

APPEARANCES

COMMISSIONERS

Chuck Winner, Chair

Richard Rosenberg, Second Vice Chair

Jesse Choper

Steve Beneto

Madeline Auerbach

STAFF

Rick Baedeker, Executive Director

Robert Miller, Staff Counsel

Jacqueline Wagner, Assistant Executive Director

Rick Arthur, Equine Medical Director

Francisco Gonzalez

Wendy Voss

ALSO PRESENT

John Valenzuela, Local 280

Darrell Haire, Jockeys' Guild

Brad McKinzie, Los Alamitos/Finish Line Self Insurance Group

Richard Conway, Humboldt County Fair

Chris Korby, California Authority of Racing Fairs

Tom Ludt, Pacific Racing Association

Cal Rainey, Golden Gate Fields

Patrick Mackey, Golden Gate Fields

Daniel Cirimele, Golden Gate Fields

APPEARANCES

ALSO PRESENT (CONT.)

Jim Henwood, Los Angeles County Fair Association

Mike Seder, Fairplex

Terri Bingham, Attorney

Holly Beckner, Owner

Brian Trela

Damascus Castellanos, Teamsters Local 495

Lee Holt, USWW

Joe Morris, TOC/Stabling and Vanning Committee

Alan Balch, California Thoroughbred Trainers

Dionne Benson, Racing Medication Testing Consortium

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- A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel, considering regarding the pending litigation described in the attachment to

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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(c).
- C. The Board may convene a Closed Session for the Purpose of considering personnel matters as authorized by Government Code section 11256(a).

P R O C E E D I N G S

9:33 A.M.

PROCEEDINGS BEGIN AT 9:33 A.M.

(The meeting was called to order at 9:33 A.M.)

LOS ALAMITOS, CALIFORNIA, THURSDAY, JUNE 19, 2014

MEETING BEGINS AT 9:33 A.M.

CHAIR WINNER: Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, June 19th at Los Alamitos Race Course, 4961 Katella Avenue, Los Alamitos, California.

Present at today's meeting are: Chuck Winner, Chairman; Richard Rosenberg, Second Vice Chair; Madeline Auerbach, Commissioner; Steve Beneto, Commissioners; and Jesse Choper, Commissioner.

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

In order to ensure all individuals have an opportunity to speak and the meeting proceeds in a timely

1 fashion, I will strictly enforce the three-minute time limit
2 rule for each speaker. The three-minute time limit will be
3 enforced during discussion of all matters as stated on the
4 agenda, as well as during the public comment period.

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

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

18 When all the names have been called the chairman,
19 that's me, will ask if there is anyone else who would like
20 to speak on the matter before the Board. Also, the Board
21 may ask questions of individuals who speak. If a speaker
22 repeats himself or herself the chairman will ask if the
23 speaker has any new comments to make. If there are none,
24 the speaker will be asked to let others make comments to the
25 Board.

1 That's the end of that. Okay.

2 The first item on the agenda is the minutes from
3 the April 25th meeting. Is there a motion? Is that
4 correct? No, from the May meeting, the May 22nd meeting.
5 Is there a motion to approve? Are there any changes or
6 corrections?

7 COMMISSIONER BENETO: I'll move.

8 VICE CHAIR ROSENBERG: Second.

9 CHAIR WINNER: Okay. It's been moved by
10 Commissioner Beneto, seconded by Second Vice Chairman
11 Rosenberg, that the minutes be approved. All in favor?

12 ALL COMMISSIONERS: Aye.

13 CHAIR WINNER: Any opposed? The minutes are
14 approved.

15 The Executive Director's report, Mr. Baedeker.

16 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.
17 Chairman. I can't get much closer. It wouldn't be fair to
18 the mike. Is this working? Hello? Anybody there? Okay.
19 Yeah. Typically Los Alamitos stuff. You know, they're
20 very -- they're very selective with who they allow to speak.
21 It's on. It's just not very loud. Okay. That will do just
22 fine. Thank you. I couldn't resist the dig because I see
23 Dr. Allred there in the audience and had to take the
24 opportunity.

25 DR. ALLRED: Thank you.

1 EXECUTIVE DIRECTOR BAEDEKER: You bet.

2 I want to start out with what I hope will be just
3 a monthly update for the Commissioners, and that is just to
4 reflect on the financial performance of the industry during
5 the previous month. So this is relative to the month of
6 May, and I think clearly bolstered by the first two legs of
7 the Triple Crown. Total business for the -- on the
8 thoroughbred side was up just under 14 percent, all in.
9 There's been a significant increase in business in account
10 wagering over the period of the entire year. The night
11 business during that same period of time was -- was down
12 just about one percent. But it should be noted that they
13 had three fewer racing days during May than -- than last
14 year.

15 Similarly, for the year to date the thoroughbred
16 industry is up just under five percent, night industry down
17 about 12 percent, but they're -- they've also got about 10
18 percent fewer days so far. And all in, both day and night
19 year to date, up just under three percent. Up is good.

20 This is an opportunity for myself, on behalf of
21 Staff, to -- to bring the Commissioners up to speed on
22 different things that may be in the pipeline that we're
23 working on that -- that may -- that they may otherwise not
24 be aware of. And so I'll start with a subject that we
25 referenced, I think in the May meeting, and -- and we've

1 made some quick progress on it, and that is the -- the topic
2 of microchips and microchipping our race horses. And it's,
3 of course, extensively done. Millions of cattle have been
4 microchipped. And the technology is simple, it works, and
5 it's safe.

6 We have had a discussion with Jockey Club. And,
7 you know, a quick summary of the efficacy of this thing is
8 we not only will know how many we horse -- how many horses
9 we have in any given stable area and in all the of the
10 stable areas in California, but we'll also, of course, know
11 who they are and how old they are and what their markings
12 are. And this interface is with the InCompass system, so
13 our folks in the racing offices up and down the state will
14 have a very clear idea of what the horse population is. And
15 the news gets better. The cost of these chips is about
16 \$5.00 per. So we have support from the Jockey Club. They'd
17 like to see California kind of re-blaze the trail on this.

18 And we've been searching for a reason not to do
19 it. And we understand, as a matter of fact, that there
20 would be a period of time where it would have to be, you
21 know, implemented and we'd all have to learn the new trick.
22 But at some point in the not-too-distant future we can have
23 a system that's working and effective and maybe solve a lot
24 of problems.

25 Along those lines, I think, we -- we have been --

1 the Horse Racing Board has been working over the last couple
2 of years on these continuing education modules for trainers.
3 And those of you who may have been at a meeting last summer
4 at Del Mar may have seen a presentation by Dr. Sue Stover
5 from Davis. And basically this is taking the physiology of
6 the race horse and reducing it to a training module that you
7 can access any time via your computer. And I got to tell
8 you, I only understood about 25 percent of it. But it was
9 so well done that it -- I thought it was just brilliant.
10 And I just could imagine that, as a matter of fact, for a
11 trainer that wants to become more proficient in his or her
12 trade, this would be a terrific tool. And it might be an
13 opportunity for the Horse Racing Board to require use of
14 this as -- as a method of continuing education. Now that's
15 the good news.

16 The bad news is that we ran out of funding for it
17 last year, and we were about \$200,000 shy of completing the
18 project. The next module that we want to complete is the
19 bone physiology module, which is going to be the one that's
20 probably used more frequently than any other. And so we've
21 decided that because this is being done by the UC Davis
22 extension, we decided that it would be appropriate to seek
23 outside funding. And we made our first call to the Jockey
24 Club, and the Jockey Club has agreed to give us a grant of
25 \$37,500 to kind of get the ball rolling.

1 So I think we'll have an opportunity to show this
2 to the industry again, those of you that didn't see it or
3 would like to be refreshed on its content. And I think
4 you'll all agree that this is -- this could be a very
5 significant tool for California. And then I think the rest
6 of the country will also want to take advantage of it.

7 FYI, we had a terrific meeting yesterday at UC
8 Davis at the Maddy Lab with all of our investigators and
9 safety stewards. Dr. Arthur and Dr. Stanley made
10 presentations. And it was a terrific opportunity to educate
11 our investigators more about the medication side of things
12 in the stable area, and also educate our safety stewards
13 about the -- the dos and don'ts -- excuse me -- the dos and
14 don'ts from an investigative side of things. They --
15 they're not police officers, they're -- they're safety
16 stewards, medication stewards. And so we were able to
17 really share a body of knowledge from one side of the table
18 to the other. And I thought it was very effective. And I
19 also thought that we are very fortunate to have such talent,
20 both in our safety stewards and our investigators.

21 I just want to point this -- make a point of
22 this -- of a meeting that we had with -- with CTT at the
23 request of Charlie Dougherty. We've been doing some things
24 differently up at Golden Gate Fields. And as is generally
25 the case, you know, whenever there's a change there's

1 misinformation that, you know, disseminates, and maybe some
2 good information that disseminates that upsets some folks.
3 And so we -- we had a meeting with Safety Steward Stauffer
4 and myself and Charlie up north, and then Alan Balch and Him
5 Cassidy joined on the phone.

6 Here's the point I want to make. You know, we
7 were able to go through one point after another and talk
8 about them and explain situations, and I think we all
9 finished the call satisfied. I just want to extend to you
10 an invitation. Rather than -- you know, in this rather
11 small world of our sometimes it's easy to kind of lose touch
12 with reality on different subjects. And if -- if there's
13 anything that I can do or our staff can do to answer
14 questions about something that doesn't seem to make sense to
15 you or your organization, then please don't hesitate to call
16 us. You know, let's not waste time. We can -- we can put
17 these things behind us quickly that way.

18 This is an FYI with no political comment here. I
19 just want to let you know that the two Chesbro Bills, AB
20 2005 and AB 2592, will be heard at Senate GO on Tuesday
21 morning.

22 And finally, there has been a renewed interest
23 over the last few months, given a lot of the PR that's been
24 going around about the possibility of employing a pharmacy
25 on the backstretch to disseminate medications via

1 prescription and get better control over that process. And
2 so Staff has -- has begun researching that topic. And we
3 think that this might be one of those issues that could be
4 controversial, perhaps difficult to implement, but one of
5 those that -- that might be as important as any other move
6 that the Board might make. So we look forward to having a
7 discussion with all the interested parties about moving this
8 idea forward.

9 And that concludes my report. Thank you, Mr.
10 Chairman.

11 CHAIR WINNER: Thank you, Rick. As usual, thank
12 you for you and the staff for all of the hard work that --
13 that you're doing and the tremendous work that you're doing.

14 Just a couple of comments on the points that you
15 made. With respect to the -- Dr. Sue Stover's work, we
16 really do believe this is important. Those of you that had
17 a chance to see the work earlier on I'm sure recognized the
18 importance of it, not just for continuing education, because
19 that is absolutely critical. But my view is that the work
20 that she's doing, and if we can continue to do that work,
21 we're going to -- we're going to prevent an awful lot of
22 breakdowns and an awful lot of serious injuries to horses
23 because of the work that they're doing and the training that
24 the trainers and people who work for trainers will -- will
25 receive based on the work that's being done.

1 And I think we're very lucky or fortunate that the
2 Jockey Club has stepped forward with the -- with the grant
3 that they -- they've agreed to. If anybody in the room
4 wants to take out their checkbook or their credit card,
5 we'll take credit cards, because we're going to need a
6 little more than the \$37,500. But -- so any help you can
7 give us would be great.

8 With respect to the pharmacy on the backstretch,
9 this is another opportunity. And as Rick said, it's -- it
10 could be controversial, but we're going to move quickly with
11 it and we're going to -- we're going to determine whether
12 it's the right thing to do or not. A lot of us think that
13 we really should examine it, evaluate it. And once again,
14 California can be a trail blazer if this is the right thing
15 to do. And it certainly is worth -- is worth exploring.

16 So again, thank you, Rick, for -- Rick and Staff
17 for everything that you're doing.

18 Let's move on then to item three, which is the
19 Public Comment period. I have three cards. If anybody else
20 wants to give a card to Mike, come on up and do that. And
21 start with Troy Tabak from Local 280.

22 MR. VALENZUELA: Hello. My name is John
23 Valenzuela from Local 280. Troy Tabak is with me, and I'll
24 be using his three minutes also.

25 CHAIR WINNER: Okay.

1 MR. VALENZUELA: Okay. Anyway, well, first of
2 all, good morning, Chair and Board Members. My name is John
3 Valenzuela, President of Local 280. I'm here to inform you,
4 the Board, that we have been in negotiations with the
5 Federation of California the last two days. Local 280 gave
6 the Federation a proposal that wouldn't cost them anything
7 more, a very reasonable proposal.

8 Local 280 -- Local 280 has given many concessions
9 the last eight to ten years. For years Local 280 has bent
10 over backwards to keep -- to help the industry. Just to
11 state a few facts, since 2005 and 2010, in 2005 we had a
12 five-year contract. We lost 20 percent of our workforce.
13 That's totaling, from '05, '06, '07 and '08 it was 8 percent
14 crew cut, a 6 percent crew cut, 4 percent crew cut, 2
15 percent crew cut, which totaled out to 76 jobs, saving the
16 race track \$5.1 million.

17 In 2009 we lost our sick pay, and we got a partial
18 part of our sick pay. In 2010 we lost another big chunk of
19 22.5 percent of 350 jobs, another 78 jobs, totaling -- the
20 first 76 and 78 totaled out at 154 jobs we've lost, saving
21 the track \$9.9 million. We haven't -- we haven't had no
22 raises in eight to ten years.

23 In 2011, since racing lost a day of racing, our --
24 our workforce has lost 20 percent of their gross pay,
25 another savings of \$2.8 million, totaling out at \$13 million

1 savings to the track. As of now, 2011 we lost another six
2 percent, 2012 another six percent, 2013 another three
3 percent. Including the night industry we're losing one to
4 two days in the night -- I mean one to two days in the
5 night, we're at a total of \$15 million. So we have been
6 saving the track over \$15 million a year from our sacrifices
7 already.

8 Again, there's also -- since 1990 we're very
9 instrumental in helping the industry to eliminate licensing
10 fees. In the last five years, since 2008, it was the year
11 that the tracks paid a licensing fee. The savings to the
12 tracks has been over \$200 million in licensing fees.

13 So in summary, Local 280 has given up 60 percent
14 of our jobs, no wage increase, loss of our -- some sick pay,
15 part of our sick pay. We've helped license issues in
16 legislation which resulted in elimination of the fees.

17 The Federation's proposal to Local 280, they have
18 taken an extreme position. Just to name a few concessions,
19 they want to cut -- they wanted to cut manning, taking away
20 a large number of jobs away from our members. Number two,
21 on health and welfare, they want our members to pay \$600 to
22 \$700 or more a month that we hadn't paid before up to this
23 point. Number three, they want to weaken our seniority.
24 They offer no wage increase. They also want -- they also
25 want to take away our weekend retirees' right to work. Our

1 last proposal and negotiations all we asked is for a one-
2 year extension to our contract that won't cost them
3 anything. And finally, given -- given the Federation's
4 extreme position, we don't know if we can get a contract
5 before the Del Mar -- before Del Mar opens.

6 Our next meeting is Tuesday, June 24th. Thank you
7 for your time.

8 CHAIR WINNER: Thank you, John.

9 Are there any questions from anyone on the -- on
10 the Board? Okay.

11 Thank you, John.

12 Darrell Haire.

13 MR. HAIRE: Good morning, Members of the
14 Commission. Darrell Haire, Western Regional Manager for the
15 Jockeys' Guild.

16 I'd like to address the situation that's been
17 ongoing here at Los Alamitos for a number of years, and
18 it's -- it has to do with the agents that represent riders
19 here at Los Alamitos. And the regulation reads that no
20 jockey agent shall represent more than two jockeys at the
21 same time, except with permission of the stewards who may
22 also limit a jockey agent the representation of one jockey
23 if circumstances so warrant.

24 Here at Los Alamitos there are agents that
25 represent at times not two but four, five, and I've been

1 told at times six riders at one time. And for the good of
2 the game we've tried, and I've talked about this to numerous
3 people trying to rectify this because they have a monopoly
4 on some of these agents. And I know with only three days of
5 racing -- but it's -- I just -- the way it is now it's --
6 it's not right.

7 And with both meets now with thoroughbred and
8 quarter horse racing here, maybe this ought to be looked at
9 and agents shouldn't maybe have two quarter horse riders and
10 two thoroughbred riders. But it just needs to be -- I think
11 it needs to be looked at.

12

13 CHAIR WINNER: Thank you, Darrell.

14 Commissioner -- Vice Chair Rosenberg?

15 VICE CHAIR ROSENBERG: Yeah. This matter was --
16 this matter was raised previously, a year or so ago, by a
17 lady who spoke in public comment. I believe she was a
18 trainer or a wife of a trainer complaining about this
19 subject. And I believe it was referred to the stewards at
20 that time and obviously nothing was done about it. So I
21 would say that it would be important for us to get a report
22 back from the stewards and correct this. Because, I mean, I
23 know there's an economic reason why this -- why it may be
24 necessary in some cases to have an agent handle more than
25 two jocks when there are small fields. And economically it

1 just doesn't pay to be an agent if you -- if you can't
2 get -- you know, your percentage isn't enough to live on.

3 But it's also -- we have to look at the negative
4 part of this if one agent is controlling the -- especially
5 in this case, important jockeys, the best jockeys. So I
6 hope that we can look into that quickly.

7 (Colloquy between Chair Winner and Executive Director
8 Baedeker)

9 CHAIR WINNER: Go ahead. I'm sorry. Commissioner
10 Choper?

11 COMMISSIONER CHOPER: I just wonder, what do you
12 see the reason for the existing rule that certain jockeys
13 aren't going to be treated favorably -- equally? I just --
14 I'm just curious as to what the -- what the reason for the
15 rule is.

16 MR. HAIRE: Well, I think when it was written was
17 so that an agent couldn't have a monopoly on the game,
18 control. Now with entries closing at different times and
19 short fields and everybody's trying to make races go, and
20 there's not that many agents, that I'm told here, because
21 there's four or five that control it all. And if there was
22 agents that only had two riders, then it would be more fair.
23 And this is what the riders are telling me, that it would be
24 fair if they only had two riders. Whether it's two quarter
25 horse riders and two thoroughbred riders, they think that's

1 fair. But when you have four or five or six and you're
2 helping each other out and everybody's trying to do what
3 they can to make the cards go, but it's not right when maybe
4 one agent has four riders in one race, and it's too
5 controlling. You know, there's -- it's just -- it -- they
6 have a monopoly on it and it's not --

7 COMMISSIONER AUERBACH: I was --

8 CHAIR WINNER: Yes, Commissioner Auerbach.

9 COMMISSIONER AUERBACH: Darrell, do you not also
10 think that the perception of one person controlling all of
11 those economic interests is something that is probably more
12 problematic for us to address than anything at this point?

13 CHAIR WINNER: That was exactly what I was going
14 to say.

15 MR. HAIRE: I agree.

16 COMMISSIONER AUERBACH: Great minds.

17 MR. HAIRE: I agree.

18 COMMISSIONER AUERBACH: Okay.

19 CHAIR WINNER: Any other -- any other questions
20 from the Board before we ask Brad to comment, who is
21 standing behind you, Darrell? Thank you, Darrell.

22 Mr. McKinzie?

23 MR. MCKINZIE: Hi. Brad McKinzie for Los Alamitos
24 Race Course. Just a couple of quick points.

25 Number one, this -- the rule here at Los Alamitos

1 where an agent can have four riders, it was determined at a
2 stewards' meeting -- Darrell was present, correct -- it was
3 with the jockeys, it was the Jockeys' Guild and our
4 stewards, and because the riders basically said, you know,
5 we won't have agents if they can't have more than two, it
6 was agreed to have four. So that's the rule that we
7 followed.

8 This idea that at Los Alamitos that an agent could
9 have two quarter horse jockeys and two thoroughbred jockeys,
10 that's not going to work because they ride both breeds.
11 During the thoroughbred meet the thoroughbred agents will be
12 limited to two jockeys, just as they are at Santa Anita.
13 There's not going to be thoroughbred agents coming over and
14 picking up quarter horse riders in the interim to represent
15 them.

