMMISSIONER BENETO: But when we had our
16 last ad hoc meeting, Tawni said she would run three
17 weeks and that what you're looking at was made
18 before that meeting.

19 CHAIR WINNER: All right. We have a number
20 of speakers on this item, and what I'm going to do
21 is I'm going to ask one at a time for you folks to
22 come up, and then if there's reason I'll ask you to
23 stay and we'll try to limit the discussion to three
24 minutes per person, and I'm just going to call them
25 as I have the cards here, so we'll start with Mike.

1 And then after the discussion, after the
2 discussion by the public, then the Board will also
3 discuss it and we'll make some decisions and the
4 Board obviously can ask questions of those folks who
5 are testifying.

6 I want to clarify one thing, and that is
7 that when we passed the 2014 race date calendar,
8 which we passed unanimously, a part of that vote and
9 that decision was to grant the Cal Expo the extra
10 week for 2015. When I said it before, I don't think
11 I clarified that it was 2015 that we granted the
12 extra week to Cal Expo at that time.

13 COMMISSIONER KRIKORIAN: Mr. Chairman.

14 CHAIR WINNER: Yes.

15 COMMISSIONER KRIKORIAN: The 2014 calendar,
16 is that final or is that subject to passing '15?
17 Was there a condition on that?

18 CHAIR WINNER: No, that was final.

19 COMMISSIONER KRIKORIAN: Okay.

20 CHAIR WINNER: All right. We're going to
21 start with Mike Miller, Assemblyman Mark Levine's
22 assistant. Administrative assistant or legislative
23 assistant, I'm not sure.

24 COMMISSIONER KRIKORIAN: Mr. Chairman.

25 Excuse me. Chuck.

1 CHAIR WINNER: Yes, I'm sorry.

2 COMMISSIONER KRIKORIAN: Would it be
3 possible to have the podium moved closer to us,
4 because --

5 CHAIR WINNER: Well, what we could do is we
6 could have them come up here, which would be to the
7 table.

8 COMMISSIONER KRIKORIAN: I just couldn't
9 see.

10 CHAIR WINNER: Yeah. If you don't mind, Mr.
11 Miller, if you could come up to the table.

12 COMMISSIONER KRIKORIAN: I couldn't see
13 anybody.

14 CHAIR WINNER: Okay, that's good.

15 MR. MILLER: Stand or sit or...

16 CHAIR WINNER: Whichever is convenient for
17 you is fine.

18 MR. MILLER: Good morning, my name is
19 Michael Miller. I'm chief of staff to Assembly
20 Member Mark Levine. He represents Marin County and
21 Southern Sonoma County in the California State
22 Assembly, the Tenth Assembly District. He could not
23 be here today, but I was asked to come to read into
24 the record a letter from the Sonoma County
25 Delegation signed by Assembly Member Mark Levine,

1 Assembly Member Wes Chesboro, Assembly Member Marika
2 Yamada, Senators Lois Wolk and Norene Evans. The
3 letter is given to your staff and is being
4 distributed to you now.

5 The letter states, "Dear Chairman Winner;
6 this letter is in reference to action item three
7 regarding the allocation of the Northern California
8 2015 racing calendar and related issues for 2015.

9 "First, we appreciate your flexibility in
10 moving today's meeting of the California Horse
11 Racing Board to northern California; however, our
12 offices were only notified about this change in
13 location on Tuesday, March 11th, and despite wanting
14 to attend, could not adjust our calendar schedules
15 accordingly given the short notice.

16 "We want to reiterate our strong opposition
17 to the proposed change in the 2015 racing calendar.

18 We believe that the change would be to the
19 detriment of the fairs in the counties we represent
20 and also to the horse racing industry as a whole.

21 We urge the Board to consider the compelling
22 economic data provided by the numerous stakeholders
23 in opposition to the proposal, and also ask that a
24 decision on the 2015 racing schedule be postponed
25 until all other options are fully vetted.

1 "It is our understanding that possibilities,
2 including moving the race calendar a week earlier or
3 allowing Cal Expo to do harness racing during the
4 third week have not been explored or discussed. If
5 consensus on an alternative cannot be reached, we
6 ask that the Board rescind the decision to allot
7 three weeks of horsing racing to Cal Expo.

8 "We are fully supportive of taking steps to
9 make Cal Expo more viable, but feel that the current
10 approach would jeopardize the success of both
11 Humboldt and Sonoma County fairs and is a threat to
12 horse racing statewide. As you know, an issue of
13 this importance deserves every opportunity to
14 develop mutually beneficial solutions. The Board
15 should not be in a position of having to pick
16 winners and losers.

17 "Thank you for your consideration of our
18 concerns. We look forward to continue working with
19 the Board and your staff on this issue."

20 Thank you very much.

21 CHAIR WINNER: Thank you, Mr. Miller. Did
22 you want to stay up here in case there are any
23 questions from the Board?

24 Does the Board have any questions for Mr.
25 Miller?

1 Okay, thank you very much, and thank you for
2 being here. No, no, we're okay. Thank you very
3 much.

4 I'm going to make a point here because we
5 have an awful lot of cards for people that want to
6 speak on this issue and there may be people also on
7 the phone.

8 We're going to limit the discussion on this
9 item to 90 minutes, so we will end the discussion no
10 later than noon on this item and we will then vote
11 on the item.

12 The next person is Brandon Minto from
13 Congressman John Garamendi's office.

14 MR. MINTO: Well, good morning and thank you
15 for allowing me to be here today. My name's Brandon
16 Minto, I'm Congressman John Garamendi's Deputy
17 District Director and my purpose here is to convey
18 the Congressman's strong support for three weeks of
19 thoroughbred racing here at Cal Expo in conjunction
20 with the annual state fair.

21 I would like to note the letter that
22 Congressman Garamendi's office sent to the Board in
23 the beginning of March around the 11th conveying
24 said support, and I would also like to note
25 Congressman John Garamendi's long time support of

1 the state fair and its horse racing venue. I'm sure
2 many of you are familiar with him.

3 Two weeks of horse racing really does not
4 satisfy the demand that the fans bring here in the
5 northern California area and to the Cal Expo State
6 Fair for it, nor does it fully capture the economic
7 benefits to the region that the third week of horse
8 racing would enable. And so as such, Congressman
9 Garamendi steadfastly believes that it is the right
10 course to enable the third week and to allow for
11 that continued path of positive growth here at the
12 Cal Expo State Fair.

13 And so with that, I thank you for the time
14 and I bid you well.

15 CHAIR WINNER: Thank you. Any comments or
16 questions?

17 COMMISSIONER AUERBACH: I have a question.

18 CHAIR WINNER: Hit your mic.

19 COMMISSIONER AUERBACH: Okay, thanks.

20 I have a question. I was interested in what
21 you said about the importance of racing to the area.

22 Can you explain to me why, if Cal Expo has that
23 position, why they ceased running thoroughbreds for
24 several years?

25 MR. MINTO: You know, ma'am, I'm not an

1 expert so I really couldn't speculate on the
2 reasoning behind the ceasing, but I can tell you
3 that the annual state fair is a big economic benefit
4 to the region, and to the extent that that venue can
5 be grown and can continue to flourish, it will be to
6 all of our benefits, and as such, the horse racing
7 is a major component of that and ends up being a
8 very large draw to the overarching benefit and
9 allure of the state fair, and they're very, very
10 closely intertwined.

11 COMMISSIONER AUERBACH: Well, that doesn't
12 really address my question, does it?

13 MR. MINTO: Like I said, ma'am, I'm not an
14 expert.

15 COMMISSIONER AUERBACH: You don't know.
16 Okay.

17 MR. MINTO: So I'm not qualified to answer
18 that, sorry.

19 COMMISSIONER AUERBACH: Thank you.

20 CHAIR WINNER: Commissioner Auerbach, there
21 will be people here from the --

22 COMMISSIONER AUERBACH: Who can answer that?

23 CHAIR WINNER: -- from Cal Expo who can
24 probably answer that question.

25 COMMISSIONER AUERBACH: Thank you.

1 CHAIR WINNER: Thank you.

2 The next person -- and I'm just taking these
3 in the order that I have them -- is Calendar Rainey,
4 Golden Gate Fields.

5 MR. RAINEY: Good morning, Mr. Chairman,
6 members of the Commission. Golden Gate Fields
7 supports the Option B, which would begin racing at
8 Golden Gate Fields in August 2015 on the 14th of
9 August, which is a Friday.

10 To reach the 2014 calendar we negotiated in
11 good faith with Humboldt County Fair and Humboldt
12 County Fair now has four host days out of the Golden
13 Gate Fields schedule to reach the compromise for
14 2014.

15 Golden Gate Fields should race on the 14th
16 in August 2015. We developed the period of racing
17 in August. Last year, 2013, we had our largest
18 crowd in August, over 11,000 people on that day,
19 Sunday, I think it was the 18th. Over 15,000 people
20 for the weekend attended the races at Golden Gate
21 Fields.

22 We were fortunate enough at Golden Gate --
23 yes.

24 VICE CHAIR ROSENBERG: What we were provided
25 with from Commissioner Beneto does not show that

1 August 14th start on Option B, unless there's
2 another Option B from a prior meeting.

3 MR. RAINEY: No, Option B is the first
4 Option B.

5 VICE CHAIR ROSENBERG: Oh, okay.

6 MR. RAINEY: It's a little confusing. It
7 should be actually Option C.

8 COMMISSIONER BENETO: Well, I screwed up on
9 that. And we're not using that one. Forget that
10 Option B. the new Option B is what you ought to be
11 looking at.

12 VICE CHAIR ROSENBERG: Which we don't have.

13 COMMISSIONER AUERBACH: And you don't have
14 that date.

15 MR. RAINEY: No, the original package had
16 the Option B in there from the last Racing Board
17 meeting.

18 VICE CHAIR ROSENBERG: Oh, here it is.

19 COMMISSIONER BENETO: Well, that was a
20 mistake.

21 COMMISSIONER AUERBACH: Are you saying they
22 do or don't have the date, Commissioner Beneto?

23 COMMISSIONER BENETO: The new Option B is
24 the one he should be looking at.

25 COMMISSIONER AUERBACH: So you're saying

1 they don't have the August 14th date. They do not,
2 right?

3 COMMISSIONER BENETO: No, they start.

4 COMMISSIONER KRIKORIAN: You're not
5 recommending an extra week of racing at Golden Gate
6 Fields, then; is that correct?

7 MR. RAINEY: No, Option B is the same week
8 that we raced --

9 COMMISSIONER KRIKORIAN: No, I'm asking
10 Commissioner Beneto because it's --

11 COMMISSIONER AUERBACH: It's not on here.

12 COMMISSIONER KRIKORIAN: -- what you're
13 looking at and what we're looking at is different.

14 VICE CHAIR ROSENBERG: Yeah.

15 COMMISSIONER KRIKORIAN: It starts on the
16 21st.

17 MR. RAINEY: Well, Golden Gate Fields then
18 that would put Golden Gate Fields in a position
19 where they would lose actually two weeks because
20 they would be giving a new Option B, which we were
21 against the whole time in the discussions of the ad
22 hoc committee. The new Option B gives Humboldt
23 County a full week of racing post and it also gives
24 them four host days during our live racing the next
25 week, so it actually takes more race days from

1 Golden Gate Fields and most post days.

2 COMMISSIONER BENETO: That is correct.

3 MR. RAINEY: And the Santa Rosa, we feel
4 that Santa Rosa should not be running a week without
5 their fair in August, so if the fair is not running,
6 we don't feel that they should be racing. In fact,
7 Santa Rosa even said themselves in their letter that
8 without the fair going and racing, they would have a
9 50 percent decline in handle, and that would
10 obviously adversely affect the horsemen.

11 Golden Gate Fields supports Santa Rosa and
12 works with Santa Rosa in operating their meet and
13 helps them with leasing equipment to them, things
14 like that.

15 We've been running the meet in August now
16 for five years. We've ran five full years at Golden
17 Gate Fields on those dates, and we would request to
18 continue those dates for Golden Gate.

19 VICE CHAIR ROSENBERG: So to clarify, Mr.
20 Rainey. You're suggesting a calendar I can't --
21 pardon me?

22 COMMISSIONER BENETO: It's on the back. If
23 you look at -- if you look at new Option B --

24 VICE CHAIR ROSENBERG: This one today?

25 COMMISSIONER BENETO: Look at the back. In

1 your book.

2 MR. RAINEY: The problem was during the ad
3 hoc committee it was kind of gone over, overlooked I
4 should say, and went straight to the new Option B.

5 VICE CHAIR ROSENBERG: So it's 3.8 of our
6 book, correct? Okay.

7 CHAIR WINNER: Just to clarify, 3.8 is the
8 new Option B.

9 VICE CHAIR ROSENBERG: Right.

10 CHAIR WINNER: The one that Mr. Rainey is
11 referring to is 3.7, which is the original Option B.

12 He's referring to where Golden Gate starts on the
13 14th.

14 VICE CHAIR ROSENBERG: Got it. Okay.

15 CHAIR WINNER: And the new Option B Golden
16 Gate starts on the 21st.

17 MR. RAINEY: Thank you. Last year in 2014
18 we raced 19 days during that meet. During that time
19 period we had a four percent increase in all source
20 handle, and a total handle that meet of almost \$50
21 million. So we've developed this meet, we've
22 promoted it. We've done advertising and we think
23 it's a good meet, we want to keep those dates as
24 prescribed in Option B, and we think we've done a
25 good job negotiating and compromising with Humboldt

1 County Fair to give them four host days.

2 COMMISSIONER BENETO: Calendar.

3 CHAIR WINNER: Mr. Beneto.

4 COMMISSIONER BENETO: I've got a concern
5 here, I'll make it real quick. Is your handle down
6 from January till today?

7 CHAIR WINNER: Did you hear the question?

8 MR. RAINEY: Yes. Are you talking about
9 overall or (inaudible)?

10 COMMISSIONER BENETO: Overall, yes. The
11 reason why I ask the question, I did something last
12 night, I did the last six days of racing at Golden
13 Gate and you're only averaging 6.2 horses for the
14 last seven days, that's a concern of mine.

15 MR. RAINEY: During the August meet last
16 year we had almost eight horses per race. We did --

17 COMMISSIONER BENETO: That wasn't my
18 question.

19 MR. RAINEY: We are down this time of year,
20 yes. It's a particularly slow year with the number
21 of horses. I think throughout the state I think
22 that all the tracks would acknowledge the fact that
23 there is a low horse population ready to run at this
24 time in March, and we're hoping that when we open
25 the turf racing next week into April that we'll get

1 some more horses and bigger field sizes.

2 COMMISSIONER BENETO: You have been having
3 turf races lately?

4 MR. RAINEY: We've had our turf renovated
5 and it will be ready in the upcoming week.

6 COMMISSIONER BENETO: How long has that been
7 off?

8 MR. RAINEY: We ran in January till the 6th
9 and then renovated the turf course.

10 COMMISSIONER BENETO: You ran to January
11 6th?

12 MR. RAINEY: Yes.

13 COMMISSIONER BENETO: And you haven't had a
14 turf race since?

15 MR. RAINEY: Correct. We had a field size
16 at the end of last year at just about eight horses
17 per race, and we've had a significant drop after
18 February into March.

19 COMMISSIONER BENETO: Because I notice
20 you're running seven races on Thursday and seven
21 races on Friday, which really concerns me. You
22 know, if you look at the numbers, you're really
23 running about three and a half days a week.

24 MR. RAINEY: Well, we did a stable count and
25 we have probably 11,000 to 11,050 horses at Golden

1 Gate Fields, possibly up to 200 at the satellite
2 stabling area at Pleasanton, and that's obviously a
3 low number to run four days a week. So normally we
4 do have up to 1700 to 1900 tops total between
5 Pleasanton and Golden Gate, so this is a tough time
6 of year for us right now.

7 COMMISSIONER BENETO: Thank you very much.

8 CHAIR WINNER: Any other questions?

9 MR. RAINEY: Yes?

10 COMMISSIONER CHOPER: This may be a
11 difficult question. Can you estimate at all what
12 the absence of the turf course results in in terms
13 of lesser horses? About how many horses would you
14 guess you're losing a day because the turf course is
15 growing up again?

16 MR. RAINEY: Well, when we were running the
17 turf we were running two or more races a day on the
18 turf at close to eight runner per race, so it's
19 probably losing fifteen to twenty horses in that
20 regard. But I think it's more of a function of the
21 bigger problem of less horses in our state for
22 thoroughbred racing.

23 COMMISSIONER CHOPER: Thank you.

24 VICE CHAIR ROSENBERG: I have a question.

25 CHAIR WINNER: Yes.

1 VICE CHAIR ROSENBERG: You made a statement
2 earlier that you were in favor of this Option B in
3 our books on page 3.7 because it would help
4 Ferndale, but it would only have two host days, is
5 that correct, each week, two host days per week; is
6 that correct?

7 MR. RAINEY: Yes, that's what the negotiated
8 agreement was for 2014. In '13 they had three host
9 days. 2014 they will receive four host days within
10 our schedule.

11 VICE CHAIR ROSENBERG: So they have less
12 days, they have one less day in 2015 as proposed?

13 MR. RAINEY: No, they get one more day.
14 Actually, 2015 they would have the same four days, I
15 believe, in 2015, the original option was to give
16 them the same schedule similar to 2014 in 2015.

17 VICE CHAIR ROSENBERG: So it's four days.

18 MR. RAINEY: Four host days.

19 VICE CHAIR ROSENBERG: For '14 and '15.

20 MR. RAINEY: Yes.

21 CHAIR WINNER: That's under the original
22 Option B.

23 VICE CHAIR ROSENBERG: Yeah, but it's the
24 same for both of them, the other proposed option.

25 CHAIR WINNER: Right.

1 MR. RAINEY: And we think it was a fair
2 compromise and that we all worked together for years
3 with Humboldt County Fair. The TOC, Delmar, Golden
4 Gate Fields, all donated proceeds to Humboldt to
5 keep them going and to get them into a more viable
6 position.

7 CHAIR WINNER: Thank you.

8 MR. RAINEY: Thank you.

9 CHAIR WINNER: Let me at this point ask, we
10 have a number of other cards, but just to be fair,
11 let me ask if there's anybody -- I don't think this
12 is working so I'll try to speak up. If there's
13 anybody on the phone, let's take the first caller.
14 Is there anyone on the phone who would like to speak
15 on this issue?

16 Okay, then we're going to -- so we can
17 assume nobody's on the phone?

18 VICE CHAIR ROSENBERG: They should just
19 talk.

20 CHAIR WINNER: If there's no one on the
21 phone I'm going to turn the phone line off.

22 VICE CHAIR ROSENBERG: Yeah.

23 COMMISSIONER AUERBACH: Is there anyone on
24 the phone that would like to speak?

25 CHAIR WINNER: Hold on, hold on.

1 COMMISSIONER AUERBACH: There's no one on.

2 CHAIR WINNER: Okay, we'll leave it for now
3 and see if anybody calls in.

4 Okay, let's move ahead. Willy Pelote -- I
5 hope I'm pronouncing it right.

6 MR. PELOTE: Pelote.

7 CHAIR WINNER: Pelote. Immediate past year
8 Cal Expo and State Fair Board of Directors. Yes,
9 sir.

10 MR. PELOTE: Good morning, Mr.
11 Commissioners. My name is Willy Pelote, I'm a
12 Director at the Cal Expo Board, and on behalf of
13 Director Sonny Chung I'm joined here today with my
14 fellow Director Mark Nelson, I want to thank you for
15 allowing us to address the Board in support of item
16 three.

17 We at the Board unanimously support moving
18 forward with the three weeks of racing at Cal Expo.

19 We know for a fact that it's going to enhance the
20 economy, and what the Board has decided to do was to
21 take some -- make some advance decisions on how we
22 move forward to prepare for this.

23 The first thing is that we had a retiring
24 CEO, so we went out and did a thorough search and
25 looked and found a person that we think is uniquely

1 situated to move us into not only three weeks of
2 racing but to enhance the ability of us to provide
3 the kind of fun that people come to this location to
4 enjoy, not only during the fair time but also during
5 the times when there are other activities that are
6 held here at Cal Expo.

7 So we've hired as our CEO Rick Pickering,
8 and Rick brings to the table a wealth of knowledge
9 and experiences in horse racing. He's been
10 successful, when you take a look at his association
11 with Orange County, the Alameda Fair and also now
12 here at Cal Expo with over twenty years of fair
13 experiences in management. He is a symbol of the
14 type of team that we've had in place and are looking
15 for when we need to bring on additional folks with
16 the experiences that we will need in order to move
17 forward in a very effective way when we look at the
18 three weeks of racing.

19 Rick, in fairs he has over plus of fifteen
20 years of CEO experiences in this area. He also
21 handled a handle of over \$1.5 billion in his tenure
22 as being in management and CEO of running different
23 fairs where there are horse racing going on. Rick
24 brings a successful background to this and we are
25 looking forward to as we move forward.

1 Let me chat a little bit about Cal Expo's
2 continued commitment to racing. Over the last ten
3 years we have committed well over \$4 million to the
4 improvement that is necessary here to prepare for
5 three weeks. In our 2014 budget we saw fit to move,
6 allocate over \$400,000 on the backside of the tack
7 room for renovations. This is very serious to us,
8 and we want to thank you for the vote that you've
9 taken earlier and ask for your continued support as
10 we move forward.

11 Let me quickly give you a highlight about
12 our Board and its ability to deliver what we -- when
13 you've given us this opportunity to provide three
14 weeks of racing here at Cal Expo.

