

MEETING  
STATE OF CALIFORNIA  
HORSE RACING BOARD

IN THE MATTER OF: )  
 )  
REGULAR MEETING )  
 )  
\_\_\_\_\_ )

DEL MAR SURFSIDE RACE PLACE  
2260 JIMMY DURANTE BOULEVARD  
DEL MAR, CALIFORNIA

FRIDAY, JULY 18, 2014

9:30 A.M.

REPORTED BY JULIA LENNAN, RPR, CSR NO. 12843

A P P E A R A N C E S

COMMISSIONERS

Chuck Winner, Chair  
Bo Derek, First Vice Chair  
Richard Rosenberg, Second Vice Chair  
Marilyn Auerbach, Commissioner  
Steve Beneto, Commissioner  
Jesse Choper, Commissioner  
George Krikorian, Commissioner.

STAFF

Rick Baedeker, Executive Director  
Robert Miller, Staff Counsel  
Jacqueline Wagner, Assistant Executive Director

ALSO PRESENT

John Valenzuela, Local 280  
Cal Rainey, Golden Gate Fields  
Jim Henwood, Los Angeles County Fair Association  
Mike Seder, Los Angeles County Fair Association  
Kim Lloyd, Los Angeles County Fair Association  
Brad McKinzie, Los Alamitos  
Tom Ludt, Santa Anita  
Joe Morris, Thoroughbred Owners of California  
Terri Bingham, Attorney  
Larry Swartzlander, San Joaquin  
Kelly Olds, San Joaquin  
Nate Newby, Santa Anita  
Scott Daruty, Santa Anita  
Rick Hammerle, Santa Anita  
Sherwood Chillingworth, Oak Tree  
Chris Korby, California Authority of Racing Affairs

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1           CHAIRMAN WINNER: Good morning, everyone. If  
2 you'd have your seats, I'd appreciate it, and we can get  
3 started.

4           As you know, I have to read this board meeting  
5 introduction, so I will do that.

6           Ladies and gentlemen, this meeting of the  
7 California Horse Racing Board will come to order. Please  
8 take your seats.

9           This is a regular noticed meeting of the  
10 California Horse Racing Board on Friday, July 18th, 2014,  
11 at the Del Mar Surfside Race Place, 2260 Jimmy Durante  
12 Boulevard, Del Mar, California.

13           Present at today's meeting are: Chuck Winner,  
14 Chairman; Bo Derek, First Vice Chair; Richard Rosenberg,  
15 Second Vice Chair; Madeline Auerbach, Commissioner;  
16 Steve Beneto, Commissioner; Jesse Choper, Commissioner;  
17 and George Krikorian, Commissioner.

18           Before we go on to the business of the meeting,  
19 I need to make a few comments.

20           To the Board invites public comment on the  
21 matters appearing on the meeting agenda. The Board also  
22 invites comments from those present today on matters not

1 appearing on the agenda during the public comment period  
2 if the matter concerns horse racing in California.

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

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

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

1           When all the names have been called, I'll ask  
2   if there is anyone who else who would like to speak on  
3   the matter before the Board. Also, the Board may ask  
4   questions of individuals who speak.

5           If a speaker repeats himself or herself, I'll  
6   ask if the speaker has any new comments to make. If there  
7   are none, the speaker will be asked to let others make  
8   comments to the Board.

9           With that, thank you very much, and we will  
10   proceed.

11           First item on the agenda is the approval of the  
12   minutes from the June 19th meeting.

13           Is there a motion to approve or any comments on  
14   the minutes? changes? additions? Is there a motion to  
15   approve the agenda?

16           COMMISSIONER ROSENBERG: I'll make the motion.

17           CHAIRMAN WINNER: Commissioner Rosenberg  
18   moves. Commissioner Beneto seconds.

19           All in favor?

20           IN UNISON: Aye.

21           CHAIRMAN WINNER: Opposed?

22           Minutes are approved.

1           Next on the agenda is the executive director's  
2   report.

3           Rick?

4           MR. BAEDEKER: Thank you, Mr. Chairman.

5           The purpose of this report is to update the  
6   Commissioners and industry stakeholders on issues of  
7   common interest to all that staff is working on.

8           I wanted to update you all on the situation at  
9   Cal Expo, on the improvements to the barn area there that  
10   were mandated by Cal Fire.

11           All 22 of the tack rooms at Cal Expo are now fire  
12   code compliant, were completed by opening day. New doors  
13   and escapable windows were installed as well as  
14   in-the-wall air conditioners, plus new floors and  
15   ceilings.

16           These were block wall structures with high  
17   ceilings, and the rooms are 12 by 24 with plenty of space  
18   for two grooms. Fourteen of the 22 room were completed  
19   before the horses arrived, and the final eight were signed  
20   off by Cal Fire on Opening Day.

21           In the quarter horse business, we have an issue  
22   with equine infectious anemia, which is -- which requires

1 a Coggins test to prove negative. And two quarter horses  
2 not within any of our enclosures in the state have been  
3 determined to be positive for equine infectious anemia,  
4 and as a result, Dr. Arthur and myself issued a directive  
5 that as of yesterday, any quarter horse not continuously  
6 housed at a CHRB enclosure for the previous 60 days must  
7 have a negative Coggins test dated after April 1st in  
8 order to start at a CHRB-licensed facility.

9 And then effective July 24th, next week, a  
10 quarter horse not continuously housed at a CHRB enclosure  
11 for the previous 60 days must have a negative Coggins test  
12 dated before the same date, April 1, to be allowed to enter  
13 a stable area at any of our racetracks.

14 Dr. Arthur has been working very closely with  
15 the California Department of Food and Agriculture on  
16 this, and it's been a positive, constructive  
17 relationship. And thanks to Dr. Arthur for aggressively  
18 putting together a plan to deal with the situation.

19 Just wanted to let the Commissioners know and  
20 the audience here that we have -- that four individuals  
21 passed both the written and oral examination for safety  
22 steward. We will be offering contracts for part-time

1 work to two of them. Those agreements are on the agenda  
2 today.

3 David Nuesch is a former rider who has been on  
4 the scene here in the south and has been working with Luis  
5 Jauregui on counseling young riders, and Richard Lewis  
6 has served as director of racing at Bay Meadows and will  
7 be doing so at the upcoming Santa Rosa fair.

8 The other two gentlemen, Brian Connor and Paul  
9 Atkinson, are also highly qualified and will be available  
10 for assignments as work opens up. We feel very fortunate  
11 to have these four very qualified individuals now on our  
12 list of safety stewards.

13 Jockey agents at Los Alamitos, the jockeys and  
14 track management and guild representative have agreed on  
15 a house rule that will limit a jockey's agent to two  
16 riders. During double-header meets at Los Alamitos, the  
17 limit will be two quarter horse jockeys and one  
18 thoroughbred rider or two thoroughbred jocks and one  
19 quarter horse rider.

20 And this is a personnel issue. At CHRB we're  
21 currently experiencing a shortage of licensing  
22 personnel. We're attempting to fill three positions,

1 including a supervisorial slot at headquarters, and so  
2 we're covering the workload the best that we can with our  
3 existing folks.

4 This comes at the most difficult time of the year  
5 as we're spread from Del Mar in the south to the fair  
6 circuit in the north. So we would just ask everybody's  
7 patience regarding this matter, and I think we're doing  
8 a good job getting everybody licensed quickly.