16 Here's what's -- here, quite frankly, is what's
17 going to happen, is that because we race three days a week
18 at the purses that we do the top riders, and I'm talking
19 maybe 10 or 12 guys, they will be represented by agents
20 because an agent would be able to make some sort of a living
21 representing them. What is going to happen is that the
22 medium and the lower level riders are not going to be
23 represented by agents because no agent can make a living
24 representing a mid-level or lower-level rider at Los
25 Alamitos restricted to two riders. That's simply what's

1 going to happen. That's going to be the end result of this.

2 Having said that, the race track has never taken a
3 position on this. We've always left it up to the riders.
4 It's their business. They're the ones that are going to
5 either suffer or benefit from this change. I've talked to
6 our riders. I've talked to our agents. I'm not hearing
7 what Darrell is hearing, that they're in favor of limiting
8 it to two. I'm hearing just the opposite. But having said
9 that, I told them that they need to get a hold of Darrell
10 and express that position or come before this Board and
11 express that position, or if you guys decide to have a
12 hearing about that they need to be present and let what
13 their wishes -- they need to let those wishes be known.

14 So I would just -- if you're going to have a
15 hearing, I think then our riders should be there and you --
16 we don't -- the race track doesn't care. We think -- we
17 don't -- we think it will be detrimental to the riders, but
18 that's -- that's their business.

19 CHAIR WINNER: Well, what we're going to do is
20 we're going to refer this to the Jockey and Driver Welfare
21 Committee, and then there will be a hearing. And the
22 jockeys, as you said, should be -- should be there, they
23 should be present. You can obviously be there, and whomever
24 has an interest in this.

25 I think Commissioner -- Vice Chair Rosenberg had a

1 question.

2 VICE CHAIR ROSENBERG: I'm curious about your
3 comment that the race track doesn't care. Doesn't the race
4 track care about the perception or the reality of having one
5 or two agents control the best riders, and therefore have
6 the control over where they place them and accept mounts
7 with trainers, and they're given a tremendous leverage?

8 MR. MCKINZIE: Quite frankly, I don't think there
9 is a perception, and I know there's not a reality that that
10 goes on. I can promise you that an agent at Los Alamitos
11 with four jockeys has less control over the entries and how
12 races go than an agent at Santa Anita representing two for
13 the leading riders at Santa Anita. I mean, you're talking
14 about agents representing four riders here that are, you
15 know, I mean making a fraction of what they make across
16 town. So this idea, you know, if an agent can control with
17 four riders, then an agent can control if they've got two
18 leading riders. So as far as the perception, I don't think
19 there is a perception out there.

20 And number two, there is not a reality to it. I'm
21 in the racing office every day. The agent with four riders
22 doesn't control the entries, doesn't control the outcome of
23 any race.

24 CHAIR WINNER: Thank you, Brad. We will refer
25 this to committee.

1 No other comments from the audience on the Public
2 Comment period?

3 If not, we're going to move on then to item four,
4 discussion and action by the Board on the Application for
5 License to Conduct a Horse Racing Meeting of the Humboldt
6 County Fair at Ferndale, commencing August 13, 2014 through
7 August 24th, 2014, inclusive.

8 Good morning. Please identify yourself.

9 MR. CONWAY: Richard Conway from the Humboldt
10 County Fair.

11 CHAIR WINNER: Thank you. Do you want to give us
12 a report on your plans?

13 MR. CONWAY: Well, I mean, basically we're very
14 similar to last year, kind of the same marketing approach.
15 We've increased our recruitment program this year, focusing
16 more on out-of-state horses, Oregon and Idaho being our main
17 point of focus. I've already made a few trips there and
18 spoke to several people. We hope to increase that trainer
19 base there and the horse population on the grounds.

20 Again, our local sponsorship, local community
21 stepped up last year, almost doubled the previous year's
22 sponsorship. And we hope to increase it again this year.

23 COMMISSIONER CHOPER: Do you have any idea as to
24 how successful that's been in terms of actual dollars?

25 MR. CONWAY: Last year we raised about \$160,000.

1 The previous year I believe it was \$72,000 or \$74,000. So
2 it's considerable.

3 COMMISSIONER CHOPER: How does it look this year,
4 or you don't know yet?

5 MR. CONWAY: We're -- we've got about half of last
6 year's sponsors back at the same or increased levels. We
7 did have one sponsor drop a bit. But we've picked up
8 several new sponsors. So I think we'll be back in the
9 \$150,000 to \$175,000 neighborhood. We'd like to be at
10 \$200,000, but I don't know if we'll make it.

11 COMMISSIONER CHOPER: Do you -- do you think
12 \$200,000 would get you in close to breakeven shape?

13 MR. CONWAY: It will certainly help.

14 COMMISSIONER CHOPER: No, no. I --

15 MR. CONWAY: I think the --

16 COMMISSIONER CHOPER: Always.

17 MR. CONWAY: I think the horse population is
18 what's going to make the difference. Last year we were down
19 numbers. And, you know, consolidating the days, dropping
20 the two days and hopefully running, you know, bigger fields
21 on -- and more races on fewer days will -- will help with
22 that, you know, will reduce the expense of promoting the
23 meet or putting on the meet and increase the revenues.

24 COMMISSIONER AUERBACH: I had -- I actually had
25 two questions. One I think you can answer, and one I don't

1 think you can answer. I think it's something that we have
2 to talk about. But I'm very concerned when I see your field
3 size. I think it was -- the most recent one was 5.87, and
4 it looks like it's sliding. I'm sorry, there's a fly here
5 that just -- and I heard that you took a trip or two. I
6 would submit to you that with the horse inventory, that's
7 probably not going to get it done. And we hear a lot from
8 Humboldt about the fair. And I would, for one, like to see
9 if they want to be partners in all of these things that they
10 be partners in securing a show that will attract people. I
11 mean, it's one thing to ask for certain dates. It's one
12 thing to demand certain considerations. It's quite another
13 to put on a show that people are going to wager on.

14 So what I would like to know is what you're going
15 to do to get a program that people are going to want to
16 wager on? I'm concerned about horse inventory because I
17 don't think that's sustainable where you are.

18 MR. CONWAY: Well, I think we have the same
19 concern. And I think the horse population is a concern.
20 And where we're down, you know, statewide and we're, you
21 know, sharing that population with Golden Gate Fields, you
22 know, it's -- it's a concern of ours. That's why a big part
23 of our focus this year is out-of-state recruitment and
24 bringing more horses in. So I think we'll recognize, you
25 know, an increase in those numbers. And I think you'll see

1 an increase in field size. Reducing those days where we're
2 trying to run, you know, fewer days with bigger fields, I
3 think we can recognize that. I think we're certainly
4 capable of doing that this year.

5 COMMISSIONER AUERBACH: Okay. Because that would
6 be -- that would be my concern. Because if we can't get it
7 up with -- with an effort then, obviously, we've got to --
8 you know, we can't keep -- you know, what history is, you
9 keep repeating the same thing and expecting a different
10 outcome, which is why I was asking what specifically you've
11 done to try to recruit horses?

12 MR. CONWAY: We're offering different incentives.
13 We're offering some shipping incentives. We're offering
14 trainers' incentives, you know?

15 COMMISSIONER AUERBACH: What? Well, like what?

16 MR. CONWAY: Like the trainers' incentives. A
17 trainer that starts five horses receives \$100 per start.
18 Once he reaches the five-start level, if -- up to ten
19 starts, you know, that goes up to \$1,000. We're helping
20 shipping incentives with a fuel incentive program to bring
21 some of those horses down out of Oregon and over from Idaho.
22 Again, the out-of-state promotion that CARF provides where
23 they receive an additional 150 for their first start, and
24 again that same 150 for their second start, it attracts a
25 lot of attention. We have a lot of interest this year.

1 So I'm encouraged with the numbers.

2 COMMISSIONER AUERBACH: Did you do that last year?

3 CHAIR WINNER: Yeah, that's what I was going to
4 ask.

5 MR. CONWAY: We didn't offer the trainer
6 incentive.

7 CHAIR WINNER: Right.

8 MR. CONWAY: And the shipping incentive was on a
9 kind of case-by-case basis.

10 COMMISSIONER AUERBACH: So -- so you've increased
11 those things. So that to me is --

12 MR. CONWAY: Yes, definitely.

13 COMMISSIONER AUERBACH: Okay.

14 CHAIR WINNER: I noticed that in the -- in your --
15 in your proposal, in your plan here that those are -- those
16 are new programs, at least some of them are new programs.

17 MR. CONWAY: The trainer incentive is new.

18 CHAIR WINNER: Is new, right.

19 MR. CONWAY: The shipping incentive is expanding
20 and increasing.

21 CHAIR WINNER: And what has been your -- you said
22 you've made a couple of trips to Idaho and Oregon. What
23 kind of a response have you gotten up to this point?

24 MR. CONWAY: Very encouraging. Last year we had
25 probably 25, 26 horses out of Southern Oregon. This year I

1 would expect that number to double. We didn't get any
2 horses from Boise last year. They all went to Portland.
3 And we have the Boise people calling us now about coming in.
4 So again, you know, until they're on the grounds we're not
5 going to count them. But it sounds encouraging at this
6 point.

7 CHAIR WINNER: What are you doing with the fire --
8 I think there was a fire clearance issue.

9 MR. CONWAY: Our -- our clearance is -- they don't
10 do the inspection until the portable barns are installed.
11 That doesn't happen until the last week of July.

12 CHAIR WINNER: Okay.

13 MR. CONWAY: Last year we had issues with the fire
14 suppression system that had been, you know, deferred
15 maintenance issues. We've addressed all of those issues in
16 the interim. So as far as the fire marshal and our
17 inspection, it's just, you know, dependent on the
18 installation of the portable stall.

19 CHAIR WINNER: Thank you.

20 COMMISSIONER AUERBACH: Commissioner Winner, I had
21 one other --

22 CHAIR WINNER: Please.

23 COMMISSIONER AUERBACH: -- one other question, and
24 it relates to the -- the unique Pick 6 wager that we're
25 talking about. Do we want to, since it's going to be an

1 ongoing theme, do we want to address that separately, I
2 mean, or do we want to talk about it with each individual?

3 CHAIR WINNER: Separately?

4 EXECUTIVE DIRECTOR BAEDEKER: I think separately.

5 CHAIR WINNER: Yeah, separately.

6 COMMISSIONER AUERBACH: Because it is a big issue,
7 I hate to grill somebody about it --

8 CHAIR WINNER: Let's --

9 COMMISSIONER AUERBACH: -- and then have to do it
10 again.

11 CHAIR WINNER: Let's discuss this --

12 COMMISSIONER AUERBACH: Okay.

13 CHAIR WINNER: -- as an individual item.

14 COMMISSIONER AUERBACH: Thank you.

15 CHAIR WINNER: Any other questions?

16 COMMISSIONER BENETO: Yes.

17 CHAIR WINNER: Please, Mr. -- Commissioner Beneto?

18 COMMISSIONER BENETO: Madeline -- I'm going to
19 address Madeline on this one.

20 COMMISSIONER AUERBACH: Yes, sir?

21 COMMISSIONER BENETO: As you well know, they're in
22 competition with Golden Gate at the same time, the overlap.

23 COMMISSIONER AUERBACH: Okay.

24 COMMISSIONER BENETO: And that's why they're not
25 getting the horses up there. Is that correct?

1 MR. CONWAY: It is. It's a challenge. You know,
2 we -- we put on a meet with about -- in a good year we have
3 300 to 350 horses.

4 COMMISSIONER AUERBACH: Did that change in 2012?
5 Did that -- is that what caused -- has it changed?

6 MR. CONWAY: Yes. And the number of horses on the
7 grounds and participating at the meet dropped considerably.

8 COMMISSIONER AUERBACH: Thanks.

9 MR. CONWAY: So the -- the overlap is a challenge
10 for us.

11 COMMISSIONER BENETO: Now, did you race four days
12 a week last year or --

13 MR. CONWAY: We did. We ran Wednesday, Friday,
14 Saturday and Sunday.

15 COMMISSIONER BENETO: And you cut it back to three
16 days this year?

17 MR. CONWAY: Yes. We'll run Friday, Saturday and
18 Sunday. Dropped the Wednesday with the hope of running more
19 races fewer days, just to increase the -- or improve the
20 product.

21 CHAIR WINNER: It also reduces your expense,
22 doesn't it?

23 MR. CONWAY: It does.

24 COMMISSIONER BENETO: The -- at Del Mar you
25 were -- you're hosting, what, four days?

1 MR. CONWAY: Wednesday and Thursday.

2 COMMISSIONER BENETO: And you're going to be dark
3 those days?

4 MR. CONWAY: We will. We didn't notice a big
5 boost in our on-track handle last year when we ran on
6 Wednesday. The Wednesdays were actually a poor day for us.
7 And we think by rolling that over into Friday, Saturday and
8 Sunday again we'll recognize the increase in the revenue
9 there.

10 COMMISSIONER BENETO: So you had five days last
11 year?

12 MR. CONWAY: Of host?

13 COMMISSIONER BENETO: He said Wednesday, he ran
14 Wednesday.

15 MR. CONWAY: We ran both Wednesdays last year.

16 COMMISSIONER BENETO: And Thursday too?

17 MR. CONWAY: No, we were dark on Thursday.

18 COMMISSIONER BENETO: Oh, okay.

19 CHAIR WINNER: Anything else? Is there a motion
20 to approve, pending -- contingent on the submission of the
21 fire clearance?

22 COMMISSIONER AUERBACH: So moved.

23 CHAIR WINNER: It's been moved by Commissioner
24 Auerbach. Is there a second?

25 COMMISSIONER BENETO: Second.

1 CHAIR WINNER: Seconded by Commissioner Beneto.

2 All in favor?

3 ALL COMMISSIONERS: Aye.

4 CHAIR WINNER: Any opposed? Thank you very much.

5 Have a good meet.

6 MR. CONWAY: Thank you.

7 CHAIR WINNER: Good luck.

8 MR. CONWAY: I appreciate it.

9 MR. KORBY: Mr. Chairman?

10 CHAIR WINNER: Yes, please.

11 MR. KORBY: If I might, I would just like to make
12 an announcement with respect to a matter that Commissioner
13 Auerbach brought up.

14 EXECUTIVE DIRECTOR BAEDEKER: Identify yourself.

15 CHAIR WINNER: Yeah.

16 MR. KORBY: Chris Korby.

17 CHAIR WINNER: Chris.

18 MR. KORBY: California Authority of Racing Fairs.

19 Pardon me.

20 The matter of Pick 6 wagers. I've seen some
21 correspondence about that in the last few days.

22 CHAIR WINNER: Yes.

23 MR. KORBY: There's a wager being offered at the
24 fairs. And I just wanted the Board to know that I've told
25 our team on the fairs to prepare bet profiles for every

1 wager that we offer, which we're going to post on our
2 website. So that will be fully disclosing how the wager
3 will work, what it's characteristics are, what the takeout
4 is. And for the new wagers that are being offered starting
5 today at the Oak Tree at Pleasanton meet, we're also going
6 to put that information on our video displays.

7 So our -- our approach to this is to fully
8 disclose what the nature of those wagers is. I just wanted
9 the Board to know that.

10 COMMISSIONER CHOPER: It's probably you're going
11 to take -- take this up separately, so I won't ask any
12 questions.

13 CHAIR WINNER: We were going to take it up
14 separately, but go ahead. Let's -- let's go ahead and deal
15 with it now.

16 COMMISSIONER CHOPER: You know, all of the chatter
17 has been about what they call the effective takeout, and not
18 just the posted takeout. Are you going to deal with that,
19 as well?

20 MR. KORBY: We will share with the Board before
21 posting, if you wish, what our description of the wager is
22 so that we're all in agreement that that's an accurate
23 description --

24 COMMISSIONER CHOPER: You know, are --

25 MR. KORBY: -- however the Board would -- would

1 wish to do that.

2 COMMISSIONER CHOPER: Are you familiar with what
3 they -- how -- how they define effective takeout?

4 MR. KORBY: Somewhat, yes. I've -- I've been
5 pretty busy myself and I haven't really looked at the
6 correspondence in detail, but I've seen enough to know some
7 of what's going on.

8 COMMISSIONER CHOPER: It would take you awhile to
9 read them all. Well, you don't have to read them all. One
10 is enough.

11 MR. KORBY: Well, I think -- I think our first
12 step in disclosing what those wagers are and a description
13 of them is a good one. We think that's a salutary approach.

14 (Colloquy between Chair Winner and Second Vice Chair
15 Rosenberg)

16 MR. KORBY: And we'd be glad to work the Board and
17 Staff in any way that you think is appropriate.

18 EXECUTIVE DIRECTOR BAEDEKER: Okay.

19 CHAIR WINNER: If there's anybody else in the
20 public who wants to speak on this issue, you're welcome to
21 do so now. Just give Mike your name and you're welcome to
22 speak on this issue.

23 Since it's come up, let's go ahead and deal with
24 it now. There has been a lot of chatter on the issue. And
25 it is something -- I'm glad that -- that Chris has made the

1 point that he's made. And I think posting it is very-very
2 helpful and at least will give players an indication of
3 what -- of what the takeout is, the effective takeout, the
4 roll, and so forth and so on. Those are all important
5 points.

6 COMMISSIONER AUERBACH: I'd like to have Chris
7 come back. I have a question for him, please.

8 CHAIR WINNER: Sure.

9 COMMISSIONER AUERBACH: Chris, could you come back
10 for a minute please? I think we need some clarity, or maybe
11 I'm the only one who doesn't -- is not clear. And I've
12 talked about it with several people. Do you propose this
13 wager to be a CARF event, or does it terminate at the end of
14 each meet? In other words, you have a three-day meet. Do
15 you have this -- this carryover if no one has hit it, which
16 would be like lightening in a bottle is they did in a three-
17 or four- or six- or ten-day meet, for that matter? Or does
18 it carryover so that at the end of the season, at the last
19 fair, it would be paid out? How -- what -- what do you
20 envision? How is it done?

21 MR. KORBY: I am not the pari-mutuel manager.

22 COMMISSIONER AUERBACH: Okay. So who needs to
23 be --

24 MR. KORBY: I would suggest that on some of these
25 very technical issues that --

1 COMMISSIONER AUERBACH: I don't think that's
2 technical.

3 MR. KORBY: Well, the --

4 COMMISSIONER AUERBACH: Either it applies to
5 each --

6 MR. KORBY: The concept -- the concept -- I'm --
7 pardon me. The concept that we -- that -- behind this wager
8 is that it's a variation of a Pick 6 wager that is tailored
9 to work for a short-duration meet to maximize the
10 opportunity for a significant pay over for a relatively
11 small minimum amount of a wager.

12 COMMISSIONER CHOPER: So your -- your
13 understanding is it gets paid out at the end of each fair?

14 MR. KORBY: Correct.

15 CHAIR WINNER: At the end of each meet.

16 COMMISSIONER CHOPER: Yeah.

17 CHAIR WINNER: Yeah.

18 COMMISSIONER CHOPER: Each meet, that's right.

19 COMMISSIONER AUERBACH: So if --

20 MR. KORBY: We're limited with a pick 6 because a
21 Pick 6 carryover for an extended meet, say like Golden Gate
22 Fields, just to pick an example, can build for many weeks.

23 COMMISSIONER AUERBACH: Right.

24 MR. KORBY: Especially in Southern California,
25 those -- those pools get to be very significant.

1 COMMISSIONER AUERBACH: And the beauty of that
2 wager, as I understand it, even though no one else has
3 picked it up, but the beauty of the wager -- because we have
4 to look at something -- at Gulfstream was the fact that it
5 carried over and over and over and over. And it's hard -- I
6 don't know how everyone else feels, but for me, looking at a
7 three-day meet or a five-day meet, I don't understand and
8 I'd like someone to show me what the relevance of adding
9 this -- this would be. I don't -- I don't see the value of
10 the wager, is what I'm trying to say.