15 Just to show you some of the things that we
16 think are necessary that is going to enhance the
17 visibility of Cal Expo, we have completed a multi-
18 use sports facility agreement with Innovation and
19 their partners. We're going to have soccer here at
20 Cal Expo.

21 We have what we consider a display of a "can
22 do" and a collaboration approach to how we take care
23 of things here at Cal Expo. We will continue to
24 look at what is in our best interest for the state
25 fair and we will collaboratively move forward on our

1 mission to celebrate the best of California well
2 into the twenty-second century.

3 With Rick's leadership and the staff that's
4 on board and their years of experiences, we feel
5 that we are uniquely positioned to not only absorb
6 the three weeks, but continue to provide the best of
7 what California brings to the table when it comes to
8 horse racing in our state.

9 And in my closing remarks I want to say that
10 -- reiterate that our Board, Sonny Chung as our
11 Director and the chair of our Board, and all of the
12 Board members, the directors of the Board, we are in
13 full support of the decision that you've made
14 earlier and ask you to stay the course and let's
15 move forward together with the three weeks of
16 racing.

17 I'm available for any questions you might
18 have and I want to thank you, the Commissioners of
19 the California Horse Racing Board for allowing me to
20 participate this morning.

21 CHAIR WINNER: Thank you, Mr. Pelote. I
22 have one quick question and then maybe others do.
23 I'm a little bit concerned about the progress that
24 has been named and hopefully you can enlighten us
25 and bring us up to date with respect to the progress

1 on the backstretch that's been made in meeting the
2 requirements of the State Fire Marshall so that the
3 folks on the backstretch are able to live in
4 suitable housing.

5 MR. PELOTE: I don't have the specifics on
6 that, but I would definitely like to have Rick come
7 forward.

8 CHAIR WINNER: Well, Rick's going to be a
9 speaker, so we'll ask him that.

10 MR. PELOTE: Please do.

11 CHAIR WINNER: Okay.

12 MR. PELOTE: Thank you, Commissioner. Mr.
13 Chairman.

14 CHAIR WINNER: Any other questions for Mr.
15 Pelote?

16 MR. PELOTE: And may I ask -- I know there
17 was a question earlier from a Commissioner about the
18 three when we somehow did not -- that was a dumb
19 decision. What I want to say, though, is that the
20 new Board that we have in place today have feel that
21 we have corrected that direction and are prepared to
22 move forward in a very positive and effective way in
23 horse racing.

24 COMMISSIONER AUERBACH: Thank you.

25 MR. PELOTE: There are times when you don't

1 make the best decision, but we believe that we are
2 making the best decision now to move forward.

3 COMMISSIONER AUERBACH: Thank you.

4 MR. PELOTE: Thank you so very much.

5 CHAIR WINNER: Thank you very much.

6 MR. PELOTE: Thank you.

7 CHAIR WINNER: Joe Morris, TOC. Good
8 morning, Joe.

9 MR. MORRIS: Good morning. Joe Morris from
10 the TOC. Just where I've had the chance to listen
11 to some of this starting out, let me just start by
12 saying Golden Gate Fields as far as handle so far
13 this year with ADW included is down less than .5
14 percent on a year ago. Santa Anita is up three
15 percent. Golden Gate is down .5, so it's about
16 where it was a year ago.

17 I'd like to talk a little bit about balance
18 in the north. What the TOC would like to see on the
19 schedule as far as Golden Gate goes is the same
20 schedule. I got up here in 2011 and Golden Gate and
21 basically the fairs have run the same schedule 2011,
22 2012, 2013, 2014, and now we're talking about 2015.

23

24 Balance is critical up here. There's 1100
25 horses basically year-round stabled at Golden Gate

1 Fields, and changing -- having them just losing one
2 week of racing will take about \$500,000 out of our
3 Northern California racing industry in commissions.

4 And that money goes to support that barn area being
5 open, the integrity of that racing surface, and the
6 overall population of racing in the north.

7 It would also cost us about \$100,000 in
8 purses, and it would add a week to stabling, so that
9 would be \$75,000 that stabling have to pay if Golden
10 Gate was closed another week.

11 And on that issue of the stabling, Golden
12 Gate only makes just a little bit over 10,000 a day
13 on stabling for those 1100, so they're in a loss
14 every day they do that. If you remember from our
15 southern conversations, Santa Anita is taking 17.8 a
16 day. Fairley is taking in 13.3 a day for 300
17 horses. So Golden Gate is already with the 1100 and
18 what they make in stabling, making that as an
19 investment so that there is enough horses in the
20 north to not only race at Golden Gate but to keep
21 the fair circuit going also.

22 You know, on the number of race, it's really
23 not fair to compare the races or the count of races
24 and horses in March to July and August, it's really
25 two different times of the year, especially with the

1 turf course not being open. But last year
2 Sacramento averaged 7.4 races a day thoroughbred,
3 and Golden Gate Fields in their August meeting
4 averaged 8 races a day, so fairly close. But in
5 August the horse population is better.

6 And what we would like to see is the same
7 schedule, so Golden Gate would open August 14th on
8 that Friday. They've worked out a deal with
9 Humboldt and they would race, you know, on.

10 The other point I would like to make is that
11 the TOC is not in favor of any fair racing without
12 the fair in progress.

13 Those are the only points I wanted to make.
14 We've been talking about this for not just months
15 but years.

16 CHAIR WINNER: Yes. Yeah, somebody handed
17 me a calendar today of when we started this
18 discussion on northern California race dates, and I
19 think it went back to May of last year, so hopefully
20 we'll reach a conclusion here today.

21 MR. MORRIS: My first meeting was in August
22 of 2011 when I moved out here and we were talking
23 about northern California dates then also.

24 CHAIR WINNER: Do we have any questions for
25 Mr. Morris?

1 COMMISSIONER KRIKORIAN: Just a
2 confirmation. You've been opening every year on the
3 14th of August, right, the last four or five years?

4 MR. MORRIS: Whatever the date is on that
5 Friday, yes.

6 COMMISSIONER KRIKORIAN: And now you're
7 being asked to open on the 21st, so you'd lose a
8 week.

9 MR. MORRIS: Well, there's some floating
10 schedules here. I don't know if it's B or new B or
11 whatever. It's at least one week later. I'm hoping
12 it's not two weeks later, but --

13 CHAIR WINNER: Okay. So let's say that
14 we're talking about Option A and Option B and Option
15 B is the new Option B. Now, I know that Mr. Rainey
16 was talking about the original Option B and I
17 suppose that could be discussed as well, but right
18 now we're talking about Option A and the comments
19 probably ought to be addressed to Option A.

20 MR. MORRIS: Well, on Option A Golden Gate I
21 guess is opening on the 21st.

22 CHAIR WINNER: 21st, right.

23 MR. MORRIS: So we're losing one week in
24 that scenario.

25 CHAIR WINNER: Yes.

1 COMMISSIONER KRIKORIAN: Just for
2 clarification, though, we're talking about for
3 Golden Gate and all the new options that are being
4 proposed would be starting on the 21st they'd lose a
5 week. Am I wrong on that or is that what it is?

6 COMMISSIONER BENETO: George, the Option 2B,
7 let's forget it. This is the calendar now, because
8 those Option B and new B was strictly if Santa Rosa
9 was threatening not to run three weeks, so I made an
10 option. So we're actually talking about the
11 calendar A, I guess you want to call it.

12 COMMISSIONER KRIKORIAN: What exactly are
13 you proposing when Golden Gate under the options
14 that are being voted on today, which options are you
15 asking Golden Gate to -- when would they start, is
16 it the 14th or the 21st?

17 COMMISSIONER BENETO: No, they start, this
18 calendar here starts the 21st, 22nd, 23rd, 28th,
19 29th.

20 COMMISSIONER KRIKORIAN: And so they would
21 lose a week from what's traditionally been happening
22 for the last several years, correct?

23 COMMISSIONER BENETO: Yes.

24 COMMISSIONER KRIKORIAN: Okay, thank you.

25 CHAIR WINNER: That's the week -- in

1 essence, that's the week that goes to Cal Expo under
2 the option.

3 VICE CHAIR ROSENBERG: I think it's
4 important for the record to make sure we note a page
5 in a book of an existing document, but if you hear
6 back this transcript this will be very confusing
7 with new Option A, B, C, D. So let's refer --

8 COMMISSIONER BENETO: Option A and B.

9 VICE CHAIR ROSENBERG: All right. Page 3.5
10 in our book, in the package, is this what you're
11 calling Option A, Commissioner Winner?

12 CHAIR WINNER: I'm calling Option A, I think
13 it starts with 3.3.

14 VICE CHAIR ROSENBERG: Well, but 3.5 is the
15 August. We're talking about August period, so it's
16 page 3.5.

17 CHAIR WINNER: But the option starts at page
18 3.3.

19 COMMISSIONER BENETO: I'm sorry I did the
20 option, I've got everybody confused.

21 VICE CHAIR ROSENBERG: The option starts at
22 -- okay, and 3.5 is the month of August from the
23 first option, correct?

24 CHAIR WINNER: Correct.

25 VICE CHAIR ROSENBERG: Okay. And the 3.7 is

1 the other option for August only.

2 CHAIR WINNER: That is correct. And what
3 Commissioner Beneto is saying that we should now, on
4 the assumption that Santa Rosa would race the extra
5 week, that we should disregard Option B; I think
6 that's what --

7 COMMISSIONER BENETO: Yeah, B and new B,
8 just get rid of it.

9 VICE CHAIR ROSENBERG: (Inaudible) our book.

10 COMMISSIONER BENETO: Yeah. I shouldn't
11 have done that, I'm sorry.

12 VICE CHAIR ROSENBERG: That's this.

13 CHAIR WINNER: It actually is in the book.

14 VICE CHAIR ROSENBERG: Right. But he's
15 recommending we vote in favor --

16 CHAIR WINNER: We discard both Option Bs.

17 VICE CHAIR ROSENBERG: Both options. Well,
18 wait, we're not discarding Option B.

19 COMMISSIONER BENETO: Go with the original
20 calendar.

21 VICE CHAIR ROSENBERG: He's recommending
22 that.

23 CHAIR WINNER: Yes, Yes, correct.

24 VICE CHAIR ROSENBERG: Okay.

25 CHAIR WINNER: Commissioner Beneto is

1 recommending that, correct.

2 VICE CHAIR ROSENBERG: Okay.

3 CHAIR WINNER: Any other questions?

4 Commissioner Derek.

5 VICE CHAIR DEREK: I have one and maybe, Dr.

6 Arthur, you can help me. I know that we're adding

7 another week at Cal Expo considering in August.

8 Will we have that heat index rule in place for the

9 horses?

10 CHAIR WINNER: I'm not sure this is for Mr.

11 Morris.

12 VICE CHAIR DEREK: No, I'm sorry.

13 DR. ARTHUR: Dr. Arthur, Equine Medical

14 Director.

15 I believe that rule's already in place.

16 VICE CHAIR DEREK: Okay.

17 DR. ARTHUR: We came close on a couple of

18 days at Sacramento, but we didn't exceed the heat

19 index.

20 VICE CHAIR DEREK: Thank you.

21 CHAIR WINNER: Any other questions for Mr.

22 Morris?

23 The next speaker is Charlie Daugherty from

24 the CTT.

25 MR. DAUGHERTY: Hi, Charlie Daugherty,

1 Deputy Director, California Thoroughbred Trainers
2 based here in northern California at Golden Gate
3 Fields.

4 I just wanted to point out to the Board what
5 we had previously submitted in terms of a petition
6 that was circulated amongst the Northern California
7 training community. We felt it was important for
8 the Board to have physical proof that far many times
9 when an association may stand up here and we're
10 showing you the documented proof of our membership.

11
12 They don't believe that the added week of
13 Sacramento is in the best interest of racing during
14 the summer fair circuit. We do not believe that
15 Santa Rosa should be penalized and pushed back when
16 they've made the commitment of their turf course.

17 It's documented the field size is better at
18 Santa Rosa, there's a greater handle. And it's an
19 unfortunate situation that it's a battle between
20 Sacramento and Santa Rosa right now, and the
21 horsemen are in the middle of this and
22 unfortunately, in choosing a side in terms of what
23 we believe is the best interest of racing, the
24 support is there of the trainers that we polled that
25 90 percent of the trainers who answered the

1 petition, of which I personally walked it around,
2 and 80 percent of the trainers who are in northern
3 California right now were asked the question. There
4 were a lot of people who were out of town. I would
5 have loved to have gotten 100 percent, but 90
6 percent of the trainers would like to see the
7 schedule stay the same that we have in 2014.

8 And I cannot urge you enough that these are
9 the people who are running the horses. They
10 understand the situation and they support keeping
11 the schedule with Santa Rosa of their historic
12 dates.

13 A question did get raised about the weather.
14 We did a real thorough analysis and that week in
15 question, it averages 13 degrees hotter in
16 Sacramento than Santa Rosa. And obviously, the
17 welfare of the horse is utmost to the trainers, so
18 that's something to consider.

19 So thank you.

20 CHAIR WINNER: Do we have questions for Mr.
21 Daugherty?

22 COMMISSIONER BENETO: Charlie.

23 MR. DAUGHERTY: Yes.

24 COMMISSIONER BENETO: You know, we're not
25 hurting Santa Rosa or the turf course, so on and so

1 forth. We're just moving a week. Everything else
2 stays the same. And it's not a matter of hurting
3 anybody. I don't know where you guys are coming
4 from on that, but that's very disturbing. You guys
5 act like it's three, four months. That's not true.

6
7 We're trying to get fair racing going. It's
8 good advertising for -- Golden Gate gets benefit out
9 of that. The more people you get into the fair to
10 bet these horses, they may get the buck to go to
11 Golden Gate or other racetracks on the offseason.
12 So maybe you should support the fairs and keep them
13 whole, because right now what I see at Golden Gate
14 from January till now, the horse population has not
15 been good.

16 MR. DAUGHERTY: Well, Commissioner Beneto,
17 this is not a matter of not supporting the fairs.
18 This unfortunately has become a battle of one fair
19 against the other, and my comments were directed
20 that the horsemen believe it's in the best interest
21 to keep the historic dates for Santa Rosa. So it's
22 not a matter of not supporting the fairs.

23 COMMISSIONER BENETO: So what you're saying
24 here today is don't give Cal Expo three weeks.

25 MR. DAUGHERTY: We believe that the schedule

1 in 2014 is the best schedule for racing, yes.

2 COMMISSIONER BENETO: Well, that's two weeks
3 for Cal Expo.

4 MR. DAUGHERTY: Yes.

5 COMMISSIONER BENETO: Okay, thank you.

6 CHAIR WINNER: Any other questions for Mr.
7 Daugherty?

8 Mr. Daugherty, let me just remind -- I'm
9 sure you were a part of the various discussions to
10 it, but remember, again, you're making the point
11 that this is Santa Rosa, but there are other issues,
12 there's Humboldt and there's Stockton, there are
13 other issues we need to talk about. But you're
14 saying it's an issue between Sacramento or Cal Expo
15 and Santa Rosa. And just to remind everybody that
16 my predecessor, Chairman Israel, when the discussion
17 was giving three weeks to Cal Expo for 2014,
18 suggested a compromise and the compromise was not
19 2014, that Cal Expo would not get the third week in
20 2014 but would get the three weeks in 2015.

21 Now, I understand a lot of people didn't
22 agree with that compromise, but that was the
23 decision that was made by this Board when we voted
24 on the 2014 calendar. So just to make the point
25 that it is clear that somebody has to give here, and

1 the objective at that time was to try to reach a
2 compromise. It may not be a compromise that's
3 acceptable now to this Board, but at the time that's
4 what happened, just to refresh everybody's memory.

5 MR. DAUGHERTY: I understand that.

6 CHAIR WINNER: Okay, thank you.

7 Allen Balch, just to follow up since we're
8 on the CTT.

9 MR. BALCH: Allen Balch, Executive Director
10 of California Thoroughbred Trainers.

11 You've heard a lot of detail, obviously
12 Charlie has already made several of our points. I'd
13 like to maybe summarize by just saying that the two
14 big issues always, in virtually every decision this
15 board makes, are the fairness, fairness issues,
16 making sure that this sport is regulated fairly and
17 protecting the welfare of the horse. And on both
18 those prongs, both those very important prongs we
19 believe what Charlie just said. That yes, we
20 understood the so-called compromise, but we did not
21 agree to that. We do not think that's in the best
22 interest of racing.

23 And number one, because of the fairness
24 issue. We don't believe the calendar should be
25 changed unless there's a compelling reason to

1 change. You have heard before that it took quite a
2 while to develop the calendar that was widely and
3 generally accepted by everybody leading up to, and
4 including, 2014. That's really the crux of the
5 issue. We don't believe that that should be
6 unsettled by a fair wanting an additional week of
7 racing under these conditions. That's the crux of
8 the issue, we don't believe it's fair unless there's
9 a compelling reason to change. We don't see the
10 compelling reason. In fact, we see the compelling
11 reason to leave it the way it is.

12 And as to the welfare of the horse, clearly
13 the weather and the turf course and backstretch
14 conditions all indicate that Santa Rosa is
15 preferable for that week. So we'd like to strongly
16 urge you to stick with the calendar that the
17 constituents agreed to for 2013 and now 2014 also.

18 CHAIR WINNER: Well, the backstretch, Santa
19 Rosa would still have the three weeks in the
20 backstretch. We wouldn't affect that.

21 MR. BALCH: Well except that you just heard
22 TOC say they do not believe that a race maiden
23 should operate a week when they don't have fair
24 activities. We haven't heard Santa Rosa definitely
25 say, because again those are the disputes that as

1 Charlie said, we get into fair against fair.

2 Now, the traditional schedule is for Santa
3 Rosa to have that third week with its fair. And
4 this starts calling in all these other issues: when
5 does Golden Gate start, does Golden Gate lose a
6 week, how does Ferndale work into it and so forth?
7 That's why there's so much confusion on these
8 calendars that you see. And the consensus was
9 reached after a lot of hard work as Joe Morris
10 indicated, for the 2013 and that's where we think we
11 should stick with that consensus. And I think if
12 you just pull the number of industry organizations
13 that favor that you'll see that virtually all do
14 with the exception of Cal Expo and CARV. (sic) The
15 TOC, the CCT, Golden Gate, these organizations which
16 have been closely involved in this for years all
17 endorse this 2013-2014 schedule.

18 CHAIR WINNER: Any other questions for Mr.
19 Balch? Okay, the next --

20 MR. BALCH: Thank you.

21 CHAIR WINNER: The next speaker is Chris
22 Korby from CARF. Since CARF was just raised in the
23 discussion we'll have Mr. Korby come up.

24 MR. KORBY: Thank you Mr. Chairman and
25 Commissioners. I'll be brief, I know there are many

1 speakers who wish to speak today. It's a
2 complicated issue. We're here to speak in support
3 of the recommendations from the ad hoc committee.
4 In the event, as I understand it, that Santa Rosa
5 declines a new week and the new Option B calendar
6 becomes a part of the proposal we would be in
7 support of that.

8 CHAIR WINNER: Any questions of Mr. Korby?
9 Yes?

10 VICE CHAIR ROSENBERG: I asked a question as
11 the last meeting as to why CARF is supporting Cal
12 Expo and I also asked you a question about Humboldt.
13 Humboldt's a member of CARF and yet you were
14 inclined not to help them by giving them an extra
15 day.

16 So I have two questions really, one's about
17 what's your reasoning for supporting Cal Expo and is
18 it because Santa Rosa's no longer a member of your
19 organization or is there a good reason for it?

20 MR. KORBY: No, we actually support the
21 notion that both fairs would run three weeks. And I
22 believe that's the proposal we've put forth.

23 VICE CHAIR ROSENBERG: I'm talking about
24 running not during their fair, I'm sorry not during
25 the same dates which they want and they have run on.

1 MR. KORBY: Just so I understand the
2 question, you're asking about Santa Rosa running?

3 VICE CHAIR ROSENBERG: Santa Rosa is being
4 asked to move their fair dates to a different time
5 period.

6 MR. KORBY: Yes.

7 VICE CHAIR ROSENBERG: Okay, why are you in
8 favor of that?

9 MR. KORBY: Well, a couple of elements here.
10 I think first of all, we're in favor of what we
11 would consider better balance and parity in the
12 overall calendar in Northern California. Golden
13 Gate Fields received a huge windfall of dates when
14 Bay Meadows closed. They are now racing roughly
15 nine months out of the year at Golden Gate Fields
16 including dates in August, which for many, many
17 years were run as fair dates. So when you consider
18 the shifts in the racing calendar over the last few
19 years since when Bay Meadows closed what 2008-2009,
20 somewhere in that timeframe, the number of days for
21 Golden Gate Fields has increased dramatically.

22 We think there's room to achieve a little
23 bit better balance with fairs being able to race a
24 few more dates without injuring Golden Gate Fields.

25 They have a very significant portion of the

1 calendar now.

2 With respect to the Santa Rosa situation,
3 the calendar that's been proposed by the ad hoc
4 committee and the three weeks that have been adopted
5 by this Board for Cal Expo. The Board, as I
6 understand it, has already voted in favor of that.
7 We support that, because we think that fairs are
8 going to be a more important part of racing in the
9 future.