9 And an update on the two bills that we've talked  
10 about over the last several months, the Chesbro bills,  
11 AB-2592 and AB-2005. They will both be up before the  
12 senate appropriations committee on August 4th.

13 And to look at the financials just briefly, for  
14 the month of June, buoyed by the Belmont Stakes, business  
15 throughout the industry was up 5.66 percent in  
16 California, and the thoroughbred side, it was up  
17 7 -- almost 8 percent, 7.8 percent. So good solid  
18 numbers for June. And year to date, the industry, night  
19 and day, is up 3.3 percent.

20 And that concludes my report, Mr. Chairman.

21 CHAIRMAN WINNER: Thank you very much, Rick.

22 Just to make a comment on the four new safety

1        stewards, Commissioners Krikorian, Auerbach, and I had  
2        the opportunity to join Jackie and Rick in interviewing  
3        them, and I'm really -- I think we're all very delighted.  
4        They were all super qualified, very knowledgable, and I  
5        think they'll be a terrific addition to our group of  
6        stewards.

7                    Moving on then to Item Number 3, public comment.  
8        I have one card, John Valenzuela.

9                    John?

10                   Please state your name and organization, John,  
11        if you will, please.

12                   MR. VALENZUELA: Hello. Can you hear me?

13                   CHAIRMAN WINNER: Yeah.

14                   MR. VALENZUELA: Hello. My name is John  
15        Valenzuela, president of Local 280. I'm just here to  
16        inform the board that we do have a contract with the  
17        federation. It's a three-year contract. I just want to  
18        bring it to your attention.

19                   CHAIRMAN WINNER: Thank you. Very good.

20                   MR. VALENZUELA: Thank you.

21                   CHAIRMAN WINNER: Thank you very much.

22                   Any other public comments?

1 No one else?

2 Okay. We'll move on then to Item Number 4,  
3 discussion and action by the Board regarding the  
4 distribution of race day charity proceeds of the Pacific  
5 Racing Association, dba Golden Gate Fields, in the amount  
6 of \$79,672.57 to 11 beneficiaries.

7 MR. RAINEY: Cal Rainey, Golden Gate Fields.

8 CHAIRMAN WINNER: Go ahead, Cal.

9 MR. RAINEY: All of the charities are for  
10 Northern California and equine-related charities, Bay  
11 area charities.

12 CHAIRMAN WINNER: Right.

13 Anybody have any comment on the charities?

14 COMMISSIONER DEREK: No, thank you. I like all  
15 the horse-related charities --

16 MR. RAINEY: Yes.

17 COMMISSIONER DEREK: -- on your list. Thank  
18 you.

19 CHAIRMAN WINNER: I don't think there's any  
20 action on this, is there?

21 COMMISSIONER ROSENBERG: Well, I think we --

22 COMMISSIONER AUERBACH: You have to approve

1       them.

2               MR. BAEDEKER:  Yeah, we do take action on this,  
3       correct?  The board --

4               COMMISSIONER AUERBACH:  Always.

5               MR. BAEDEKER:  -- approves?  Yeah.

6               CHAIRMAN WINNER:  Okay.  Is there a motion to  
7       approve?

8               COMMISSIONER DEREK:  I would like to.

9               CHAIRMAN WINNER:  Vice Chair Derek moves and  
10       Commissioner Krikorian seconds.

11              All in favor.

12              IN UNISON:  Aye.

13              CHAIRMAN WINNER:  Any opposed?

14              COMMISSIONER AUERBACH:  One abstention.

15              CHAIRMAN WINNER:  You abstained?

16              COMMISSIONER AUERBACH:  I have to.

17              CHAIRMAN WINNER:  Oh, okay.

18              Commissioner Auerbach abstained.

19              MR. RAINEY:  Thank you very much.

20              CHAIRMAN WINNER:  Thank you very much, Cal.

21              Moving on then to Item 5, discussion and action  
22       by the Board on the approval of the safety steward

1 contract for David Nuesch and Richard Lewis for fiscal  
2 year 2014 and '15.

3 Do I have -- I'm not going to read the --

4 COMMISSIONER CHOPER: So moved.

5 MR. MILLER: Mr. Chairman?

6 CHAIRMAN WINNER: Yes.

7 MR. MILLER: Before the Board takes action on  
8 this item, I would like to ask the Board to move pursuant  
9 to Government Code Section 11125.3 to add Mr. Lewis's  
10 name to the agenda.

11 His need for as -- as a safety steward became  
12 known after the ten-day --

13 CHAIRMAN WINNER: Oh, okay.

14 MR. MILLER: -- notice period and -- but prior  
15 to the 48 hours prior to this meeting; therefore, the  
16 Board has to, by a three-fourths vote, approve the  
17 addition of Mr. Lewis to the agenda.

18 CHAIRMAN WINNER: That was Robert Miller, who  
19 didn't identify himself.

20 COMMISSIONER CHOPER: I'll move that too.

21 CHAIRMAN WINNER: Commissioner Choper moves.

22 Is there a second?

1 COMMISSIONER AUERBACH: Second.

2 CHAIRMAN WINNER: Commissioner Auerbach  
3 seconds.

4 COMMISSIONER ROSENBERG: A question.

5 CHAIRMAN WINNER: Yes, Commissioner Rosenberg.

6 COMMISSIONER ROSENBERG: Are we to approve the  
7 contract? Isn't the contract supposed to be attached or  
8 information on the contract?

9 MR. MILLER: This first motion -- Robert  
10 Miller, counsel for the California Horse Racing Board.

11 This first motion is merely to add Mr. Lewis's  
12 name to the agenda.

13 COMMISSIONER ROSENBERG: I got that, but the  
14 question is: Are we now going to vote to approve the  
15 contract?

16 And if so, the contract and its terms aren't  
17 mentioned here anywhere unless I'm missing something.

18 COMMISSIONER AUERBACH: No.

19 CHAIRMAN WINNER: They're not.

20 MR. MILLER: You're voting to approve to offer  
21 them a safety steward contract.

22 MS. WAGNER: Correct. Jackie Wagner, CHRB

1 staff.

2 What the board is voting on is the approval to  
3 add Mr. Nuesch and Mr. Lewis to the list of eligible  
4 stewards that the Board can contract for should it have  
5 a need to provide the services of a safety steward.

6 They will be added to the list. They  
7 will -- the contracts will, no doubt, be the routine  
8 steward contract that is issued to all the stewards.

9 COMMISSIONER ROSENBERG: Thank you.

10 CHAIRMAN WINNER: Jackie, just one question.

11 Is David already working?

12 I mean, he was there yesterday.

13 Was he just -- is he not under contract or was  
14 he under contract?

15 MS. WAGNER: David, I believe, has been issued  
16 a contract.

17 MR. BAEDEKER: We have -- Jackie, we have the  
18 ability, right, to offer a nine-day --

19 MS. WAGNER: Nine days.

20 MR. BAEDEKER: -- nine-day contract prior to  
21 Board approval?

22 CHAIRMAN WINNER: Okay. Does that answer your

1 question, Richard?

2 COMMISSIONER ROSENBERG: (Nods head).

3 CHAIRMAN WINNER: Okay. So the first motion  
4 then is to -- is the motion that Mr. Miller was referring  
5 to, and I think Commissioner Choper moved. Commissioner  
6 Krikorian seconded.