11 CHAIR WINNER: Well, let me ask -- let me do this.
12 First of all, Bob, could you tell us whether or not they are
13 required at the end of each meet to have a payout or can it
14 roll to another location at another meet?

15 MR. MILLER: I'm sorry?

16 CHAIR WINNER: I believe -- I believe it has to --
17 it has to end at the end of the meet, but I don't know that
18 for sure.

19 MR. MILLER: That's my understanding, but I'd have
20 to do some research.

21 MR. KORBY: Mr. Chairman, may I make a request?
22 Since this has come up, some of this is relatively technical
23 pari-mutuel practice and --

24 CHAIR WINNER: Right.

25 MR. KORBY: Regulations.

1 CHAIR WINNER: Yeah.

2 MR. KORBY: Would we examine this at the committee
3 level?

4 CHAIR WINNER: Sure.

5 MR. KORBY: That would give us an opportunity to
6 prepare a report from the fair.

7 CHAIR WINNER: The only -- the only reason we're
8 doing it now is because it's been raised and because --

9 MR. KORBY: I understand.

10 CHAIR WINNER: -- it's beginning to take place --

11 MR. KORBY: Right.

12 CHAIR WINNER: -- today, I think --

13 MR. KORBY: Right.

14 CHAIR WINNER: -- at the Oak Tree at Pleasanton
15 meet, I think. And then --

16 MR. KORBY: Yes.

17 CHAIR WINNER: -- the other thing that's important
18 to note is that there's certain things we don't have
19 jurisdiction over. I mean, there's -- there's the issue of
20 if the -- if the fair wants to -- to make a particular wager
21 available and it's been approved, people have a choice
22 whether they want to wager or not on that particular item.
23 However, the fact that the -- that the meets are -- are
24 making it clear what the takeout is --

25 MR. KORBY: Right.

1 CHAIR WINNER: -- etcetera, that's very
2 advantageous.

3 MR. KORBY: Right.

4 CHAIR WINNER: I do agree with you that for the
5 long term we'll refer it to committee and we'll evaluate it
6 and we'll ask for some people who have more expertise than
7 we do. It will give Mr. Miller a chance to examine it and
8 Staff a chance to examine it.

9 But in the interim, if anybody has any other
10 questions at this meeting, we'll take them. Commissioner
11 Choper?

12 COMMISSIONER CHOPER: I just want to say that it
13 seems to me that all of this chatter has been about one
14 item, and that is the effective -- what they -- what they
15 define, and it's a little complicated but I'm sure your
16 folks can get it -- is the effective takeout. Now, I think
17 that disclosure -- look, it just seems to me that we're all
18 in the same boat here, right, whether we have the power to
19 regulate it or don't have the power to regulate it you don't
20 want to go someplace with your eyes closed. Nobody does.

21 So if you could get an agreed upon definition for
22 the effective takeout, and then try to make some comparative
23 calculations of whether this chatter is representative of
24 the handle providers or it isn't. And that simply is to
25 look and see if there's anything that will show you the

1 difference between a handle with a lower effective takeout,
2 a handle on this particular bet. Even that doesn't tell you
3 everything. You know, this stuff is complicated. You can
4 be someplace else at the same time, at the same track. But
5 nonetheless, I think we want to do the best we can about
6 this.

7 MR. KORBY: We're very glad to do that. I would
8 ask the Board to keep this as a consideration overarching
9 all of this. We're looking for wagers that are attractive
10 to people who come to our races and who -- and who bet on
11 our races in the simulcast network within the regulatory and
12 the -- and the practical framework of -- of what had been
13 set up for regulations and past practice. So that's --
14 that's our motivation, to find a wager that can be
15 attractive, a small minimum with the potential for a
16 significant payout.

17 CHAIR WINNER: I think that -- I don't want to
18 speak for anyone. But if we -- we'll refer this to
19 committee. And hopefully some folks from HANA can -- can
20 appear at that committee meeting. Some of the folks who
21 have been communicating with us on the issue can appear.
22 And I think what they're asking for is transparency more
23 than anything else. And if -- if that's what we're -- if
24 that's what you're talking about making available then --
25 then that probably would satisfy it. But they -- what

1 they're suggesting is that those who wager ought to know
2 exactly what the takeout is and what the effective takeout
3 is and what the wager is -- is likely to provide for them.
4 So we'll refer it to committee.

5 And if there are other comments at this point?
6 Commissioner Rosenberg?

7 VICE CHAIR ROSENBERG: Just a question, Chris. Is
8 the Golden Gate meeting, which is next on the agenda, that
9 short four-week meeting, is that technically considered --
10 have anything to do with CARF or this particular -- does
11 CARF -- is CARF involved in that at all?

12 MR. KORBY: No, sir.

13 VICE CHAIR ROSENBERG: No? Okay. So that's a
14 regular meeting.

15 So if anyone is here from Golden Gate it may save
16 us a lot of time to hear from Golden Gate on that specific
17 subject of why they're doing it. The reasoning may be very
18 different than the reasons given by Chris for all the fairs,
19 which are much shorter.

20 CHAIR WINNER: Tom, you want to fill out a card
21 and --

22 MR. LUDT: We're up next to talk about it.

23 CHAIR WINNER: Oh, okay.

24 MR. KORBY: And -- and even --

25 CHAIR WINNER: Next on the agenda, in other words.

1 MR. KORBY: Even on the short notice on which this
2 issue has come up we would have had pari-mutuel staff here
3 today. But today is our opening day at -- for the Oak Tree
4 at Pleasanton meet, and they're -- they're devoted to that
5 day up there.

6 COMMISSIONER AUERBACH: Chris, is one of the
7 considerations that you looked at it is what it will draw
8 from other betting habits from other wagerers?

9 MR. KORBY: Well, actually --

10 COMMISSIONER AUERBACH: I know this is --

11 MR. KORBY: -- this is something of --

12 COMMISSIONER AUERBACH: -- very difficult, but
13 I --

14 MR. KORBY: -- of an experiment or a pilot, and I
15 hope you'll enter into it with us in that spirit. But one
16 of the things that we're hoping is that maybe it -- it
17 focuses a player's attention on races that are part of the
18 Pick 6. And maybe there's some -- some beneficial impact as
19 they go through the -- the opportunities at any given race.
20 And perhaps that drives increases in handles and other types
21 of wagers.

22 COMMISSIONER AUERBACH: Or decreases --

23 MR. KORBY: Or there are hedging strategies that a
24 player may use.

25 COMMISSIONER AUERBACH: Or decreases because they

1 put money there. I'm --

2 MR. KORBY: Correct.

3 COMMISSIONER AUERBACH: I'm just curious.

4 MR. KORBY: Right.

5 COMMISSIONER AUERBACH: Okay.

6 MR. KORBY: Thank you.

7 COMMISSIONER AUERBACH: Thank you.

8 CHAIR WINNER: Any other discussion on this issue?

9 All right. We're going to move on to item number five,
10 discussion and action by the Board on the Application for
11 License to Conduct a Horse Racing Meeting of the Pacific
12 Racing Association II at Golden Gate Fields, commencing
13 August 15th, 2014 through September 14th, 2014.

14 Gentlemen?

15 MR. LUDT: Good morning.

16 CHAIR WINNER: Good morning.

17 MR. LUDT: If you would like I'll jump right into
18 this Pick 6 --

19 CHAIR WINNER: Go ahead.

20 MR. LUDT: -- because there's a lot of history
21 that -- yeah, this actually began two years ago with Golden
22 Gate requesting it.

23 MS. WAGNER: Introduce yourself.

24 MR. LUDT: Oh, I'm sorry. Tom Ludt. I'm the
25 President of Pacific Racing. And we now have Cal Rainey.

1 We also have our new racing secretary. And I'll let them
2 introduce themselves as they come. But I just thought I'd
3 cover that, instead of walking up earlier.

4 Golden Gate requested this two years ago under the
5 theory that we believe we've got to create new bets. And
6 the benefit of this bet that's been down in Florida has been
7 the expense of it. And the way it does roll it creates a
8 large pool. The theory there is the bigger the pool gets
9 the more eyeballs you get.

10 The dilemma we've had is Sportech and our rules
11 and laws prevented it from being done previously. It is now
12 able to be processed through Sportech, and the rules were
13 changed. I believe Joe Morris and Brian Waite were the ones
14 that got that pushed through with the Commission and the
15 rules. So it wasn't able to be done in the past. That's
16 relevant.

17 The second part, obviously, is our sister track.
18 Gulfstream has had great success with it. It's an area that
19 we've looked at as a way to do some of the things that's
20 been mentioned earlier. The subjective opinion of this,
21 though, is it is a bet where the effective takeout can be
22 very unique. We propose in our application, which we
23 haven't finalized yet because we were still working on this,
24 a different way. And what we want is the pools to grow. So
25 when you do have multiple winners or five of six a large

1 payout is made and the carryover is minimal. But if you
2 have a long meet it can grow into large pools. And that is
3 the reason, in our subjective opinion, that it will work at
4 a big track.

5 The idea of the bet is, A, it's cheap, much
6 cheaper to do multiple legs, multiple picks. At the same
7 time, if you allow the carryover pool to grow at a low
8 takeout, the effective takeout actually gets very-very low
9 and it makes it more and more attractive. The best very
10 hard to win, so that creates the probability of it carrying
11 over a lot. So the longer it carries, the bigger the pool,
12 the more eyeballs it gets.

13 At Golden Gate we're trying a couple things. And
14 I don't want to steal some of the other guys' thunder, but
15 since that came up, we're trying to create ideas that drive
16 eyeballs to our signal at Golden Gate, and that's done by
17 multiple things. Multiple legs like that get handicappers
18 handicapping multiple races. They'll back up their bets
19 with different things.

20 So back to that subject matter, we believe it's a
21 great idea. I think the takeout needs to be addressed so
22 it's player pro, and at the same time the carryover carries
23 to the point where it gets to be what we call, not maybe
24 life changing -- it was in Florida, except for a multi-
25 millionaire one it -- but the idea is that it's that life-

1 changing win that can be a story and fun for the fan.

2 COMMISSIONER CHOPER: Have you given any
3 consideration to bringing the HANA people into your
4 discussions?

5 MR. LUDT: Well, I talked --

6 COMMISSIONER CHOPER: I'm not -- I'm not urging
7 it. I'm just asking.

8 MR. LUDT: I did. I talked to a lot of players,
9 not just HANA, but I talked to a lot of large players. You
10 know, again, this bet in itself works when the pools grow.
11 And the way the pools grow is -- is you carry over some of
12 the money. But we believe you have to pay out quite a bit
13 to the multi-winners or it doesn't ever grow, otherwise the
14 pools don't get large. And, you know, respectfully, it has
15 to not be hit by a single ticket for a while for it to grow.
16 I mean, that's part of the problem.

17 COMMISSIONER CHOPER: Again, look, this is not my
18 participation at all, but it seems to me that what also
19 grows, I believe, according to their -- according to their
20 calculations, is the takeout, that it keeps -- whatever.
21 You understand what I'm saying.

22 MR. LUDT: It depends on the payouts, right.
23 Yeah.

24 COMMISSIONER CHOPER: So -- no, the takeout.

25 MR. LUDT: The payout structure if multiple

1 tickets hit and how much carry is what affects the effective
2 takeout.

3 COMMISSIONER CHOPER: Okay. Okay. So someplace
4 there's -- there's got to be a happy medium, I guess, to
5 that, or whatever you want to call it. And I don't know how
6 damaging this chatter is, but no one wants it to be
7 effective, I mean, and neither do you. And there I would --
8 I would give real consideration to getting them in the
9 discussion. I don't know that you ever change any minds by
10 that.

11 MR. LUDT: Oh, and we do that.

12 COMMISSIONER CHOPER: Okay.

13 MR. LUDT: I mean, let me give you a small
14 example.

15 COMMISSIONER CHOPER: No, that's --

16 MR. LUDT: In essence, it's a portion of what
17 happens at Santa Anita or Southern California. When we get
18 carryovers they'll tell you, the effective takeout becomes
19 very low in those pools as they grow because the takeout was
20 taken out originally, and so carryover is not recharged. So
21 as pools grow the effective takeout can go low as long as
22 you structure right, and we will absolutely do that.

23 COMMISSIONER AUERBACH: Is -- that's really what I
24 was -- my next question is, is this, the structure we're
25 looking at, accurate in our packets?

1 MR. LUDT: We don't have it in our --

2 COMMISSIONER AUERBACH: So this is -- has really
3 nothing to do with what you're -- what you want? I mean,
4 this says that 40 percent is paid out and 60 percent goes to
5 the carryover. Is that what we're doing or not?

6 MR. LUDT: Well, we don't have TOC permission yet
7 to do this.

8 COMMISSIONER AUERBACH: Okay. So this is not
9 really --

10 EXECUTIVE DIRECTOR BAEDEKER: That's in their
11 application.

12 CHAIR WINNER: That's in their application.

13 COMMISSIONER AUERBACH: It's in the application,
14 but that's not where you are; right?

15 MR. LUDT: Correct.

16 CHAIR WINNER: Did you want to comment on this,
17 Mr. Baedeker?

18 EXECUTIVE DIRECTOR BAEDEKER: I'd just like to
19 make a distinction that I think is important. I think it's
20 dangerous that we're using this reference to effective
21 takeout. I understand why. But it's important, I think, to
22 make clear that the takeout does not change --

23 MR. LUDT: Correct.

24 EXECUTIVE DIRECTOR BAEDEKER: -- from one day to
25 the next. The takeout is the same. What we're doing is we

1 are delaying payoffs until a later date. So we don't want
2 the general public, the betting public to think that we have
3 this god-awful, you know, 60 percent takeout rate on this
4 bet. It is not a takeout rate. The takeout is established
5 by statute and it doesn't change. So it's -- it's perhaps a
6 more compelling argument, if you want to say this is an
7 unfair bet, to call it this -- to refer to it as a takeout,
8 but it's not.

9 MR. LUDT: Correct.

10 EXECUTIVE DIRECTOR BAEDEKER: Just a point of
11 clarification.

12 VICE CHAIR ROSENBERG: Can you tell me what the --
13 what the takeout is at the Florida track, at Gulfstream, how
14 it works there?

15 MR. LUDT: Well, the -- I don't know the actual
16 takeout by law. But as far as the carryover, they disburse
17 70 percent, I believe, to the tickets, and 30 percent is
18 carried. But I don't know the takeout rates for Florida.
19 That's totally different.

20 COMMISSIONER AUERBACH: So, Chuck, my problem is
21 how do -- how do we approve these things without really
22 knowing what numbers we're talking about? That's my issue.
23 I mean, we have -- we have in our packet what your
24 application has.

25 CHAIR WINNER: Right.

1 COMMISSIONER AUERBACH: But what you're saying to
2 me is that's -- you're not doing that.

3 MR. LUDT: We have not finalized our agreement. I
4 don't know what you've agreed to on the current meet that
5 starts today.

6 CHAIR WINNER: We approved -- we approved it for
7 Humboldt --

8 COMMISSIONER AUERBACH: Right. But what I --

9 CHAIR WINNER: -- a few minutes ago. But we
10 haven't approved it for Golden Gate. It's a little bit of a
11 different -- it's -- there are some apples and oranges here.

12 VICE CHAIR ROSENBERG: Has the TOC agreed to
13 Humboldt, do you know? Does anyone know?

14 COMMISSIONER AUERBACH: I don't know. I didn't
15 look. I assume they did. I think this is very -- this is
16 confusing everybody.

17 VICE CHAIR ROSENBERG: Yeah, it is. This is
18 awful.

19 CHAIR WINNER: All right. You want to go ahead
20 with the rest of your application and we'll come back to
21 this?

22 MR. RAINEY: Cal Rainey, Golden Gate Fields. We
23 just completed our winter-spring meet at Golden Gate Fields
24 this past Sunday. We had positive results. We did hit some
25 bumps in the road in March, as did many places in

1 California. We -- we experienced now at the end of the meet
2 close to a one percent increase in all-source handle. We
3 did have an ADW increase at Golden Gate Fields races of 24
4 percent this meet that started on December 26th. And the
5 starts per race are about what they were at the end of the
6 meet last year, about seven starts, seven horses per race.

7 The last summer meet at Golden Gate Fields in
8 2013, we increased the purses by five percent for that meet.
9 The increase meant that the purse levels are now consistent
10 at Golden Gate Fields for all three meets, the summer meet,
11 the fall meet, and the winter-spring meet. The all-source
12 handle for the summer in 2013 was up four percent.

13 Last summer we paid \$500,000 in purses in turf
14 races at the short 19-day meet of the summer, running about
15 a third of the races on the turf and averaging in those
16 races about eight horses per race.

17 So our post time, I think it may be in the staff
18 analysis at 1:15. However, it is going to be at 1:45, the
19 post time for Golden Gate Fields.

20 CHAIR WINNER: For Del Mar?

21 MR. RAINEY: Yes, during the Del Mar period. And
22 we did go with a later post during the Santa Anita Friday
23 twilight racing, and that was beneficial for us as well.

24 CHAIR WINNER: Oh, that's different than what's in
25 our book, isn't it?

1 EXECUTIVE DIRECTOR BAEDEKER: It is.

2 COMMISSIONER AUERBACH: Yes.

3 COMMISSIONER BENETO: Cal --

4 MR. RAINEY: Yes?

5 COMMISSIONER BENETO: -- I noticed -- is this --
6 is this a misprint? You're going to race Mondays in August,
7 three -- three Mondays?

8 MR. RAINEY: Just the holiday, I believe, is
9 the -- is the Monday we race.

10 COMMISSIONER BENETO: I see that. But you got --
11 August you got 15th, 16th, 17th, which ends on a Monday, and
12 it shows you dark 18, 19, 20, 21.

13 MR. RAINEY: We're not -- we're not racing on
14 Monday that we -- I'm sorry.

15 EXECUTIVE DIRECTOR BAEDEKER: I'm guessing that's
16 a mistake, Commissioner, in our -- in our Board packet. So
17 the 31st --

18 COMMISSIONER BENETO: I didn't think so, but I
19 wanted to get it clarified.

20 EXECUTIVE DIRECTOR BAEDEKER: The 31st is
21 accurate.

22 MR. RAINEY: Yeah, that's --

23 EXECUTIVE DIRECTOR BAEDEKER: The 17th and 24th is
24 inaccurate.

25 CHAIR WINNER: Are those supposed to be somewhere

1 else or are they just -- can you just tell us, in August,
2 the dates that you are racing? Just go to the calendar and
3 tell us the dates.

4 MR. RAINEY: Sure.

5 CHAIR WINNER: Because right now it has two dates
6 that are not correct. So we just want to make sure that we
7 have the correct dates.

8 MR. RAINEY: We open up on the -- the 15th, the
9 Friday, Saturday the 15th, Sunday the 16th.

10 CHAIR WINNER: So you open on the 14th? So this
11 is --

12 EXECUTIVE DIRECTOR BAEDEKER: The days all got
13 juxtaposed.

14 CHAIR WINNER: Okay.

15 MR. RAINEY: Oh, these days are wrong. I'm sorry.
16 I'm looking at the calendar here, but it's the wrong
17 calendar.

18 CHAIR WINNER: Yeah.

19 MR. RAINEY: We open up on Friday the 15th.

20 CHAIR WINNER: Oh, okay.

21 MR. RAINEY: And it's Saturday the 16th, Sunday
22 the 17th. Yeah.

23 CHAIR WINNER: Oh, I see what's happened.

24 MR. RAINEY: This calendar in the packet --

25 CHAIR WINNER: The calendar is wrong. Yeah. If

1 you go -- the 2nd is in the wrong place, and it's all backed
2 up from there.