10 When we watch the trends occurring with
11 racetracks going out of business, the increasing
12 value of the real estate on which tracks sit, the
13 macroeconomic forces are working against continuing
14 racing at privately owned racetracks. They're just
15 becoming too valuable. And we think that it's a
16 good thing to protect racing and fairs and to make
17 it stronger in order that fairs are there in the
18 event that something happens to another of
19 California's tracks.

20 I mean, think back folks, we've watched
21 profound changes in our industry in the last five to
22 seven years. Two racetracks, pillars of racing in
23 California have gone out of business. What's the
24 reason for that? The real estate and the underlying
25 land became so valuable that racing was no longer

1 the highest and best use of that property.

2 Fairs are publicly-owned facilities. The
3 chances of their being developed for other purposes
4 are remote. So I think as part of a longer term
5 vision of where racing is going it's a wise thing
6 for the Board to be allocating additional weeks of
7 racing to fairs. Here's an opportunity to do it and
8 I would encourage the Board to do just that. I hope
9 that's not too much of an answer to your question, but
10 that's some of our thinking in support of three
11 weeks of racing at Cal Expo.

12 Not to mention the fact this is the
13 California State Fair, it's the biggest fair in
14 Northern California. The attendance here outstrips
15 other fairs by many fold and I watch with concern
16 declining attendance and handle at Golden Gate
17 Fields. And in my mind the Board should be looking
18 at this and saying, "We need to take our sport where
19 the people are." And in this case the people are at
20 Cal Expo.

21 I urge you to take a look at the attendance
22 figures at Golden Gate Fields over the last few
23 years and I think part of the reason is that there's
24 just so much racing there, the excitement is gone.
25 And if we're going to bolster our sport, build it

1 up, we need to restore that excitement. And you
2 restore that excitement by having an event that
3 people go to.

4 Fairs are just such an event. They have a
5 tradition of racing for 150 years in California, so
6 I think when you start to align all these elements
7 the answer is clear to us: a third week of racing at
8 Cal Expo.

9 CHAIR WINNER: Thank you. Mr. Rosenberg,
10 did you not have a second part of your question?

11 VICE CHAIR ROSENBERG: I just want to make a
12 comment that your comments about Golden Gate having
13 a windfall would imply to the person who wouldn't
14 know better that they're making a big fortune up
15 there and how they operate. Don't you think if they
16 were to take a five -- if there's a \$500,000 hit on
17 the horseracing economy from their losing a week
18 that would be harmful, more harmful than what you're
19 discussing in terms of the fairs.

20 And second part of the question is your
21 argument about the fairs makes a lot of sense, but
22 why don't you have the same approach towards
23 supporting Humboldt getting more days where they
24 don't race on overlap days?

25 MR. KORBY: We do, we do.

1 VICE CHAIR ROSENBERG: So but you're in
2 favor of a calendar that doesn't give it to them, it
3 only gives them four days.

4 MR. KORBY: Well, I just stated that we're
5 in support of a calendar that -- this is a
6 complicated matrix of interests here as we all are
7 finding out. There's an option in this proposal
8 that's been made by the Committee. It's now called
9 the new Option B. If Santa Rosa declines to race a
10 third week then in that calendar Humboldt would have
11 a week of racing without overlap.

12 COMMISSIONER BENETO: Can I answer that
13 question?

14 VICE CHAIR ROSENBERG: Yes.

15 COMMISSIONER BENETO: The calendar that we
16 have here okay, that we're all looking at, if -- I
17 mean, I'm going to stick my neck out here. I'm in
18 favor of giving Humboldt no overlap, but I think I'd
19 cause a riot here with Golden Gate by cutting them
20 off of the 22nd, 23rd and the 28 and 29th of August.
21 Does that answer your question?

22 VICE CHAIR ROSENBERG: No, because you're
23 okay in cutting off the starting -- they're losing a
24 week of racing.

25 COMMISSIONER BENETO: Well yeah, but you

1 want to know why we can't give Humboldt more days.

2 Well, you've got to cut Golden Gate. You've got to
3 take it away from Golden Gate.

4 VICE CHAIR ROSENBERG: Maybe Golden Gate
5 wouldn't object if they had the extra week.

6 COMMISSIONER KRIKORIAN: I have a question
7 (inaudible)

8 CHAIR WINNER: Yes, Commissioner Krikorian?

9 MR. KORBY: If I might, oh?

10 CHAIR WINNER: Go ahead. Go ahead, Chris.

11 COMMISSIONER KRIKORIAN: Korby, you can go
12 ahead first if you like.

13 CHAIR WINNER: Go ahead, Chris.

14 MR. KORBY: We've been through the
15 discussion with Humboldt for many years, many years
16 predating these most recent discussions about the
17 calendar. There is very, very strong opposition to
18 Humboldt County Fair racing by itself, in August, in
19 Northern California.

20 We have taken, we at CARF have taken by and
21 large over the years, what we would consider is a
22 realistic approach given the political realities
23 that we're dealing with. We have supported Humboldt
24 in ways that I doubt many people on this board know.

25 CARF has been a conduit for millions of dollars

1 that have gone to Humboldt in purse support, in
2 capital improvements, in special distributions from
3 pari-mutuel handle. We have done more for that fair
4 in proportion to what it received compared to other
5 racing fairs than anyone knows or that very few
6 people know.

7 So I'm concerned if someone has a perception
8 that somehow CARF is not helping Humboldt or is
9 working on their behalf; we are, we have. We also
10 deal with the political realities. As I said there
11 is extremely strong opposition in Northern
12 California to Humboldt running without overlap in
13 August. So far we have not been able to overcome
14 that opposition even when we are in support of
15 Humboldt.

16 When we get a calendar this complicated
17 there are other issues that supplant Humboldt as an
18 issue. If the Board wishes to include a resolution
19 for Humboldt dates in there we're ready to talk
20 about it. At this point what we see is the calendar
21 that's been proposed by the ad hoc committee and
22 we're in support of that calendar.

23 I regret if for some reason, that's being
24 perceived as not being supportive of Humboldt on the
25 part of CARF. That's not true, we've supported them

1 for years. But as I say it's tempered with
2 political reality. I hope that answers your
3 question.

4 VICE CHAIR ROSENBERG: Thank you.

5 CHAIR WINNER: Commissioner Krikorian, did
6 you have a question?

7 COMMISSIONER KRIKORIAN: Well, a comment
8 too. I think you bring up a very good point when
9 you talk about the potential, yeah the future of
10 horseracing becoming much more dependent on
11 facilities like Cal Expo and so forth. And I think
12 that could very well become a strong possibility as
13 we move into the future. But what statistical facts
14 do you have to support your contention that today we
15 are equally or better off economically to race at
16 any fair in Northern California versus racing the
17 same week at Golden Gate Fields?

18 MR. KORBY: My answer to that would be let's
19 collectively establish the standards for making that
20 decision, because what we so often have in this
21 industry is a battle of statistics. And it's not
22 clear which is more important. I would ask the
23 Board to establish a criteria for awarding dates.
24 Is it economic? If so what are the economic
25 factors? I don't think we have that now, if we do I

1 don't know what it is.

2 COMMISSIONER KRIKORIAN: Well, I mean just
3 very simply just looking at handle and attendance,
4 those two numbers would be a real good barometer of
5 what the standards are.

6 CHAIR WINNER: Mr. Krikorian, I believe
7 staff has done some evaluation of those numbers.
8 Certainly on handle, I'm not sure about attendance,
9 perhaps our Executive Director could enlighten us on
10 that?

11 MR. KORBY: Respectfully I would add that
12 there are elements such as the role of the racing
13 entity in the community, the economic impact that's
14 measured by other standards than just handle and
15 attendance.

16 CHAIR WINNER: Yes.

17 MR. KORBY: How many jobs are generated,
18 what's the economic impact to the community as a
19 result of that? It's very, very important. It's
20 critically important and close to my heart and I
21 know yours, that the health of racing be maintained
22 so that racing continues as a viable industry.

23 COMMISSIONER BENETO: How about satellites?

24 MR. KORBY: But racing doesn't operate in a
25 vacuum.

1 CHAIR WINNER: Right.

2 COMMISSIONER BENETO: How about your
3 satellites, because a lot of them are on
4 fairgrounds; isn't that correct?

5 MR. KORBY: Well, we haven't touched on
6 that, but a disproportionate percentage of Golden
7 Gate Field's handle that comes from brick and mortar
8 facilities, not ADW, but the handle within
9 California comes from fairs. Fairs are the offsite
10 network, the simulcast network for Northern
11 California. There are no non-fair entities.

12 CHAIR WINNER: Mr. Baedeker?

13 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman
14 and Commissioners, we looked simply at the total
15 handle under the new proposal versus 2013. And keep
16 in mind that these figures are affected by the fact
17 that we're talking about four additional live race
18 dates at Cal Expo versus the loss of three dates at
19 Golden Gate Fields. But using 2013 numbers the
20 total handle at Cal Expo for the last four days of
21 its week were \$8.3 million. And the total handle
22 for the first three days at Golden Gate in its
23 August meet was \$7.6 million. It's a net lift of
24 about \$700,000 with this proposed change.

25 In overall handle we understand the nuances

1 of the distributions and so forth that Mr. Balch and
2 others have referred to. But just looking at the
3 total handle 2013 applied to this calendar, proposed
4 calendar in 2015, total handle would reflect the
5 lift of over 700,000.

6 MR. KORBY: In which scenario, I'm sorry.

7 EXECUTIVE DIRECTOR BAEDEKER: I'm sorry,
8 under the new scenario. The new scenario, which
9 adds a week to the end of the traditional dates at
10 Cal Expo --

11 MR. KORBY: Thank you, thank you.

12 EXECUTIVE DIRECTOR BAEDEKER: -- and
13 pushes back Golden Gate by a week.

14 CHAIR WINNER: Any other questions for Mr.
15 Korby? All right, let's move on.

16 MR. KORBY: Thank you for the opportunity.

17 CHAIR WINNER: Thank you, very much.

18 COMMISSIONER CHOPER: Can I make one point
19 of clarification?

20 CHAIR WINNER: Yes, please.

21 COMMISSIONER CHOPER: It seemed to me and I
22 may be wrong, that there is no issue about Santa
23 Rosa going the last week. We have the Director of
24 Racing here. Is there still a possibility that you
25 would not race that last week if you're not given

1 the weeks?

2 CHAIR WINNER: Well, we have to have
3 somebody from Santa Rosa here.

4 UNIDENTIFIED MALE: Here he is.

5 MR. LEWIS: He's got my card up there
6 (inaudible)

7 COMMISSIONER CHOPER: Oh, excuse me. Well -
8 -

9 CHAIR WINNER: I'll call you now. That
10 makes it easy.

11 MR. LEWIS: Richard Lewis, Director of
12 Racing Sonoma County Fair.

13 To answer the question we're entering our
14 fifth year of three weeks of racing whether it was
15 15 days or 13 days. But this will be our fifth that
16 we run three weeks consecutively. Our plan calls
17 for us to continue running three weeks of racing if
18 we get dates granted by the California Horse Racing
19 Board.

20 There are questions regarding what happens
21 with the school year? What happens with the
22 carnival vendors? That's all going to be a question
23 for the future. We did run one week without fair
24 and we saw a dramatic loss of attendance and handle
25 on track. So that is something we'll be weighing,

1 but right now we are planning on running three weeks
2 going forward.

3 I would like to say that when Cal Expo left
4 the traditional fair racing dates for three years
5 and came back after a couple of years they wanted to
6 change their dates from Labor Day weekend to get
7 away from the school year. There was a gap in
8 between Pleasanton and Santa Rosa at that time of
9 two weeks. Cal Expo moved to that two weeks and as
10 one of their board members stated, it probably
11 wasn't a very good move. But by moving there, they
12 were sandwiched between Pleasanton and Santa Rosa
13 without room for expansion.

14 Now that Santa Rosa or the Sonoma County
15 Fair has withdrawn from CARF there is a move to move
16 Sonoma County Fair when you have Alameda County Fair
17 and Cal Expo, two CARF members that do not want to
18 plan on moving Pleasanton forward. So they're
19 intruding on the Sonoma County Fair traditional
20 dates. We would like to maintain the dates that
21 we've had, we've been successful there and unsure of
22 what's going on with the school year.

23 And the way it falls with Golden Gate
24 Fields, there's a good move for turf racing. Golden
25 Gate closes, cut four weeks of racing, five weeks of

1 racing at the fairs, come back turf racing is
2 successful. Our field size during the turf racing
3 is almost 8.0 and a third of our races are run on
4 the grass and our dirt is 7.6 starters per race.

5 So we would love to see the calendar stay
6 the way it is.

7 CHAIR WINNER: Thank you, Mr. Lewis. Can I
8 just ask you just for clarification in response to
9 Commissioner Choper's question? If these dates are
10 accepted by this Board that is recommended by the ad
11 hoc committee, would Santa Rosa conduct its fair
12 during the third week of the meet?

13 VICE CHAIR ROSENBERG: In 2015.

14 CHAIR WINNER: In 2015.

15 MR. LEWIS: As far as 2015 goes there's a
16 unique marriage between horseracing fair activities
17 and carnival fair activities. Those vendors that
18 are there for the fair and the carnival, they have
19 to look at their bottom line and see what the impact
20 if schools are going on at that time, how it impacts
21 them. We are planning to run three weeks in 2015.

22 CHAIR WINNER: Run three weeks of the fair?

23 MR. LEWIS: A horseracing fair and if the
24 carnival provider will go then we're going to go for
25 three weeks of carnival, exhibits and fair racing.

1 CHAIR WINNER: Does that answer your
2 question, Mr. Choper?

3 COMMISSIONER CHOPER: Yes, sort of.

4 MR. LEWIS: Going in the future, it's a
5 complete unknown.

6 CHAIR WINNER: Well, but this discussion has
7 been going on for months. Have you not had the
8 discussion with the carnival operators and
9 concessionaires etcetera in case this decision was
10 made in this direction?

11 MR. LEWIS: There's been preliminary
12 contacts with them and talks. I'd stall there a
13 year out, so they haven't made their decision yet,
14 but more than likely I would expect them to -- we
15 would have something going on the third week.

16 CHAIR WINNER: Thank you, does that answer
17 your question?

18 COMMISSIONER CHOPER: Yes, pretty close.

19 CHAIR WINNER: Thank you, any other
20 questions for Mr. Lewis?

21 COMMISSIONER AUERBACH: I have some.

22 COMMISSIONER BENETO: I've got a question.

23 COMMISSIONER AUERBACH: Yeah.

24 CHAIR WINNER: Yes, we have several people
25 that have questions. Let me start with Commissioner

1 Auerbach.

2 COMMISSIONER AUERBACH: I'm very concerned,
3 because you do have turf racing. And I know that
4 Santa Rosa spent a lot of money to develop a turf
5 force.

6 CHAIR WINNER: Do you want to hit your mic,
7 maybe it'll come on?

8 COMMISSIONER AUERBACH: Whack! So I don't
9 think it's working, I am whacking it. Okay, I can
10 yell.

11 CHAIR WINNER: Okay.

12 COMMISSIONER AUERBACH: I'm good at this.
13 I am concerned, because Santa Rosa did build
14 a turf course. And I am concerned, because with the
15 consolidation of race tracks the Santa Rosa turf
16 course has taken on a whole new meaning for us. So
17 I think that no matter how it shakes out here, no
18 matter what this Board does I think it would be
19 well-remembered and well-respected if Santa Rosa
20 made it happen. That even if the calendar gets
21 changed I would strongly encourage you to keep that
22 third week of racing. We desperately need to not
23 lose that turf course up there.

24 MR. LEWIS: The only way we would lose a
25 third week of racing is if there was a financial

1 blow to horseracing under the Sonoma County Fair to
2 where it wasn't feasible to be racing.

3 COMMISSIONER AUERBACH: Well, I think what
4 I'm asking you, since we don't know how this is
5 going to work out and I want to make sure that we're
6 covered in all venues. If we do the new schedule
7 for 2015 and you -- I guess what I want to hear is
8 that you will at least for 2015 commit to do this.
9 Because we may look at and say, "Whoa, we don't like
10 it at all." I mean, I don't know what's going to
11 happen, but I think it would be very comforting to
12 know that turf racing would be alive and well in the
13 Northern part of the state at that time.

14 MR. LEWIS: The only way I can answer that
15 question is I'll do everything I can as Director of
16 Racing to make sure we have three weeks. And I
17 would have to take that back to the Sonoma County
18 Board.

19 COMMISSIONER AUERBACH: Okay, thank you.

20 CHAIR WINNER: Thank you, Mr. Lewis. Yes,
21 Mr. Benito?

22 COMMISSIONER BENETO: Before I made this
23 decision, a third week for Cal Expo one thing I did
24 do, and I want the Board to know that I've said it
25 several times. I contacted two vendors before I

1 contacted Tawni and I asked him, "If I do this, is
2 it going to hurt you?" Both vendors said no, so and
3 they're your biggest vendors and that's the carnival
4 and ovations. And that's all I can say about that,
5 because if they'd have said it can't be done I
6 wouldn't have even considered giving Cal Expo the
7 third week.

8 CHAIR WINNER: Any other questions for Mr.
9 Lewis?

10 MR. LEWIS: Can I say one thing in closing?

11 CHAIR WINNER: Yes, please do.

12 MR. LEWIS: Right now in light of what came
13 out in the New York Times yesterday, California
14 horseracing has been having a downward trend and any
15 bad publicity we get is just going to hurt that much
16 more. And I think it's up to this panel to decide
17 what is best for the health of racing as an industry
18 as opposed to individual groups. And I would hope
19 that we all understand that moving forward we have
20 to work together to make California strong again.

21 CHAIR WINNER: Mr. Lewis, let me absolutely
22 assure you that this Board cares more about that
23 than you could possibly imagine.

24 MR. LEWIS: No, I understand.

25 CHAIR WINNER: We work very hard at it and

1 obviously we're all very concerned about what came
2 out in the New York Times and the video. And we
3 will be issuing a statement on that, but let me
4 assure you that the health and safety of the horse
5 and the people on their backs is of paramount,
6 primary concern to every member of this Board.

7 MR. LEWIS: Yeah, because in this situation
8 it's does the wants of the few outweigh the needs of
9 the many, thank you.

10 CHAIR WINNER: Well, those are judgments.
11 Thank you, very much.

12 UNIDENTIFIED SPEAKER: Well, I had several
13 questions?

14 CHAIR WINNER: Oh, I'm sorry, Mr. Lewis?

15 COMMISSIONER KRIKORIAN: Well, actually no
16 it's just not for him specifically.

17 CHAIR WINNER: Okay.

18 COMMISSIONER KRIKORIAN: Just again for
19 clarification we are here to decide these dates and
20 we're talking about for 2015 and 2014 were the dates
21 that were awarded, correct?

22 CHAIR WINNER: 2014 dates have already been
23 awarded and they're obviously operating on that.
24 And at the time that we awarded the 2014 dates a
25 part of that motion was to grant Cal Expo a third

1 week. There was another part of the motion just for
2 clarification, which was that Golden Gate would make
3 its efforts. And I'm paraphrasing, I don't know the
4 exact language, to not run climbing races under
5 \$5,000 in order to help Humboldt.

6 That's the motion that was passed
7 unanimously that granted the 2014 dates. What we're
8 currently talking about is the 2015 dates.

9 COMMISSIONER KRIKORIAN: But part of that
10 was -- yes. And part of the 2015 dates was that
11 they would run three weeks at Santa Rosa.

12 CHAIR WINNER: That's correct.

13 COMMISSIONER KRIKORIAN: And you're sitting
14 here today and you're telling the Board that you may
15 or may not run depending on our decision, so I think
16 that part of our decision has to be that we need an
17 alternative. So if they're deciding not to run we
18 need to decide today what we're going to do with
19 that extra week or they need to commit now that
20 they're going to run that week, now. Or we need to
21 look at alternative actions.

22 CHAIR WINNER: Well, I think just to --

23 COMMISSIONER KRIKORIAN: We don't need to
24 visit this again.

25 CHAIR WINNER: Well just to clarify again,

1 my understanding Commissioner Krikorian, is Mr.
2 Lewis is committing to run the three weeks. I'm not
3 sure I heard a commitment that they would run the
4 fair in the third week. That the fair would exist
5 in the third week while the race was on, but that he
6 would make his best efforts to do that. Is that a
7 fair interpretation?

8 MR. LEWIS: Yes, I can't make that as
9 Director of Racing. That's the Fair Manager and the
10 Fair Board's decision to come to an agreement with
11 the carnival supplier.

12 COMMISSIONER KRIKORIAN: But should that not
13 open it up to the Board to reconsider its having
14 allocated those dates if things are changing?

15 MR. LEWIS: We do plan on running three
16 weeks in 2015 if granted, three weeks on the
17 calendar.

18 CHAIR WINNER: Yeah, I think the issue
19 though Mr. Lewis is that this Board may feel, and I
20 don't want to speak for the Board, that if you're
21 not going to have a fair that fairs ought to have
22 racing when fairs are ongoing.

23 MR. LEWIS: Correct.

24 CHAIR WINNER: And when they're not ongoing
25 there's a question as to whether we ought to have

1 racing. Some members of the Board feel that we
2 shouldn't have racing if we don't have fairs so if
3 the fair is not ongoing. So I think what
4 Commissioner Krikorian is asking is can someone from
5 Santa Rosa commit that if this calendar is accepted
6 and the three weeks are given to Santa Rosa as per
7 this calendar that Santa Rosa will be running a fair
8 during that period. Is that correct?