7 We need three-quarters vote on this, as I  
8 understand it.

9 MR. MILLER: That's correct.

10 CHAIRMAN WINNER: All in favor?

11 IN UNISON: Aye.

12 CHAIRMAN WINNER: Any opposed?

13 That motion passes.

14 Okay. The next motion then is to add them to  
15 the list.

16 Is there a motion?

17 Commissioner Rosenberg moves. Vice  
18 Chair Derek seconds.

19 All in favor?

20 IN UNISON: Aye.

21 CHAIRMAN WINNER: Any opposed?

22 That motion carries. Thank you.

1           Moving then on to Item Number 6, discussion and  
2           action by the Board on the application for license to  
3           conduct a horse racing meeting of the Los Angeles County  
4           Fair at Los Alamitos, commencing September 5th 2014,  
5           through September 23rd, 2014, inclusive.

6           Jim, Brad, and teams.

7           MR. HENWOOD: Good morning, Commissioner and  
8           Chairman. My name is Jim Henwood. I'm president and CEO  
9           of Los Angeles County Fair Association. It is our  
10          pleasure to be here today to present our formal  
11          application to run the Los Angeles County Fair race meet  
12          at Los Alamitos.

13          You have the application with you. It's a meet  
14          that's customary in content as it would relate to our  
15          Los Angeles County Fair race meet traditionally run at  
16          our fairgrounds in Pomona but for a couple of exceptions,  
17          including some changes in the -- in the dates of the race  
18          meet itself, the physical number of days we're racing,  
19          and, of course, the opportunity of running our race meet  
20          on a mile surface at a facility that has just proven itself  
21          in a very notable manner.

22          Joining me here today is Mike Seder, who is the

1 CFO and has heads -- has head up historically our racing  
2 business here at the association; Kim Lloyd, who is our  
3 general manager and operates our equine-related  
4 businesses and is deeply involved as we came across and  
5 put this application in front of you today.

6 The process was done on a joint basis because  
7 of the uniqueness of this race meet. Los Alamitos has  
8 an expert staff, and they're very highly talented, and  
9 they've just proven themselves, as I stated before, in  
10 their ability to successfully operate a thoroughbred race  
11 meet.

12 And I'd like to turn the mike, if I may, over  
13 to Brad, who would continue this discussion, and we'll  
14 be able to move on with other questions as they become  
15 available.

16 Yes, Commissioner.

17 COMMISSIONER CHOPER: I know that you have  
18 worked out a stabling agreement for a particular period  
19 of time. Is that right?

20 MR. HENWOOD: That's correct.

21 COMMISSIONER CHOPER: I'm just -- just out of  
22 curiosity, what is going to happen to the racetrack over

1 the next year for the period that this is approved?

2 MR. HENWOOD: Well, we have -- we have a number  
3 of thoroughbred pieces of business that we're involved  
4 with. Notable is our Barretts auctioning facility, and  
5 we're conducting our March sale next year at the  
6 Los Angeles County Fair.

7 We'll be doing it through then, and we don't  
8 know. I mean, at this juncture --

9 COMMISSIONER CHOPER: I'm sorry, when is the --

10 MR. HENWOOD: March.

11 COMMISSIONER CHOPER: -- auction?

12 March.

13 MR. HENWOOD: Right. We have a March and a May  
14 sale, and we'll be conducting the March sale in 2015 at  
15 Fairplex.

16 COMMISSIONER CHOPER: You have no future  
17 plans --

18 MR. HENWOOD: No.

19 COMMISSIONER CHOPER: -- nor do they, I take it?

20 MR. HENWOOD: No. Barretts?

21 COMMISSIONER CHOPER: Barretts, as to where  
22 they're going to conduct --

1           MR. HENWOOD:  Again, let's -- let's just have  
2   that conversation because it's important.

3           We're having a sale this Sunday here at the  
4   paddocks here at Del Mar.  Very, very excited about that  
5   business.

6           We are -- we are the owners of -- the  
7   Los Angeles County Fair Association is the owner of  
8   Barretts Equine Limited, and we work as employees for the  
9   Los Angeles County Fair Association in that  
10  responsibility.  I'm president.  Mike is the CFO of  
11  Barretts, and Kim is our general manager of the Barretts  
12  operation.  So it's very serious to us.

13          We have every intent of continuing our Barretts  
14  business here in California, as we have done  
15  traditionally, and we are seeking to put our sales  
16  business into platforms where they'll be most effective  
17  to the interests of owners and those others that are  
18  interested in buying horses, and we are bringing our sales  
19  business to the market.

20          COMMISSIONER CHOPER:  So I guess it's fair to  
21  say that there's no assurance that the racetrack is going  
22  to last there for more than May.

1 MR. HENWOOD: At this --

2 COMMISSIONER CHOPER: I know --

3 MR. HENWOOD: Yeah, yeah.

4 COMMISSIONER CHOPER: -- there may be no  
5 specific plans, but --

6 MR. HENWOOD: That's correct.

7 COMMISSIONER CHOPER: Okay. Thank you.

8 MR. HENWOOD: That -- that -- you're correct.

9 CHAIRMAN WINNER: Commissioner Rosenberg.

10 COMMISSIONER ROSENBERG: I have a question  
11 about the stabling. I have a question on the  
12 application.

13 Isn't Santa Anita going to be closed in  
14 September still or it'll be open in September for  
15 stabling?

16 MR. MCKINZIE: I don't want to speak for Santa  
17 Anita, but I believe their plan is to open up after Del Mar  
18 is concluded, and then the horses will go back to Santa  
19 Anita.

20 COMMISSIONER ROSENBERG: Okay.

21 MR. MCKINZIE: I believe that's the plan.  
22 There's plenty of Santa Anita people here.

1 MR. LUDT: That's correct.

2 MR. MCKINZIE: Mr. Ludt just said that that is  
3 correct.

4 COMMISSIONER ROSENBERG: Okay.

5 CHAIRMAN WINNER: Any other questions?

6 COMMISSIONER KRIKORIAN: Yes.

7 CHAIRMAN WINNER: Yes, Commissioner Krikorian.

8 COMMISSIONER KRIKORIAN: Just getting back to  
9 the facilities for a second.

10 You're saying that you're going to continue to  
11 hold the sales for Barretts through next March, correct?

12 MR. HENWOOD: That's correct.

13 COMMISSIONER KRIKORIAN: Okay. What about the  
14 racetrack itself?

15 COMMISSIONER AUERBACH: It would have to be  
16 there.

17 MR. HENWOOD: For the March sale, the racetrack  
18 has to be there because we need to breeze and prepare  
19 horses. The -- it's a two-year-old-in-training sale.

20 COMMISSIONER KRIKORIAN: So you're saying that  
21 the track will be there next March?

22 MR. HENWOOD: That's correct.

1           COMMISSIONER KRIKORIAN: But after that you  
2 don't have any plans yet?

3           MR. HENWOOD: That's correct.

4           COMMISSIONER ROSENBERG: I have a question on  
5 the marketing.

6           I was impressed with all the detail there, but  
7 I couldn't find anything in terms of driving  
8 fan -- driving fair attendees to actually go to the races  
9 at Los Alamitos. I did find a reference to driving fans  
10 to the off-track betting facility at -- you know.