3 MR. RAINEY: I have a different -- I have a
4 different calendar, so --

5 CHAIR WINNER: Okay. No, you're -- you're
6 correct.

7 MR. RAINEY: So 15, 16, 17 --

8 CHAIR WINNER: It's just an error in our calendar.

9 MR. RAINEY: -- 22nd, 23rd, 24th, 28th is a
10 Thursday, 29th --

11 CHAIR WINNER: Got it.

12 MR. RAINEY: -- 30th and 31st --

13 CHAIR WINNER: Got it.

14 MR. RAINEY: -- for August.

15 CHAIR WINNER: Okay. It's just that the calendar
16 is incorrect.

17 MS. WAGNER: The calendar is incorrect.

18 CHAIR WINNER: It's not the dates, it's the --

19 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

20 MR. RAINEY: Yes.

21 CHAIR WINNER: Okay. Thank you very much. Sorry
22 about that. That won't happen again. Go ahead.

23 MR. RAINEY: Patrick Mackey is our new racing
24 secretary at Golden Gate Fields, and he'd like to say a few
25 words.

1 CHAIR WINNER: Welcome.

2 MR. MACKEY: Thank you very much. It's a pleasure
3 to be here. This summer will be my first meet in whole. I
4 finished out the winter-spring meet just recently as David
5 left about a month-and-a-half ago to head to Del Mar. So I
6 was able to forge relationships with the horsemen, get to
7 know everybody in and around the area. We're looking
8 forward to what should be a very exciting summer meet. It's
9 only a 19-day meet, but we have the one stake race on Labor
10 Day. We're also going to utilize the Ship and Win program
11 which any horse that ran out of state their last start, and
12 it's over the last six months, they have not run in
13 California, they get \$400, \$200 for the trainer and \$200 for
14 the owner. So with that, I'm thinking that will help field
15 size. And I know last year, I believe the summer was around
16 7.7, and we're trying to get that number closer to 8 and --

17 COMMISSIONER CHOPER: Did you have the out-of-
18 state pay last year, too?

19 MR. MACKEY: Yes, sir, I believe they did.

20 COMMISSIONER CHOPER: I -- do you keep track of
21 what these people do, what these -- what these trainers do,
22 I guess, with the horses that come in from out of state
23 after -- now, this is a short meet here; right? Where do
24 they go? Do they go back home? Do they go someplace else
25 in California?

1 MR. MACKEY: Most of them actually stay in the
2 state, yeah.

3 COMMISSIONER CHOPER: And you've kept track of
4 that?

5 MR. MACKEY: Yes, sir. We have a list of every
6 horse that's come and received that money. And I would
7 venture to guess that, from looking at last year's numbers
8 and the horses that we've paid the money to since March,
9 it's around 75 percent to 80 percent have stayed within the
10 State of California and are still running here today.

11 CHAIR WINNER: I think that's true with the Ship
12 and Win program in the south --

13 COMMISSIONER CHOPER: Yeah.

14 CHAIR WINNER: -- as well, in Del Mar.

15 COMMISSIONER CHOPER: Yeah. I asked -- I mean, I
16 asked and they said that. That's good.

17 MR. RAINEY: And with the Fresno Fair starting
18 after our meet, some of those horses will still be around
19 for that time.

20 COMMISSIONER CHOPER: That sounds to me like a
21 pretty -- like a pretty effective program.

22 MR. MACKEY: Most definitely.

23 COMMISSIONER CHOPER: And I think that you ought
24 to see if you can improve it in some way. Well, I don't
25 know, it depends on how much more as to keeping them here in

1 the state. That may be worth quite a bit of money.

2 MR. MACKEY: Well, we're happy to be able to raise
3 the purses last year by five percent, and we're keeping
4 those level this year.

5 CHAIR WINNER: Go ahead, please.

6 MR. CIRIMELE: Dan Cirimele, Senior Director of
7 Marketing at Golden Gate. We're excited for this meet.
8 This is always a fun time. It follows the fair, so it
9 brings kind of a lighthearted, fun summertime feel to it,
10 especially even later in the year for us. It's great
11 weather up in the Bay Area.

12 Advertising budget is the same as it was for the
13 last year. We're happy with -- with the performance
14 numbers. We're speaking with local Hispanic media about
15 bringing back or expanding upon our Latin Musical Festival.

16 Last year we had it on our opening weekend, and we saw
17 great attendance figures. We have wiener dog racing coming
18 back. And really --

19 CHAIR WINNER: That's a big event.

20 MR. CIRIMELE: It is, yeah. Last year we did it
21 where it was every Saturday. But we noticed our field size
22 kind of drop towards the end of the -- towards the end of
23 the meet. But -- so we're going to solidify it to just one
24 day for this meet and then just --

25 MR. LUDT: And we'd take permission to take handle

1 on that.

2 MR. CIRIMELE: -- and just expand upon our Dollar
3 Day. We've -- we've done a great job getting the word out
4 there, becoming a destination for Sunday racing. I guess
5 the -- the hardest -- the pickle for us is what do we do for
6 our Saturdays? And that's always something that we're
7 continually -- continually looking at and, you know, we're
8 going to see what we can do. This meet is a lot of fun
9 because it's kind of a litmus test for us to see what we can
10 do before we go into our big long meet when we start in
11 December and run through June.

12 So we're excited for it. We look -- we look
13 forward to it. It's -- you know, the weather is going to be
14 a lot better than it is in March, so we're looking forward
15 to it.

16 CHAIR WINNER: Anything? Any other questions from
17 the Board?

18 MR. LUDT: Well --

19 CHAIR WINNER: I'm sorry. Go ahead, Tom. One
20 other thing I wanted to bring up, and we wanted to do this
21 today. Unfortunately, as you know, I'm a little new to
22 California. And zoning and permits might be a little bit
23 more of a challenge up north. You're aware of the changes
24 and renovations we've done at Santa Anita. We are looking
25 into the changes and renovations that we can perform at

1 Golden Gate. I would have liked to have had some idea for
2 today. I will tell you, we have spent quite a bit of money
3 with lawyers and designs, and we just don't have finalized
4 plan. We are working on a renovation for the facility,
5 though, to give it a facelift. I just don't have those done
6 yet. We've tried but we've run into some snags. But we do
7 plan on doing some renovations up there.

8 CHAIR WINNER: Good.

9 COMMISSIONER BENETO: Are you talking grass then?

10 MR. LUDT: Yes, sir.

11 CHAIR WINNER: Any other questions?

12 COMMISSIONER BENETO: What do you average
13 attendance there per day, is there -- you got an average?

14 MR. RAINEY: Live racing, about 2,200.

15 COMMISSIONER BENETO: That's for the meet, the
16 whole meet; right?

17 MR. RAINEY: Yeah, for average per day live
18 racing.

19 COMMISSIONER AUERBACH: This meet?

20 MR. RAINEY: Yes.

21 COMMISSIONER AUERBACH: The upcoming meet or all
22 your meets?

23 MR. RAINEY: Yeah, all our meets.

24 COMMISSIONER AUERBACH: About the same?

25 MR. RAINEY: Yeah.

1 COMMISSIONER BENETO: That's paid attendance?

2 MR. RAINEY: Yes.

3 CHAIR WINNER: There are several items that are
4 still needed, according to Staff. Do you want to go over
5 those, Rick?

6 EXECUTIVE DIRECTOR BAEDEKER: I'll ask Jackie to
7 do that. She's more familiar with them than I, particularly
8 the first one about the bond.

9 MR. RAINEY: The question of the bond is that will
10 be paid directly before the meet. Our company knows about
11 it and they're -- they're submitting the payment, and it
12 will be paid prior to the meet.

13 EXECUTIVE DIRECTOR BAEDEKER: Yeah. There's some
14 other licensing issues on here.

15 MS. WAGNER: Right.

16 CHAIR WINNER: Jackie?

17 MS. WAGNER: Jackie Wagner, CHRB Staff. The items
18 listed as outstanding, the bond, we do have the bond on file
19 currently. And as just mentioned, it is set to expire. And
20 as I understand it we will have a renewed bond prior to that
21 expiration or around that same time.

22 We are still missing the agreement for the request
23 for the 18 percent takeout on the \$2.00 Daily Double from
24 the TOC. That's required per statute. I'm assuming that
25 they're working on that in terms of whether or not we

1 receive that document.

2 d the other items listed, three through six, are
3 licensing issues that are in the process of being taken care
4 of.

5 CHAIR WINNER: Okay. Thank you. On the -- on the
6 takeout -- on the takeout issue, Jackie, did you say there's
7 legislation pending on that?

8 COMMISSIONER AUERBACH: No. TOC.

9 CHAIR WINNER: TOC pending? TOC agreement
10 pending?

11 MS. WAGNER: Right, TOC agreement. It's currently
12 in statute. They can request it, but the TOC has to agree
13 to that.

14 CHAIR WINNER: And where --

15 MR. LUDT: Tom Ludt. We have met with TOC. Joe
16 Morris and I have discussed that we wanted to wait until we
17 got the final figures over this previous meet to six down to
18 get their approval to prove its effectiveness. So we're in
19 negotiations on that.

20 CHAIR WINNER: All right.

21 COMMISSIONER AUERBACH: I have a question.

22 CHAIR WINNER: Please.

23 COMMISSIONER AUERBACH: If we -- how do we approve
24 this application with the questions that are not answered?
25 For example, do we approve it conditionally, obviously

1 pending the TOC agreement or non-agreement on that takeout
2 on that?

3 CHAIR WINNER: Yes.

4 COMMISSIONER AUERBACH: And on the other item,
5 since from what I'm hearing from -- from the gentlemen
6 before us, that they actually don't have those numbers
7 finalized on the new bet, how do we -- how do we go back and
8 review it and make sure that we're all comfortable with it?

9 CHAIR WINNER: Well, the problem, of course, is
10 timing.

11 COMMISSIONER AUERBACH: Yes.

12 CHAIR WINNER: Tom, did you want to respond?

13 MR. LUDT: I would request that you do it
14 conditionally. And that will only be -- that bet will only
15 be applied if we reach agreement and submit it to you for
16 acceptance.

17 EXECUTIVE DIRECTOR BAEDEKER: Are you talking
18 about the 18 percent Daily Double?

19 MR. LUDT: The Rainbow bet.

20 EXECUTIVE DIRECTOR BAEDEKER: Oh, the Rainbow?

21 MR. LUDT: Well, both of them, but yeah, the
22 Rainbow bet specifically.

23 EXECUTIVE DIRECTOR BAEDEKER: Okay. But it's my
24 understanding -- I'd ask Counsel on this. It's my
25 understanding that this -- this bet is permissible under our

1 rules and regulations. And so I think -- I think what the
2 committee will address is the efficacy of the -- of the bet,
3 and also whether -- and what the Board's role may be in
4 regulating this. Is this a marketing issue or is this a
5 regulatory issue?

6 But Mr. Miller can correct me if I'm wrong, but I
7 think as a matter of approving this license, would it be --
8 it probably would not be appropriate to hold up this -- this
9 item based on a discussion that will take place later at a
10 committee level, given the fact that this is already
11 permitted under our rules and regulations; is that correct?

12 MR. MILLER: That's correct. Robert Miller,
13 Counsel to the California Horse Racing Board. That's
14 correct, Executive Director.

15 CHAIR WINNER: That is also my understanding. And
16 it seems to me that since it is permitted and since it is --
17 could be argued that it's a marketing tool, that probably
18 means that we ought to evaluate it in committee, but
19 probably not hold up this -- the approval at this stage.

20 COMMISSIONER AUERBACH: Well, I don't want to hold
21 up the approval. I just want to understand the mechanics.
22 And as far as a marketing issue, if it's successful,
23 obviously they'd want to keep it. And if it's not, the
24 marketplace will take care of it.

25

1 CHAIR WINNER: That's exactly right.

2 MR. LUDT: That's a good point. Tom Ludt from
3 Golden Gate. I want to clarify, just so we're clear. At
4 this point we would do -- we would offer the regular Pick 6.
5 If we do this it will be in lieu of that. There will not be
6 two different ones. So at the moment we will offer the Pick
7 6 as it currently stands. We're looking into doing this in
8 place of our current Pick 6, leaving the Pick 5 like it is.
9 I want to make sure this isn't another Pick 6. This would
10 replace our current Pick 6.

11 And philosophically, briefly, as you know, it's a
12 total different handle in the south than it is the north.
13 So we're always looking for ways to create more eyeballs to
14 look at the north. We believe in theory that the bet being
15 at 20 cent denominations and with the potential large
16 payouts it creates an excitement that we have not been able
17 to create with the Pick 6 up north.

18 CHAIR WINNER: Okay. So is there a motion to
19 approve, pending the outstanding items and pending the
20 agreement with the TOC?

21 COMMISSIONER AUERBACH: So moved.

22 CHAIR WINNER: It's been moved by Commission
23 Auerbach.

24 COMMISSIONER BENETO: Second.

25 CHAIR WINNER: Seconded by Commissioner Beneto.

1 I'm sorry, I apologize. You did have a card.

2 MR. KORBY: Probably open to discussion still, now
3 that the motion has been made.

4 CHAIR WINNER: Go ahead, Korby. Identify
5 yourself.

6 MR. KORBY: Chris Korby, California Authority of
7 Racing Fairs. I think it's still open to discussion at --
8 even with the motion having been made; is that correct?

9 CHAIR WINNER: That is correct.

10 MR. KORBY: Thank you. We'd like to ask for the
11 Board's help on something, a very recent development related
12 to Golden Gate Fields. Early this week we, in a roundabout
13 manner, received -- became aware of the fact that Golden
14 Gate Fields intended to not open as a satellite on what are
15 called in the north simulcast-only days, that is days on
16 which live racing is not conducted, but the satellite
17 network is open for wagering. Those are important days in
18 terms of generating revenue to purses, commissioners,
19 stabling and vanning funds, and all the -- the funds and
20 recipients that receive money from brick and mortar
21 satellite facilities.

22 So when -- when we found out that Golden -- we
23 were not given any notice about this, by the way, any formal
24 notice. When we found out that it -- that it was going to
25 happen I asked for clarification from Golden Gate, and they

1 did clarify that they were indeed planning to close for
2 either four or five Wednesdays between now and the opening
3 of Del Mar. This hurts us. It hurts purses. It hurts
4 commissions. It will hurt the -- they were not open
5 yesterday. It will hurt the handle at Oak Tree at
6 Pleasanton, a new meet that we're all working hard to make
7 successful. And it hurts the Stabling and Vanning Fund.

8 There's something of an irony here because Golden
9 Gate Fields is receiving over \$10,000 a day from the
10 Stabling and Vanning Fund as a training facility when
11 they're not racing. So we think that it's -- it's only good
12 neighborly to continue to operate on those Wednesdays and
13 generate some money back into the fund when Golden Gate
14 Fields is a recipient of those monies.

15 There's -- there's another issue that arose out of
16 this that I've talked to Mr. Baedeker about and Mr.
17 Krikorian having to do with a decision made by the Stabling
18 and Vanning Committee about a proposal that CARF put forward
19 for vanning this summer that was turned down by the Stabling
20 and Vanning, Golden Gate Fields is a voting member of that,
21 on the basis that the fund could not afford the allocation
22 to reimburse owners for vanning to fairs. That's -- that's
23 a separate item that we want to take up with a Board
24 committee separately, because I think it's an issue of
25 enough gravity that it merits that kind of discussion.

1 But right now the issue at hand is Golden Gate
2 Fields' decision to close on these Wednesdays. We would ask
3 the Board to encourage them in any way that the Board can to
4 open on those Wednesdays.

5 CHAIR WINNER: Thank you, Chris.

6 Do you want to comment on that, Tom?

7 MR. LUDT: Well, we can. Number one, the Stabling
8 and Vanning is us keeping our track open for horses to stay
9 in training to race, including when the fairs are running.
10 So I see it as a separate issue.

11 As the recent president of Golden Gate and trying
12 to make business decisions, as we've seen the attendance on
13 Wednesdays drop below 100 people in trying to operate a
14 facility like that for simulcasting when there's not live
15 racing going on at Del Mar at that point in time, it's very
16 cost prohibitive for us. As we look into our renovations
17 and trying to create a new facility, you know, as you know,
18 we're as invested as anybody, this entity, the Stronach
19 Group, into live horse racing and horse racing in general,
20 specifically in California.

21 But we feel like we're a good neighbor. We've
22 been requested by tracks to do a lot of things for them at
23 the fairgrounds to help them, and we do our best. But to
24 ask us to stay open when we're losing money as we're trying
25 to spend money to rebuild this game, sometimes we have to

1 make business decisions. And unfortunately, one of the
2 challenges, and I've been up with Cal a lot recently trying
3 to figure out ways to come up with a way to have a simulcast
4 facility that doesn't cost us more money than we can
5 possibly dream of making. And so there comes a point where
6 we have to be economically wise as we try to find money to
7 spend to fix up our facility and make our game better. But
8 it can't always come at the expense of taking care of others
9 when we're losing money. So it's a business decision.

10 COMMISSIONER BENETO: I got a question for Chris.
11 Can you hear me there?

12 MR. KORBY: I hear you.

13 COMMISSIONER BENETO: The vanning to the fairs,
14 the trainers are not getting paid when they van from Golden
15 Gate, say to Pleasanton? They got to -- who pays the bill?

16 MR. KORBY: From Pleasanton to Golden Gate there
17 is reimbursement that comes from the fund, while Golden Gate
18 Fields is running.

19 COMMISSIONER BENETO: No, no. Right now when
20 Pleasanton is running an guys are stabled at Golden Gate
21 they -- who pays their vanning to go to Pleasanton?

22 MR. KORBY: Owners.

23 COMMISSIONER BENETO: So they're not getting any
24 of the vanning money?

25 MR. KORBY: Correct.

1 COMMISSIONER BENETO: Why is that?

2 MR. RAINEY: The owners get --

3 CHAIR WINNER: Identify yourself.

4 MR. RAINEY: Cal Rainey at Golden Gate Fields.

5 The owners get \$50 per start for their starts at Pleasanton.

6 COMMISSIONER BENETO: From the -- where does the
7 money come from?

8 MR. RAINEY: It comes from the CARF fund.

9 COMMISSIONER BENETO: Not from the Stabling and
10 Vanning?

11 MR. RAINEY: No.

12 COMMISSIONER BENETO: That don't sound right.

13 Why -- why does -- now, if Golden Gate is running and the
14 horses are stabled at Pleasanton they get -- they get paid
15 going the other direction; right?

16 MR. LUDT: Well, that's -- Tom Ludt. That's the
17 Stabling and Vanning Fund. That's not Golden Gate making
18 that decision.

19 COMMISSIONER BENETO: Well, so the fairs aren't
20 getting any of this vanning money? In other words,
21 Sacramento --

22 MR. KORBY: But -- pardon. Excuse me. I didn't
23 mean to interrupt. I'm sorry.

24 COMMISSIONER BENETO: Well, if they go to
25 Sacramento out of Golden Gate or Pleasanton out of -- going

1 from Pleasanton to Sacramento or whatever, the owners have
2 to foot the bill like -- rather than get part of that fund?

3 MR. KORBY: That's the reason we put the proposal
4 forward, so that there would be reimbursement from the fund
5 to owners for the cost of shipping to run at fairs.

6 COMMISSIONER BENETO: That's what it should be, I
7 think.

8 MR. RAINEY: As you're aware, the Southern
9 California SCOTWINC Stabling and Vanning Fund is not
10 healthy. And our Northern California Stabling and Vanning
11 Fund has been in the red, as well. And we're trying to, at
12 the end of this year, get to a positive number there. So
13 we're still trying to manage that. We've done a very good
14 job, I think, managing that, the past people involved, and
15 myself. And we hope that by this year we'll be close to an
16 even number and get out of the red.

17 COMMISSIONER BENETO: Cal --

18 MR. KORBY: This is Chris. I agree with Cal.

19 COMMISSIONER BENETO: -- how about --

20 CHAIR WINNER: Hold on just one second.

21 COMMISSIONER BENETO: -- how about --

22 CHAIR WINNER: Hold on just one second please.

23 This Stabling and Vanning issues is really not relevant to
24 this item that's on the agenda, and it hasn't been noticed
25 so it's really not an issue that we can discuss at this --

1 at this moment. It has to -- we can send it to committee
2 and discuss it or we can put it on the agenda for the next
3 meeting, but it isn't relevant to this license approval.