9 MR. LEWIS: I believe what will happen in
10 2015 is we will have agreements with the carnival
11 providers in place. And then going on forward from
12 there if that's a losing proposition from them then
13 in the future after that we have to figure out a way
14 to make things work out.

15 COMMISSIONER CHOPER: Well, I think -- may
16 I? I think that we're dealing now with only 2015.
17 I think realistically Mr. Lewis has said everything
18 that he can, but they're going to have the fair open
19 in 2015. That year will test, I take it, what the
20 situation is and I don't think you can predict
21 beyond that. But fortunately, that's all we have in
22 front of us today is 2015.

23 CHAIR WINNER: Thank you, Commissioner
24 Choper.

25 COMMISSIONER KRIKORIAN: The Board will have

1 the option to see what happens in 2015 as well, as
2 to what you want to do moving forward when you're
3 allocating dates in the future, correct?

4 COMMISSIONER CHOPER: I just said we'll talk
5 about 2016 when the time comes I think and with the
6 benefit of the facts.

7 COMMISSIONER KRIKORIAN: Yeah, and that's a
8 good thing.

9 COMMISSIONER CHOPER: We're going to have to
10 do it (inaudible)

11 VICE CHAIR ROSENBERG: I just wanted to say
12 this concern over 2015, will they actually run.
13 They're committing to that decision subject to and
14 we will have plenty of time to do what Commissioner
15 Krikorian's worried about if they decided for some
16 reason to not have a fair, to adjust the calendar.
17 Am I correct, this council here, we would have the
18 ability to change this calendar wouldn't we, at a
19 later date if new circumstances arose?

20 MR. MILLER: Yeah, Robert Miller, Council of
21 the California Horse Racing Board, that's correct.

22 VICE CHAIR ROSENBERG: Okay, thank you.

23 MR. LEWIS: Present is Lisa Carreno, the
24 President of the Sonoma County Fair Board, she may
25 be able to answer that question for us.

1 CHAIR WINNER: Do I have a card from you?

2 MS. CARRENO: No.

3 CHAIR WINNER: Okay, then your three minutes
4 starts now, we will let you speak, thank you.

5 MS. CARRENO: All right, thank you. Well,
6 thank you for taking me out of order, I appreciate
7 it. I want to answer the question directly and
8 provide some additional facts that help you
9 understand what the Fair Board is grappling with.

10 We know and I believe some information that
11 we've already provided to the full Board states that
12 we know at least 20,000 students or so will be
13 returning to school during the third week of our
14 horse races in 2015, which will have an impact on
15 our attendance at the Sonoma County Fair.

16 We also know that when they children return
17 to school that at least the schools that those
18 children attend will be calling back their staff.
19 And that a number of the people who work at the
20 Sonoma County Fair as temporary employees will be
21 returning to work, so we will experience we think a
22 significant drop in attendance and a significant
23 drop in staffing.

24 I know this is highly nuanced, but
25 understand that fair and racing in Sonoma County are

1 closely tied and so there is now way that either
2 Richard or I can answer the question that you're
3 asking: will we run our fair at the same time as our
4 third week of racing? Because at this point there
5 are a large number of districts that have not set
6 their 2015 dates.

7 What we know are the 2015 dates of the
8 school districts, and there are 42 in Sonoma County
9 that we have reported to you in the documentation
10 we've already provided. But that's a third of the
11 children who reside and go to school in Sonoma
12 County. I think you all know that in 2010 we did
13 run a week of racing without fair and our handle
14 dropped 50 percent, which is not good for racing.

15 So I actually want to go back and quote both
16 Commissioner Benito and Mr. Korby, and ask the Board
17 to make whatever this decision is on the basis of
18 factual analysis of a broader set of data: the
19 economics of what is happening in the context of
20 what's happening, economic impact in the community,
21 economic impact at the fair and in racing. Also
22 looking at the welfare of the horses and at, you
23 know, attendance in both places.

24 It's a lot more complex than just looking at
25 comparing one handle here and one handle there

1 between one year and another. It can't just be
2 extrapolated based on the sort of simple information
3 that you've got. So I'm mindful of the time. I
4 just want to ask you to make that kind of an
5 analysis. I think that's the responsible thing to
6 do and consistent with your mission.

7 CHAIR WINNER: Thank you, very much. As I
8 think you know we have received economic analyses
9 from various parties, lots of it. And staff has
10 done some of their own economic analysis and of
11 course, as I think everyone would agree that you can
12 look at numbers a lot of different ways. And there
13 are a lot of numbers to look at just as you suggest.

14 And I think we agree with you, I certainly agree
15 with you that you have to look at all of the
16 factors. And I think that's what the Board is
17 trying to do and that's what the ad hoc committee
18 tried to do, but you're in my view absolutely right.

19 This is a very complex issue and it does involve
20 more than just the one week. It involves a lot of
21 other factors.

22 I'm not sure I understood your answer to the
23 basic question that Commissioner Krikorian and I
24 think Commissioner Choper, I'm not sure, asked which
25 is if the calendar that's being recommended by the

1 ad hoc committee is granted will Sonoma County run
2 its fair adjacent to or at the same time that racing
3 is going on, the last, the third week will the fair
4 go on?

5 MS. CARRENO: Again, we don't have
6 sufficient information at this point to make that
7 decision, because we know that a third week of
8 racing as scheduled is going to have an adverse
9 impact on our fair already. Because we already know
10 that there are at least 20,000 children returning to
11 school and we're going to have lower attendance.
12 What we're going to be doing is a cost-benefit
13 analysis once we have the new school year dates to
14 make a determination about whether we can afford to
15 do a fair in --

16 CHAIR WINNER: When would you be able to
17 answer that question?

18 MS. CARRENO: Unfortunately, we're not going
19 to know for months. There are 42 school districts
20 in Sonoma County.

21 CHAIR WINNER: What are there, 72,000
22 students; isn't that correct?

23 MS. CARRENO: We only know about a third of
24 them, the 20,000.

25 CHAIR WINNER: Okay, thank you. Are there

1 other questions? Okay, then we're going to move
2 ahead.

3 MS. CARRENO: Thank you.

4 CHAIR WINNER: Thank you, very much.

5 Jim Morgan, Humboldt County Fair?

6 MR. MORGAN: Thank you Mr. Chairman and
7 Commissioners. There's been a lot of debate here
8 today about whether Santa Rosa should get two weeks,
9 three weeks, whether Cal Expo will be two weeks or
10 three weeks. Whether either of them get two weeks
11 or three weeks, those fairs will survive. If Golden
12 Gate Fields races 154 days or 158 days that entity
13 would survive. If you, at your discretion, elect to
14 adopt the calendar that's proposed Humboldt will not
15 survive.

16 All race meets in California race without
17 overlap except Humboldt. All race meets in
18 California have access to host commissioners except
19 Humboldt. Host commissions are necessary to
20 generate purses and revenues. With respect to
21 overlapping Chris Korby wrote in a CARF publication
22 2002 that overlapping race dates are an experiment
23 that have failed.

24 You know that there are diminished numbers
25 of starters. You know that there are diminished

1 horses available. You know that Golden Gate Fields
2 suffers when they race an overlap with Humboldt and
3 yet, the proposed calendar allows for the
4 overlapping. Steve, last time you indicated that if
5 you had your way Humboldt would race two weeks
6 without overlap. Humboldt requires that in order to
7 sustain.

8 It's also a misnomer to say that the host
9 status for four days for Humboldt is a balanced or
10 fair compromise. The host status days that have
11 been offered or imposed upon Humboldt are
12 Wednesdays, Thursdays. That represents commissions
13 of about 20,000 per day. Humboldt is deprived of
14 host status for Friday, Saturday and Sunday. That
15 represents commission of about 100,000 a day.

16 At minimum, if you're going to force
17 Humboldt to race an overlap with Golden Gate Fields
18 I would request that you allow Humboldt to share in
19 the host commissions, split them with Golden Gate
20 Fields. Or have one week without overlap. That
21 would be fair, that would be equitable. The concept
22 of this being a negotiated agreement is a misnomer.

23 Humboldt never agreed to race with overlap. They
24 never agreed to have declining revenues.

25 In answer to an earlier question you had,

1 Mr. Krikorian, I don't believe Golden Gate Fields
2 always had those dates where they started on the
3 13th. And I want to call your attention to these
4 statistics with respect to Humboldt. In 2010
5 Humboldt was granted a week without overlap. During
6 that year they made 551,000 in commissions. They
7 made 278,000 in sustaining revenues. They
8 contributed 85,000 to the CARF Consolidated Purse
9 Fund, a fund that's used to fund purses at the fair.

10

11 In 2012 then Chairman Brackpool negotiated a
12 deal where Humboldt shared in revenues that were
13 generated based on the decision to race overlap.
14 They received \$150,000 from TOC, Golden Gate Fields
15 and Delmar into their general fund and were able to
16 sustain.

17 CHAIR WINNER: You're way over your three
18 minutes, can you try to wrap up?

19 MR. MORGAN: Sure, I'm sorry.

20 You have it in your power to sustain
21 Humboldt or to terminate them. We talked about
22 empathy for older horses, so that they sustain. How
23 about an older racetrack that's been in business for
24 118 years? If we do not get one half of our host
25 status for our dates and if we don't get access to

1 racing without overlap like all the other meets have
2 then we will have to fade into the sunset. And I
3 don't think you want to disenfranchise the entire
4 Northern California region of the state. Thank you.

5 CHAIR WINNER: Are there questions for Mr.
6 Morgan? Yes, Commissioner Rosenberg?

7 VICE CHAIR ROSENBERG: Yes, so you're
8 opposed to either of the two options, correct?

9 MR. MORGAN: We like the new Option B, which
10 allows us to race a week without overlap. That is
11 what's required to sustain our meet and we think we
12 can prosper and sustain just like we did in 2010 and
13 provide that \$7 million in economic benefit to the
14 citizens of Humboldt County, which seems to dwarf
15 the \$500,000 that Golden Gate Field indicates they
16 lose for a week.

17 COMMISSIONER BENETO: Jim, are you saying
18 the way I got your race dates set up right now
19 eliminate Golden Gate the 21st, 22nd and are you --
20 Option B is out of the question, because Santa Rosa
21 already said they're running three weeks.

22 CHAIR WINNER: No, no, no. Hold it, excuse
23 me Steve. I'm not sure that we should take Option B
24 off the table only because we were not able to get a
25 commitment that Commissioner Krikorian was asking

1 for. I don't want to speak for you Commissioner
2 Krikorian, but as I understand what you were asking
3 for was a commitment that the fair would be running
4 the third week at Santa Rosa and that did not, we
5 didn't get that commitment; is that correct?

6 COMMISSIONER KRIKORIAN: They did not make a
7 commitment from what I heard.

8 CHAIR WINNER: Okay, so that's why. I'm not
9 suggesting we should -- I'm not in any way
10 suggesting that as a preferred option, I'm just
11 saying that therefore I think it's not off the
12 table.

13 COMMISSIONER BENETO: Well, I thought we got
14 a commitment from Santa Rosa to run a third-week
15 fair?

16 CHAIR WINNER: I don't think we got that,
17 but we can ask them to come back. They committed to
18 a third week of racing, but not a third week of
19 fair. They said that was outside of their control
20 and I asked when they would know and I think the
21 answer was it might take months.

22 VICE CHAIR ROSENBERG: Maybe we have the
23 power to change that. If we find out they're not
24 going race as a fair we (inaudible)

25 CHAIR WINNER: Yes, we do.

1 COMMISSIONER BENETO: That's, I made that
2 very clear that if they decided down the road then
3 we would use new Option B.

4 CHAIR WINNER: Okay, and what you're
5 supporting as I understand it Jim, just so we can
6 move on, because we're really running late here:
7 what's you're saying is that you support the new
8 Option B if Option A is not accepted, because Santa
9 Rosa is not making a commitment?

10 MR. MORGAN: Well that's correct. I would
11 support a calendar that allows Humboldt to race
12 without overlap. And to dovetail on your question
13 Steve, like Santa Rosa Humboldt is kind of wedded to
14 their school calendar. There's an intimacy between
15 the school district and the fair and our schools all
16 start on August 24th. The calendar you proposed
17 would have us racing the whole next week, our fair
18 would be empty, all the schools would be full. We'd
19 conflict with football and everything else in the
20 community.

21 COMMISSIONER BENETO: Kids, but don't you
22 have to be 21 to bet a horse?

23 MR. MORGAN: Eighteen.

24 COMMISSIONER BENETO: Eighteen, well I don't
25 think they're all eighteen, I'm going to school.

1 MR. MORGAN: No, they're not but we
2 appreciate the dates that we've always had, which
3 allowed us to finish the Sunday before our school
4 starts.

5 CHAIR WINNER: Thank you very much, Jim.
6 Ms. Carreno, did you want to respond, is
7 that what you were coming up and asking to do?

8 MS. CARRENO: Yeah, I just want to be clear.

9 CHAIR WINNER: But please be brief though,
10 because we're really --

11 MS. CARRENO: Of course, yeah no I'm mindful
12 of the time, it's five minutes 'till. We will run
13 our third week of races. I think the question that
14 you're asking is will we have our third week of
15 fair?

16 CHAIR WINNER: Correct, and at the same time
17 is the third week of racing.

18 MS. CARRENO: Right and, you know, we will
19 do everything in our power to do that. We want that
20 to be a success. We need to weigh that and we will
21 weight that going forward. What we're asking for
22 here is to be treated like every other fair that is
23 running horse racing.

24 CHAIR WINNER: No, I understand. I think we
25 all understand what you're asking for, but the

1 question that Commissioner Krikorian had, and I
2 think others, is if the dates recommended by
3 Commissioner Benito are accepted and Santa Rosa's
4 fair is moved that week, Santa Rosa's racing
5 calendar is moved that week, will Santa Rosa also
6 run the fair that week? That's the simple question.

7 VICE CHAIR ROSENBERG: 2015.

8 CHAIR WINNER: For 2015?

9 VICE CHAIR ROSENBERG: That's all we're
10 asking.

11 MS. CARRENO: Right now we do not have a
12 plan to run the fair during that week, because that
13 week was not when we were scheduled to have a fair.
14 Our fair was supposed to be ending the Sunday
15 before.

16 CHAIR WINNER: We understand, okay I mean we
17 understand what it was. And the simple question is
18 given that this has been going on for several months
19 has Santa Rosa evaluated the possibility of running
20 its fair concurrent with the racing calendar that at
21 least had been proposed in case it was adopted?

22 MS. CARRENO: And what I'm explaining to you
23 is that we have analyzed as much data as we have in
24 order to make as informed a decision as we can. We
25 don't know what our vendors will do and we don't

1 know what our attendance will be during that third
2 week. And we need to make a sound business
3 decision.

4 CHAIR WINNER: I appreciate that very much,
5 any other questions. So I think we understand the
6 position of the fair.

7 MS. CARRENO: You know, for clarity I talked
8 to Helms or our staff talked to Helms and when they
9 heard that this is what was proposed they had a very
10 different answer for our staff than what they
11 apparently told Commissioner Benito.

12 CHAIR WINNER: Thank you, very much. We're
13 going to move on, Mr. Pickering? And I know this is
14 really important to all of you, but we're going to
15 run out of time here, so that I will ask that you
16 adhere to the three-minute limit. And then at some
17 point I'm going to make it a two-minute limit.

18 MR. PICKERING: Yes, Honorable Chairman,
19 distinguished members of the Horse Racing Board and
20 very talented Horse Racing staff my name is Rick
21 Pickering CEO of the California State Fair and
22 Exposition.

23 I'd like to start off, and I hate to use my
24 time to correct Mr. Lewis, Mr. Lewis what Mr.
25 Pelote, past president of the State Fair Board said,

1 the mistake was going to three weeks of harness
2 racing during the state fair. He did not say the
3 mistake was moving the state fair to the middle of
4 the summer. Mr. Pelote, I've corrected that for the
5 record.

6 I want to commend the Board for looking to
7 the future and looking to a future vision of
8 horseracing. You asked why three weeks of racing at
9 State Fair, I believe you answered that decision
10 unanimously at your December Board meeting. I went
11 through the minutes last night, there were 74 pages
12 of minutes that outlined the testimony predominantly
13 of people that spoke here today.

14 As far as what's new today, Mr. Baedeker,
15 thank you for your staff's talented analysis of
16 handle. That moving one additional week to State
17 Fair would generate more than 700,000 advantage if I
18 heard what you said compared to how you did your
19 analysis, so thank you for that.

20 Mr. Krikorian you asked earlier what are the
21 compelling reasons: 700,000 in additional handle is
22 compelling, 347,000 people come to the final week of
23 this California State Fair, children, adults,
24 wonderful folks. They don't have the opportunity to
25 experience a live racing product, extremely

1 compelling argument.

2 We can go through the list, but we've given
3 you all this in writing before: the capital
4 improvements, the commitment to this Fair Board, the
5 commitment of the State of California to expand
6 racing here. But I would something new --Business
7 and Profession Code Section 19401.

8 "The legislature has recognized that
9 allowing pari-mutuel wagering services, allowing
10 pari-mutuel wagering serves the public interest when
11 1) it assures protection to the public, 2) it
12 encourage agriculture and the breeding of horses, 3)
13 it supports the network of California fairs, 4)
14 provides for maximum expansion of horseracing
15 opportunities in the public interest, 5) provides
16 for uniformity of regulation for each type of
17 horseracing."

18 Fairs are mentioned in this, this is why
19 pari-mutuel wagering was adopted by the State of
20 California in 1933 and item number 4) provides for
21 maximum expansion of horseracing opportunities in
22 the public interest; 340,000 plus people, California
23 State Fair. They're already here, let's give them a
24 wonderful time, let's expand horseracing, let's move
25 forward with a vision I will keep, unless you have

1 questions for me, that I'm happy to address.

2 COMMISSIONER CHOPER: What are you doing
3 with the Fire Marshall?

4 CHAIR WINNER: Hold on just a second.

5 MR. PICKERING: Oh, sorry.

6 CHAIR WINNER: That was a question I was
7 going to ask, so Mr. Pickering Commissioner Choper
8 just asked a question, I think it's critical for all
9 of us to hear the answer.

10 MR. PICKERING: We continue to work with the
11 California Office of Fire Marshall. We have a set
12 of plans, which we've shared with Mr. Baedeker and
13 his staff. We've been attempting to set up meetings
14 with the trainers and owners to show those plans.
15 We hired the architect that was recommended to us by
16 the State Office of the Fire Marshall who drew the
17 plans. They're on the Fire Marshall's desk. I wish
18 I had a magic wand that could make that happen. They
19 have other issues to deal with as well.

20 COMMISSIONER CHOPER: Do you know when
21 you're going to get an owl.

22 MR. PICKERING: I would hope within an -- my
23 goal was to have an answer by today, absolutely.

24 CHAIR WINNER: I know that; that you would
25 hope.

1 MR. PICKERING: And this Board is also --

2 CHAIR WINNER: Do you have kind of agreement
3 as to when you're going to get an answer?

4 MR. PICKERING: We asked Jesse, they gave us
5 the list, they are now the building officials for
6 the State of California.

7 CHAIR WINNER: Mr. Pickering, let me follow
8 up Commissioner Choper's question. Right now for
9 your harness race meets, your standard breed meet
10 where are the backstretch personnel living?

11 MR. PICKERING: They're currently living in
12 our mobile home park, which has been in existence
13 for 20 plus years.

14 CHAIR WINNER: Who pays for that?

15 MR. PICKERING: They're currently living in
16 the trailer park and who's paying for it?

17 CHAIR WINNER: Who pays for their living?

18 VICE CHAIR ROSENBERG: Whose trailers are
19 they?

20 CHAIR WINNER: Yeah.

21 MR. PICKERING: Some of them are owned by
22 the individual people that are working there and
23 some are owned by owners, some are owned by trainers
24 with a wide variety of living options.

25 CHAIR WINNER: Okay, but I think the

1 question is these folks who are working the
2 backstretch, it's hard enough for them as it is.

3 MR. PICKERING: Absolutely, absolutely.

4 CHAIR WINNER: And because you don't have an
5 agreement with the Fire Marshall these people are
6 asked to actually take on an added burden. I think
7 that would be a correct statement, do you agree with
8 that?

9 MR. PICKERING: Yes, sir. And I believe
10 that this agency as a state agency and the State
11 Fair as a state agency, collectively the three state
12 agencies should be able to put their heads together
13 and resolve this issue. The State Fair Board has
14 pledged \$400,000 in the current budget to make tack
15 room improvements.

16 The issue comes down to life safety, where
17 the doors are located and where the windows are
18 located. So what we're doing is where the current
19 doors are located, turning that into an oversized
20 window that can accommodate an air conditioner as
21 well as have a point of exit or entry in an
22 emergency. We're cutting brand-new doors into the
23 tack rooms that give us an extra life safety, so
24 that there's two ways to get in and out in an
25 emergency.

1 That's we've simply put it forward. Again,
2 we've hired the folks at the Fire Marshall
3 recommended, their experts. It's on their desk, we
4 have the plans if anybody here would like to look at
5 them. I cannot speak on behalf of the State Fire
6 Marshall. I wish I could give you the answer that
7 everybody in the room wants.

8 CHAIR WINNER: I have two other questions and
9 then others may have questions. One is, in your
10 opinion is it your opinion that if these dates are
11 granted that by the time that you receive these
12 dates in 2015 this problem will be solved. And if
13 not, would Cal Expo be willing to offset the
14 expenses of the backstretch who have to put money
15 out of their pockets or their trainers or their
16 owners? So that they don't have to --

17 MR. PICKERING: For the thoroughbred race
18 meet?

19 CHAIR WINNER: Yes, so that they don't have
20 to take on this burden.

21 MR. PICKERING: For the thoroughbred race
22 meet I believe we would do that, yes. For the year-
23 round harness operation, that entire area is leased
24 to Watch and Wager and we'd need to talk to them
25 about that.