11          CHAIRMAN WINNER: Where did you find that?

12          We were just looking for that.

13          What page are you on?

14          COMMISSIONER ROSENBERG: Page 60 -- 60 -- -60.

15          CHAIRMAN WINNER: Because I also had some  
16 concerns about that.

17          COMMISSIONER ROSENBERG: Any other marketing  
18 ideas --

19          MR. HENWOOD: I'll introduce it, and then maybe  
20 it would be best if Brad could tie that together for us,  
21 and others may comment.

22          Number 1 is we're running our race meet at

1 Los Alamitos. It is incumbent on the Los Angeles County  
2 Fair Association to do everything in its power to drive  
3 a customer that potentially or that has historically gone  
4 to the fair to see the races over to Los Alamitos. That's  
5 the goal.

6 In that exchange we are providing a basically  
7 bounce-over or a bounce-back opportunity where free  
8 admission is going to be allowed and the engagement of  
9 that strategy, so we take the financial hurt out of it.

10 If you come to the fair, you can go to the  
11 Los Alamitos racetrack, and there will be no charge. You  
12 go to Los Alamitos racetrack to see the race, you want  
13 to come to the fair, there's no charge. We're doing a  
14 complete transparent connection on that.

15 On top of that, we are marketing ourselves as  
16 the Los Angeles County Fair race meet at Los Alamitos  
17 from a standpoint of our fair guests. And when they come  
18 and they want to talk -- or see that race meet, if they  
19 have the intent of it, we want to make certain that we  
20 are directing them in a most favorable way to  
21 Los Alamitos.

22 In doing that, you're going to see us in a -- in

1 a -- in the whole social side of it, in the Web side of  
2 it. You're going to see us very, very transparent in that  
3 effort.

4 Our joint marketing department is at work  
5 extensively on it, and it's one of the reasons why the  
6 marketing plan is as developed as it is. And we're very  
7 committed to the success of this race meet at  
8 Los Alamitos. It's -- it's incumbent.

9 MR. MCKINZIE: Yeah, just to --

10 CHAIRMAN WINNER: Go ahead, Brad.

11 MR. MCKINZIE: Just to expand on that, we're  
12 doing extensive co-marketing. As Jim said, you know, if  
13 come to the fair, coupons to come to the races for free.  
14 Same thing, if you come to the races, go to the fair for  
15 free.

16 They do extensive social media marketing, which  
17 we're going to be taking advantage of. So we're working  
18 as much as we can to co-promote this thing between the  
19 fair attendees and the racetrack attendees.

20 CHAIRMAN WINNER: Could you identify yourself,  
21 Brad.

22 MR. MCKINZIE: Brad McKinzie from Los Alamitos

1 Racing Association.

2 MR. HENWOOD: It goes into the -- Jim Henwood  
3 again.

4 It also goes into the whole makeup of how  
5 traditionally we've done our race meet. The owners and  
6 the trainers and the families do enjoy coming to the fair.  
7 Well, if you're going to be over at Los Alamitos and  
8 you're in business over at Los Alamitos in that side of  
9 it, we're going to be over there providing tickets, entry,  
10 availability to come to the fair event. And we want to  
11 make certain that social media platform in it from  
12 the -- from those that are important to make the show  
13 happen, they feel as if they're part of our continued  
14 family.

15 Additionally, at our race meet, we have every  
16 intent of expanding what has been our traditional  
17 wagering platforms in our grandstand, in the top of the  
18 park, over by the paddock area -- which is called the  
19 Longboard bar area -- we will be having platforms where  
20 wagering can be conducted there, as they have done  
21 traditionally, along with our finish line sports betting  
22 facility.

1           Yeah.

2           CHAIRMAN WINNER:   Okay.  I like the -- I think  
3   the whole cross-marketing plan seems to me to be well  
4   thought out, and I expect it to do well.

5           I was a little concerned about the  
6   budget -- going to Commissioner Rosenberg's point, the  
7   budget in terms of driving folks to the track, not from  
8   the fair, but rather in general.

9           It seems to me that the whole budget is  
10   reasonably weak in terms of not -- in terms of actual  
11   advertising and promotion, paid advertising and  
12   promotion, as opposed to social media and sort of earned  
13   media or free media.

14          I don't know if someone wants to comment on that.

15          MR. HENWOOD:   Brad, if you could start, and Mike  
16   can make a couple comments.

17          MR. MCKINZIE:   Well, I can comment on that.

18          We learned a lot during our -- the first two  
19   weeks that we ran thoroughbred racing, and one of the  
20   things we learned is that I'm not -- we didn't have much  
21   success, I don't think, driving customers to the  
22   racetrack with the general advertising dollars.

1           Where we did have tremendous success, and we're  
2 going to concentrate even more heavily on, was with our  
3 Register Connect program, where the "Register" actually  
4 drives their people to the racetrack.

5           As I'll discuss when I review the meet, on the  
6 last Saturday of our meet, we had total attendance of  
7 4800. 2,000 of them were brand-new people driven to the  
8 racetrack through the Register Connect program.

9           And I think, Mr. Chairman, what we've learned  
10 is that when we do general advertising and media -- "come  
11 to the races" -- we're still seeing -- the people who see  
12 those ads, we're still seen as an entity to where they  
13 feel, you know -- their comfort level isn't that high.

14           But when they're asked to come to the races or  
15 given the opportunity to come to the races by an entity  
16 that they're familiar with, this Register Connect program  
17 who do other outings with them, there -- there's a comfort  
18 level there, and that, you know, I'm a new person, I can  
19 come to the racetrack. I know I'm going to be around  
20 other new people. I'm not going to feel out of place.

21           I mean, quite frankly, that's -- last Saturday  
22 of our meet, we were swarmed. We had -- they were lined

1 up out to the parking lot to get in, and they were all  
2 new people.

3 And we are going to concentrate -- we're having  
4 a meeting with them Tuesday to do more of those events  
5 for this 11-day meet because it seems to us that that gives  
6 a new fan the comfort level to come out to the racetrack,  
7 as opposed to just an ad or opposed to just a direct-mail  
8 piece that says come on out. We're still viewed as an  
9 entity that they're not familiar with, and we think we've  
10 hit on something with this.

11 CHAIRMAN WINNER: That's all very good news,  
12 obviously.

13 What's your thinking though, Brad, first of all  
14 for people who don't subscribe to the "Register" or read  
15 the "Register"? How do you drive people and  
16 get -- create that comfort level that you're talking  
17 about?

18 I mean, you're -- the location is terrific,  
19 obviously. You've done a fabulous job out there. I  
20 think all of us are delighted with the track and the  
21 facility and everything that you've done, the backside  
22 and so forth.

1           The thing that I'm concerned about  
2    is -- obviously, these new folks that you're talking  
3    about from Register Connect, that's exactly where we want  
4    to go. That's terrific.

5           What about the folks other than those who  
6    can -- who you can create a comfort level with if they  
7    begin to realize what's going on there?

8           MR. MCKINZIE: What we're doing is we're now  
9    reaching out and to try to find other entities that do  
10   similar programs. We understand like the Angels have  
11   programs for their season ticket holders --

12          CHAIRMAN WINNER: Right.

13          MR. MCKINZIE: -- where they do these, and that  
14   is where we're going to start concentrating our efforts  
15   because it seems to us that that is a way to get the new  
16   people out, to get them out with a group of people that  
17   they're familiar with.

18          So that's -- we're going to other media sources  
19   that have similar programs to the Register Connect, and  
20   that is going to be a real concentration point for us.