4 COMMISSIONER BENETO: Oh, I understand.

5 CHAIR WINNER: The other part of it is --

6 COMMISSIONER BENETO: Oh, I understand that.

7 CHAIR WINNER: -- that the Wednesdays open is a
8 part of this discussion, but the Stabling and Vanning isn't.
9 And you're welcome to -- to discuss it. But the problem is
10 it's not itemized.

11 COMMISSIONER BENETO: Well, let's put it on the
12 agenda for the next meeting.

13 CHAIR WINNER: Yes. Yes.

14 MR. KORBY: I appreciate that clarification. And
15 we would like to go forward in that manner, as well, if
16 there is a separate discussion about the Stabling and
17 Vanning situation.

18 But with respect to the -- the Wednesdays, I
19 mentioned it because it has an impact on the Stabling and
20 Vanning Fund. That fund -- we've turned the corner on that
21 fund financially. It's now on track to get close to no
22 deficit at the end of this year, and I think we've all
23 worked hard to get it that way. And I think that's another
24 reason why Golden Gate Fields should stay open on those
25 Wednesdays to continue to generate money into that fund,

1 particularly when they're receiving \$10,000 a day from the
2 fund as a training facility.

3 VICE CHAIR ROSENBERG: Is CARF on -- is CARF on
4 the Stabling and Vanning Committee --

5 MR. KORBY: Yes.

6 VICE CHAIR ROSENBERG: -- voting -- do they vote?

7 MR. KORBY: Yes.

8 VICE CHAIR ROSENBERG: You were voted -- they
9 voted against CARF, in other words, the tracks?

10 MR. KORBY: Yes, that's correct.

11 VICE CHAIR ROSENBERG: And the TOC voted against
12 CARF?

13 MR. KORBY: The TOC did, as well.

14 VICE CHAIR ROSENBERG: Do you know how much money
15 was involved in that decision?

16 MR. KORBY: The proposal was \$125,000.

17 VICE CHAIR ROSENBERG: Out of a total of how much
18 for Stabling and Vanning?

19 MR. KORBY: \$3 million.

20 VICE CHAIR ROSENBERG: \$3 million?

21 MR. KORBY: \$2.85 million.

22 VICE CHAIR ROSENBERG: Oh, it sounds wrong.

23 COMMISSIONER BENETO: What happens --

24 COMMISSIONER AUERBACH: Can I make a suggestion,
25 please, to the Commissioners, because I was involved in

1 Stabling and Vanning for about the last ten years? It's
2 very easy for us to sit up here and think, oh, that's not
3 right or that's not right or the other is not right. You
4 really have to go back and look at what happened to the
5 fund, look at what happened to the money. As Cal pointed
6 out, we're close to getting it out of trouble. And I would
7 suggest that we have a very thorough investigation of what
8 we're talking about before we try to make off-the-cuff
9 decisions here.

10 COMMISSIONER BENETO: Well, what --

11 COMMISSIONER AUERBACH: That's the only thing I'm
12 suggesting.

13 COMMISSIONER BENETO: I don't think every race
14 track should be traded -- treated the same --

15 COMMISSIONER AUERBACH: Pardon?

16 COMMISSIONER BENETO: -- whether they're fairs --

17 COMMISSIONER AUERBACH: But it's --

18 COMMISSIONER BENETO: -- or not a fair.

19 COMMISSIONER AUERBACH: But actually everybody is
20 treated the same except that it's being presented now in a
21 light that looks like someone is being treated poorly. And
22 all I'm suggesting is that we each educate ourselves prior
23 to trying to come up with a decision that might not
24 necessarily be accurate.

25 CHAIR WINNER: Let's put this on the agenda for

1 the -- for the next Board meeting. And we'll have a full
2 discussion at the next Board meeting, and that will allow
3 everyone to refresh themselves and review the background and
4 the history, which will help us deal with that issue.

5 MR. KORBY: Can we get any help on the Wednesdays?

6 CHAIR WINNER: Well, hold on just a second. We --
7 I believe we can have -- we have a Stabling and Vanning
8 Committee. We can refer it to Stabling and Vanning
9 Committee prior to the next meeting so that we can have a
10 full discussion within the committee meeting. And by the
11 time we get to the Board meeting we will have reviewed all
12 of these issues at the Stabling and Vanning Committee
13 meeting. Good suggestion. All right.

14 I'm sorry. Go ahead.

15 COMMISSIONER BENETO: Well, I agree with Chris on
16 their dark on Wednesday simulcasting. They're getting paid
17 \$10,000 a day for that day. Maybe don't pay that day. You
18 take that money and put it in the Stabling and Vanning. If
19 they want to close up to save money we won't pay -- pay the
20 bill. Put that on the agenda.

21 MR. RAINEY: Cal Rainey at Golden Gate Fields.
22 Concerning the Wednesday simulcast days, I'd like to note
23 that we went through a long process of the dates for 2014,
24 and then the dates for 2015. And Golden Gate Fields lost a
25 week of racing in 2015 which cost us about \$500,000 in

1 revenues. And I just wanted to point out that Cal Expo, who
2 got an additional week of racing in 2015, now in 2014 has
3 dropped its opening day which used to be a Wednesday, and
4 they now have one less race day in 2014 than they were
5 awarded. So that was their decision.

6 The other thing is that Humboldt County, who raced
7 last year on Wednesdays, also decided not to race on
8 Wednesday, and two Wednesdays this year. So they've
9 decreased the number of days that they're racing.

10 COMMISSIONER BENETO: But they're not getting
11 stabling money like you guys are.

12 CHAIR WINNER: Mr. Miller?

13 MR. MILLER: Robert Miller, Counsel to the
14 California Horse Racing Board. This discussion really is
15 off the subject matter of what's before the Board, which is
16 an application for a race meet. And although this is an
17 important discussion it's not something that the Board
18 really can do anything about at this time.

19 CHAIR WINNER: Thank you, Mr. Miller.

20 All right, now, before the -- before the Board, I
21 think we have a motion and a second. I think it was moved
22 by Commissioner Auerbach, seconded by Commissioner Beneto
23 that this application be approved, pending receipt of the
24 various documents. All those in favor?

25 ALL COMMISSIONERS: Aye.

1 CHAIR WINNER: Any opposed? The motion carries.
2 Have a good meet. Thank you very much.

3 MR. LUDT: Thank you.

4 MR. RAINEY: Thank you.

5 CHAIR WINNER: Let's go on to item number six,
6 discussion and action by the Board on the report regarding
7 the allocation of 2014 race dates to the Los Angeles County
8 Fair at Pomona and the proposal to run the race dates at the
9 Los Alamitos Race Course.

10 Gentlemen, please all come forward who are going
11 to speak on this and identify yourselves. I know we have
12 some public -- people from the public, and I'll call on them
13 in a moment. Please, go ahead.

14 MR. HENWOOD: Good morning, Mr. Chairman, Members
15 of the Commission. I'm Jim Henwood. I'm President and CEO
16 of Los Angeles County Fair Association. We were here with
17 you last month to discuss our interest to move our race meet
18 to this wonderful facility. And we were given some
19 questions. And rather than walking through the entire
20 proposal I am suggesting this morning, unless others feel
21 different, that I simply try to respond to the open
22 questions and turn it over to Brad McKinzie to my right, and
23 others that would like to comment on this presentation. Is
24 that --

25 CHAIR WINNER: I think that would be helpful.

1 Thank you, Jim.

2 MR. HENWOOD: Thank you. Number one was the need
3 for legislation to move forward. We entered a bill this
4 past month, SB 721. And I'm pleased to report that it's on
5 its way to the governor for his signature as I speak to you
6 this morning, clearing both the assembly and the senate as
7 of today.

8 Number two is --

9 VICE CHAIR ROSENBERG: Wait. What does that bill
10 cover specifically, can you tell us?

11 MR. HENWOOD: Yes. And we can provide copies of
12 it. But it provides the ability of the Los Angeles County
13 Fair Association to operate its race meet here at Los
14 Alamitos Race Course.

15 VICE CHAIR ROSENBERG: That's the only part of
16 that?

17 MR. HENWOOD: That's correct.

18 VICE CHAIR ROSENBERG: Thank you.

19 MR. HENWOOD: Number two is whether or not the Los
20 Angeles County Fair Association has the approval or consent
21 of the Los Angeles County Board of Supervisors. We have
22 submitted to the CHRB offices letters that have come from
23 the CEO's office of the Los Angeles County Board of
24 Supervisors giving understanding of the move and giving
25 their acknowledgment and consent to the right of the Board

1 of Directors of the Los Angeles County Fair Association to,
2 in fact, stop its race meet at Fairplex. And -- and they
3 have also said that they are in concurrence or are accepting
4 the move of our race meet to Los Alamitos.

5 CHAIR WINNER: Jim, did the -- was that letter
6 presented, I assume, to all members of the board, to the
7 five members of the Board of Supervisors?

8 MR. HENWOOD: Yes.

9 CHAIR WINNER: And --

10 MR. HENWOOD: Yes, it was.

11 CHAIR WINNER: And they were asked to comment,
12 were they, if they had any objection?

13 MR. HENWOOD: Yes, they were.

14 CHAIR WINNER: And there were no comments?

15 MR. HENWOOD: And I have received no comments.

16 CHAIR WINNER: Okay. Thank you. Go ahead.

17 MR. HENWOOD: Number three, the financial terms of
18 any agreements was asked of us, and I'll allow perhaps Brad
19 to make comment on that before we go any further.

20 MR. MCKINZIE: Well, just --

21 CHAIR WINNER: Identify yourself.

22 MR. MCKINZIE: Brad McKinzie for Los Alamitos Race
23 Course. Just very quickly, yes, we have disclosed the
24 arrangement between us. And just to summarize it, if we
25 don't do considerably better in handle at Los Alamitos than

1 they have at Fairplex we don't benefit, Fairplex doesn't
2 benefit. So this whole program is based upon the fact that
3 we're going to generate more in purse money, more in handle
4 and more in revenue, and that's the basis for this -- for
5 this agreement.

6 MR. HENWOOD: Jim Henwood again. The last point
7 was the issues surrounding stabling of horses. And we have
8 been working with the industry and are here to report that
9 the Los Angeles County Fair Association is in agreement with
10 the industry for the stabling and the vanning of our horses
11 from our barn areas, and we'll be providing stables up to a
12 capacity of 500 between now and November 5th. And that is
13 to the best of our ability the needs and the understanding
14 that was required under this point, unless others have
15 comment on that. And it is satisfactory to the industry.

16 With that I'm going to turn this mike, if
17 appropriate, to Brad for any further comment and those that
18 are here presenting.

19 MR. MCKINZIE: Brad McKinzie once again for Los
20 Alamitos. Just, you know, very quickly, we think that this
21 transfer of dates is something that is good from the
22 industry. It's good for the California horse racing
23 industry. It's going to mean bigger handle, which
24 translates into bigger purses, which translates into more
25 money for stabling and vanning and just about any other fund

1 that we're trying to generate. As for the horsemen, our
2 projections are that for our meet that upwards of \$1 million
3 in increased purses from transferring the dates down here to
4 Los Alamitos.

5 For Los Alamitos it means more opportunity to
6 present this sport into a new market, and more opportunity
7 for us to have -- to have money for further infrastructure
8 commitments. I mean, as you can see being around here
9 today, we're building 200 new permanent stalls. We've taken
10 it on ourselves to add 140 12-by-12 temporary stalls. All
11 of these things, the more racing we have, the more revenue
12 we can make, the more we can commit to these types of
13 improvements. It's -- it's a rare opportunity where
14 Fairplex Park wants to do this. We want to do this. We
15 feel the horsemen want to do it. And the ultimate benefit
16 is that it will be beneficial for the California horse
17 racing industry.

18 So that's why we're here today to seek your
19 approval for these transfer of dates so we can start
20 planning for this September meet.

21 COMMISSIONER CHOPER: Commissioner Choper? Oh,
22 I'm sorry. Did you want to -- no? Go ahead.

23 COMMISSIONER CHOPER: You know, I mean, everything
24 you've said is really very persuasive. I want to say that.
25 The -- the unions, the employees' representatives have made

1 a number of, you know, complaints about this. Is there
2 any -- in the sense that they, the people who were employed
3 at Fairplex are not going to be employed at Fairplex, which
4 goes without saying.

5 Now, I'm just wondering if there's -- do you have
6 any information that you want to add to that about the
7 ability to come over, what it takes to come over, etcetera?
8 Am I being clear?

9 MR. MCKINZIE: Yes. And I'm sure Mike will be
10 talking on this.

11 Commissioner Choper, I can tell you that we've
12 had, here at Los Alamitos, meetings with the union reps.

13 COMMISSIONER CHOPER: Good.

14 MR. MCKINZIE: And they are all very satisfied.
15 When they -- when we race here that's going to mean more
16 jobs here. So those -- those people that are working,
17 they're -- they will have jobs. So that's --

18 CHAIR WINNER: If they're -- if they're in
19 agreement I don't -- you don't have to say any more for me.

20 CHAIR WINNER: I do have a follow-up question --

21 COMMISSIONER CHOPER: Go ahead.

22 CHAIR WINNER: -- if I may. Do the employees who
23 were working at Fairplex have priority with respect to jobs
24 that are being created here at Los Al? In other words, if
25 somebody is over there at Fairplex and they've been there

1 for ten years, are they displaced? Are they -- are they
2 given some other job at Fairplex? Are they given priority
3 here over people who haven't been working up to this point?

4 MR. MCKINZIE: And I'll have Mike speak on this.
5 But just so that you -- they'll -- when the racing dates are
6 here there will be an ongoing fair operation at Fairplex
7 Park. So the vast majority of the people who are working at
8 Fairplex will continue to work at Fairplex. As far as who
9 from Fairplex, and so to speak the racing end of things --
10 that is -- that is a union seniority issue --

11 CHAIR WINNER: Right.

12 MR. MCKINZIE: -- and not a location seniority
13 issue. So how that would work, I think the union reps would
14 be best to discuss this.

15 CHAIR WINNER: For the union reps that are here,
16 would you fill out a card? And when we get to the public
17 part of the testimony I'll certainly call on you, John.

18 VICE CHAIR ROSENBERG: I have a question.

19 CHAIR WINNER: Thank you.

20 MR. SEDER: Mike Seder with Fairplex.

21 CHAIR WINNER: Mike?

22 MR. SEDER: On this point, you know, we have year-
23 round unions on our property. Those would continue to be in
24 the same capacities. We have ITW that takes place on the
25 property that would continue to be the same. We have year-

1 round janitorial staff, union, that would continue to be the
2 same. At fair time we have the racing unions that would go
3 down to Los Alamitos. And then we still operate under
4 permit agreements with the unions for a variety of different
5 unions, and those would continue to be in place.

6 CHAIR WINNER: Thank you.

7 VICE CHAIR ROSENBERG: I have a question.

8 CHAIR WINNER: Yes, Commissioner Rosenberg?

9 VICE CHAIR ROSENBERG: A question for Mr.
10 McKinzie. Presumably this agreement has a term between Los
11 Al and Fairplex. And at the end of that term would
12 Fairplex, assuming that the Los Al meeting is wildly
13 successful, which we all hope, would Fairplex have any
14 rights to come back and negotiate to move the meeting or to
15 do anything or to make new terms with Los Alamitos as to the
16 sharing of income that you've described?

17 MR. MCKINZIE: I don't think there's anything in
18 the -- in the agreement that precludes them from coming back
19 and negotiating to do whatever they want. Whether they're
20 successful in those negotiations, I couldn't tell you. But
21 I don't think there's anything in the agreement that
22 precludes them from doing that.

23 VICE CHAIR ROSENBERG: So they can come back in
24 whatever number of years the term ends, assuming that -- I
25 assume they will have no race track by then if that's the

1 long term plan, so that they would be able to say, you know,
2 negotiate with you and with the industry and say, you know,
3 we're not going to have racing anymore and we don't want to
4 race there anymore unless you give us the following?

5 MR. MCKINZIE: Well, I think --

6 VICE CHAIR ROSENBERG: Could that happen?

7 MR. MCKINZIE: I think what would happen then is
8 that the dates would just become open dates and -- I mean,
9 if they don't have a race track. So, I mean, that -- I
10 should let Jim -- Jim speak to that. But that's our
11 understanding of the agreement.

12 COMMISSIONER BENETO: I got a question on that.

13 CHAIR WINNER: Yes, Commissioner Beneto?

14 COMMISSIONER BENETO: I got a question on -- the
15 dates are fair dates, correct, that you're running --

16 MR. MCKINZIE: Yes.

17 COMMISSIONER BENETO: -- running your -- my
18 question would be if ten years down the road they decide to
19 build a track at the fairgrounds and race again, would they
20 get their dates back, the fair? Are we going to keep them
21 fair dates so in case they want to race again they can have
22 the dates back for their fair?

23 MR. HENWOOD: The -- what we are speaking about is
24 the creation of a legislation that conforms to the existing
25 racing law dealing with our ability to operate a race meet

1 during the month of September. That lives on.

2 COMMISSIONER BENETO: So this will be a Fairplex
3 meet?

4 MR. HENWOOD: That -- that lives on. How we brand
5 that race meet for the betterment of this industry and how
6 we focus on it as it relates to Los Alamitos, I think that's
7 better for Los Alamitos to make that decision on. Because
8 quite candidly, a lot of our business is done out in the
9 signal. And we have to be very consistent with our branding
10 of that signal. And it's something that I would really
11 suggest I defer to Brad for his comment on it.

12 But to your point is we are intending that the
13 Racing Law will stay the Racing Law. I mean, on the books
14 today we have the ability to do a harness race meet at
15 Fairplex. It becomes a business decision. And we are
16 electing not to pursue that. I mean, that's --

17 COMMISSIONER BENETO: I guess --

18 MR. HENWOOD: -- that's just what it -- that's
19 what we're talking about.

20 COMMISSIONER BENETO: I don't know if that
21 answered my question. I didn't understand it.

22 MR. MCKINZIE: Well, let me -- let me try to
23 answer it as clearly as I can. If you're asking that at the
24 end of this agreement if Fairplex Park or Pomona wants to
25 get back into the racing business, there is certainly

1 nothing stopping them. They can come before this Board and
2 say, you know what, guys, we want to get back in and we want
3 18 days of racing at our facility at Fairplex Park. There's
4 nothing in this agreement that would stop them from getting
5 back in the racing industry whatsoever.

6 VICE CHAIR ROSENBERG: And theoretically they
7 could --

8 CHAIR WINNER: And legislation permits that;
9 correct?

10 MR. HENWOOD: That's correct.

11 MR. MCKINZIE: Yes.

12 VICE CHAIR ROSENBERG: And theoretically you
13 could --

14 MR. MCKINZIE: It's up to the Board.

15 VICE CHAIR ROSENBERG: As I recall, reading one of
16 the drafts of this bill, not the final one, there was a
17 provision that you could have -- the race meet would have to
18 be held in the southern zone, I thought, outside of L.A.
19 County, is that correct, which includes Del Mar? So
20 theoretically you can make a deal with Del Mar if you get
21 tired of Los Alamitos, I mean, theoretically.

22 MR. HENWOOD: That's correct.

23 VICE CHAIR ROSENBERG: Okay.

24 MR. HENWOOD: Jim Henwood.

25 COMMISSIONER BENETO: So, Jim, you're still going

1 to have the hammer, huh?

2 MR. HENWOOD: I'm not so certain I have a hammer.
3 But we -- we certainly have an ability to communicate, yes.

4 COMMISSIONER BENETO: Okay.

5 MR. HENWOOD: They can communicate with a hammer,
6 is what you're saying.

7 COMMISSIONER BENETO: Or a sledgehammer. I don't
8 know.

9 CHAIR WINNER: Are there other questions from --
10 from the Board? Because we have a number of people in the
11 audience who want to speak on this issue. Any other
12 questions? All right.