1 CHAIR WINNER: Okay, Commissioner Rosenberg?

2 VICE CHAIR ROSENBERG: On that subject of
3 the backstretch, the safety issue as to the horses'
4 safety is of major concern. I know during the
5 harness racing I mean, there was no -- the grooms
6 could not live in those rooms. So if something had
7 happened during the night whether it be a fire or
8 just some injury to a horse that got stuck in a
9 stall, cast in a stall, there was no one there other
10 than a security guard perhaps who was driving around
11 once in awhile.

12 That means that in 2014 for the dates we've
13 approved for two weeks, and existed last year too,
14 I'm not sure. These grooms, the thoroughbred grooms
15 and other help will not be able to live on track.

16 MR. PICKERING: Actually that is incorrect.
17 At the 2013 State Fair two weeks of thoroughbred
18 racing the grooms were allowed to live in the tack
19 rooms. We provided additional air-conditioning. We
20 brought in an additional rest trailer, which was
21 air-conditioned, so people could actually get even
22 more out of the heat without even going into the
23 tack rooms. There was living in the barns during
24 the 2013 California State Fair.

25 VICE CHAIR ROSENBERG: What will happen in

1 2014? I thought the fire marshalls cracked down in
2 2013?

3 MR. PICKERING: Well our goal is at the 2014
4 is that the Fire Marshall will approve our plan to
5 begin putting new doorways into the rooms for
6 living.

7 VICE CHAIR ROSENBERG: So to answer the
8 question in 2014 if there's no time to construct,
9 make those improvements in time whether it's your
10 fault or the Fire Marshall's fault or just the time
11 of construction, for the thoroughbred meet there'll
12 still be no one living in those tack rooms, the
13 grooms?

14 MR. PICKERING: Well, I think not to be
15 argumentative, but you gave me three or four what
16 ifs. If the Fire Marshall rules --

17 VICE CHAIR ROSENBERG: Well, whoever's fault
18 it is, if it's not done in time?

19 MR. PICKERING: Our goal is to accommodate
20 the people that need to support horse racing and we
21 appreciate their hard work. And we're committed to
22 making that happen and I think we've shown
23 significant progress in getting this far with the
24 Fire Marshall.

25 VICE CHAIR ROSENBERG: I have another

1 question.

2 CHAIR WINNER: Yes, go ahead.

3 VICE CHAIR ROSENBERG: The staff did an
4 analysis of attendance at Santa Rosa versus Cal Expo
5 I guess in 2013. And I'm not sure how many racing
6 days, but in terms of tracking attendance is the
7 average attendance at Santa Rosa for their meet was
8 2833, 2,833. At Cal Expo it was 3352, that's 500
9 more attended the fair at Cal Expo per day than
10 Santa Rosa.

11 MR. PICKERING: Attended the fair or
12 attended the racetrack?

13 VICE CHAIR ROSENBERG: I'm sorry, the
14 racing, track attendance.

15 MR. PICKERING: Correct, eight days of
16 racing compared to thirteen days of racing.

17 VICE CHAIR ROSENBERG: But it's an average,
18 okay?

19 MR. PICKERING: It's a nice average.

20 VICE CHAIR ROSENBERG: It's an average, it's
21 higher than the Santa Rosa is my point.

22 MR. PICKERING: And the first three racing
23 days of State Fair were on top of the closing week
24 of Hollywood Bark.

25 VICE CHAIR ROSENBERG: Right, with an extra

1 week added of racing hypothetically in 2015 what
2 makes you think you can sustain that attendance or
3 (inaudible)

4 MR. PICKERING: (Overlapping) I think we'll
5 exceed that attendance. If you're focused on what
6 happens when a fair gets an extra week of attendance
7 you can look at the Santa Rosa County Fair who had
8 ten days of racing, was granted fifteen days of
9 racing, so that's a fifty percent increase in horse
10 population in days. Their on-track handle went up
11 six-and-a-half percent. So there will be some
12 spread of population, but I would rather try to tap
13 into 347,000 people as opposed to not.

14 CHAIR WINNER: So you're saying that the
15 attendance goes up in the last week, so your
16 assumption is if the attendance goes up in the last,
17 that's your biggest week, then your per day
18 attendance will be higher as well?

19 MR. PICKERING: It would also be the second
20 week of Delmar and starting to tap into Saratoga as
21 well, which that is a huge advantage of handle in
22 Northern California and attendance.

23 VICE CHAIR ROSENBERG: Thanks, yeah.

24 CHAIR WINNER: Mr. Pickering, I want to go
25 back to the backstretch issue and I think

1 Commissioner Rosenberg made a very good point. And
2 in that we are very concerned about the safety of
3 the people and the safety of the horses as we've
4 said several times today. And we want to make sure
5 even in 2014 that first of all those horses are well
6 cared for if the tack rooms are not yet completed.
7 And we'd like to know what your plan is for that,
8 and also whether you would make the same commitment
9 for 2014 as you just did for 2015 in terms of
10 offsetting the costs of the backstretch workers who
11 have to take money out of their pockets or somebody
12 has to pay for them to live in offsite facilities.

13 MR. PICKERING: Yes, sir and I would point
14 out that I was the CEO of the Alameda County Fair
15 when Bay Meadows closed. And we absorbed a
16 significant amount of the Bay Meadows horses into
17 the backside in Pleasanton. And I was heavily --
18 well as the CEO I was certainly involved in taking
19 care of those employees and those horses. And
20 safety of horses and safety of people is paramount
21 to the California State Fair. So I'd hope that my
22 personal track record and experience in the industry
23 would be enough word for this Board that I am
24 committed, and the State Fair Board is committed, to
25 keeping workers safe and the horses safe. And if

1 that requires us to do something creative in housing
2 over and above the Fire Marshall then that's what we
3 need to do.

4 CHAIR WINNER: Thank you.

5 VICE CHAIR ROSENBERG: And by the way, I
6 would also add that we were concerned about the
7 safety of the horses and for the harness ready
8 racing meeting, which takes place next in the fall.

9 I mean, it's not healthy to not have grooms there.

10 MR. PICKERING: Absolutely.

11 VICE CHAIR DEREK: Are we getting some kind
12 of commitment from you today that in 2014 there will
13 be grooms near the horses?

14 MR. PICKERING: If that Fire Marshall will
15 approve it absolutely, but I can't overrule the
16 State Fire Marshall. But I believe that Mr.
17 Baedeker and I can both can't jointly met with the
18 State Fire Marshall and express this Board and State
19 Fair's concerns.

20 CHAIR WINNER: Is there something you can do
21 if, as you talked about 2013, you provided certain
22 protection services. Could you do something to that
23 effect now without the State? In other words if the
24 State Fire Marshall doesn't approve your tack room
25 plan is there an alternative plan that you might

1 have to have the kind of protection back there?

2 MR. PICKERING: We will certainly make an
3 alternative plan available, but we are still subject
4 to the State Fire Marshall even in an alternative
5 plan.

6 CHAIR WINNER: Okay, thank you. Any other
7 questions for Mr. Pickering?

8 COMMISSIONER KRIKORIAN: I'm just curious,
9 the Fire Marshall has approved your plan?

10 IN UNISON: No, no.

11 COMMISSIONER KRIKORIAN: They haven't
12 approved it?

13 MR. PICKERING: The Fire Marshall approved
14 our plan for the 2014 fair and then we hired the
15 architect that they recommended to us. Those plans
16 have now been submitted to the State Fire Marshall to
17 do capital improvements to the existing tack rooms.

18 We're keeping our fingers crossed that the Fire
19 Marshall will approve them or slightly modify them.
20 We've set the funds aside to do the capital
21 improvements in advance of the 2014 State Fair. If
22 we can't get it through the Fire Marshall then we'll
23 come back with an alternative plan that still
24 requires the State Fire Marshall approval.

25 COMMISSIONER KRIKORIAN: So it's a

1 construction plan that was submitted for the Fire
2 Marshall's approval?

3 MR. PICKERING: Absolutely, modifying
4 doorways --

5 COMMISSIONER KRIKORIAN: How long ago was
6 that?

7 MR. PICKERING: Modifying doorways and
8 windows.

9 COMMISSIONER KRIKORIAN: How long ago?

10 MR. PICKERING: The current plan in front of
11 them was submitted roughly four weeks ago.

12 COMMISSIONER KRIKORIAN: Okay.

13 CHAIR WINNER: Any other questions? All
14 right, moving right along.

15 MR. PICKERING: Thank you.

16 CHAIR WINNER: Thank you very much Mr.
17 Pickering.

18 MR. MILLER: Mr. Chairman, Robert Miller,
19 Council of the California Horse Racing Board. Just
20 for the record, I would state that the code section
21 cited by Mr. Pickering has been modified and the
22 language regarding supporting fairs has been dropped
23 by the legislature.

24 And I can also, as a former usher for the
25 Sonoma County Fair, I can state that school

1 administrators and teachers are also employed by the
2 fair. I know that, because they were the ones that
3 placed my bets when I was in high school, so.

4 CHAIR WINNER: Uh-oh, were you 18?

5 MR. MILLER: I was under 18.

6 CHAIR WINNER: Mr. Russell, is it Stiger,
7 Senator Steinberg's Office. Thank you very much for
8 being here.

9 MR. STIGER: Thank you, my name is Russell
10 Stiger. I'm here on behalf of Senator Darrel
11 Steinberg and he's in full support of Cal Expo. I
12 just want to read a short statement to Chairman
13 Winner and Commissioners.

14 "I am writing in support of increasing the
15 number of thoroughbred racing dates at the Cal Expo
16 and State Fair from the current two weeks to three
17 coinciding with the annual California State Fair.
18 The California Exposition, Cal Expo, has hosted
19 horseracing for nearly 150 years, literally millions
20 of people have enjoyed horseracing in Sacramento.

21 "Now that Cal Expo has established an
22 optimal time of year to host the State Fair the next
23 step in making this a true showcase for California
24 is to increase the number of thoroughbred racing
25 days at the State Fair to run the full lift of the

1 State Fair. I thank you for your consideration of
2 this change of horseracing schedule."

3 CHAIR WINNER: Do we have any questions for
4 Mr. Stiger? All right, we're going to move right
5 along. Thank you very much, Mr. Stiger.

6 Warren Smith, could you state your name and
7 your affiliation, it isn't on the card.

8 MR. SMITH: Absolutely, thank you Mr.
9 Chairman and members of the Board. My name is
10 Warren Smith, I'm the President of the Sacramento
11 Republic Football Club. We're that little picture
12 over there, we're very excited about building a
13 temporary soccer facility with our partner Ovations
14 Food Service on the grounds of Cal Expo where the
15 concert venue used to be.

16 But I'm here to talk about Sacramento. I've
17 been in professional sports for the last 15 years.
18 I'm one of the principles that built Reilly Field
19 and brought the River Cats to town and this is an
20 incredible sports market. We're very, very excited
21 to be bringing this professional sport to
22 Sacramento. But really this is the longest-lasting
23 sport that has been in Sacramento. So we're very
24 excited to support the Extension from a two to three
25 week period.

1 We happen to know that after participating
2 myself, it seems like with what the people are doing
3 at the State Fair to actually increase their traffic
4 it seems to be a great opportunity to actually
5 provide an even better experience for all the people
6 that are here. And frankly, it seems just natural
7 that the attendance would grow with that.

8 So during your deliberation hopefully you can
9 consider, you know, the strength of the Sacramento
10 market, the Kings' lead in attendance in many ways
11 or had led in attendance, the River Cats lead in
12 attendance in their league and we hope to do the
13 same in ours. So thank you for the opportunity to
14 be in front of you and have an outstanding day.

15 CHAIR WINNER: Thank you, any questions?
16 Thank you, thank you very much and good luck with
17 your soccer team.

18 MR. SMITH: Thank you.

19 CHAIR WINNER: Rich Byrum, Butler
20 Amusements?

21 MR. BYRUM: Well thank you very much
22 Commissioners and Chairman. Our company is Butler
23 Amusements, we're in the carnival business and we
24 currently serve three racing fairs in the state:
25 Alameda County Fair, the big Fresno Fair and Cal

1 Expo. In the past we've also been associated with
2 Stockton, Ferndale and Santa Rosa.

3 Basically what we see is, is that the
4 addition of three weeks at Cal Expo is penetrating a
5 market in our opinion, that hasn't really been
6 totally penetrated with pari-mutuel racing. We've
7 only been running two weeks here in opposition to
8 the Bay area where there are a number of satellite
9 facility as well as tracks closer in. There's more
10 of a chance there to maximize racing. Here we see
11 the opportunity as being a new marketplace.

12 Our company is always looking at trying to
13 develop business. History isn't always the best
14 teacher. We're always trying to develop our
15 marketplace and expand and look for growth. And we
16 see that as the potential here at Cal Expo. Cal
17 Expo currently has a management staff that is a long
18 track record of being very successful in pari-mutuel
19 racing. I think that's a consideration. We have a
20 population base here to work with.

21 I think when we look at the fair industry in
22 general, the fair industry is suffering a bit
23 financially right now as well as is pari-mutuel
24 racing. And I think what we need to do is look at
25 trying to strengthen our partners. And I think

1 here's a real opportunity to do this with Cal Expo.

2 I don't view this as a "we against them"
3 proposition. I think our focus here is to do what
4 we can to strengthen the racing program in
5 California. And I think by giving Cal Expo three
6 weeks we see the opportunity as one of the
7 commissioners was talking about, the opportunity to
8 grow.

9 And I think that's what we need to look at,
10 we need to be entrepreneurs here and see how we can
11 sustain and perpetuate racing in the state. And I
12 don't think there's any doubt that adding another
13 week here without taking away from anywhere else has
14 to be a real plus.

15 CHAIR WINNER: Thank you very much, Mr.
16 Butler. Do we have any questions for Mr. Byrum, I'm
17 sorry, any questions?

18 MR. BYRUM: Thank you.

19 CHAIR WINNER: Thank you very much and thank
20 you for brevity. Richard Conway, Humboldt County
21 Fair.

22 MR. CONWAY: Yes, thank you. Richard
23 Conway, General Manager of the Humboldt County Fair.

24 And I'd just like to reiterate a couple of points
25 we've made in the past through the ad hoc meeting

1 and the discussions.

2 Our concern, you know, I've only been aboard
3 a year. Since the time I've been there we're always
4 told about the need for us to be more self-
5 sufficient. And we're trying to do that, we've
6 addressed several of the issues the Board has
7 brought to our attention. And we still struggle
8 trying to be self-sufficient and not given the
9 opportunity to do so.

10 And with this calendar the racing dates are
11 an issue for us. Running opposed is difficult for
12 us, we don't generate the same revenue. Regardless
13 of where we are in the calendar as long as we run
14 opposed and we don't see host fees from the weekends
15 that are considerably higher than the Wednesday or
16 Thursday, it's an issue for us.

17 The difference as Mr. Morgan spoke to
18 earlier, when we were given five days unopposed the
19 commissions were 550,000. At the same time opposed,
20 those commissions are cut almost in half, about
21 250,000. So for us as a small fair I realize we're
22 a small piece of the big picture, but it's a
23 hardship for us. We're looking for other options
24 and other opportunities to do that.

25 We face the same issues that Sonoma County

1 faces. I believe we talked to Rick, but you know,
2 100 percent of our school district goes back to
3 school the week following our last Sunday. That
4 would exclude the charter schools, but all of the
5 regular district, 100 percent are back in the
6 following week.

7 And again we face the same issues with
8 staffing. Several of the employees at the fair are
9 either instructors at the schools or students at the
10 schools. So it's a challenge for us and we hope you
11 take that into consideration when you make your
12 decision.

13 CHAIR WINNER: Thank you, do we have
14 questions? Any questions for Mr. Conway? Thank
15 you, Mr. Conway, thank you very much.

16 MR. CONWAY: Thank you.

17 CHAIR WINNER: Kula Koenig, Assemblyman
18 Roger Dickinson's Office?

19 MS. KOENIG: I'm going to keep this very
20 short. My name is Kula Koenig, I'm the District
21 Director for Assemblyman Member Roger Dickinson.
22 Echoing many of the sentiments that my colleague
23 Russell Stiger said, the Assembly Member fully
24 supports the extension of the racing dates to
25 coincide with the State Fair. And he just wants to

1 make sure that we state that for the record. Thank
2 you.

3 CHAIR WINNER: Any questions for Ms. Koenig?
4 Thank you, very much. Pamela Howard, Friends of
5 the California State Fair.

6 MS. HOWARD: Chairman and Board, my name is
7 Pam Howard. I'm Vice Chair of Friends of the
8 California State Fair. We're a volunteer
9 organization that helps Cal Expo and the State Fair.
10 We have over 300 members, close to 350. We put in
11 over 10,000 hours of value greater than \$100,000 to
12 the State Fair on a given year.

13 We're just here to say that we're in support
14 of the extra week. For course racing, it's always
15 good to have more money coming in to the State Fair
16 since we're self-supporting and thank you. Do you
17 have any questions?

18 CHAIR WINNER: Do we have any questions?
19 Thank you, very much. Doug Warne, Convention and
20 Visitors Bureau, Sacramento Hotel Association.

21 MR. WARNE: Good afternoon Chairman,
22 Commissioners, my name is Doug Warne. I am here
23 today representing the Sacramento Convention
24 Visitors Bureau. I'm also the immediate past chair
25 for the Sacramento Hotel Association and the General

1 Manager of the Marriott complex on the other side of
2 Cal Expo.

3 Sacramento has struggled in the last four
4 plus years as has most of the country, but our
5 rebound is coming back much slower than other areas.

6 Current unemployment is 8.3 as of the beginning of
7 March compared to 7.7 percent for the state and 6.1
8 for the Bay area.

9 California State Fair with 340,000 plus
10 attendees is the largest revenue generator for the
11 area hotels and one of our major tourism draws
12 during the summer. In the month of July Cal Expo
13 hotels actually compress business back towards the
14 downtown due to strong demand from both leisure
15 travelers and vendors for the fair.

16 State Fair attendance has increased during
17 the past couple of years with the last year seeing a
18 significant increase of six and a half percent daily
19 attendance under the current leadership. Adding an
20 additional week of horseracing would further growth
21 and provide substantial economic impact to the local
22 economy.

23 This economic impact to the hotels is
24 reflected in occupancy rates that exceed 74 percent
25 in the region. July is typically not a strong month

1 of demand for corporate business. California State
2 Fair and attractions, it drives leisure travel to
3 this market. Adding a third week of horseracing
4 would provide great exposure for the sport, drive
5 additional economic revenue to the region and
6 promote job creation.

7 The Sacramento Convention and Visitors
8 Bureau and the Hotel Association support adding this
9 third week of horseracing and we ask for your
10 support in this initiative. Thank you.

11 CHAIR WINNER: Thank you, very much. Any
12 question, any questions for Mr. Warne? All right,
13 thank you Mr. Warne. Chris Schick?

14 UNIDENTIFIED FEMALE: Is that it?

15 CHAIR WINNER: Yeah, and then I guess we'll
16 probably here from Stockton. I want to make sure
17 Stockton's going to have a fair (inaudible)

18 MR. SCHICK: Good afternoon Chairman Winner,
19 members of the Commission, Christopher Schick Watch
20 and Wager Harness Racing. We're the operator of the
21 live harness meet here at Cal Expo. And on behalf
22 of Watch and Wager and the horsemen we'd like to
23 voice our support for the additional opportunity of
24 thoroughbred racing here at the California State
25 Fair in 2015.

1 In addition to, you know, the additional
2 exposure throughout the capital region here we think
3 that'll work well for our live harness meet. We
4 also think that it could produce additional revenues
5 for the State Fair, which could be used in the
6 infrastructure, which could benefit obviously the
7 harness racing industry which is here basically
8 seven months a year.

9 The commitment I think this Cal Expo Fair
10 Board has shown along with the new management to the
11 live racing deserves to be rewarded. Obviously
12 they've allocated 400,000 of a total \$800,000 budget
13 in capital improvements for the backstretch
14 renovations. Obviously I think they stand prepared
15 to spend that money right this minute if they were
16 given a green light by the Fire Marshall. And I
17 know that I've been involved in some of those
18 negotiations with the Fire Marshall and I know that
19 they are moving forward as best as they possibly can
20 to rectify this situation.

21 So I think this Fair Board has really shown
22 a strong commitment to live racing, both standard
23 bred and now moving forward for further opportunity
24 in the thoroughbred breed. And I hope they'll be
25 rewarded.

1 I just wanted to make one brief comment
2 about a question that Commissioner Rosenberg made
3 about the safety of the horses. We take this issue
4 very seriously. Before we opened the backstretch in
5 August, this was the first year that the Fire
6 Marshall shut down our backstretch for living
7 quarters. When we opened the backstretch this past
8 August, and to this day, we unilaterally hired a
9 night watchperson in addition to the roving patrols
10 that go around every night. We have somebody on
11 duty who is patrolling the backstretch from 10:00
12 p.m. to 6:00 am. In the morning. So I just wanted
13 to put that out for the record, that that's in
14 addition to the Cal Expo mobile patrols that are
15 patrolling the backstretch at night as well.

16 But anyways, thank you Chairman Winner, for
17 the opportunity to speak and I hope Cal Expo can get
18 the additional week.