21          We learned -- we learned something during this  
22   two weeks. We've been trying to drive -- as every

1 racetrack has, trying to drive new people to our racetrack  
2 for years. It's the million-dollar question. Nobody  
3 seems to find the answer.

4 This is the first thing we've done where we  
5 stepped back and we said, "Good god, look all these  
6 people." So this -- this is where we're going to start  
7 focusing efforts, to -- to try to do partnerships to drive  
8 people to our racetrack, as opposed to just doing normal  
9 advertising to get them out there.

10 CHAIRMAN WINNER: Okay. Thank you.

11 COMMISSIONER AUERBACH: Brad --

12 CHAIRMAN WINNER: Commissioner Auerbach.

13 COMMISSIONER AUERBACH: Sorry.

14 Do you have any way of tracking whether or not  
15 those people actually went to the windows?

16 MR. MCKINZIE: Well, we gave them -- we gave  
17 them a \$2 voucher, so I know they went once.

18 COMMISSIONER AUERBACH: Good start.

19 MR. MCKINZIE: We -- what we did is when they  
20 came to the racetrack, we gave them the voucher. We gave  
21 them a free handicapping sheet. We had a -- before each  
22 race we had a little handicapping seminar in their -- in

1 their area.

2 We watched them. They went to the windows,  
3 not -- you know, they didn't bet a lot, but quite frankly,  
4 we're not concerned how much they bet. They -- we  
5 watched them. They had a good time. They enjoyed it.  
6 They went to the windows. People that won, jumping up  
7 and down, screaming. I mean, that's -- that's what you  
8 want. It's -- now the question is we've got to, you know,  
9 get them back and get them back --

10 COMMISSIONER AUERBACH: That was my --

11 MR. MCKINZIE: -- and try to --

12 COMMISSIONER AUERBACH: That was my next  
13 question.

14 MR. MCKINZIE: That's the toughest thing in the  
15 world because, I mean, you know, as we all know, I mean,  
16 you look at a racing form, it might as well be in Chinese.  
17 I mean, it's -- for a new person. I mean, it's just tough  
18 to figure out what's going on.

19 So we're -- we tried everything we could to ease  
20 them into it, but it seems to me that the way we need to  
21 market this is that it's a fun place to go and there's  
22 also betting. And if they enjoy themselves,

1       they'll -- they'll wind up going to the windows.  They'll  
2       bet a couple bucks.  It's -- it's fun.

3               CHAIRMAN WINNER:  Sort of like the Del Mar  
4       experience, it's a fun place to go, and, hopefully,  
5       they'll bet when they get there.

6               MR. MCKINZIE:  It is.  It is a fun place to go.  
7       I just wish they'd -- rather they close everything at  
8       10:00 clock at night as opposed to the hours that they  
9       keep things open here.  Make it easier to make a 9:30 CHRB  
10       meeting.

11              CHAIRMAN WINNER:  Vice Chair Derek has a  
12       question.

13              COMMISSIONER DEREK:  Brad, I'd like to ask in  
14       advance this time regarding race day charities.  Since  
15       you have these extra thoroughbred race days, I'd like to  
16       ask you to consider maybe using the other Del Mar, Santa  
17       Anita, Golden Gate Fields as an example.

18              You're always within the necessary 20 percent  
19       of horse-related charities and you give so much to  
20       human-related charities, but it's horse racing, not human  
21       racing.  So I'd ask you -- I'd like to ask you to consider  
22       the next time you divvy up your race day charity money.

1           MR. MCKINZIE: We will more than consider it,  
2           and we're happy that we actually have some charity money  
3           to divvy up.

4           COMMISSIONER DEREK: Okay. Thank you.

5           COMMISSIONER AUERBACH: Commissioner Derek, I  
6           just want to point out to you that I -- I don't know if  
7           they've thought about it or not, they got accredited this  
8           year from the NTRA, and part of that accreditation  
9           requires their involvement with retirement and rescue.

10          And they have -- they got a pass. I mean, I  
11          haven't attacked them yet about karma, and I will. And  
12          that'll be something that, you know, I'm sure that they  
13          will be very onboard with.

14          MR. MCKINZIE: We look forward to being  
15          attacked.

16          CHAIRMAN WINNER: Are there any other  
17          questions?

18          COMMISSIONER AUERBACH: Yeah, about --

19          CHAIRMAN WINNER: Do you have any other  
20          comments?

21          COMMISSIONER AUERBACH: I have questions.

22          CHAIRMAN WINNER: Please go ahead.

1           COMMISSIONER AUERBACH: I do. I want to get to  
2 their stakes schedule.

3           CHAIRMAN WINNER: Yes.

4           COMMISSIONER AUERBACH: I want to talk about  
5 this.

6           CHAIRMAN WINNER: Please go ahead.

7           COMMISSIONER AUERBACH: Do you want to talk it  
8 before I talk about it?

9           MR. MCKINZIE: Well, what I will talk about is  
10 that we currently do not have a TOC agreement, and the  
11 reason being --

12          CHAIRMAN WINNER: Right.

13          MR. MCKINZIE: -- is that we wanted to base our  
14 purse schedule and stake schedule for this upcoming meet  
15 based upon experience of our first meet as opposed to just  
16 sheer projections.

17                 And so we've held that off, and we've had  
18 discussions with the TOC in preliminary discussions with  
19 them, and I don't -- I don't foresee any problem, but  
20 we're building a stakes and purse program ba- -- we'll  
21 be able to incorporate our actual experience more than  
22 just sheer projections.

1                   COMMISSIONER AUERBACH: I know what you're  
2 saying.

3                   So you don't have your agreement done yet?

4                   MR. MCKINZIE: Correct.

5                   COMMISSIONER AUERBACH: I looked at your  
6 schedule, and this is part of the reason why I wanted to  
7 see the previous year, so I can almost know what I'm  
8 talking about.

9                   And the previous year we would compare to would  
10 be Pomona, and Pomona had like 12 stakes horses in their  
11 schedule at 775-, and you have eight at considerably more  
12 than that. No, you have it at 775- also. So you're  
13 giving out more money for less stakes, which is fine with  
14 me.

15                   Can you share with us what your communication  
16 is with TOC. I'm curious as to how you're really looking  
17 at it. And I'm saying it in light of your experience in  
18 the first meet. You offered a lot of money for one race,  
19 and had you been a little less generous, I think the meet  
20 would have maybe -- the last number I heard, and I don't  
21 know how accurate it was, is that you were overpaid I want  
22 to say two, two and a half; is that correct?

1 MR. MCKINZIE: No, it's more than that.

2 COMMISSIONER AUERBACH: It's more than that.

3 MR. MCKINZIE: Yes.

4 COMMISSIONER AUERBACH: Great.

5 Obviously, if we hadn't been -- if you hadn't  
6 been as generous with that race and, you know, maybe it  
7 went for three rather than five, then the overpay would  
8 have been a little bit more manageable.

9 So I'm wondering what you're thinking about with  
10 this. This is -- you know, I understand that your handle  
11 will probably be a lot greater than what it -- than what  
12 Pomona's handle was, but I'm wondering about like the  
13 Los Alamitos Mile and the -- I don't -- tell me what  
14 you're thinking. Tell me where we're going with this.