13 I'm going to start calling people. If you guys
14 could stay there it would probably be helpful for now.
15 Terri Bingham? Terri Bingham?

16 MS. BINGHAM: Hi. My name is Terri Bingham. I'm
17 an attorney, and I represent some Arabian breeders and
18 owners. And we had lost our meets at Los Alamitos on June
19 25th, 2009 when we lost our racing director. And we're most
20 grateful to have the meets back here for this summer. We
21 had a lot of problems with horse population and shipping,
22 some people up north, some people down south. The track was
23 centrally located. And this track was attracting bigger
24 purses. We spoke with one of the trainers this week who
25 advised me that the one meet we had last year at Santa Anita

1 brought in handle of \$1.7 million, which was significant.

2 And because of the cost of shipping and things
3 like this, I just wanted to make it really clear that we're
4 really-really grateful to be able to run at Los Alamitos
5 again. Thank you.

6 CHAIR WINNER: Thank you. Holly Beckner?

7 MS. BECKNER: Thank you. And good morning,
8 Commissioners. Thank you. Good morning, Commissioners. My
9 name is Holly Beckner. I'm a small owner and am new in the
10 business of horse racing. I did have the pleasure of
11 addressing this Board last month.

12 I board -- I board my horses, at least one of them
13 right now, at Pomona. He's going to run at Santa Anita on
14 Sunday. I also have two two-year-old fillies that I bought
15 at Barrett's and are up at the desert where Willie
16 Whitehouse, my trainer, has a facility. One of them has
17 been down at Pomona track twice for training. But because
18 she is a young rambunctious immature filly she is not ready
19 to run and she's not big enough. So she's -- she's gone
20 back and forth twice. We want to bring her down again as
21 soon as possible.

22 I give you that background because as a newcomer
23 to this -- as a newcomer to this industry I don't know a lot
24 of the ins and outs. I don't know a lot of the financial
25 ins and outs. I don't know a lot of the interactions

1 between the Board. And the horse, as it were, may have
2 already gotten out of the barn on this issue.

3 But as a small business owner working with small
4 trainers, cost is prohibitive for me in terms of staying in
5 this business and continuing to run my horses. I did not
6 buy another horse out of the last Barrett's sale on purpose
7 because of the insecurity which I face with respect to not
8 only stabling as a small owner at some of the bigger tracks,
9 but also the costs of moving my horses, which I will have to
10 either do myself or pay somebody else to do if I am no
11 longer able to keep them at Pomona or to be able to race
12 them in -- which I was hoping to be able to do in the
13 upcoming Fairplex races.

14 You know, for -- for a very small-time person the
15 advantage that the big-monied richer owners and trainers
16 have is really quite -- quite significant. And I think that
17 as this Board continues to consolidate horse racing in
18 smaller and smaller geographic areas that favor the ability
19 of big owners and big trainers to corner the market on
20 particularly permanent stables, or enough stables for
21 someone like me to be able to bring in horses in and out and
22 have empty stables available to me to be able to bring a
23 horse down and keep a horse down for training for an
24 upcoming meet, that is disappearing. And
25 disproportionately, it seems to me, and this Board may want

1 to look into this issue, this disproportionately affects
2 small owners who are -- a lot of us are women. You know, if
3 you look on the website for Los Al at the -- at the trainers
4 that they are advertising who are going to be -- who are
5 going to be there, I think there's only one woman that
6 they've listed. Now, I know they're listing the top ones.
7 But that's speaking, I think.

8 So for -- for me and for perhaps even, you know,
9 the -- the small guys who came up through the ranks as
10 grooms and were finally able to buy horses, or assistant
11 trainers or starting out trainers, many who are minority and
12 women, you know, this consolidation is not good for, I
13 think, the small guy, the small better, the small owner, the
14 small trainer. And I would encourage this Board to let us
15 continue racing at Pomona and to continue to keep it open as
16 a training facility for those of us who don't have the funds
17 to do as much traveling and shipping as perhaps other
18 owners.

19 Thank you. I appreciate the time to be able to
20 address this issue.

21 CHAIR WINNER: Thank you very much, Ms. Beckner.
22 Brian Trela?

23 MR. TRELA: Good morning. Excuse me. Good
24 morning, Mr. Chairman, Commissioners. It's only been six
25 months since --

1 CHAIR WINNER: Can you identify yourself?

2 MR. TRELA: My name is Brian Trela, T-r-e-l-a.

3 It's only been six months since Hollywood Park was
4 permanently shuttered. And now it looks like the racing
5 industry is in a big hurry to permanently shut our Fairplex
6 Park. I was disturbed to hear today that it sounds like
7 it's a done deal, that the -- that the race track is going
8 to be razed, as well as the barn area, as soon as probably
9 December, it sounds like. I saw all the signs of that in
10 the documents that have been provided and what I've seen
11 with my own -- excuse me -- what I've seen with my own two
12 years. We've seen all the show arenas be torn out of
13 Fairplex. They are tearing out the show barns. And
14 they're -- from what my understanding is, it's been a three-
15 year process. But they're putting in self-storage units and
16 other things that have nothing to do with the normal
17 functions of a county fairgrounds.

18 My wife and I are small-time breeders-owners. She
19 is a trainer. I'm there on the weekends as a hot walker,
20 groom and pony rider. And we have been at Fairplex Park on
21 and off for a good part of the last 15 years. And we were
22 there during the year-round stabling when it was there.
23 It's a great facility. It's a great race track to train on.
24 It's got a very kind surface. It's been a little bit deeper
25 this year than it's been in the past, but it's got a very

1 excellent -- it's got a very excellent cushion. And you're
2 going to be losing that facility for the rest -- for the
3 rest of eternity, it looks like, because of the fact that
4 not only are they tearing down other parts of the area.

5 The packet that was submitted to you also
6 indicates that they're going -- that they're going to be
7 expanding the finish line. And the only way to do that, I
8 would suspect, because they can't go out onto White Avenue
9 or into the -- into the parking lot, is by tearing down some
10 of the Barrett's -- Barrett's barns.

11 So it seems to me that you're going to be losing
12 something that for near term, the next quarter profit, may
13 be something that you're going to -- that you would like to
14 have five or ten years down the road, that it's -- it's a
15 good training facility. And frankly, I think we're going to
16 be put out of business once it actually does close as a
17 training facility, the reason being is that this year when
18 my wife applied for stalls at Santa Anita, she was not
19 allocated any there. She was not allocated any stalls at
20 Los Alamitos. And the racing secretary at Santa Anita did
21 not want to even allocate her stalls at Pomona. It took
22 intervention of the CTT to actually get us a stable there, a
23 barn there.

24 We've got presently four horses in training, two
25 of which we own -- we own and bred. And I suspect that

1 come -- come late November or early December we're going to
2 have nowhere to stable them because right now stabling is
3 pretty tight at both Santa Anita and at Los Alamitos. Going
4 down to San Luis Rey Downs as a non-starter because we have
5 a home in Norco and we're not going to -- and we've been
6 living there for over 20 years and we don't intend to move.

7 So I think that it's for the near-term profit it's
8 excellent, even though there hasn't been a thoroughbred run
9 beyond four-and-a-half furlongs and for more than a \$5,000
10 claiming price since 1991. But I think in the long term
11 it's going to hurt the racing industry and put people like
12 myself, like my wife and I, out of business. There are
13 other trainers who also weren't allocated stalls at Santa
14 Anita. They lost owners because those owners were able to
15 find another trainer who had stalls at Santa Anita.

16 And so you're putting some of the smaller people
17 out of business or -- and I think in the long term it's
18 going to hurt the racing industry. Thank you.

19 CHAIR WINNER: Thank you, Mr. Trela.

20 John Valenzuela, Local 280?

21 MR. VALENZUELA: John Valenzuela of Local 280. On
22 the comment about the unions, we hadn't -- we haven't
23 discussed this particular issue. But we'd just like to keep
24 an open dialogue with management on this if it needs to be.

25 Thank you.

1 CHAIR WINNER: Thank you. Damascus Castellanos,
2 Teamsters Local 495.

3 MR. CASTELLANOS: Damascus Castellanos, Teamsters
4 Local 495.

5 To touch on Mr. Choper's remarks regarding
6 seniority in the jobs and everything, we have been in
7 discussion with both Los Alamitos and Fairplex. We have
8 spoken about the situation regarding jobs and I think
9 we're -- we should be okay on that end. We have just
10 finalized sign-ups and everything on Los Alamitos end.
11 We're trying to iron that out because it falls into the
12 circuit racing. So what we're doing is trying to just make
13 sure that everybody get on board with following the circuit.
14 So I think we're going to be okay on that end.

15 As far as the jobs at Fairplex, they will be there
16 when the racing is removed from there, and as far as the
17 jobs that follow the thoroughbred racing when it comes to
18 Los Alamitos.

19 COMMISSIONER CHOPER: What is the difference
20 between the Teamsters and Mr. Valenzuela's union?

21 MR. CASTELLANOS: I'm --

22 COMMISSIONER CHOPER: I mean, I understand
23 there's --

24 MR. CASTELLANOS: Yeah.

25 COMMISSIONER CHOPER: What is the relevant

1 difference?

2 MR. CASTELLANOS: I can't speak on how they
3 perform their --

4 COMMISSIONER CHOPER: Whom do you represent and
5 whom do they represent?

6 MR. CASTELLANOS: Oh, wow. I represent the racing
7 officials, clockers, outriders, assistant starters, the
8 security, the parking, and I might have let somebody out.

9 COMMISSIONER CHOPER: Well, that's a lot of them.

10 MR. CASTELLANOS: But that's -- I represent them.

11 COMMISSIONER CHOPER: Whom do you not represent?

12 MR. CASTELLANOS: Everybody else.

13 COMMISSIONER CHOPER: Thank you. That's -- no,
14 but who is everybody else --

15 MR. CASTELLANOS: But it goes by seniority.

16 COMMISSIONER CHOPER: -- pari-mutuel clerks?

17 MR. CASTELLANOS: Yes, the mutuel clerks and --

18 COMMISSIONER CHOPER: Who else?

19 MR. CASTELLANOS: -- ticket takers; right? Yeah.

20

21 COMMISSIONER CHOPER: Who else?

22 MR. CASTELLANOS: And the concession.

23 COMMISSIONER CHOPER: Oh, concession people.

24 MR. CASTELLANOS: Those who we don't represent.

25 COMMISSIONER CHOPER: And you're in discussions

1 with them, so that's fine.

2 MR. CASTELLANOS: Yeah. So I think we should be
3 okay there.

4 COMMISSIONER CHOPER: Good.

5 MR. CASTELLANOS: And like I said, we've had a few
6 meetings with both groups and we should be okay.

7 COMMISSIONER CHOPER: Well, it's hard to make
8 everybody happy.

9 MR. CASTELLANOS: It is.

10 COMMISSIONER CHOPER: But it seems that these
11 folks have gone a long way toward that end.

12 MR. CASTELLANOS: Exactly.

13 COMMISSIONER CHOPER: Good. I congratulate --

14 MR. CASTELLANOS: Thank you.

15 COMMISSIONER CHOPER: -- the both of you on that.

16 CHAIR WINNER: Lee Holt?

17 MR. HOLT: I represent the members of USWW.

18 CHAIR WINNER: Could you -- could you -- could
19 you --

20 MR. HOLT: My name is Lee Holt. The union members
21 that are -- of USWW today, unfortunately, didn't send a
22 representative here. But I am here to represent the workers
23 because the workers asked me to be here. The workers asked
24 me to speak on behalf of their belief that this has been
25 tried before. This was tried with the Orange County Fair.

1 The Orange County Fair ran horses here and it didn't -- it
2 didn't work out.

3 To move our people from Los Al -- I mean, from --
4 from Pomona over to Los Alamitos with no notification, our
5 people are already scheduled and dedicated to work the
6 Pomona Fair. This experiment will only -- can -- can easily
7 be set off for another year because for the simple reason, a
8 number of the -- the number of things that they're asking to
9 do are things that is nothing but an experiment. We -- I've
10 worked in this industry for 56 years. I've seen it. I've
11 seen it when they tried it here at this very track with the
12 Orange County Fair when everything was going rosy.
13 Everything is not going rosy now.

14 So I urge this here committee to postpone it as
15 long as they can until we can get something straightened
16 out. Thank you very much.

17 CHAIR WINNER: Thank you very much, Mr. Holt.

18 Do any of you want to comment on any of the
19 comments that were made by the public? Brad?

20 MR. MCKINZIE: Just -- just very quickly on Mr.
21 Holt's comment that the Orange County Fair was not a
22 success. The Orange County Fair when it was run during the
23 daytime at Los Alamitos was a huge success. The only time
24 that it diminished was when racing dates during the day
25 increased and they moved us to nights in competition with

1 Del Mar. But when we were running during the day here
2 during the Orange County Fair it was a monumental success.

3 CHAIR WINNER: Any other questions from the
4 Members of the Board? All right. Is there a motion?

5 COMMISSIONER CHOPER: So moved.

6 COMMISSIONER AUERBACH: Second.

7 CHAIR WINNER: Commissioner Choper has moved.
8 Commissioner Auerbach has seconded. And the motion is to
9 approve the movement from -- approve the dates and to have
10 those dates run at Los Alamitos from Fairplex.

11 Did you want to comment, Commissioner Beneto?

12 COMMISSIONER BENETO: I'm back on stabling and
13 vanning again.

14 CHAIR WINNER: Oh.

15 COMMISSIONER BENETO: Who is going to pay the --
16 the vanning from Pomona to here? Is that -- is that going
17 to be --

18 MR. MCKINZIE: The Stabling and Vanning --

19 COMMISSIONER BENETO: -- Stabling and Vanning
20 or --

21 MR. MCKINZIE: The Stabling and Vanning Fund.

22 COMMISSIONER BENETO: Yeah. But this is a fair
23 meet. They don't pay for fair meets; right?

24 MR. MCKINZIE: I don't know. I -- it's up to the
25 Stabling and Vanning Committee. But stabling -- it's --

1 they've --

2 COMMISSIONER BENETO: We heard that earlier from
3 Chris Korby.

4 MR. MCKINZIE: I can't speak for the Stabling and
5 Vanning Fund. But it's -- there's a difference, I know, of
6 the way they do business in the north and the south in
7 Stabling and Vanning. It's a Stabling and Vanning issue.
8 This is -- it's -- I can't speak for them but I can tell you
9 that when horses leave here to go to Santa Anita, Stabling
10 and Vanning pays for it. When horses leave Pomona to come
11 here to run at our meet, Stabling and Vanning will pay for
12 it.

13 CHAIR WINNER: Any other questions? Okay.
14 There's a motion on the floor.

15 Joe, did you want to speak?

16 MR. MORRIS: I was just going to answer that
17 question. Joe Morris with the TOC, and the Stabling and
18 Vanning Committee. The TOC and the Stabling and Vanning
19 Committee are both unanimously behind this move. We --
20 we've -- you know, there's a number of reasons on it. They
21 put the investment into the one-mile track. I can tell you
22 to date on the starters at Santa Anita from the auxiliary
23 stabling, 417 starters have come off from the grounds here,
24 and we've got 200 more stalls coming in; 348 have come from
25 San Luis, and 224 have come from Fairplex. So a lot of the

1 horsemen have already worked into these areas.

2 The Stabling and Vanning is different north to
3 south. And in the south it does pay for vanning from each
4 of the auxiliary facilities to each of the meets.

5 On top of that we think, you know, as Brad had
6 said, there's going to be \$1 million to \$1.5 million more in
7 purses coming from here. And again, it's one of the few
8 times -- on Stabling and Vanning it's all the race tracks
9 and the -- and the horsemen, and it was a unanimous vote.
10 Everybody is in favor in the industry of the move.

11 CHAIR WINNER: All right. There is a motion on
12 the floor.

13 Thank you, Joe.

14 Because of the controversial nature of this item
15 I'm going to ask for individual votes.

16 Commissioner Auerbach?

17 COMMISSIONER AUERBACH: Favor.

18 CHAIR WINNER: Commissioner Choper?

19 COMMISSIONER CHOPER: Yes.

20 CHAIR WINNER: I vote yes.

21 VICE CHAIR ROSENBERG: Yes.

22 CHAIR WINNER: Commissioner?

23 COMMISSIONER BENETO: Yes.

24 CHAIR WINNER: It's unanimous. The motion
25 carries. Congratulations.

1 MR. HENWOOD: Thank you.

2 CHAIR WINNER: Thank you all very much.

3 Moving on then to item number seven, discussion
4 and action by the Board regarding the extension of the June
5 2013 Board decision to suspend for up to 12 months the use
6 of clenbuterol by all breeds at all California race tracks.
7 which is set to expire July 18, 2014.

8 I'm going to ask Dr. Arthur to speak on this item.

9 DR. ARTHUR: Yes. Dr. Arthur, Equine Medical
10 Director. This is another extension of the suspension for a
11 threshold authorization for clenbuterol. We should only
12 need this extension, assuming the Board passes item ten,
13 until October, at which time we will reestablish a threshold
14 for clenbuterol in urine of 140 picograms. We'll discuss
15 that when we get to item ten. But in the interim between
16 July 18th and the time that 1844 goes through the Office of
17 Administrative Law it may be -- it should be October 1st,
18 hopefully it will be October 1st, it could be even later.
19 But that's what this -- this --

20 CHAIR WINNER: Just a second, Doctor.

21 Could we have a little bit of -- if you want to
22 talk, please go out into the lobby. This is a really
23 important item, so we want to make sure that the
24 Commissioners are listening to this. Thank you.

25 DR. ARTHUR: Yeah. The bottom line is we -- we

1 had hoped to have the threshold in place by now, but we're
2 going to have to extend it longer. The regulatory process
3 has become more and more bureaucratic, and that's what this
4 is about.

5 COMMISSIONER CHOPER: And then you're going to
6 propose a rule, I take it?

7 DR. ARTHUR: Item ten actually proposes --

8 COMMISSIONER CHOPER: I see.

9 DR. ARTHUR: -- a threshold.

10 COMMISSIONER CHOPER: Okay.

11 CHAIR WINNER: Yeah. We we're going to get to --
12 we get to that in a little bit.

13 COMMISSIONER CHOPER: That's what I thought.

14 So --

15 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

16 COMMISSIONER CHOPER: So this is only while that
17 is pending; is that it?

18 DR. ARTHUR: Yes. This extension --

19 COMMISSIONER CHOPER: So now I got it. No, that's
20 all right.

21 DR. ARTHUR: This extension should be until the
22 amendment to 1844 becomes effective.

23 CHAIR WINNER: Commissioner Auerbach, this is your
24 committee. Do you want to make a motion, unless there are
25 any other questions on the item?

1 COMMISSIONER AUERBACH: I'll make a motion.

2 CHAIR WINNER: Okay. It's been moved by
3 Commissioner Auerbach. I second the motion. All in favor?

4 ALL COMMISSIONERS: Aye.

5 CHAIR WINNER: Any opposed? Thank you, Doctor.

6 We're moving on then to item number eight on the
7 agenda. Public hearing and action by the Board regarding
8 the proposed amendment to CHRB Rule 1536, Stewards' Minutes,
9 to require the stewards to report on-track accidents
10 involving exercise riders, or for harness racing, an
11 employee riding in a jog cart or sulky not engaged in a race
12 via the Jockey/Driver Accident Report and a new Training
13 Accident Report, CHRB 201A on 2/14.

14 Jackie Wagner.

15 MS. WAGNER: Jackie Wagner, CHRB Staff. The
16 proposal before the Board is to amend Rule 1536, just as the
17 Chairman has outlined the proposal. Currently we require
18 all on-track accidents involving jockeys and drivers to be
19 reported on a specific CHRB form and attached to the
20 stewards' minutes. This proposal will require that all on-
21 track accidents involving exercise riders shall also be
22 reported on a specified form and attached to the stewards'
23 minutes.