19 CHAIR WINNER: Thank you, as long as you're
20 here Mr. Schick I just want to let you know that
21 obviously we're aware of the accident that took
22 place, I think it was on the 11th something I
23 believe, here at Cal Expo. Fortunately no horses
24 were lost, I think a shoulder separation was the
25 worst injury, something to that effect. But there

1 are some questions about that and I'm going to refer
2 that Commissioner Auerbach's Committee on Jockey and
3 Driver Welfare to look into that issue. And I hope
4 you'll be able to attend that meeting to discuss
5 that when that comes up at her committee.

6 MR. SCHICK: I certainly will. We've done
7 an internal review with our staff after the
8 accident. We've received a letter from our
9 emergency services provider and we'll be certainly
10 more than happy to address that issue at the
11 committee.

12 CHAIR WINNER: Okay, thank you.

13 COMMISSIONER AUERBACH: May I ask one
14 question?

15 CHAIR WINNER: Yeah, I just want to be
16 careful, because this wasn't agenda'd, so I want to
17 be careful that we don't go too far. I just wanted
18 to say that I'm going to refer it to the committee.

19 COMMISSIONER AUERBACH: Okay, I wanted to
20 ask --

21 MR. MILLER: We'll consider it as public
22 comment then.

23 COMMISSIONER AUERBACH: Okay, I wanted to
24 ask a question that doesn't really relate, but does
25 relate. How many horses are on that backside?

1 MR. SCHICK: Right now I think we've got
2 about 480 right now.

3 COMMISSIONER AUERBACH: And you have one
4 night watchman and a roving patrol?

5 MR. SCHICK: Yes.

6 COMMISSIONER AUERBACH: Okay, thank you.

7 CHAIR WINNER: Thank you, Mr. Schick. Are
8 there any other people who want to speak on item
9 three?

10 Okay, I would like to know if there is
11 anyone here from Stockton who can speak on item
12 three or if CARF can speak on item three, because
13 there's a question about Stockton having its fair
14 running simultaneous or running at the same time
15 that we grant dates. If we're going to talk about
16 Santa Rosa having to have a fair at the same time
17 it's running its meet the same thing applies to
18 Stockton.

19 MR. MAY: Yes, my name's Brian May, I'm
20 representing the San Joaquin County Fair. I have
21 with me Kelly Olds who's the new CEO of the fair
22 that's just come on board for the last 45 days. I
23 might invite Kelly up and he can share with you that
24 there are events planned for both weekends of the
25 San Joaquin County Fair race meet.

1 CHAIR WINNER: Well events or fairs?

2 MR. MAY: Kelly will describe them.

3 CHAIR WINNER: Okay, thank you.

4 MR. OLDS: The first weekend of the race
5 meet in Stockton we have a western festival planned.
6 There will be a carnival, barbecue cook-off for
7 about 20 or 30 professional teams. We have a
8 exhibits, vendors, crafts fair. It's as much a fair
9 as you would expect. The second weekend is a
10 similar event with a Mexican fiesta theme.

11 CHAIR WINNER: And all the other carnival
12 activities, rides and so forth?

13 MR. OLDS: Yes, sir.

14 CHAIR WINNER: And animal activities?

15 MR. OLDS: No animals, the Junior Livestock
16 Auction is taking place in June.

17 CHAIR WINNER: Okay, has that been the case
18 in the past or is this something new, talking about
19 the Junior Livestock.

20 MR. OLDS: The Junior Livestock has
21 traditionally been part of the fair. And moving
22 that away from the June dates is pretty much
23 impossible, because of the school calendars.

24 CHAIR WINNER: Okay, does anybody have
25 questions on Stockton? Okay, thank you very much.

1 MR. OLDS: Thank you.

2 CHAIR WINNER: All right, we're going to
3 move ahead now. Commissioner Beneto, I believe it
4 would be appropriate for you to make a motion.

5 COMMISSIONER BENETO: I make a motion that
6 we go with the 2015 calendar.

7 VICE CHAIR DEREK: I have a comment.

8 CHAIR WINNER: Okay, Commissioner Beneto has
9 moved that we proceed with the 2015 calendar as
10 recommended by the ad hoc committee. Is there a
11 second.

12 VICE CHAIR DEREK: I have a comment or a
13 question.

14 CHAIR WINNER: Well, as soon as we have --
15 okay is there a second?

16 VICE CHAIR ROSENBERG: I have a question.

17 VICE CHAIR DEREK: Me too.

18 CHAIR WINNER: Okay, there are -- okay we're
19 going to take the questions before we see if there's
20 a second.

21 VICE CHAIR ROSENBERG: I just want to
22 clarify that the committee's recommendation, and we
23 specify because it's in the record, the exact page
24 number of the calendar that we're talking about,
25 that's part of the package. As opposed to just

1 maybe a misunderstanding as to what's the
2 recommendation.

3 CHAIR WINNER: Okay, so the ad hoc
4 committee's recommendation begins on page 3-3 and
5 ends on 3-6; is that correct, Mr. Beneto?

6 COMMISSIONER BENETO: 3-6, I don't have 6.
7 Well, yeah I do, yeah I do. Yes, I got it, I got
8 it. The Chairman has asked me if that's correct.

9 CHAIR WINNER: I believe also Vice Chair
10 Derek had a question or a comment.

11 COMMISSIONER BENETO: Yeah, that's it.

12 VICE CHAIR DEREK: I'll ask you personally
13 if you want me to.

14 CHAIR WINNER: Okay.

15 (Off the record.)

16 CHAIR WINNER: Okay, now we have a motion on
17 the floor. I believe Commissioner Derek has an
18 amendment to the motion.

19 VICE CHAIR DEREK: I would like to make
20 these dates, this race meet conditional and require
21 there be proper safety personnel for the horses in
22 the night time at this location. Somehow we've
23 dropped it in 2014, but this is unacceptable that
24 there are a couple of watchmen during the night.

25 CHAIR WINNER: Okay, so we have an amendment

1 to the motion being proposed by Vice Chair Derek.

2 Is there a second to the amendment?

3 COMMISSIONER BENETO: I'll second it.

4 CHAIR WINNER: Seconded by Commissioner
5 Beneto. So first we're going to vote on the
6 amendment and then we'll come back to the main
7 motion.

8 All those in favor of the amendment to the
9 motion please signify by saying aye.

10 IN UNISON: Aye.

11 CHAIR WINNER: Any opposed?

12 The amendment carries unanimously. Now
13 let's go back to the main motion, which was
14 Commissioner Beneto's motion. Is there a second to
15 that motion?

16 VICE CHAIR DEREK: I'll second.

17 CHAIR WINNER: It's seconded by Vice Chair
18 Derek. Is there a discussion by the Board on the
19 motion, which is to adopt the 2015 dates starting on
20 page 3-3 and going to page 3-6?

21 VICE CHAIR ROSENBERG: Yes.

22 CHAIR WINNER: Commissioner Rosenberg or
23 Vice Chair Rosenberg?

24 VICE CHAIR ROSENBERG: Yeah, I have a
25 problem voting for any motion that is opposed by the

1 trainers and the owners organizations. I mean, the
2 entire structure of California racing legislatively
3 is based upon the importance of the owners and the
4 other stakeholder are the racetracks.

5 And the CCT, the trainers organization, does
6 have certain rights stated in the legislation. And
7 more importantly they are the ones that take of the
8 horses, so I just can't vote in favor of anything
9 that they're opposed to, the owners and the
10 trainers. And Golden Gate is a stakeholder, so I
11 have a problem with voting for this motin.

12 CHAIR WINNER: Commissioner Krikorian?

13 COMMISSIONER KRIKORIAN: I've lost my train
14 of thought, I wanted to say that when we're voting
15 for this we're voting for three weeks for Santa Rosa
16 or two weeks or what are we, you know? Can we
17 clarify that issue first?

18 CHAIR WINNER: Well, you could amend the
19 motion if you choose I suppose, to require Santa
20 Rosa -- if this is what you're getting at, to
21 require Santa Rosa to run its fair during the three
22 weeks that racing is running. If that's it, I don't
23 know if that's what you have in mind, but you can
24 make an amendment to the motion.

25 Right now the motion only carries, it only

1 refers to the three-week racing dates at Santa Rosa
2 as recommended by the ad hoc committee.

3 COMMISSIONER KRIKORIAN: Okay, so it is for
4 the three weeks and I guess we can address it again
5 later if they have a problem; is that correct?

6 CHAIR WINNER: Yes.

7 COMMISSIONER KRIKORIAN: So we either
8 mandate it now or make a change now or we can deal
9 with it later.

10 CHAIR WINNER: That's correct.

11 COMMISSIONER KRIKORIAN: Okay.

12 VICE CHAIR ROSENBERG: I think if we maybe
13 decide to change it now you'd have to deal with the
14 Stockton issue, which is not running a "fair", which
15 is part of this calendar.

16 CHAIR WINNER: Okay, well on the basis that
17 it's a one-year commitment and the analysis has
18 shown that the economics in terms of mutual revenue
19 and handle for that week would not be negatively
20 impacted I will support the motion.

21 Is there any other discussion on the issue?

22 Okay, the motion is on the floor. There's
23 been a second, there's been discussion, we'll take a
24 vote. All those in favor of the motion signify by
25 saying aye.

1 IN UNISON: Aye.

2 CHAIR WINNER: All those opposed?

3 VICE CHAIR DEREK: Nay.

4 VICE CHAIR ROSENBERG: Nay.

5 CHAIR WINNER: Okay, the motion carries and
6 I believe that's it on that issue, correct?

7 UNIDENTIFIED MALE: Yes, (inaudible)

8 CHAIR WINNER: Okay, the motion carried and
9 the race dates have been approved for Northern
10 California.

11 Thank you everyone for participating. Thank
12 you everyone, for attending.

13 And we will now move on to the next agenda
14 item, report from the Department of Finance, Office
15 of State Audits and Evaluations to advise the Board
16 of the operational audit begin conducted by the
17 Department of Finance.

18 MS. BODKIN: Good afternoon, my name is
19 Susan Bodkin and I'm a manager with the California
20 Department of Finance Office of State Audits and
21 Evaluations. We were asked and tasked to perform an
22 operational view of the California Horse Racing
23 Board and we have started on that review.

24 The review is going to address the following
25 processes and procedures. We're going to look at

1 the management and Board oversight of the
2 operations. We're going to look accounting, which
3 is going to include payouts to vendors and the
4 takeout allocation. We are going to be looking at
5 hiring and promotions, contracting, licensing.

6 CHAIR WINNER: Excuse me for just one
7 second, can we have some -- can everyone please
8 either step out if you're going to have a
9 conversation? This is important information, I
10 think for all of you and for the Board, and you
11 either ought to listen or please move out into some
12 other area.

13 Thank you very much, please proceed.

14 MS. BODKIN: Okay, we are going to look at
15 enforcement activities and we are also going to be
16 reviewing the equine testing including collection
17 and processing of samples.

18 We have started interviewing staff,
19 management and some Board members. In February we
20 visited Golden Gate Fields and in March we visited
21 Santa Anita to gain an understanding of how the
22 processes and procedures work at the tracks. We
23 will be visiting other tracks and talking with more
24 people. As I said we're continuing our interviews
25 and we have begun our sample selection of invoices,

1 contracts and other documents that we're going to be
2 testing.

3 We plan to issue our report this summer.
4 Are there any questions?

5 VICE CHAIR ROSENBERG: Yeah, I'm curious why
6 you're doing this exactly and under what
7 authorization and what legislation or (inaudible)

8 MS. BODKIN: We were requested to do this by
9 -- the Secretary of the Business, Consumer Services
10 and Housing Agency asked us to perform an
11 operational review. She felt that it was an
12 appropriate time, because the Board has not been
13 under an agency before, so now it's under an agency.
14 You also have a new executive director, so it was
15 felt that this would be an appropriate time to look
16 at the overall operations of the Board.

17 The Department of Finance has fiduciary
18 responsibility throughout all operations throughout
19 the state and we were hired, if you will, to perform
20 the review.

21 VICE CHAIR ROSENBERG: And is your audit
22 primarily related to financial issues?

23 MS. BODKIN: No.

24 VICE CHAIR ROSENBERG: Because you mentioned
25 procedures?

1 MS. BODKIN: Yes, we're looking at the
2 accounting. And financial issues are the
3 accounting, the contracting, but we're also looking
4 at licensing, enforcement activities, the sample
5 collections on the equine side of the house. We're
6 also looking at how management and the Board
7 oversees the operations.

8 So we're doing both performance and some
9 financial.

10 VICE CHAIR ROSENBERG: Thank you.

11 COMMISSIONER KRIKORIAN: When's the last
12 time you conducted such an audit?

13 MS. BODKIN: Of the Board?

14 COMMISSIONER KRIKORIAN: Correct.

15 MS. BODKIN: Or just in --

16 COMMISSIONER KRIKORIAN: No, the Horse
17 Racing Board.

18 MS. BODKIN: I don't know that we've ever
19 done a total operational review of the Board. We
20 have done, I must admit and this may be very mean of
21 you to make me put this on record. When satellite
22 wagering was instituted our office did a review
23 statewide of the satellite percentages and what was
24 taken out. So that was in the early 80s?

25 VICE CHAIR ROSENBERG: Uh-huh.

1 MS. BODKIN: And we've also done a couple of
2 other reviews based on special requests to look at
3 specific items related to management enforcement of
4 certain rules.

5 COMMISSIONER KRIKORIAN: Well since it's
6 been since the 80s since the last audit, how far
7 back are you going to be going in your -- I mean,
8 how far back are you looking?

9 MS. BODKIN: We're looking current. We're
10 looking at current operations, we're not going back
11 that far.

12 COMMISSIONER KRIKORIAN: Just for like 2013
13 or?

14 MS. BODKIN: My staff is here, our sample
15 goes back to?

16 UNIDENTIFIED FEMALE: 2013.

17 MS. BODKIN: 2013?

18 UNIDENTIFIED FEMALE: It goes back to that.

19 MS. BODKIN: 2013, but most of the
20 operations, your processes and your procedures we're
21 looking at what is happening right now.

22 VICE CHAIR ROSENBERG: One last question,
23 who pays for this? How is this charged, is this
24 charged to the Racing Board?

25 MS. BODKIN: Yes.

1 VICE CHAIR ROSENBERG: It is?

2 MS. BODKIN: Yes.

3 VICE CHAIR ROSENBERG: Part of their budget?

4 MS. BODKIN: I'm sorry?

5 VICE CHAIR ROSENBERG: In other words it's
6 charged to the Racing Board as a budget item?

7 MS. BODKIN: Yes.

8 VICE CHAIR ROSENBERG: You believe, that's
9 interesting.

10 MR. MILLER: Well, for the record Robert
11 Miller. This came up after our budget was adopted,
12 so we've had to move some funds around to fund this.

13 It was not a budget item in the --

14 VICE CHAIR ROSENBERG: So you mean we had to
15 move money around that was taken from other budgeted
16 items for this purpose?

17 MR. MILLER: That's correct.

18 COMMISSIONER KRIKORIAN: So we have to do
19 salary cuts?

20 VICE CHAIR ROSENBERG: So maybe the review
21 is going to show that we had to move things around
22 that shouldn't have been moved around to do the
23 audit.

24 MR. MILLER: Jackie Wagner has --

25 MS. WAGNER: Jackie Wagner, Assistant

1 Executive Director.

2 MR. MILLER: -- juggled the books.

3 MS. WAGNER: I did, I did. As was stated
4 this operational review was commissioned by our new
5 agency and in doing that we were informed that we
6 would have to pay for it. I want to assure this
7 Board that we have allocated the funds, we have the
8 funds to pay for it. We have been working very
9 closely with the agency and the Department of
10 Finance. This should not impact our budget in any
11 negative way, we do have the funds to cover it.

12 VICE CHAIR ROSENBERG: Well, where'd we get
13 the money from?

14 VICE CHAIR DEREK: What does it cost, how
15 much is it?

16 MS. WAGNER: Do you remember how much it
17 was?

18 MS. BODKIN: It was 300,000.

19 MS. WAGNER: It was 300,000 but they are
20 working to have that come in at a lesser cost. And
21 I believe that it will be less than that.

22 VICE CHAIR ROSENBERG: But in terms of
23 affecting the budget, it has to affect the budget in
24 terms of it's the same total budget that was
25 approved, but 300,000 is coming out of it for this.

1 MS. WAGNER: It is the same total budget
2 that is approved. We do have some funds that we
3 have put away in order for emergencies such as this.
4 And that the funding will come from those funds.

5 VICE CHAIR ROSENBERG: So there were no
6 cuts?

7 MS. WAGNER: There were no cuts.

8 VICE CHAIR ROSENBERG: Okay.

9 COMMISSIONER KRIKORIAN: Well, I guess we're
10 glad that it's only once every 20 years again, if
11 that's our basis.

12 EXECUTIVE DIRECTOR BAEDEKER: If I can jump
13 in here, Rick Baedeker Executive Director. I've got
14 to say the timing of this from my chair couldn't be
15 better. As you can imagine it's a bit of a
16 challenge coming in and trying to quickly understand
17 how the CHRB operates and to have this independent
18 review is going to be very helpful to me.

19 And, you know, your question Commissioner I
20 think points up the fact that this is a proper thing
21 to do and it's a healthy operation. It causes us to
22 look at our operations and evaluate those. And, you
23 know, if we've gotten into a comfort level with
24 different things over the years perhaps we ought to
25 challenge ourselves a little bit.

1 And if this audit reveals that we can do
2 things differently and better, well obviously, then
3 we're all for it. So I really do appreciate the
4 timing of it.

5 COMMISSIONER KRIKORIAN: And I agree. I
6 guess really I'm a little disappointed you're only
7 going back one year, because it'd be nice to go back
8 at least a few years and see what's been going on.
9 Going back one year is not much of a window
10 considering that there's been approximately a 20-
11 year lapse since the last time this was done.

12 MS. BODKIN: If you want to write a check
13 for that as well?

14 COMMISSIONER KRIKORIAN: No, but I mean
15 that's the way I would run my business, but...

16 MS. BODKIN: Commissioner, depending on what
17 we find that we could potentially go further back
18 than that. But if everything is in place and
19 working at what we look at now, even if you had
20 problems back then they have been corrected. But if
21 we discover a problem then we go back and try to
22 determine when it started.

23 COMMISSIONER KRIKORIAN: Okay, thank you.

24 MS. BODKIN: If that helps or reassures you
25 at all?

1 COMMISSIONER KRIKORIAN: It does, it does.

2 COMMISSIONER BENETO: Jackie, it's not in
3 the budget right now though is it, the cost?

4 UNIDENTIFIED FEMALE: Here we go again.

5 MS. WAGNER: It is not shown as a line item
6 on your budget right now in that budget report.

7 CHAIR WINNER: Jackie, you know you have to
8 identify yourself.

9 MS. WAGNER: Oh, I'm sorry. Jackie Wagner,
10 Assistant Executive Director. It is not shown in
11 that line item budget that is in your Board binder.

12
13 I do want to assure you of one thing, our
14 Equine Medical Director is asserting that we have
15 taken money from the Equine Medical Program, testing
16 program, to pay for this. That did not occur. I
17 want you to be assured of that. No money came out
18 of the drug testing program to fund this.

19 CHAIR WINNER: Anything else?

20 COMMISSIONER KRIKORIAN: No, thank you.

21 CHAIR WINNER: Okay, thank you very much.

22 MS. WAGNER: Thank you.

23 CHAIR WINNER: Thank you. We're going to
24 move on, discussion with the Board regarding the
25 schedule of stakes race, the stakes race is

1 historically run in Southern California. I'm going
2 to ask Commissioner Auerbach to briefly speak on
3 this as I think that hopefully everything has been
4 worked out.

5 COMMISSIONER AUERBACH: Yes, thank you.

6 CHAIR WINNER: Can you tap your mic?

7 COMMISSIONER AUERBACH: It's still not -- I
8 was told that the little one works, but it doesn't.

9 So yes, after our meeting I did meet with
10 the -- you know, thank you. See, it's not just me.

11 I did meet with several people at Santa
12 Anita. I met with Rick Hammerly and I met with
13 Keith Brackpool and we actually got really involved
14 in what happened to the races and where they were.
15 And as a result of my meetings with them we did
16 identify the five races that I was concerned about
17 and this is what we have done in conjunction with
18 Santa Anita.

19 The Inglewood Stakes will be run on April
20 25th except it's had a name change. It's now the
21 Last Tycoon Stakes, but it has the same conditions.

22 The Laz Barrera -- by the way, the Inglewood is a
23 Grade III. The Laz Barrera Stakes is also a Grade
24 III, will run on May 10th with the same conditions.

25 The Beverly Hills Stake, Grade III, will be run at

1 the fall Delmar Meet.

2 The Moccasin Stakes will be run at the fall
3 Delmar Meet. I also wanted to draw everybody's
4 attention to the fact that this required the
5 cooperation of Delmar, so we have everybody talking
6 to everybody, which is nice. And the Alcatraz
7 Stakes will be run at Golden Gate this year and I
8 believe, I'm not sure but I think it was last year
9 also.

10 So all of the parties that were involved got
11 together, did put those stakes back in which were
12 missing. And I'm happy to report that it was done
13 through their cooperation and auspices, so thank
14 you.