15 MR. MCKINZIE: Sure.

16 COMMISSIONER AUERBACH: Because, obviously, I  
17 read the papers too, and I know exactly what the game is  
18 being played, and I want to know what's going on with  
19 everybody with, you know, the one great horse that  
20 everybody wants and nobody seems to know how to talk to  
21 each other nicely or whatever. So maybe you can share  
22 that with us.

1           MR. MCKINZIE: Sure. First of all, as far as  
2 the stakes schedule for our first meet, just very quickly,  
3 we knew going in that we were -- we were being very  
4 aggressive and reaching in that stakes schedule, but  
5 we -- as I said when we applied for these dates, we needed  
6 to make a statement.

7           And by having a \$500,000 derby and by having  
8 shared belief in Eclipse award-winning horse come out and  
9 doing that race, that said to not only our local market,  
10 but to the national market, you can bring any kind of  
11 horse, any caliber of horse and run it at Los Alamitos,  
12 and it -- and they can perform. The benefits that we'll  
13 see down the road from that I think are enormous.

14          If you look at our -- if you look at our  
15 nominations that we just closed, the second payment for  
16 the Starlet and the Los Al fraternity, the former CashCall  
17 fraternity, we have two-year-olds nominated by Wayne  
18 Lukas, Todd Fletcher, Dale Romans. None of them have  
19 ever seen -- well, Wayne has, but Todd Fletcher, Dale  
20 Romans, they've never seen Los Alamitos, but now they  
21 have the faith to bring good horses out to run, so that  
22 stakes schedule was an investment in our future.

1           This stake schedule that we're now doing for  
2     the -- our fall meet is based much more on actual numbers  
3     and actual projections. It's now -- this stakes  
4     schedule is basically 20 percent of what our -- we feel  
5     our overall purses will be, which is a very conservative  
6     number.

7           As far as the Los Alamitos Mile goes, when we  
8     receive these dates, we talked to other racing  
9     secretaries, and they thought that the one area that might  
10    be needed for a Breeders' Cup prep was a mile race,  
11    three-year-old-and-up mile race. So that's what we've  
12    got.

13          We feel that for every meet that we run, we need  
14    a signature race, and this is going to be our signature  
15    race for the fall meet.

16          Now, there's -- everybody's talking about  
17    California Chrome going to run in the race. We don't know  
18    if California Chrome is going to run in the race or not,  
19    but we've got a three-year-old-and-up mile race six weeks  
20    before the Breeders' Cup. We think we're going to have  
21    a -- we think we're going to have a great race, and we're  
22    going to work very hard to promote the horses to come out

1 here.

2 But this -- every meet needs -- for us, anyway,  
3 needs a cornerstone event, and that's -- we're going to  
4 build this race meet around the Los Alamitos Mile.

5 And on the other races, they were -- races like  
6 the Beverly Lewis and -- they were \$50,000 races when they  
7 were run at Fairplex. They're \$75,000 races with us.

8 We did -- we did not -- working with Kim and with  
9 the Fairplex people, we identified some races -- some  
10 stakes races that they ran that had historically been,  
11 quite frankly, poor -- poor races, five-horse fields.  
12 And so we did not -- we took those off the -- we took those  
13 off the schedule to concentrate more on the races that  
14 had been successful.

15 So this stakes schedule is far more based upon  
16 projections and comfort level than our first meet stakes  
17 schedule was, which was based upon having to -- having  
18 to make a statement. This -- this is more pragmatic by  
19 far than that first stakes schedule.

20 COMMISSIONER AUERBACH: Okay. Then I'm kind  
21 of curious as to why you aren't signed off with TOC.

22 MR. MCKINZIE: Well, because we just have now

1 got them the purse projections.

2 As I said, we wanted to base our overall purse  
3 projections for this meet not on what if -- you know, what  
4 do you think we'll do -- but we used the actual -- we were  
5 able to incorporate the actual numbers of a meet that just  
6 ended on Sunday, and we used those numbers: Here's what  
7 we handled. Here's where we think our weak spots were.  
8 Here's where we think we'll get better.

9 But, again, this is a very pragmatic purse  
10 projection as opposed to a what-if purse projection,  
11 which we were forced to do for our first meet. So that's  
12 why we haven't had -- haven't finalized anything, is  
13 because we wanted to give them the numbers based upon our  
14 experience, as opposed to projections.

15 I don't -- I don't -- I'm sure Joe's here, but  
16 I don't foresee -- we've had preliminary talks with them.  
17 I don't foresee any problems.

18 COMMISSIONER AUERBACH: Okay. I just -- I  
19 worry about your signature race and, you know, the whole  
20 schedule, how it flows into the Santa Anita schedule.  
21 And I'm hoping that the two races that -- I mean,  
22 obviously, they have a race too that's part of what would

1 be considered a series.

2 They're not the same distance, but you're going  
3 to be looking for the same horses to go in those races,  
4 and I just hope that we have enough of those really  
5 high-caliber horses so that we don't shoot ourselves in  
6 the foot. That's --

7 MR. MCKINZIE: Well, and I hear you, but  
8 it's -- for us, it's -- you know, it's difficult. We've  
9 got Del Mar closing and Santa Anita starting. It's hard  
10 to find a race that's not going to step on somebody's toes  
11 a little bit. And we're running a race meet, and, quite  
12 frankly, we've got the right to step on, you know, maybe  
13 just the pinky toe.

14 COMMISSIONER AUERBACH: No argument. No  
15 argument, but our hope would be that everybody can  
16 get -- I want to be real kumbaya here -- and we all do  
17 well. And that's what we'd love to see, obviously,  
18 everybody.

19 MR. MCKINZIE: Well, I'll sing that song with  
20 you when --

21 COMMISSIONER AUERBACH: Okay. You promise?

22 MR. MCKINZIE: You bet.

1           CHAIRMAN WINNER:  Are there any -- Madeline, is  
2   that it?

3           COMMISSIONER AUERBACH:  That's it for me.

4           CHAIRMAN WINNER:  Any other questions?

5           You have not just a TOC, but a CTT agreement to  
6   come, is that correct, or is that complete?

7           MR. MCKINZIE:  The CTT agreement is done.  I  
8   just don't think we have it in our hands, and Mr. Balch  
9   is here, and I'm sure he's standing up as I speak --

10          CHAIRMAN WINNER:  No.

11          MR. MCKINZIE:  -- heading to the podium.

12          CHAIRMAN WINNER:  No, no.  Tom Ludt is standing  
13   up.

14          MR. MCKINZIE:  Wait a minute.

15          CHAIRMAN WINNER:  There's Mr. Balch over there.  
16   Mr. Balch is agreeing.  He's nodding.

17          For the record, Mr. Balch is nodding in  
18   agreement.

19          COMMISSIONER AUERBACH:  Get your feet out of  
20   the way.

21          CHAIRMAN WINNER:  I think Mr. Ludt is there to  
22   talk about his pinky probably.

1 MR. LUDT: Tom Ludt, president of Santa Anita.

2 CHAIRMAN WINNER: Director of food and service  
3 license is expired.

4 Has that --

5 MR. MCKINZIE: Yes, it is. We're taking care  
6 of that as -- also, Mr. Henwood, I -- had assured me that  
7 he would get his license.