24 The proposal has been out for the required 45-day
25 comment period. We received no comments during that time.

1 And Staff would recommend that the Board adopt the proposal
2 as presented.

3 CHAIR WINNER: Is there a motion? Is there a
4 question? Is there a motion?

5 COMMISSIONER BENETO: Moved.

6 CHAIR WINNER: Commissioner Beneto moves.

7 COMMISSIONER AUERBACH: Second.

8 CHAIR WINNER: Commissioner Auerbach seconds. All
9 in favor?

10 ALL COMMISSIONERS: Aye.

11 CHAIR WINNER: Any opposed? That measure passes.

12 Let's move on then to number nine.

13 Thank you, Jackie.

14 Number nine on the agenda, public hearing and
15 action by the Board regarding the proposed amendment to CHRB
16 Rule 1689.1, Safety Vest Required, to extend the requirement
17 to wear a safety vest to pony riders who pony or lead a
18 horse or who are mounted on any horse on the grounds of a
19 facility under the jurisdiction of the Board. This
20 concludes the 45-day public comment period. The Board may
21 now adopt.

22 I believe there were no comments on this, as well.

23 MS. WAGNER: No comments.

24 CHAIR WINNER: Again, these are all safety
25 measures that we are trying to impose. We've said -- we've

1 been saying for months now that we are going to do
2 everything we can to improve the safety and enhance the
3 safety of -- of riders, people riding horses, people at the
4 race track, the horses, the jockeys, etcetera. That is --
5 that is our plan and that is what we're going to do. And as
6 we go through the agenda today you'll see we're doing more
7 and more of it. We want to lead the industry in terms of
8 limiting abuses, leveling the playing field, and limiting
9 injuries to horse and rider.

10 There are two people who want to comment on this.
11 Brad McKinzie? Brad, where are you?

12 COMMISSIONER AUERBACH: He just stepped outside.

13 CHAIR WINNER: Well, if you -- you can't --

14 COMMISSIONER BENETO: He had a date and left.

15 CHAIR WINNER: You can't comment if you're not
16 here.

17 Alan Balch?

18 MR. BALCH: Alan Balch, California Thoroughbred
19 Trainers. Our Board, the CTT Board, discussed this
20 yesterday. The way this is worded refers to pony riders.
21 And the pony riders are covered by Workers' Comp, which is
22 maybe why Brad wanted to talk about it. I hope somebody is
23 out there looking for Brad. But does this apply to trainers
24 who are mounted on a pony, for example, in the morning?
25 Because the trainers are not covered by Workers' Comp, at

1 least by the industry Workers' Comp plan. Is this intended
2 to cover trainers? Some trainers are fine with it. Some
3 trainers are not fine with it, I think, is the only safe way
4 to put it.

5 CHAIR WINNER: Yeah, that's what I think.

6 Mr. Miller, technically, does this apply to
7 trainers?

8 MR. MILLER: If they're riding a pony. It's the
9 pony riders. I mean, unless there's --

10 COMMISSIONER BENETO: Yeah. But if a guy -- if a
11 trainer is leading his horse -- his horse and rider to the
12 track and he's not on the track, he just goes to the gap and
13 turns the horse loose I don't think he should -- myself, I
14 don't think he needs to be -- be required to wear a vest.
15 Only if he's going to pony a horse or gallop a horse, then
16 he needs to be in a full vest. But my -- that's my take on
17 it.

18 COMMISSIONER AUERBACH: I've seen accidents,
19 Steve, where somebody is trying to turn a horse loose and
20 somebody comes crashing into them at 100 miles an hour. And
21 if he doesn't have the vest he's in trouble.

22 COMMISSIONER BENETO: If he's on the track, going
23 to do something on the track, he has to have a vest.

24 COMMISSIONER AUERBACH: So where are you saying
25 that he doesn't need a vest?

1 COMMISSIONER BENETO: He just leads the horse to
2 the gap and --

3 COMMISSIONER AUERBACH: With -- with -- maybe at
4 Santa Anita when you've got 300 or 400 horses and two-year-
5 olds and everything else and you're rife with potential
6 problems, even just doing that. Just a thought.

7 COMMISSIONER BENETO: I can -- I can see a guy,
8 you know, if he goes back to the barn and gets another
9 horse, and he's getting off his horse to do something else,
10 he's got this vest on, it doesn't mean anything. That's
11 just my take on it. I'm for the vest. If you're on the
12 track you need a vest, period, if you're going to do
13 anything on the track. But just to lead a horse to the gap
14 and go back to the barn, I can't see him being vested up for
15 that.

16 COMMISSIONER AUERBACH: I'm just -- I'm worried
17 about Workers' Comp issues, as well as public safety. So I
18 see it.

19 COMMISSIONER BENETO: Well, I --

20 COMMISSIONER AUERBACH: And I don't know. Maybe
21 Brad can tell us.

22 MR. MCKINZIE: Brad McKinzie representing Finish
23 Line Self Insurance Group. We're up here with our
24 wholehearted support on this amendment. And it refers to
25 pony riders who pony or lead a horse. The one aspect that

1 it does involve trainers is that we have numerous trainers,
2 you know, some of the smaller trainers that have three of
3 four horses, they also then act as pony riders for other
4 trainers. So if -- if a trainer is on a horse acting as a
5 pony rider for another trainer then they should be subject
6 to this rule. I can -- I can tell you, I mean, all of these
7 rules that we're doing, they are going to decrease injuries.
8 They are going to decrease cost. I mean, I'm to the point
9 where I'm hoping our patrons have to wear safety vests.

10 So any -- any rules that you can adopt that --
11 that increase safety are going to have long-term benefits
12 for this industry. So if a trainer is acting as a pony
13 rider, if he is contracted with another trainer to pony
14 horses, he should be required to meet this rule. As far as
15 trainers who are handling their own business I'm -- I
16 learned long ago not to try to speak for the trainers, so
17 I'll leave that to Mr. Balch and his group on what they want
18 to do. But we are wholeheartedly in support of this
19 amendment.

20 CHAIR WINNER: Again, my position, my view of
21 this, I was -- I think I was Chairmen of the Committee when
22 this -- when this came through the Committee. Again, I'll
23 restate it, we're doing everything we possibly can to
24 improve safety. And if that means a bit of an inconvenience
25 for some folks, then it's an inconvenience. But the

1 objective is to improve safety. And -- and my view is we
2 ought to adopt the rule as -- as it is written.

3 MR. MCKINZIE: Just one final point. These new
4 rules are not going unnoticed. Our insurance underwriters,
5 they see these rules, they see this Board being proactive as
6 far as safety goes. And it is a great benefit to us as we
7 negotiate for future years.

8 COMMISSIONER BENETO: Where do we draw the line?
9 We're going to have to have -- we're going to have to put in
10 writing, and they all need to read it, to say when they put
11 the vest on and when they don't put the vest on.

12 MR. MCKINZIE: My suggestion would be that any
13 trainer who also has a pony license is subject to this
14 rule --

15 COMMISSIONER BENETO: Yeah.

16 MR. MCKINZIE: -- whether he has his own horse or
17 somebody else's horse, because then it becomes a blurred
18 line. Was he out there with his own horse? Was he -- was
19 he out there ponying for somebody else? So trainers who
20 hold dual licenses, who also have a pony license, they
21 should be subject to this rule. That's my opinion.

22 COMMISSIONER BENETO: From the barn to the track?
23 If they start from the barn to the track?

24 MR. MCKINZIE: Anyplace. From the barn to the
25 track. Anytime they're on the back of a horse.

1 CHAIR WINNER: I agree with that.

2 Mr. Balch, do you want to comment on this? Please
3 identify yourself.

4 MR. BALCH: Well, just because I think there may
5 be -- Alan Balch again, CTT. There may be some confusion on
6 this. There is a separate license for a pony rider.

7 CHAIR WINNER: Right.

8 MR. BALCH: The trainers who are ponying their own
9 horses out to the track in the -- in the morning may or may
10 not have a pony license. And I think if the Board wants to
11 make it clear, as Chairman Winner just said, that anybody
12 ponying a horse even if he's ponying his own horse, his own
13 race horse, is supposed to be in a vest, then maybe you
14 could handle that administratively by advising the safety
15 stewards that that's what it means. And if that's what it
16 means, then obviously the licensees are going to abide by
17 it.

18 It's -- Rick, maybe you and I can talk about this
19 later. But if that's how it's to be implemented, let's just
20 make sure there's no confusion that -- as to how it's to be
21 applied. Thank you.

22 CHAIR WINNER: Thank you.

23 COMMISSIONER AUERBACH: Wait, wait, wait, wait.
24 Sorry. I have a question. Because Rick and I have been
25 going back and forth about it this -- this last week. We've

1 been discussing this issue. And so I would like to get
2 feedback from the trainers whether or not we're going to be
3 able to listen to what they want to do. Is --

4 MR. BALCH: Well --

5 COMMISSIONER AUERBACH: Is it customary -- what
6 I'm trying to ascertain, I believe it's customary that
7 trainers can be on horseback on the track and their
8 trainer's license is kind of an umbrella-type situation.
9 And our concern is, because we do have a lot of lines
10 crossed between -- is a trainer -- there are some trainers
11 out there, and you know this as well as I do, who don't get
12 on horses, who don't have the ability to get on horses and
13 shouldn't be on horses. So do we -- do we need to -- well,
14 because they're -- they're not really training from that
15 aspect. They're different

16 MR. BALCH: Are you suggesting that some who are
17 on horses should not be on horses? But we won't go there.

18 COMMISSIONER AUERBACH: I didn't say --

19 MR. BALCH: That's okay.

20 COMMISSIONER AUERBACH: I didn't say that. But
21 what I'm saying is that we're trying -- we're trying to
22 codify behaviors to protect everybody. So do we, in your
23 opinion, in the CTT's opinion, should be codify it to the
24 extent that all trainers don't have an overall license so
25 you automatically assume they're good on horseback and they

1 should or should not be wearing vests? What would the
2 trainers' organization think?

3 MR. BALCH: This is dangerous ground for me to get
4 on. I'm not sure that the -- well, I am sure that we did
5 not take a vote on this yesterday as to that specific
6 question. I think we can all understand that there are
7 several trainers who do not want to wear a vest when they're
8 ponying their horses. There are other trainers who
9 recognize that it might be in their own interest to wear a
10 vest.

11 All I'm up here saying is if the Board intends for
12 all trainers or anybody who is on a pony on the track to
13 wear a vest, the way it is with a helmet, I mean, we -- we
14 see trainers now who didn't particularly want to wear a
15 helmet either that are wearing helmets. If -- if the Board
16 is saying that the trainers have to wear a vest, then it
17 just needs to be clearly stated and implemented by the
18 safety steward, I would say.

19 You know, there are lots of arguments about vests,
20 as you know. Well, you can't tuck and roll if you fall off
21 with a vest on and so forth. But those -- those things are
22 sort of beside the point. If you're going to say that
23 everybody is going to wear a vest, then everyone should have
24 to wear a vest.

25 CHAIR WINNER: I think your idea of talking with

1 Rick and dealing with the administrative aspect of this and
2 the safety stewards is a good one.

3 Rick, do you agree with that?

4 EXECUTIVE DIRECTOR BAEDEKER: I agree.

5 CHAIR WINNER: And is there a motion to adopt
6 item -- agenda item number nine?

7 VICE CHAIR ROSENBERG: I'll move.

8 CHAIR WINNER: It's been moved by -- by Vice Chair
9 Rosenberg.

10 COMMISSIONER AUERBACH: Second.

11 CHAIR WINNER: Seconded by Commissioner Auerbach.

12 All I favor?

13 COMMISSIONER BENETO: Wait a minute, I --

14 CHAIR WINNER: Hold on. Hold on.

15 COMMISSIONER BENETO: Everybody that's on the
16 track is going to wear a vest, right --

17 CHAIR WINNER: Yes.

18 COMMISSIONER BENETO: -- period, whether they're
19 licensed or not? Anybody that gets on the track is going to
20 be wearing a vest?

21 COMMISSIONER AUERBACH: I don't know. We didn't
22 include the -- we didn't include trainers in this, did we?
23 No, we didn't get to that point.

24 COMMISSIONER BENETO: So a trainer can go out
25 there without a vest then?

1 EXECUTIVE DIRECTOR BAEDEKER: If I can just --

2 COMMISSIONER AUERBACH: I think so.

3 EXECUTIVE DIRECTOR BAEDEKER: If I can just --

4 COMMISSIONER BENETO: Wait a minute. I don't go
5 for that.

6 CHAIR WINNER: Rick?

7 EXECUTIVE DIRECTOR BAEDEKER: If I can try to add
8 some clarification to this, at least as far as I understand
9 the desire of the Board. The current action will be taken
10 relative to pony riders as defined under our rules. I'm
11 getting a shaking of the head by Mr. Miller.

12 MR. MILLER: That's not -- Robert Miller, Counsel
13 to the California Horse Racing Board. The way the rule is
14 written it says pony riders. It doesn't say licensed pony
15 riders. It is -- so to interpret this rule means that
16 anyone on a pony --

17 CHAIR WINNER: Right.

18 MR. MILLER: -- that's on the grounds of an
19 association has to have a vest.

20 EXECUTIVE DIRECTOR BAEDEKER: So I think, Alan,
21 there's nothing to discuss.

22 CHAIR WINNER: It's an enforcement issue.

23 VICE CHAIR ROSENBERG: Yeah.

24 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

25 MR. BALCH: Just so -- just so -- Alan Balch

1 again. Just so it's clear, if that's what it means then --
2 then let's just make sure it's clear to everyone. That's
3 all I'm asking.

4 EXECUTIVE DIRECTOR BAEDEKER: That's a great
5 point. And like other measures like this, you know, there
6 will be a period of time where this is implemented via the
7 warning system and make sure everybody is educated and
8 before any action is taken for a violation. So the safety
9 stewards, I agree, are the ones that we will, as a Board,
10 rely on and Staff will rely on to implement the new rule.

11 CHAIR WINNER: The intent was, my belief is,
12 speaking from the standpoint of when this went through
13 Committee, the intent was everybody who is on a horse on the
14 race track --

15 COMMISSIONER BENETO: Yeah.

16 CHAIR WINNER: -- should be wearing a vest. That
17 was the intent.

18 MR. MILLER: Yes.

19 CHAIR WINNER: I think that's what Mr. Miller has
20 explained, and I agree with it.

21 All those in favor? All those in favor? All
22 those in favor?

23 ALL COMMISSIONERS: Aye.

24 CHAIR WINNER: Any opposed? The measure carries.

25 Moving on to item ten. This is a very important

1 item, folks. So for those of you that have an interest,
2 please pay attention.

3 Public Hearing and action by the Board regarding
4 the proposed amendment to CHRB Rule 1844, Authorized
5 Medication, to revise levels of specified authorized
6 medications and add additional drug substances. This
7 concludes the 45-day public comment period.

8 MS. WAGNER: Jackie Wagner, CHRB Staff. The
9 proposal before the Board is just as the Chairman has
10 outlined it. The proposed amendment to Rule 1844 will
11 revise our regulation to update -- to update the therapeutic
12 drug substances and medications that may be present at
13 specified levels in official urine and blood test samples.
14 It makes some level changes to our existing list and it adds
15 and deletes some other drug substances.

16 Our Equine Medical Director is here if you have
17 any questions regarding the proposal. I will tell you that
18 the rule has been out for the required 45-day comment
19 period. We received no comments during the proposal, and
20 Staff does recommend that the Board adopt it as presented.

21 CHAIR WINNER: Dr. Arthur?

22 DR. ARTHUR: Dr. Arthur, Equine Medical Director.
23 California was a leader in this concept of setting
24 authorized threshold levels for therapeutic medications back
25 almost 20 years ago. What this proposal is, is a

1 culmination of years of work. Next to me is Dr. Dionne
2 Benson, Executive Director of the Racing Medication Testing
3 Consortium. And, of course, Dr. Stanley, who you all know,
4 who is chief chemist at the Maddy Laboratory. And actually
5 much of this work was done at the Maddy Laboratory to
6 determine these thresholds and withdrawal guidance.

7 What this actually does is provide very bright
8 out-of-bounds lines for commonly used medications with the
9 concept that the horsemen should know what can be used and
10 what shouldn't be used at what certain times to avoid
11 medication violations. And as I think most of us realize,
12 most medication violations are -- are not someone trying
13 nefarious activity, but mostly mistakes. Some people dance
14 close to the line and cause those mistakes. But what this
15 actually does is provide a bright out-of-bounds line for
16 therapeutic medication.

17 But without a doubt, the most significant change
18 is the regulation of corticosteroids. This is the first
19 real effort in California to regulate corticosteroids. It's
20 an effort that's going on nationally. It's going to be a
21 major paradigm shift. It's going to greatly restrict the
22 use of corticosteroid use in horses, and I think that's
23 going to benefit horse racing and it's going to benefit
24 horses. So you know, that -- that's the bottom line.

25 We have -- we're going to start on July 1st

1 notifying trainers and veterinarians, or we're going to have
2 the information available if they want to come in and talk
3 to us if we find corticosteroids that would be in violation
4 of these regulations so that they can learn the process.
5 We've done a study here that was presented. Much of the
6 information was presented at eh American Association of
7 Equine Practitioners this last fall where we had cooperation
8 from a number of practitioners so that they know what drugs
9 to use at what time and avoid those positives. That
10 information will be published again this fall and will be
11 made available to horsemen. The guidance for withdrawal
12 times for the other therapeutic medications is up on the
13 RMTTC website. And the laboratory is very capable of
14 enforcing these regulations.

15 It will be a learning period. Trainers and
16 veterinarians are going to have to learn when they can use
17 cortisone that want to mount. You're still going to be able
18 to do corticosteroid injections. You're just not going to
19 be able to do as many. You're going to have to think about
20 it. It's going to have to -- it's not going to be your 6-
21 packs and 12-packs. It's going to have to be some real
22 consideration as to how these drugs are used, and I think
23 it's about time.

24 We did not include restricted administration times
25 which was an issue that has been discussed. In New York,

1 for example, you can't do an interarticular injection within
2 seven days of a race. We think as a practical matter these
3 thresholds will limit interarticular injections to four to
4 five days with reduced corticosteroid use in a minimal
5 number of joints. We can revisit that at another time. As
6 an FYI, the international welfare threshold for
7 interarticular corticosteroid use in a racing horse is 14
8 days. It's just impractical in the way our business model
9 is in horse racing.

10 But I'm very pleased with these changes. A lot of
11 thought and a lot of work have gone into them. They've
12 already been approved by eight other states, and a number of
13 other states are moving forward. And I'll -- I'll let Dr.
14 Benson give you an update on that.

15 DR. BENSON: Thank you. Dr. Dionne Benson with
16 the Racing Medication Testing Consortium. The last time I
17 was before you was last November and we had introduced this
18 to your Medication Committee, and then the full Racing Board
19 the next day. I appreciate the opportunity to come back.

20 Essentially, as Dr. Arthur said, this has been
21 adopted in eight states. And the corticosteroid portion has
22 been in place in two additional states. So you already have
23 ten states doing the corticosteroid portion, and a full
24 eight states doing the whole program.

25 Just anecdotally, as Dr. Arthur indicated, it will

1 require more thought on the part of the veterinarians. I
2 work at the -- for the Kentucky Horse Racing Commission
3 sometimes on the weekends, giving Lasix shots. And I can
4 tell you, in the two weeks before this went into effect in
5 Kentucky I saw more lameness exams being done than I have
6 ever seen done on the backside of a race track. In my
7 opinion that is -- that shows me that this is working. Vets
8 are thinking about it. And the initial data from Kentucky
9 shows they have no positives for corticosteroids in the
10 first two weekends.

11 So it's working. The vets are adjusting. They're
12 treating horses appropriately. The horse -- the field sizes
13 haven't changed in the last four weeks at Churchill from the
14 two weeks before and the two weeks after that they had the
15 regulations in effect. I think we've seen that the program,
16 that where the states have adopted this it's been effective
17 and successful. And I'll just close by urging you to adopt
18 these -- these thresholds in California.