15 COMMISSIONER CHOPER: That's good work.

16 VICE CHAIR ROSENBERG: Thank you.

17 COMMISSIONER AUERBACH: Thank you.

18 CHAIR WINNER: Thank you, Commissioner
19 Auerback. And thank you, as Commissioner Choper
20 indicated, thank you for your hard work on this.

21 The next item on the agenda is item seven,
22 discussion and action by the Board regarding the
23 proposed amendment to CHRB Rule 1433 application.
24 Did I skip one?

25 UNIDENTIFIED MALE: Yes, six.

1 CHAIR WINNER: I apologize, I skipped six, I
2 certainly did. Discussion by the Board regarding
3 insurance coverage for jockeys in California
4 including the liability insurance policies provided
5 by California Race Tracks as well as the California
6 Mandated Workers' Compensation Program. I don't --
7 do I have a card, I do.

8 Okay, Barry I'll let you go first. Barry
9 Broad from the Jockeys' Guild.

10 MR. BROAD: Mr. Chair and members, Barry
11 Broad on behalf of the Jockeys' Guild. In
12 California we have Workers' Comp. And then the
13 tracks in return for jockeys signing away their
14 media rights, waiving their media rights, provide a
15 catastrophic insurance policy that covers permanent
16 disability. So it's like a supplement to Workers'
17 Comp.

18 And AIG was carrying that policy. And this
19 is not an issue of the tracks or any unwillingness
20 to do this insurance, but the Department of
21 Insurance Underwrites recently ruled that that
22 policy, the rider that affected permanent disability
23 was not consistent with California law. It's a
24 little bit complicated, but it is an issue at the
25 Department of Insurance.

1 I am, and in fact AIG is trying to get the
2 decision reversed. I am in contact with the
3 Insurance Commissioner Dave Jones, because this is a
4 major, major issue for jockeys. You know, just last
5 week someone fell at Turf Paradise and was paralyzed
6 from the waist down. It happens, you know, people
7 get very seriously injured in this sport.

8 And this increment of insurance provides,
9 you know, an additional amount for lifetime care and
10 supplement to Workers' Compensation insurance, which
11 is good and we're glad we have it in California and
12 the tracks have been great here. But it's simply
13 not enough if someone is a quadriplegic for the rest
14 of their life and they're 25 years old. So it's
15 very important that we get this insurance. The
16 tracks have indicated that they are more than happy
17 to place that insurance if we can get it back again.

18 My request to you, and I do have a request,
19 is that you would consider Mr. Chairman on behalf of
20 the Board, writing a letter to the State Insurance
21 Commissioner simply asking him to find a resolution
22 of this matter, which would allow this insurance to
23 be underwritten and issued as it has been for
24 decades. So that would be our requests.

25 COMMISSIONER CHOPER: You mean you never --

1 are they covered or not?

2 MR. BROAD: They are --

3 COMMISSIONER CHOPER: Suppose, certainly I
4 hope it's just a supposition, something were to
5 happen today or tomorrow?

6 MR. BROAD: If something happened today or
7 tomorrow they would be covered by a policy of
8 Workers' Compensation insurance. But the
9 catastrophic policy would not be in place --

10 COMMISSIONER CHOPER: Is that right?

11 MR. BROAD: -- that would cover this kind of
12 risk, so it's a major issue. Occasionally there are
13 underwriting issues with different difference
14 agents, you know?

15 COMMISSIONER CHOPER: Yeah, yeah, yeah but
16 they ought to have --

17 MR. BROAD: But only in California have we
18 suddenly and recently had this problem. So if I
19 could work with staff to help develop a letter that
20 maybe you could send to the Insurance Commissioner
21 urging him to work on this, it would be great.

22 CHAIR WINNER: Mr. Broad, I would ask unless
23 the Board, unless there's objection of the Board,
24 that you and staff work together to craft this
25 letter. And that with the Board's approval we would

1 send it.

2 Is there any objection to that on the Board?

3 COMMISSIONER CHOPER: No, absolutely. Let's
4 get it today.

5 MR. BROAD: Thanks.

6 CHAIR WINNER: Okay, well we'll work on it
7 today. This was actually brought to my attention
8 about ten days ago by Mr. Hare and or maybe two
9 weeks ago or whatever. And that's why we put it on
10 the agenda for discussion today, because obviously I
11 think all of us want to resolve this issue as best
12 we can. And we'll work with you to work with the
13 Insurance Commissioner to try to resolve this
14 problem.

15 MR. BROAD: Thank you so much, appreciate
16 it.

17 CHAIR WINNER: Thank you.

18 Mr. McKinzie, Brad?

19 MR. MCKINZIE: Good afternoon, Brad McKinzie
20 for Finish Line Self-Insurance Group. I just want
21 to assure this Board and this industry and the
22 jockeys in particular, that as Barry correctly
23 stated, they're trying to work out some problems
24 that they have right now with the underwriting of
25 their catastrophic policies. But it is important to

1 know that these catastrophic policies are just a
2 bonus, so to speak, to the Workers' Comp. The
3 riders in every employee in California, they are 100
4 percent covered by Workers' Comp. As a matter of
5 fact, the catastrophic policies strangely enough are
6 only requested by the Guild in the states where
7 there is Workers' Comp.

8 But to go to Mr. Choper's question, if we
9 have an unfortunate catastrophic accident today,
10 tomorrow or next week, that rider is 100 percent
11 covered. He never has to go into his pocket for his
12 entire life.

13 COMMISSIONER CHOPER: For the catastrophic
14 policy?

15 MR. MCKINZIE: For every aspect of that --

16 COMMISSIONER CHOPER: So there's going to be
17 no gap?

18 MR. MCKINZIE: There is absolutely no gap.
19 For example, the catastrophic --

20 CHAIR WINNER: No, no. I think you've said
21 it, that's it. There's no cap.

22 MR. MCKINZIE: Can I say more?

23 CHAIR WINNER: There's no cap, Mr. McKenzie?

24 MR. MCKINZIE: There is absolutely no cap.

25 In the catastrophic policies, I believe they cap out

1 at about a million two, million three. By statute
2 in California there is no cap on Workers' Comp.
3 Finish Line Self-Insurance Group has to carry \$25
4 million of coverage for every single accident. Our
5 riders that suffer catastrophic injuries in this
6 state are covered up to \$5 and \$6 million are what
7 these things cost. All of their medical care is
8 taken care of for life. They get a permanent
9 disability payment based upon their earnings. I
10 don't think there's any state that covers their
11 employees the way that California does.

12 Finish Line Self-Insurance Group, the owners
13 and trainers and racetracks, every year come up with
14 \$17 million in funding to get this program going.
15 Our program is financially strong, we don't have to
16 worry about it going anywhere. We have \$15 million
17 in cash reserves. The entire program is backed by
18 the assets of Los Alamedas race course. All of this
19 state mandated for the funding, so this industry and
20 the rides and in particular this Board, should have
21 no concerns whatsoever about any kind of gap in
22 coverage.

23 CHAIR WINNER: Thank you. Mr. Broad, did
24 you want to comment?

25 MR. BROAD: Okay, I don't want to belabor

1 the point, but let me explain something. When Brad
2 is talking about no cap, Workers' Comp covers
3 lifetime medical care for someone. But Workers'
4 Comp has an indemnity portion that covers for you
5 for lost income if you're permanently disabled. So
6 in other words you can get healthcare, but if you
7 can't live it's not very good.

8 Those benefits, permanent disability
9 payments, a kind of weekly payment? That is capped
10 and so what this does is actually create a sum of
11 money for somebody that will help them live at a
12 better level. If you were living off of permanent
13 disability benefits and Workers' Comp you would be a
14 poor person. It's not a rich benefit, but it's the
15 same benefit for all California workers. I'm not,
16 and we're not complaining about it, it's just this
17 catastrophic policy really supplements that part of
18 it only.

19 Healthcare is covered for life under
20 Workers' Comp and that is not an issue. And the
21 industry does a great job here and Finish Line does
22 a great job in providing for the industry as a whole
23 in California to cover for Workers' Comp. So that
24 there's no -- I just want to make it clear, there's
25 no criticism here of the industry at all.

1 CHAIR WINNER: Thank you, very much.

2 MR. BROAD: Thank you.

3 CHAIRMAN WINNER: Thank you very much.

4 Okay, so we'll move on then to item 7, discussion
5 and action by the Board regarding the proposed
6 amendment to CHRB Rule 1433, Application for License
7 to Conduct a Horse Racing Meeting, to: 1) delete
8 subsection 1433(b) which requires racing
9 associations running four weeks or more of
10 continuous thoroughbred racing in a calendar year to
11 install a polymer synthetic type racing surface; 2)
12 revise the application to include the applicant's
13 prior two years of stake schedules; 3) add the
14 takeout rate on the proposed pari-mutuel wagering
15 schedule; 4) collect the name of the racing
16 veterinarian, the hours the racing veterinarian will
17 be onsite during morning workouts, training and
18 during racing hours.

19 Obviously, the first part of this is to --
20 the fact is that the rule still calls for synthetic
21 tracks, even though what happens is we issue
22 waivers, so the objective here is to just remove
23 that from the requirements since it no longer is a
24 requirement. And the other ones are to update sort
25 of technical updates to the form that we use.

1 Is that correct?

2 EXECUTIVE DIRECTOR BAEDEKER: That's
3 correct. The second part of it is actually is a
4 result of the experience we had at the last meeting
5 where there was confusion about the stake schedule
6 in this application versus what it had historically
7 been, and so we're trying to just close that gap by
8 asking that the application itself not only contain
9 the information about last year's state schedule but
10 also about the wagering schedule, the takeout and so
11 forth so that Commissioners have all that
12 information in front of them when they consider the
13 application.

14 CHAIRMAN WINNER: Is there any discussion?

15 COMMISSIONER AUERBACH: I would like to, if
16 I may.

17 CHAIRMAN WINNER: Please.

18 COMMISSIONER AUERBACH: Commend staff for
19 putting that in the application. That would save us
20 all a lot of extra work. Thank you. That was
21 great. Good catch.

22 CHAIRMAN WINNER: Thank you.

23 Commissioner Krikorian.

24 COMMISSIONER KRIKORIAN: I have a comment,
25 and I don't know if this is an appropriate time to

1 address it, but one of the things, and it's a little
2 thing but I find it annoying, is that the tracks
3 have stopped putting voided saddle cloths on graded
4 stake horse races. Maybe on grade ones they do, but
5 not on two and three anymore. And there's total
6 lack of pageantry anymore in horse racing. I think
7 that the tracks should agree when they're licensed
8 again moving forward that they agree to put the
9 voided saddle cloth on all graded stake races one,
10 two and three. It's a small thing, but those horses
11 are in that, probably cost \$50 for the saddle cloth,
12 it's not very much money, and I think it's something
13 that should be incorporated.

14 COMMISSIONER AUERBACH: This historically,
15 if I may respond, this historically has been part of
16 the race agreement, and just for maybe to make it
17 easier, maybe we take it back to the owners
18 organizations and ask them to do it rather than us
19 doing it. What do you think?

20 COMMISSIONER KRIKORIAN: Well, either way,
21 but it's something that should be done.

22 CHAIRMAN WINNER: Rick?

23 EXECUTIVE DIRECTOR BAEDEKER: I believe
24 Jackie can correct me if I'm wrong here, but I
25 believe if we -- can we add that, Jackie, under this

1 agenda item or would we need to have a separate one
2 at a future meeting?

3 MS. WAGNER: No, we can add that if it's the
4 Board's pleasure to add the requirement that saddle
5 cloths be put on graded stakes horses. We can add
6 that to the application. The question is, is that
7 something that the Board -- is this the most
8 appropriate place to capture that information? Is
9 there another way to do that?

10 EXECUTIVE DIRECTOR BAEDEKER: If I might
11 suggest that we could do a little research with the
12 owners group and the associations. I have a feeling
13 that, as a matter of fact, they would agree to this
14 quickly.

15 COMMISSIONER KRIKORIAN: Well, they've been
16 asked before and, you know, they do it for awhile,
17 then it starts to drop off again, I notice. Now at
18 Santa Anita they're dropped off again. So if you
19 make it a requirement, then problem goes away.

20 And I think it's something, as an owner
21 myself, to have a horse running in a stake race I
22 think you should have a special saddle cloth on.

23 VICE CHAIR ROSENBERG: I think if it's a
24 rule, though, I don't think it should be in the
25 application for a license. I don't think that's

1 appropriate for this document. It should be
2 somewhere, but not in this.

3 MS. WAGNER: Well, we can look at developing
4 a separate rule to address that issue rather than
5 placing it in the application in and of itself. And
6 staff will begin to do that and bring some language
7 to the Board for consideration.

8 CHAIRMAN WINNER: At the next meeting.

9 MS. WAGNER: Yeah, we could do that for the
10 next meeting.

11 CHAIRMAN WINNER: Is that all right,
12 Commissioner Krikorian?

13 COMMISSIONER KRIKORIAN: If it's more
14 appropriate it's fine. I just would like to see it
15 addressed at some point in the immediate future.

16 CHAIRMAN WINNER: We'll put that on the
17 agenda for the next meeting to deal with that issue
18 and to have a separate rule requirement.

19 COMMISSIONER KRIKORIAN: Okay, thank you.

20 CHAIRMAN WINNER: Thank you.

21 Any other discussion on item 7? Is there a
22 motion?

23 COMMISSIONER CHOPER: Move.

24 CHAIRMAN WINNER: So moved by Commissioner
25 Choper. Is there a second?

1 COMMISSIONER AUERBACH: Second.

2 CHAIRMAN WINNER: Seconded by Commissioner
3 Auerbach. All in favor?

4 IN UNISON: Aye.

5 CHAIRMAN WINNER: Any opposition? Okay,
6 item 7 is passed.

7 Going on to item 8, discussion and action by
8 the Board regarding the proposed amendment to CHRB
9 Rule 1845, Authorized Bleeder Medication, to require
10 that authorized bleeder medication be administered
11 by independent, thirty party veterinarians; 2)
12 include a prescription for Lasix as part of the CHRB
13 Form 194 Authorized Bleeder Medication Request and
14 Prescription.

15 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman,
16 just by clarification, both agenda item 7 and agenda
17 item 8, we are asking for authorization from the
18 Board for staff to initiate the 45-day public
19 comment period.

20 CHAIRMAN WINNER: Yes. Go ahead, Doctor.

21 DR. ARTHUR: Dr. Arthur, Equine Medical
22 Director.

23 The Board has seen a version of this
24 previously. This is part of the uniform medication
25 program that was initiated for Lasix administration

1 in 2011. Third party Lasix administration has been
2 in place in Ontario, Canada, for 20 years. It's
3 been in place in (inaudible) for about five years,
4 and it's been in Kentucky for about two years now,
5 and part of the issue is to take the question about
6 if there's anything additional in the Lasix syringe
7 off of the table, the Lasix administered by a third
8 party veterinarian or technician under the direction
9 of a veterinarian.

10 When we passed this previously there was
11 objection from the California Veterinary Medical
12 Board having to do with the veterinarian/client
13 patient relationship that was stimulated by private
14 practitioners who objected to the Board and
15 encouraged them to object at the Delmar meeting year
16 before last, and filed an objection when the 45-day
17 notice came out previously.

18 What we've done is adjusted this in response
19 to the California Veterinary Medical Board's
20 objections and I would like to point out they're
21 also under the same agency as we are. The
22 application for the Lasix will be a prescription
23 that will require the signature of the veterinarian.
24 And there is also a waiver that owners agree to by
25 putting their horse on Lasix to essentially forego

1 the veterinarian/client patient relationship.

2 In reality this is a little bit of a phony
3 issue because all around the country horses ship
4 into a racetrack or come from a training facility
5 into a track and the veterinarian goes and never
6 seen the horse before and won't see it again and
7 gives the horse a Lasix injection. But this
8 basically is the same issue that the Board has
9 passed previously and it addresses the California
10 Veterinary Medical Board's objections that they
11 filed with us previously.

12 CHAIRMAN WINNER: Thank you. We have
13 several speakers on this issue, so why don't we go
14 ahead and have those speakers up and Dr. Stanley and
15 Dr. Arthur can remain, and then we can ask the
16 questions of all of them if there are questions.

17 So let me start with you, Alan. Alan Balch.
18 And it looks like Mr. Cassidy. We have a tag team
19 here.

20 MR. CASSIDY: He hasn't eaten so I have to
21 make sure he's okay. Jim Cassidy, President, CTT.

22 MR. BALCH: Alan Balch, Executive Director
23 of CTT. I think the Veterinary Medical Association
24 and the Veterinary Medical Board may have people
25 here today to speak to this, so those issues are not

1 so much what our issues are.

2 I think on behalf of the trainers, we have
3 in the past advocated the third party
4 administration, but with the proviso or the
5 condition that the surveillance or security be
6 enhanced. That's a key part of it because if a
7 third party administration just takes place without
8 the surveillance, what are we really achieving?

9 Now, there are other issue, though, that
10 will come up as part of the Veterinary Medical Board
11 or Vet Association. Given the range, for example,
12 of the amount of Furosemide that can be
13 administered, who makes that decision; how does that
14 work in this process?

15 Who is the responsible party if the improper
16 amount is administered, or if there's no trace of it
17 in the sample specimen?

18 Those are issues that we think are very
19 important because, generally speaking, the trainers
20 are responsible, and so I think they need to be
21 examined.

22 Now, in the interest of getting this done as
23 expeditiously as possible, our recommendation would
24 be to make sure that the language that you're
25 looking at actually does address the concerns of the

1 Veterinary Medical Association and the Veterinary
2 Medical Board as far as all this prescription stuff
3 and waivers and all that stuff, because it would be
4 much better to look at this when it's really ironed
5 out than to have the objections come again in this
6 45-day period.

7 In other words, you might save time in doing
8 this and make sure this language is right before it
9 goes out for the 45 days, but I think they need to
10 speak to that.

11 Now Jim, I may have omitted something.

12 MR. CASSIDY: The only thing that, for
13 instance, if we have a stake race of, say, a dozen
14 horses and they're to be treated at 1:00 o'clock in
15 the afternoon. Is there a grace period? I mean,
16 does one horse get treated at 12:00 noon and the
17 last horse get treated at 1:00 o'clock, if you
18 follow what I'm saying. They can't be all treated
19 at the same time. How do they determine that, so on
20 and so forth.

21 MR. BALCH: In other words, right now,
22 because the practitioners are treating the horses
23 entered, they're all treated at approximately the
24 same time given the race. Now, given this new
25 protocol, so to speak, within what timeframe are the

1 administrations going to be made for a given race so
2 that nobody's advantaged or disadvantaged in the
3 administration time.

4 CHAIRMAN WINNER: Dr. Arthur, do you want to
5 respond to those two questions?

6 DR. ARTHUR: Certainly. We actually have
7 the Lasix cannot be administered within four hours
8 of race time, and we have always or by policy --
9 underground regulation, I suppose -- allowed a 15-
10 minute grace period.

11 I would like to point out that we conducted
12 exactly this program during the Breeder's Cup when
13 there were 14-horse fields and were able to
14 administer it without any difficulty at all. There
15 is somebody who gets treated first and there's
16 somebody that gets treated last, and usually with
17 the number of veterinarians we had it was no more
18 than a 15-minute difference between the first and
19 the last, and I would defy anybody to say that that
20 makes any significant difference at all.

21 So this has been administered previously.
22 It works in Kentucky quite well. It works in New
23 York quite well. And I have little doubt, we've
24 done it for the last two Breeder's Cup races and
25 we've had no difficulty here either.

1 MR. BALCH: Well, with reference to the
2 Breeder's Cup --

3 CHAIRMAN WINNER: Hold on a second. What
4 about the issue of security?

5 DR. ARTHUR: I think being on the medication
6 and track safety committee, I think you know my
7 frustration with backside security. I do agree that
8 backside security should be part of this.

9 I would like to point out that in the last
10 year we have had seven carbasachrome violations and
11 one trezamic acid violation that we can only find if
12 it's administered IV within 12 hours of race time.

13 So we know that nefarious activity is going
14 on. We think that keeping the private veterinarian
15 out of the stall is a step in that direction, but
16 there is no way that I'm coming before this Board or
17 the National Uniform Medication policy is advocating
18 that this is the only way, step we have to take to
19 protect security.

20 I agree with Alan and Jim is that backside
21 security should be beefed up. We've had this
22 discussion with Commissioner Auerbach and
23 Commissioner Derek just last month, and with
24 Executive Director Rick Baedeker.

25 CHAIRMAN WINNER: Thank you.

1 MR. CASSIDY: The other question about who
2 is responsible if there's a mistake, there were some
3 mistakes in Kentucky, if you recall, a couple years
4 ago when they implemented this. And is the trainer
5 responsible if a third person administers the Lasix
6 and there's no relationship?

7 CHAIRMAN WINNER: That's a good question,
8 Rick.

9 DR. ARTHUR: The licensee -- the
10 veterinarian will be licensed, whoever it is, and
11 that veterinarian will have to be responsible.

12 I will say I've talked to Dr. Scolay, my
13 counterpart in Kentucky. There were growing pains,
14 most of which were attributed to one individual that
15 was hired to administer Lasix. We've had no similar
16 problems in the Breeder's Cup, thank goodness.

17 It will be different. I can't say there's
18 not going to be any mistakes, but we certainly have
19 experience doing this and Dr. Scolay has offered to
20 share her experiences in setting this up.

21 CHAIRMAN WINNER: Is there a way that the
22 trainers could be indemnified if it's a third party
23 who's administering the Lasix if there is a mistake
24 and something occurs, I think Jim's point is a valid
25 point. Why should the trainer be responsible when

1 they have no control over that?