8 CHAIRMAN WINNER: Oh, it's nice that you have  
9 a license. Congratulations.

10 I believe Mr. Ludt is at the podium to speak.

11 MR. LUDT: Tom Ludt, president of Santa Anita.

12 I would be remiss to at least not make this  
13 statement: We are, obviously, as a Southern California  
14 racing circuit, very, very interested in working  
15 together, and I think we've been good neighbors in  
16 assisting Los Alamitos, but it would be remiss to say I  
17 would not be concerned about that stake race being a week  
18 before the Awesome Again. That's a Grade 1,  
19 win-and-you're-in race televised on NBC.

20 We need Los Alamitos to have a good meet, just  
21 like we do, but I will say that it concerns me that we  
22 would be weakening our fields at both races at a race one

1 week apart.

2 We've traditionally always tried to work  
3 together, and I reemphasize, we're trying our best to help  
4 Los Alamitos, but it would be incorrect for me not to  
5 stand up here and say I would be concerned about that race  
6 being a week before the Awesome Again.

7 COMMISSIONER AUERBACH: Well, to your point,  
8 and if I may make a point, they're -- you've got a couple  
9 of different things going on, if I'm looking at it as a  
10 horseman.

11 We're okay -- I think we're okay -- I understand  
12 your concern, and I agree with you. I think we're okay  
13 as long as people don't step out of their -- step out of  
14 what's really fair in terms of competition and try to,  
15 I don't know, pay fees for a horse to make the horse go  
16 one way or another. You know what I'm driving at.

17 I think that what -- a Grade 1 race,  
18 win-and-you're-in, says everything, and if I have my  
19 choice, much as I love Los Al, I would love to go to a,  
20 you know, Grade 1 race, win and you're in.

21 The point is, Tom and Brad, there are enough  
22 horses on the circuit. You can both have really good

1 events, and that's what we would hope for, but I believe  
2 that you have the advantage by having it a Grade 1 and  
3 win and you're in.

4 MR. LUDT: And I agree with that. I'm  
5 just -- the only point I wanted to make -- and listen,  
6 we've got three new meets coming up, and the tracks are  
7 all working together because we really don't know what's  
8 ahead of us. And, again, we want Los Al to do well.  
9 We're working with them. I'm just worried at this hour,  
10 putting races together, that we don't weaken our product  
11 on a national level.

12 As Brad brings up, it's important to recruit  
13 trainers that we're getting out here. Del Mar has done  
14 a brilliant job this year of getting some new trainers  
15 out here. It's a process that we all have to work on very  
16 hard because, as we know -- it's already been talked  
17 about -- stabling is an issue.

18 So it's a delicate issue. We all need each  
19 other to survive and do well. I just worry about -- you  
20 know, the racing secretaries haven't agreed to all this  
21 yet. That's one of the reasons I believe TOC hasn't  
22 approved this yet. And we tend to work together.

1 I'm not the racing secretary, but it's just of  
2 a concern to us because it is our opening weekend. It's  
3 our big weekend leading into the Breeders' Cup at the end  
4 of the month, which we're going to talk about in a minute,  
5 obviously, when we get up there.

6 I just felt like it was important to bring you  
7 guys' attention that it does concern us at Santa Anita.

8 MR. MCKINZIE: And just a point, the TOC has  
9 brought up some concerns, and so we're -- we've talked  
10 about maybe moving our race a week earlier if that  
11 would --

12 COMMISSIONER AUERBACH: Even --

13 MR. MCKINZIE: -- if that would help.

14 COMMISSIONER AUERBACH: Even that would -- if  
15 you're --

16 MR. MCKINZIE: Right.

17 COMMISSIONER AUERBACH: -- a horseman -- if  
18 you're my kind of horseman, that would work great --

19 MR. MCKINZIE: Yeah.

20 COMMISSIONER AUERBACH: -- you know.

21 MR. MCKINZIE: And just to reiterate what Tom  
22 said, Santa Anita has been great. I mean,

1 we're -- believe me, we're not doing anything that we  
2 think -- you know, trying to damage Santa Anita.

3 They've been great neighbors. They've been  
4 very helpful to us, and we plan on working closely  
5 together with them for a long, long time. And so if  
6 there's a way that we can both meet our needs, then we  
7 will certainly --

8 COMMISSIONER AUERBACH: So you would consider  
9 making that --

10 MR. MCKINZIE: Oh, without question.

11 COMMISSIONER AUERBACH: Okay.

12 MR. MCKINZIE: Without question.

13 COMMISSIONER AUERBACH: That's good.

14 CHAIRMAN WINNER: I see that Joe is at the  
15 podium.

16 MR. MORRIS: Thank you. Joe Morris from the  
17 TOC.

18 One of the challenges is -- you know, we haven't  
19 got the full packet from Los Al. We've had some  
20 discussions with them. We're two months in advance here,  
21 with their meet just ending, they wanted -- we wanted to  
22 see all the actual numbers that happened.

1           We have those now. We'll get a package probably  
2 over the weekend. It will be vetted out through racing  
3 affairs, and we'll have meetings on it.

4           A few things. You know, we want to try to get  
5 year-round purses there so that Los Al 1, 2, and 3 are  
6 all at the same level. So that conversation is  
7 happening. We're working that through.

8           The overnight stakes at Fairplex were 50-. We  
9 want overnight stakes to be 75-, kind of uniform. So  
10 we're working that through.

11           The stakes schedule which we've talked about  
12 some, we haven't seen it. I mean, we need to make sure  
13 that their stakes schedule fits in not only for their  
14 meet, but dovetails into the meet before them and the meet  
15 after them.

16           And we've had that level of a conversation. We  
17 just haven't got to all the specifics yet. You know, the  
18 cart's a bit in front of the horse here today with the  
19 meeting happening a little bit before we were able to have  
20 all the meetings.

21           But Los Al, Santa Anita, they want to work well  
22 together. We're all working together on it, and we just

1 need a little bit more time to get it worked out, and  
2 that's why we don't have our done agreement yet.

3 COMMISSIONER AUERBACH: Joe, that's good to  
4 hear. You understand that when we get these packets and,  
5 you know, we read them and we're aware of things, and if  
6 we just do -- go through them and just say approved,  
7 approved, approved without the opportunity to hear what's  
8 going on --

9 MR. MORRIS: A hundred percent.

10 COMMISSIONER AUERBACH -- so we can feel more  
11 comfortable --

12 MR. MORRIS: Right.

13 COMMISSIONER AUERBACH: -- in the decisions  
14 that we a make because I wasn't comfortable.

15 MR. MORRIS: Well --

16 COMMISSIONER AUERBACH: I don't know that I'm  
17 thrilled, but I'm more comfortable now that you guys are  
18 going to figure out how to --

19 MR. MORRIS: Right.

20 COMMISSIONER AUERBACH: -- how to get it done.

21 MR. MORRIS: Good.

22 CHAIRMAN WINNER: The good news, it seems to

1 me -- and I appreciate Commissioner Auerbach's raising  
2 these issues because they are very, very important  
3 issues. It's good that we're hearing -- we're having  
4 this discussion.

5 In my view the good news is we're all embarking  
6 on new opportunities because of the closing of Hollywood  
7 and the changes and the closing of Fairplex at Pomona.  
8 And the good news is everybody is working together.

9 There's cooperation, and we're all playing as  
10 one team. And I think that is very, very good news for  
11 racing in this state, and I really like hearing what I'm  
12 hearing here. There may be some differences, but the  
13 objective is to all pull together, and that's what's good  
14 for racing.