19 COMMISSIONER CHOPER: Well, we -- we get -- I
20 think -- I don't have the exact number, but a high
21 percentage of the cases that come to us, appeals to the
22 Board, involve this clenbuterol.

23 DR. BENSON: Uh-huh.

24 COMMISSIONER CHOPER: So in your judgment, is that
25 going to reduce that substantially? That is to say, is it

1 going to reduce the number of -- let me ask a two-point --
2 two-part question. Will it reduce the number of violations,
3 and will it, in some way, make it easier to identify the
4 source of the violation? That is to say -- and you say,
5 well, look, 95 percent of these cases, if you, you know, if
6 you don't inject a horse with anything involving these
7 things within, you mentioned seven days, a rule some place,
8 I think you said that, is there a bright-line rule so that a
9 trainer, you know, can't come in and say, look, I followed
10 the rule and it's not my fault? Then at least it's a matter
11 of credibility as to whether you follow the rule or not.

12 DR. ARTHUR: Well, they're still going to come in
13 and say they followed the rules and it still happened.
14 But -- but I will tell you the way these thresholds would
15 determine by using pharmacokinetic data -- in fact,
16 clenbuterol analysis or study was done at UC Davis. They --
17 what is applied to the pharmacokinetics is a very robust
18 statistical analysis that's used by the EU to determine
19 withdrawal times for antibiotics in milk, a very robust
20 threshold that if trainers abide by our recommendations they
21 will not have a violation.

22 But the real issue is what we've been doing,
23 particularly here at Los Alamitos where clenbuterol is a
24 particular problem because of its adrenergic effects is,
25 frankly, we've been pretty tough on the horsemen. We give

1 them a suspension, we give them a fine, and that's going to
2 be our most effective deterrent. And there's -- I don't
3 want to get into details. But I think it's a step forward.
4 But we are going to watch it very carefully and we will be
5 prepared to make adjustments, if necessary.

6 COMMISSIONER CHOPER: Fair enough.

7 VICE CHAIR ROSENBERG: In the absence of the
8 Chairman, any more comments? Anyone want to make a motion
9 to amend Rule 1866?

10 MS. WAGNER: Rule 1844.

11 EXECUTIVE DIRECTOR BAEDEKER: 1844.

12 VICE CHAIR ROSENBERG: I'm sorry, 1844? Oh, yeah.
13 Sorry.

14 COMMISSIONER BENETO: You want me to make a
15 motion?

16 VICE CHAIR ROSENBERG: Anybody for a motion?

17 COMMISSIONER AUERBACH: Yeah.

18 COMMISSIONER BENETO: I'll second it.

19 (Colloquy between Commissioners)

20 EXECUTIVE DIRECTOR BAEDEKER: Richard --

21 VICE CHAIR ROSENBERG: Yeah?

22 EXECUTIVE DIRECTOR BAEDEKER: -- we have two
23 comments. Okay. Oh, okay.

24 EXECUTIVE DIRECTOR BAEDEKER: One comment. Just
25 Alan Balch.

1 VICE CHAIR ROSENBERG: Alan Balch.

2 COMMISSIONER BENETO: Balch.

3 MR. BALCH: Alan Balch, California Thoroughbred
4 Trainers. Assuming this is passing, and it has been out
5 there, as Dr. Arthur mentioned, for quite some time on a
6 non-clenbuterol subject, the interarticular injections, and
7 maybe the others, too, I would just urge that maybe Dr.
8 Arthur and may Dr. Benson, if it could be arranged, maybe
9 you've already done this, but have you had a meeting with
10 the practitioners, as well as the trainers? Because again,
11 like one of the questions here from Professor Choper, you
12 know, we constantly hear this, you know, we didn't know, we
13 hadn't heard. The more education we can do on this the
14 better, and particularly assuming this passes, and
15 explaining how the time table that will be implemented in.

16 And going back to Dr. Arthur's first remarks today
17 about how they will be warned and so forth I think would be
18 very valuable to the smooth implementation of this.

19 DR. ARTHUR: In response to Alan's comments, and
20 Dionne may want to add to this, this has been a very --

21 CHAIR WINNER: Identify yourself.

22 DR. ARTHUR: Dr. Arthur, Equine Medical Director.
23 This has been a very-very hot topic in the veterinary
24 profession. It's been the subject of very long discussions
25 at the American Association of Equine Practitioners, which

1 most veterinarians participate in. Dr. Blay (phonetic), in
2 fact, just -- who practices at Santa Anita and is president
3 of the American Association of Equine Practitioners just
4 came out with an article today endorsing this. He was
5 actually the lead researcher on the project I told you about
6 that went forward.

7 We do intend to educate people. The fact of the
8 matter is we don't want any positives. All drug testing is
9 deterrent, and we're going to work to educate everybody to
10 that regard. And we communicate, I think very effectively,
11 with practitioners in California, and we'll continue to do
12 that. And we'll do whatever it is that is necessary to get
13 everybody on the same page. We recognize this will be a
14 major change in the way veterinarians practice. The biggest
15 problem is, frankly, going to be educating trainers to
16 listen to their veterinarians when it comes to medical
17 issues.

18 EXECUTIVE DIRECTOR BAEDEKER: Dr. Arthur, can you
19 explain to the Commissioners and Mr. Balch and others the
20 timing of this implementation if the Board approves this
21 today?

22 DR. ARTHUR: If the Board approves it we hope it
23 would get to Office of Administrative Law. They would
24 approve it and it would go -- it would become effective on
25 October 1st of this year. I believe that's correct.

1 MS. WAGNER: That's correct.

2 DR. ARTHUR: So -- and that's what our goal is.
3 And the Office of Administrative Law, they -- they make
4 these changes effective quarterly. It's either going to be
5 October 1st or it's going to be January 1st. So we have 90
6 days to get everybody on the same page. We did a very
7 similar thing when we lowered the bute threshold from five
8 to two, and I think we did a very effective job of that.
9 You know, we had very-very few problems with that
10 transition.

11 COMMISSIONER AUERBACH: What's the biggest change
12 that we're going to see in terms of the adjustment of
13 trainers and vets? Is it -- is it joint injections? Is
14 that going to be the major issue that we're going to be
15 seeing a change in the frequency and efficacy use of those
16 things? Is that the biggest issue here?

17 DR. ARTHUR: That's going to be the biggest.
18 Corticosteroids are going to be the biggest issue. Quite
19 frankly, I can argue that some of the changes even somewhat
20 liberalize our therapeutic thresholds, even though there's
21 still residues. It -- it's not a problem in terms of the
22 integrity of the sport. But what will be the change is that
23 you're not -- you're going to have to look at that
24 individual horse. You're going to have to make a decision.
25 And frankly, you're going to have to decide what

1 corticosteroids to use in that particular joint.

2 There's one very problematic and popular
3 corticosteroid, methylprednisolone acetate that sticks
4 around for a long period of time. And in all the states
5 where and in all the countries where corticosteroids have
6 been regulated, that drug has -- its use has been curtailed,
7 which a lot of people think is for the good. It's a very
8 potent long-acting corticosteroid.

9 CHAIR WINNER: Any other questions on this item?
10 I think this is a very important item. I think that I thank
11 Dr. Arthur, and all the other doctors who are here, and all
12 the people who worked on this because I believe it's a very
13 important step forward, and highly recommend support of
14 this. And I'll move passage of this measure. Is there a
15 second?

16 COMMISSIONER AUERBACH: Second.

17 CHAIR WINNER: Seconded by Commissioner Auerbach.
18 All in favor?

19 ALL COMMISSIONERS: Aye.

20 CHAIR WINNER: Any opposed? Thank you very much.
21 Again, thank you.

22 Oh, did you want to comment on this, Rick?

23 EXECUTIVE DIRECTOR BAEDEKER: I asked the Chairman
24 if I could make a comment after the Board took action on
25 this. I just wanted to say that even though I've grown

1 older in the sport, both literally and mentally, I suppose,
2 I was surprised, and I'll just use the word shocked at the,
3 I'm sure, isolated but sometimes careless and indiscriminate
4 use of these corticosteroids kind of, apparently, under the
5 reasoning of why not? And so this, as a matter of fact, is
6 a dramatic change.

7 And it was a revelation yesterday in meeting with
8 the investigators and the safety stewards, and maybe
9 everybody else on this Board has realized this before,
10 maybe, because you're taking action like this, but if we're
11 going to -- if we're going to improve the game it seems to
12 me like the -- the effort should be focused on improving the
13 care of the race horse, because everything else flows from
14 there. If we have a race horse who's -- who's not
15 manipulated onto the race track but is fit to run, naturally
16 fit to run, we -- by that very nature we improve the safety
17 of the rider on top of him. We protect the player who has
18 an investment because the form is more true and more
19 reliable. We protect the investment of the owner. And as a
20 matter of fact, we -- we protect the livelihood of -- of the
21 vast-vast majority of trainers who want to apply their
22 trade, you know, honestly and effectively.

23 So there's a lot of stuff that we all deal with
24 day in and day out in a difficult industry, and that's part
25 of our -- it's part of our responsibility. But every now

1 and then something very rewarding happens in our game. And
2 I count this in that category. This is a big change. And I
3 wasn't any part of it, getting it to this point. But I just
4 think that it's appropriate to congratulate the Board on
5 their leadership role in this area.

6 CHAIR WINNER: Thank you. Thank you very much.
7 And again, just to stress, we -- this is our -- this is the
8 way it's going to be going forward. Those who play by the
9 rules are going to have the advantage, not those who don't
10 play by the rules. And this is just another small step in
11 that direction, maybe a large step in that direction.

12 Let's move on to number 11, public hearing and
13 action by the Board regarding the proposed amendment to CHRB
14 Rule 1866, Veterinarian's List, to require that any horse
15 placed on the Veterinarian's List as sick or receiving
16 veterinary treatment-shockwave therapy not be allowed to
17 work out for a minimum of 72 hours without the permission of
18 the official veterinarian, and set specific minimum time
19 periods for horses placed on the Vet's List as unsound or
20 lame. This concludes the 45-day public comment period.

21 Jackie?

22 MS. WAGNER: Jackie Wagner, CHRB Staff. The
23 proposed amendment to Rule 1866, again, is just as the
24 Chairman outlined. I'm not going to repeat that at this
25 time. I would like to say that the proposal has been out

1 for the required 45-day period, as required by statute, and
2 we have received no comments on the proposal. Staff would
3 recommend that the Board adopt it as presented.

4 CHAIR WINNER: Any more comment, Doctor?

5 DR. ARTHUR: Dr. Arthur, Equine Medical Director.
6 I don't want to spend a lot of time on this because I think
7 it's fairly straight forward and makes common sense. We
8 actually have had various times horses have had to be on the
9 Veterinarian's List depending on whether at Los Alamitos,
10 the fairs, or at Santa Anita. This actually defines this.
11 It actually puts a restriction on for horses working after
12 being sick and treated with shockwave therapy. To be clear,
13 it's actually a little bit generous because they can still
14 send the horses out to the track. They just can't have a
15 reported work unless they get permission of the official
16 veterinarian. And the most important part are these repeat
17 horses that continue to go on the Vet's List.

18 Ever since I've been Equine Medical Director I've
19 had complaints from my official veterinarians how these
20 people trying to get these horses off that are repeatedly
21 lame is -- is just a dangerous situation, puts them in an
22 awkward situation. And there's no reason that we have to
23 hurry these horses back. The provisions for the longer
24 veterinarian time or Veterinarian List stays. It is exactly
25 the same language that we do for horses that bleed. And

1 it's only going to be applicable for horses that are
2 diagnosed as being unsound or lame, and it's a common sense
3 safety measure.

4 COMMISSIONER CHOPER: And they have to get the
5 approval before you even start the clock for the 72 hours
6 that the vet says they're okay now?

7 DR. ARTHUR: That's right.

8 COMMISSIONER CHOPER: Well, this is a pretty clear
9 rule. I don't see how you're going to violate it, but we'll
10 find out.

11 COMMISSIONER AUERBACH: How is this different from
12 what we have now in regulation?

13 DR. ARTHUR: Right now a horse can go on the Vet's
14 List as being lame, and work ten days later and go on the
15 Vet's List as being lame, work ten days later, get off.
16 And, you know, you can patch those horses up and keep
17 getting them off, but those are just such high-risk horses.
18 Right now -- and to be honest, the sick issue is one of
19 those things where a horse gets scratched as being sick at
20 7:00 in the morning and works 58 and change --

21 COMMISSIONER AUERBACH: The next morning.

22 DR. ARTHUR: -- in the afternoon.

23 COMMISSIONER AUERBACH: Uh-huh.

24 DR. ARTHUR: It's a little bit of, you know --

25 COMMISSIONER AUERBACH: A game.

1 DR. ARTHUR: -- the horse -- it's a game. And if
2 a horse is really sick -- not sick enough to work, race,
3 he's not sick enough to -- you know, he's too sick to -- to
4 work out for a couple of days. I think it's just a common
5 sense rule.

6 COMMISSIONER CHOPER: It's just a couple of days,
7 that's all.

8 DR. ARTHUR: Yeah.

9 COMMISSIONER CHOPER: It's not -- not the end of
10 the world.

11 DR. ARTHUR: I will say, in New York they have
12 talked about not letting horses on the track for ten days
13 after shockwave therapy. But the analgesia from shockwave
14 only lasts for three days. And most of our -- most of our
15 serious training injuries occur when horses are working.

16 CHAIR WINNER: Any other questions?

17 VICE CHAIR ROSENBERG: Yeah. Shockwave therapy,
18 just to clarify, the -- it only is effective for three days
19 generally? So why do they do it? What's the reason?

20 DR. ARTHUR: No, it's only -- what it does is it
21 deadens the pain.

22 VICE CHAIR ROSENBERG: I understand.

23 DR. ARTHUR: It acts as an analgesic for 72 hours.
24 The effect they're trying to get, the analgesia supposedly
25 is a side effect of the treatment. In other words, the

1 treatment, the -- the painkilling aspect, you deaden a nerve
2 because you've overstimulated it because of the shockwave.
3 But what they're trying to do is stimulate the bone to heal
4 or the tissue to heal --

5 VICE CHAIR ROSENBERG: That's what I was asking.

6 DR. ARTHUR: -- which is a separate process.

7 VICE CHAIR ROSENBERG: Right. That's the --
8 that's the main goal.

9 DR. ARTHUR: That's right.

10 VICE CHAIR ROSENBERG: Right.

11 CHAIR WINNER: Any other questions on this issue?
12 Is there a motion?

13 COMMISSIONER CHOPER: Moved.

14 CHAIR WINNER: Commissioner Choper moves.

15 COMMISSIONER BENETO: Second.

16 CHAIR WINNER: Commissioner Beneto seconds. All
17 in favor?

18 ALL COMMISSIONERS: Aye.

19 CHAIR WINNER: All opposed?

20 DR. ARTHUR: Thank you.

21 CHAIR WINNER: The measure carries.

22 Let's move on to the last item on the agenda, item
23 number 12, discussion and action by the Board on the
24 approval of the 2014/2015 agreement providing funding
25 support for the Board.

1 This is critical.

2 MR. GONZALEZ: Yes, it is.

3 CHAIR WINNER: Go ahead.

4 MR. GONZALEZ: My name is Francisco Gonzalez, CHRB
5 Staff. Chairman, Commissioners, what you have in front of
6 you is the CHRB industry agreement to provide support for
7 CHRB operations. These operations include all the costs
8 that the CHRB incurs, including the cost for stewards,
9 equine drug testing, and Staff salaries, along with other
10 contracts.

11 COMMISSIONER CHOPER: This money is coming from
12 where?

13 MR. GONZALEZ: This money is coming out of --

14 COMMISSIONER CHOPER: Well, I know it's going into
15 the -- for the CHRB budget, but who's paying for it?

16 MR. GONZALEZ: Well, the money -- the money,
17 before 2009, used to be paid from the pari-mutuel takeout,
18 out of the takeout. There was a distribution called
19 licensing fees. In 2009 SB 16 eliminated the licensing fees
20 payable to the State of California. From there SB 16
21 required industry and the CHRB to reach an agreement on how
22 to provide support for the Board. And from there a
23 formula -- a formula was created in conjunction with the
24 industry to determine who is going to be paying for what
25 portion of the CHRB support.

1 COMMISSIONER CHOPER: So the -- and it's coming
2 from the industry?

3 MR. GONZALEZ: Yes.

4 COMMISSIONER CHOPER: And that's in the table
5 here?

6 EXECUTIVE DIRECTOR BAEDEKER: So simply -- simply
7 stated, if I can put it in -- in terms that I think
8 everybody relates to, the industry went to Sacramento and
9 said we need license fee relief, ultimate license fee
10 relief. And at that time the license fees that were paid to
11 the state were, in fact, paying for the California Horse
12 Racing Board. So the Board was funded from the general fund
13 ultimately; right? So --

14 MR. GONZALEZ: No.

15 MS. VOSS: It was always special funding. I'm
16 sorry.

17 EXECUTIVE DIRECTOR BAEDEKER: Okay.

18 MS. VOSS: CHRB Staff, Wendy Voss. I apologize.

19 EXECUTIVE DIRECTOR BAEDEKER: But am I incorrect
20 then in -- in assessing that the license fee that we paid to
21 the state paid for the CHRB; did it not?

22 MS. VOSS: That's right. But CHRB is special
23 funded. We've never been general funded. I'm sorry. I'm
24 just making that distinction.

25 EXECUTIVE DIRECTOR BAEDEKER: Yeah. Okay. Well,

1 the point -- the point is the same, that as a matter of fact
2 we were paying a license fee. And from that license fee
3 CHRB was funded.

4 MS. VOSS: That's right.

5 EXECUTIVE DIRECTOR BAEDEKER: When the state said
6 we're going to forgive that license fee, eliminate that
7 license fee, but you've got to figure out a way to pay for
8 the Horse Racing Board.

9 MS. VOSS: That's right.

10 EXECUTIVE DIRECTOR BAEDEKER: And that's how this
11 formula was devised. And the process is an annual one,
12 correct --

13 MS. VOSS: Yes.

14 EXECUTIVE DIRECTOR BAEDEKER: -- where the --
15 where the next year's budget is determined. And that amount
16 is -- the CHRB budget is determined. And that amount is
17 brought back to the Board. And the racing industry then is
18 apprised of the amount which may change from year to year.

19 MS. VOSS: That's right.

20 EXECUTIVE DIRECTOR BAEDEKER: And that brings us
21 to today; correct?

22 MS. VOSS: That's right.

23 MR. GONZALEZ: That is right.

24 MS. VOSS: So we have a formula that has been
25 established for next fiscal year beginning July 1.

1 CHAIR WINNER: Are there any questions from the
2 Board?

3 VICE CHAIR ROSENBERG: Moved.

4 CHAIR WINNER: Moved by Vice Chair Rosenberg.

5 COMMISSIONER AUERBACH: Second.

6 CHAIR WINNER: Seconded by Commission Auerbach.

7 All in favor?

8 ALL COMMISSIONERS: Aye.

9 CHAIR WINNER: Any opposed? Thank you very much.

10 MS. VOSS: Thank you.

11 CHAIR WINNER: With that, do I have a motion to
12 adjourn?

13 COMMISSIONER AUERBACH: So moved.

14 MR. MILLER: Pending closed session.

15 CHAIR WINNER: Yeah. We're going into closed
16 session.

17 (The California Horse Racing Board meeting adjourned into
18 Closed Session at 12:15 p.m.)

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CERTIFICATE OF REPORTER

I, MARTHA L. NELSON, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Horse Racing Board Regular Meeting; that it was thereafter transcribed.

I further certify that I am not of counsel or attorney for any of the parties to said conference, or in any way interested in the outcome of said conference.

IN WITNESS WHEREOF, I have hereunto set my hand this 19th day of June, 2014.

/s/ Martha L. Nelson_
MARTHA L. NELSON

CERTIFICATE OF TRANSCRIBER

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.

/s/ Martha L. Nelson
MARTHA L. NELSON, CERT**367

June 23, 2014