2 DR. ARTHUR: Well, why should the trainer be
3 responsible.

4 CHAIRMAN WINNER: That was my question.

5 DR. ARTHUR: Well, you know, I can't think
6 of an instance where the trainer is going to be held
7 responsible for a mistake by -- in other words, be
8 sanctioned because of a mistake. There certainly
9 could be a scratch, just like there can be now.

10 But the concept that we've had with this
11 previously is that the ideal situation would be for
12 these veterinarians not to be hired by the Horse
13 Racing Board like they are in Kentucky, but actually
14 be hired by the horsemen's organization or the
15 association or a combination thereof and they can
16 set the particular standards and the indemnification
17 that they want to have in that particular contract.

18 In harness racing they actually hire a
19 practice that specializes in this. I've had
20 veterinarians that are already interested in doing
21 this. Or Nyra actually hires their own association
22 veterinarians, so I think there's ways to solve
23 those issues.

24 CHAIRMAN WINNER: Okay. Again, typically we
25 hold trainers responsible for actions that take

1 place within their barn, whether it be drug issues
2 or fire alarm issues, and I think Jim's question and
3 to me a valid one is, if they have no control over
4 the third party vet, shouldn't they be held harmless
5 if something happens with respect to that injection?

6 DR. ARTHUR: But, Mr. Chairman, even today
7 if a trainer tells a veterinarian to give a horse a
8 Lasix shot and that horse doesn't get a Lasix shot,
9 the horse gets scratched but it's the veterinarian
10 that gets fined if the veterinarian is responsible
11 for that.

12 Now, our regulations already call for the
13 trainer to have a representative at the horse's
14 stall when the Lasix is administered, to supervise
15 that particular procedure. And oftentimes they
16 don't have anybody there, but that's what the
17 regulations actually call for.

18 CHAIRMAN WINNER: Okay, thank you.

19 Do you have any other comments, because we
20 really need to move along here.

21 MR. BALCH: Right. With reference to the
22 Breeder's Cup I would just call, and I'm sure Rick
23 knows this, but there was an army of veterinarians
24 and veterinarian assistant people, so we're more
25 concerned about the day-to-day of racing and making

1 sure that this is administered within this whatever
2 time period it is that it's fair to everybody,
3 that's all.

4 And we also think that some of these things
5 that have been raised ought to be ironed out
6 probably in writing in the rule before it's noticed.

7 I mean, that would save time and get it passed
8 earlier than if things come up during the 45-day
9 period that we haven't had a chance to look at yet.

10 We just saw this, of course, when the packet came
11 out.

12 CHAIRMAN WINNER: Thank you. Any other
13 questions?

14 MR. CASSIDY: Thank you.

15 CHAIRMAN WINNER: Thank you. Annemarie Del
16 -- I don't want to mess this up

17 MS. DEL MAGNAIO: Del Magnaio.

18 CHAIRMAN WINNER: Del Magnaio, thank you.

19 MS. DEL MAGNAIO: Good afternoon, Chair and
20 Commissioners of the Board. My name is Annemarie
21 DelMagnaio. I'm the Executive Officer for the
22 California Veterinary Medical Board. Currently the
23 Board doesn't have a formal position on the most
24 recent amendments because the Board has not met to
25 discuss the language and vote on it. However, the

1 Board has expressed concerns in the past regarding
2 the conflict that this Rule 1845 presents with
3 current statutes and regulations, both related to
4 the client/patient relationship, the VCPR, the
5 veterinary/client/patient relationship, and also
6 statutes governing the dispensing of dangerous
7 drugs. And so we would ask that you work witness
8 the California Veterinary Medical Board to kind of
9 iron out some of those conflicts that currently
10 exist.

11 Writing a new regulation does not then omit
12 things that are currently especially statutorily
13 required of a veterinarian. One of the issues that
14 came up in looking at the current language was
15 requiring the owner to waive the VCPR.

16 The owner can't waive the VCPR, it's the
17 veterinarian's responsibility to establish it and to
18 hold that VCPR with the client.

19 So there are some inherent problems with the
20 language. Again, I can't go on record as taking a
21 formal position of the Board. The Board is meeting
22 April 23rd and 24th to discuss the currently amended
23 language, and I believe a member of your Board will
24 be there to interface with the Board regarding this
25 rule change.

1 If you have any questions I'll stick around.

2 DR. ARTHUR: Could I comment? Steve
3 Schwartz has actually been in contact with the
4 California Veterinary Medical Board and has
5 discussed this issue with them. Steve Schwartz
6 assisted in this particular language and has
7 interacted with the Board previously. He has asked
8 for time for myself, Joe Morris if he's available,
9 and Steve who is representing the Breeder's Cup by
10 the way, to interact with the Board.

11 And so certainly I haven't done the direct
12 communication but Steve Schwartz has, so I'm a
13 little bit surprised at the comments that we've just
14 heard, because we've certainly moved to address
15 those.

16 And secondly, with Alan Balch's comments,
17 this issue has been here for two years, and I
18 consider Alan's comments nothing but delaying
19 tactics. If he wanted to work out these details
20 previously we'd be happy to do it.

21 And secondly, in Kentucky today they use the
22 same number of veterinarians that we used for the
23 Breeder's Cup. It is economically viable to do.
24 It's a self-supporting project. And in Nyra they
25 actually make money as part of the program from the

1 way they administer it.

2 CHAIRMAN WINNER: Are there other questions?

3 VICE CHAIR ROSENBERG: Dr. Arthur, I
4 understand where you said that those comments by the
5 trainer's organization might be a stall because they
6 may not be in favor of this at all. I don't know if
7 that's true, but what about the comments that have
8 been made on behalf of the veterinary association?

9 DR. ARTHUR: The Veterinary Medical Board?

10 VICE CHAIR ROSENBERG: You mentioned there's
11 been some contact, but were they involved in ever
12 approving language that is before us now?

13 DR. ARTHUR: I was told by Steve Schwartz,
14 who has been in contact with the --

15 VICE CHAIR ROSENBERG: Who is Steve Schwartz
16 anyway?

17 DR. ARTHUR: Steve Schwartz is an attorney
18 representing the Breeder's Cup who has been in
19 contact with the Veterinary Medical Board. He was
20 actually hired by Breeder's Cup to interact on this
21 particular issue, has discussed this with personal
22 at the California Veterinary Medical Board. I
23 thought Steve was going to be here today to address
24 this particular issue, but I think with the change
25 of venue he was unable to make it.

1 CHAIRMAN WINNER: Ms. DelMagnaio.

2 MS. DEL MAGNAIO: DelMagnaio.

3 CHAIRMAN WINNER: DelMagnaio. Are you
4 familiar with what Dr. Arthur is talking about?

5 MS. DEL MAGNAIO: I am, and I have had
6 conversations with Mr. Schwartz regarding the rule
7 change, and we are aware that the California Horse
8 Racing Board would like to work with the Veterinary
9 Medical Board on defining language that doesn't
10 violate current statutes and regulations. We have
11 not had an opportunity to do so as of yet, which is
12 why on April 24th when the California Veterinary
13 Medical Board meets, a representative from this
14 entity is supposed to be present to discuss these
15 changes with the Board.

16 I think right now what we have is an
17 agreement that this is a positive move and the
18 intent is sound. It's just how to go about making
19 these changes so we don't have other violations that
20 somewhere we're missing by creating a new regulation
21 that somehow conflicts with what's in existing
22 California code.

23 And also looking at who is ultimately
24 responsible in terms of a disciplinary action if
25 something does go awry with the administration of

1 this dangerous drug. It's going to be the
2 veterinarian who essentially has their license in
3 jeopardy. So we just need to be mindful of who
4 really holds liability in these issues and how to
5 properly address that with these changes.

6 COMMISSIONER CHOPER: Mr. Chairman.

7 CHAIRMAN WINNER: Yes.

8 COMMISSIONER CHOPER: This, if we approve
9 it, goes out for 45 days.

10 CHAIRMAN WINNER: That's correct.

11 COMMISSIONER CHOPER: So all of that gives
12 us a gap in which these things can be attended to.

13 CHAIRMAN WINNER: That is correct.

14 DR. ARTHUR: Mr. Chairman, can I make a
15 comment?

16 CHAIRMAN WINNER: Please.

17 DR. ARTHUR: You know, first of all, I'm
18 offended that the California Veterinary Medical
19 Board does not recognize that this is the way that
20 racing operates, and not only racing, but
21 performance horse around the world, across the
22 nation and here.

23 We administer about -- let's see, we have
24 over 40,000 starts counting thoroughbreds. Probably
25 over 90 percent of them are on Lasix. We're talking

1 about 36,000 Lasix administrations just for racing,
2 not counting the others, and most of these have been
3 heretofore determined by trainers.

4 We have had veterinarians in hearings
5 testify that the trainer determines what the Lasix
6 dose should be, so it's a little bit of a phony
7 issue as far as I'm concerned. It may be
8 technically correct, but in my 30 years of
9 practicing, over 30 years of practicing, the
10 Veterinary Medical Board has never done anything in
11 horse racing, so I don't know why they're here
12 today.

13 CHAIRMAN WINNER: Well, they're here. You
14 can turn around, you'll see that they're here and
15 represented.

16 MS. DEL MAGNAIO: We're here.

17 DR. ARTHUR: I didn't mean to insult you.

18 MS. DEL MAGNAIO: Oh, that's okay. No, not
19 really, I don't take these things personally.

20 DR. ARTHUR: I'm offended. No, I am.

21 MS. DEL MAGNAIO: You might be. I don't
22 take these things personally.

23 CHAIRMAN WINNER: Okay. Are there any other
24 questions?

25 MS. DEL MAGNAIO: To Commissioner Choper's

1 point, though, yes, you do go into the 45-day public
2 comment period. We have an opportunity to make
3 formal public comments at this time.

4 If I may, I believe the whole point to
5 having this discussion with the Veterinary Medical
6 Board prior to that point in time is because, again,
7 then we go on official record with the Office of
8 Administrative Law. And then of course you folks
9 have the obligation to respond to those comments in
10 writing and it becomes part of an official record.

11 So I think the attempt was to try to iron
12 out some of these possible amendments before that
13 time, but again, that's just my assumption as to why
14 we engaged in this dialog before the formal public
15 comment period.

16 Thank you.

17 CHAIRMAN WINNER: Thank you very much.

18 COMMISSIONER AUERBACH: Can I ask this young
19 lady a question?

20 CHAIRMAN WINNER: Of course.

21 COMMISSIONER AUERBACH: I have a point of
22 clarity. I believe that you said -- and if you
23 didn't say this, then I apologize -- but I believe
24 that you said that Lasix was a dangerous drug; did
25 you say that?

1 MS. DEL MAGNAIO: Veterinarians consider
2 Lasix part of a dangerous drug --

3 COMMISSIONER AUERBACH: You're not speaking
4 for all veterinarians, are you?

5 MS. DEL MAGNAIO: No, just the veterinarians
6 that I work with.

7 COMMISSIONER AUERBACH: Wow.

8 MS. DEL MAGNAIO: And I'm not a
9 veterinarian, so I can ask the --

10 COMMISSIONER AUERBACH: Wow.

11 MS. DEL MAGNAIO: -- California Veterinary
12 Medical Association to address that.

13 DR. ARTHUR: Commissioner Auerbach, I think
14 that that particular comment shows me why I'm so
15 offended.

16 COMMISSIONER AUERBACH: Right, me too, now
17 I'm really concerned.

18 DR. ARTHUR: You know, we're dealing with
19 this issue. But anyway, it is what it is and we
20 make the best we can.

21 I think we need to move this forward. It is
22 part of the National Uniform Medication Policy.
23 It's an integrity issue for horse racing. It's been
24 adopted in Kentucky. It's being used in many states
25 in the mid-Atlantic area. It's been in place for

1 many years in Ontario, Canada. It's a very simple
2 integrity issue that we just need to move forward
3 with.

4 And, you know, we've been talking about this
5 for two years. Certainly the Veterinary Medical
6 Board has never contacted me about how they
7 recommend we change this rule to meet their
8 particular requirements.

9 So it's pretty clear that veterinarians have
10 asked the Veterinary Medical Board to get involved
11 in this, either the CVMA or however it is, and it's
12 basically to protect the pocketbook of practicing
13 veterinarians. We are talking about taking money
14 away, even though this will always be done under the
15 supervision of a veterinarian the way this rule is
16 written.

17 CHAIRMAN WINNER: Did you want to speak,
18 sir, because I don't have a card.

19 DR. MILLER: I'm here on behalf of the
20 California Veterinary Medical Association. We do
21 have a card in for our executive director.

22 CHAIRMAN WINNER: Well, we have Valerie
23 Fenstermacher.

24 DR. MILLER: Yes, I'd like to expressly
25 answer the question of --

1 CHAIRMAN WINNER: What is your name? You
2 have to identify yourself.

3 DR. MILLER: Yes, I will. My name is Grant
4 Miller. I'm a doctor of veterinary medicine,
5 Director of Regulatory Affairs at the California
6 Veterinary Medical Association. I was present in
7 the track safety medication meeting at Delmar.

8 Madam Commissioner, to address your question
9 about what constitutes a dangerous drug, the word
10 'dangerous drug' is actually a specific definition
11 in law. It pertains to a medication that is a
12 prescription only medication. So for instance, an
13 over-the-counter medication would not be classified
14 as a dangerous drug. A dangerous drug is one that
15 has to be dispensed out with a particular label
16 requirement in which a licensee, veterinarian,
17 doctor, any licensee gives specific instructions in
18 accordance with law. So the description of
19 'dangerous' the way it's taken by the public is not
20 actually what we refer to when we're discussing a
21 dangerous drug.

22 Thank you.

23 COMMISSIONER AUERBACH: I appreciate your
24 telling me that, however, in the kind of environment
25 that we live in and work in, we need to accommodate

1 the people that we deal with, and the use of that
2 kind of vernacular in our world is dangerous, okay?

3 So I'm glad for the clarity and I thank you
4 for that. We will know how to deal with it, but if
5 you are going to deal with us and we're going to
6 talk about these things, we need to be careful in
7 the use of the language.

8 In your language in your world, in the
9 medical world, you can call it anything you want,
10 but when we're talking about our world we're going
11 to have to use layman's terms. It's a prescription
12 medication, which I will accept, but dangerous, I
13 don't want to hear that again.

14 DR. MILLER: Yes, madam. Thank you.

15 COMMISSIONER AUERBACH: Thank you.

16 CHAIRMAN WINNER: Valerie Fenstermacher.

17 MS. FENSTERMACHER: Good afternoon and thank
18 you for listening to our considerations. I'm
19 Valerie Fenstermacher. I'm the Executive Director
20 of the California Veterinary Medical Association.

21 As a state association, we have definite
22 concerns about this proposed rule, and I don't want
23 to echo everything Ms. DelMagnaio said, but I do
24 want to agree that we have concerns about the
25 veterinarian/ client/patient relationship and how

1 it's outlined in the Veterinary Medicine Practice
2 Act, and this rule definitely would disagree with
3 how it's written in the Practice Act.

4 It must be established between the
5 veterinarian, the client, and that relationship is
6 very important for liability issues that were
7 outlined and what the veterinarian is allowed to do.

8 She also mentioned waving the veterinarian/
9 client/patient relationship, which is not allowed
10 under the Practice Act.

11 Additionally, a veterinarian must adhere to
12 the law when writing a prescription, and the
13 suggested prescription form does not meet the
14 requirements in the California Code of Regulations
15 section 2032.2.

16 Also, a veterinarian cannot fill a
17 prescription for another veterinarian. Only a
18 pharmacist can fill a prescription. A veterinarian
19 can dispense a prescription. So that's according to
20 Business and Professions Code 4170, which is
21 pharmacy law.

22 So we do have some definite concerns. It
23 puts veterinarians in a very difficult position when
24 they have to adhere to the California Veterinary
25 Medicine Practice Act and then they have some other

1 rule that's established by this Board and it's a
2 tough position to be in, so our members are very
3 concerned about this. So we would encourage you to
4 work with the California Veterinary Medical Board,
5 as it sounds like you are doing, and we would
6 appreciate also if you have any questions of us,
7 we're always available. We have many veterinarians
8 who have many different backgrounds and we certainly
9 would be willing to meet at any time.

10 CHAIRMAN WINNER: We appreciate that, Ms.
11 Fenstermacher. Let me just ask you this question.
12 This has been going on for two years. There have
13 been committee meetings on and on and on as well as
14 Board meetings where this issue has been discussed.
15 I'm kind of surprised that some of these issues are
16 being raised today. Why weren't they raised in
17 committee? Why weren't they raised at the prior
18 meeting? Where have you guys been?

19 MS. FENSTERMACHER: Dr. Miller actually was
20 at the committee meeting last July, I believe it
21 was. I was in Chicago at the time and he was
22 representing us at that meeting. I believe it was a
23 committee meeting. And we have been concerned since
24 that time. That's when we first found out about it.

25 DR. ARTHUR: Mr. Chairman, to show you how

1 ludicrous this is, and to be honest with you, I was
2 chairman of the CVMA equine committee several years
3 ago, probably a decade and a half ago. It is
4 primary dog and cat veterinarian, and obviously a
5 veterinary group. I mean, that's the majority of
6 their members. And how they've become interested in
7 this issue I really find bewildering. It's
8 certainly because they've been lobbied by racetrack
9 veterinarians to try to delay this.

10 The fact of the matter is what they are
11 saying is your veterinarian could not ship a horse
12 from Santa Anita to Golden Gate Fields and tell them
13 to give a Lasix shot. Our whole rules require that
14 Lasix shot to be given, so our whole rules with
15 Lasix are contrary to the Veterinary Medicine
16 Practice Act, something we've been doing for as long
17 as I've been practicing, thirty years. Thirty-five
18 years, because Lasix was in place at that particular
19 time. We're talking about hundreds of thousands of
20 Lasix shots have been given in violation of what
21 they're saying is violation of the Practice Act.

22 It's just not the way that horse racing is
23 operated. It's not the way that performance horse
24 practices are operated anywhere. And I think
25 Commissioner Derek has her horses, you know, you

1 take a horse to a show horse venue and you say my
2 horse needs a bute shot. The veterinarian walks in,
3 gives him a bute shot and walks off. That may be in
4 violation of the Practice Act, but that's just the
5 reality of it.

6 In our particular situation we have horses
7 on Lasix that are required to get Lasix. Heretofore
8 all that was required was the trainer to say I want
9 to put this horse on Lasix and now what we're doing
10 is actually calling it a prescription. Basically,
11 if it's going to be changed it'll be a default just
12 like they do in Kentucky of a five cc dose unless
13 somebody wants to change it between the 150 and the
14 500 milligram limits that we are permitted.

15 I think we need to go forward with this.
16 Let's call their bluff and let's see what they have
17 to say.

18 CHAIRMAN WINNER: Well, are there any other
19 questions, because we do have to move forward.

20 VICE CHAIR DEREK: This is what the 45 days
21 is for, so I would like to move forward.

22 VICE CHAIR ROSENBERG: I just want to say
23 I'm concerned about the timing on this, because if
24 the questions being raised on a technical basis
25 about when the administrative law people come to

1 review this and if there are conflicting statutes
2 that conflicts with another rule, are we going to be
3 in trouble and start all over again? I just hope
4 that could be thought out by staff and by you
5 immediately after the meeting to see whether we can
6 anticipate that.

7 DR. ARTHUR: I have suggested that we meet
8 with the -- we're all under the same business
9 consumer affair and housing agency. I think we
10 maybe want to go upstairs and maybe get a meeting of
11 the minds together.

12 But we need to move this forward. It's been
13 going on. And let's just face reality. This is a
14 tactic to try to delay this by private practitioners
15 who want to keep the income. There's no other
16 reason for this tactic.

17 CHAIRMAN WINNER: Is there a motion? Vice
18 Chair Derek has moved.

19 Thank you, Ms. Fenstermacher.

20 Vice Chair Derek has moved the motion that
21 we begin the 45-day period. Is there a second?

22 VICE CHAIR ROSENBERG: Second.

23 CHAIRMAN WINNER: Seconded by Vice Chair
24 Rosenberg. All in favor?

25 IN UNISON: Aye.

1 CHAIRMAN WINNER: Are there any opposed?

2 Motion carries.

3 The next item and last item on the agenda is
4 a report of the Steward's Committee, and I'll make
5 this very brief. We had a Steward's Committee
6 meeting. Vice Chair Derek and I and staff, Mr.
7 Miller and Ms. Wagner and Rick Baedeker were there.

8 The primary item discussed was consistency in
9 decision making. It was a robust discussion. We
10 also had the trainers, the two gentlemen who were
11 here today, Mr. Balch and Mr. Cassidy, joined us for
12 part of the discussion, and we are making progress.

13 End of report.

14 Is there a motion to adjourn? Yeah, we have
15 to go into closed session. The problem is we have
16 about ten minutes before most of us have to leave
17 for airplanes. Is there an issue on closed session
18 that we can avoid?

19 MR. MILLER: There's just three matters real
20 quick. Real quick.

21 CHAIRMAN WINNER: So we have to go into the
22 other room.

23 MR. MILLER: Yeah.

24 (ADJOURNED)

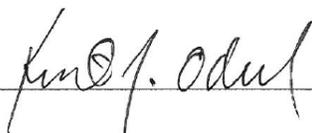
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REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 26th day of March 2014.



Kent Odell
CER**00548

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I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of March, 2014.

Terri Harper