15 MR. MCKINZIE: Well, Mr. Chairman, just to  
16 reiterate that, I can't tell you how supportive Santa  
17 Anita and Del Mar were of our first meet. I mean, as far  
18 as just, you know, advice, as far as even, you know,  
19 equipment that we needed.

20 I mean, it really is -- I've been in this  
21 business a long time in California. I've never seen such  
22 a level of cooperation that we have now between all of

1 the entities, and both Del Mar and Santa Anita couldn't  
2 have been more supportive of our meet at Los Alamitos.

3 COMMISSIONER AUERBACH: And I wanted to commend  
4 Brad too on our treatment at Los Alamitos.

5 We have never been, as a horse owner, more  
6 welcomed, made more comfortable. You guys really have  
7 hit a home run. Well, no, you hit a grad slam in terms  
8 of your trying to take care of us and make it work. It's  
9 been special.

10 MR. MCKINZIE: Thank you.

11 COMMISSIONER AUERBACH: And I think everybody  
12 appreciates that.

13 MR. MCKINZIE: I appreciate you saying that.

14 CHAIRMAN WINNER: Did you fill out a card?

15 MS. BINGHAM: Hi. Yes.

16 CHAIRMAN WINNER: Thank you.

17 MS. BINGHAM: Chairman Winner --

18 CHAIRMAN WINNER: Are there any other -- is  
19 there anything else from the board?

20 Okay. We have Terry Bingham.

21 Can you identify yourself and your affiliation.

22 MS. BINGHAM: Yes, sir. Chairman Winner,

1 members of the board, Terri Bingham, attorney, in support  
2 Los Alamitos.

3 I urge this Board to confirm both the  
4 thoroughbred and Arabian racing dates mandated by SB-721,  
5 which I call Allred's Law.

6 My reasons are as follows: These dates will  
7 bring more jobs to California both now and in the future.  
8 These dates will help preserve populations within this  
9 state, particularly in the quarter horse and Arabian  
10 breeds.

11 These dates will increase handle by generating  
12 additional international online betting. The profits  
13 from the increased handle will provide funding for  
14 further infrastructure improvements.

15 My focus is on the union jobs these dates help  
16 support. For Los Alamitos all-breed year-round racing  
17 is a necessity because most of the track's employees are  
18 minorities and women.

19 Many families have both husbands and wives  
20 working at the track. They also have children, as well  
21 as relatives abroad, that they support. All workers need  
22 a consistent monthly paycheck, thus the best thing for

1 Los Alamitos is year-round all-breed racing.

2 These dates are in furtherance of that goal  
3 because they add additional dates after the summer when  
4 track employees need work. Also, Allred's Law helps  
5 augment inventory by attracting racehorses from Arapahoe  
6 Park and Matoma Park.

7 Increases in populations will bring more jobs  
8 to California. Moreover, the Arabian breed in  
9 California is in peril. Additionally, Los Alamitos is  
10 this state's main supporter of quarter horse racing, and  
11 without the increase of dates at Los Alamitos, this state  
12 would eventually lose both racing breeds.

13 By sustaining these breeds, we increase handle,  
14 which we all need, because no track is an island. The  
15 loss of any horse breeder, owner, trainer, jockey, or  
16 track employee diminishes our sport.

17 Dr. Allred's law helps Los Alamitos recoup the  
18 8 to \$10 million already spent in upgrades.

19 Dr. Allred's law also increases attendance by tapping  
20 into emerging markets, particularly globally.

21 Los Alamitos' mixed-breed nighttime races have  
22 historically worked for Los Alamitos and will continue

1 to do so. And if it works for Los Alamitos, the  
2 thoroughbred owners are going to benefit.

3 I suggest to this Board that their approval of  
4 these dates will lead to bigger purses. Larger purses  
5 will save the small owners who were nearly put out of  
6 business, and that chance, I suggest, is worth all of us  
7 working together for.

8 I'm behind Dr. Allred's law 100 percent. So  
9 are a lot of others who could not be here but put their  
10 trust in me that I would fairly represent their goals as  
11 well as communicate their support of Los Alamitos.

12 In sum, one trainer said to me this week after  
13 hearing about how this Board previously voted unanimously  
14 in favor of Allred's Law, "This is life changing for me."

15 This Board has the power, and thus today I urge  
16 you to confirm these dates and change some lives. Thank  
17 you.

18 CHAIRMAN WINNER: Thank you very much. Thank  
19 you.

20 MR. MCKINZIE: I was always hoping they'd name  
21 something after Dr. Allred. I didn't realize --

22 CHAIRMAN WINNER: A whole law.

1 COMMISSIONER ROSENBERG: Just have a question.

2 CHAIRMAN WINNER: Yes.

3 MR. ROSENBERG: Maybe I missed something last  
4 month, but did we actually take a -- wasn't AB-721 the  
5 bill that was passed recently?

6 We didn't vote on that, did we?

7 CHAIRMAN WINNER: No.

8 COMMISSIONER ROSENBERG: We did not vote on  
9 that.

10 CHAIRMAN WINNER: No, that's correct. What we  
11 voted on was to approve pending the passage.

12 Is there a motion to approve?

13 CHAIRMAN WINNER: Commissioner Rosenberg  
14 moves. Commissioner Auerbach seconds.

15 All in favor?

16 IN UNISON: Aye.

17 CHAIRMAN WINNER: Any opposed?

18 Have a wonderful meet.

19 COMMISSIONER DEREK: Yeah.

20 CHAIRMAN WINNER: Good luck to you all, and  
21 thank you for everything.

22 COMMISSIONER AUERBACH: Are we supposed to put

1 in there subject to --

2 CHAIRMAN WINNER: Oh, subject to -- yeah.

3 COMMISSIONER AUERBACH: -- you guys --

4 CHAIRMAN WINNER: Yeah, the motion is subject  
5 to the missing documents.

6 The next item, 7, discussion and action by the  
7 board on the application for license to conduct a horse  
8 racing meeting of the San Joaquin County Fair at Stockton  
9 commencing September 19th, 2014, through  
10 September 28th, 2014, inclusive.

11 Gentlemen.

12 MR. SWARTZLANDER: Larry Swartzlander,  
13 director of racing, San Joaquin County Fair.

14 MR. OLDS: I'm Kelly Olds. I'm the CEO at the  
15 San Joaquin County Fair.

16 CHAIRMAN WINNER: Go ahead, Larry.

17 MR. SWARTZLANDER: Yeah, I just would like to  
18 point out that the San Joaquin Fair, we had a very  
19 successful meet last year. We contributed over \$150,000  
20 to the consolidated purse fund. We have averaged 8.4  
21 starts -- thoroughbred starts last year. The six-week  
22 meet was very successful, and we -- we're bringing back

1 the same stakes schedule and overnight purses, and we  
2 expect to be just as successful as last year.

3 I'll have Kelly talk a little bit about the  
4 promotions. Last year we basically didn't do too much  
5 on the weekends, and I think that what we're offering this  
6 year is going to be a great enhancement to the product.

7 MR. OLDS: Kelly Olds again.

8 On the first three -- the first three days of  
9 racing at San Joaquin Fair, we are working together in  
10 partnership with a local promoter, Tony Noceti, to  
11 sponsor a western cook-off, western festival.

12 He's bringing in about 20 barbecue teams to  
13 compete for who can do the best barbecue foods. He has  
14 arts and crafts exhibits, a lot of other fun activities:  
15 carnival and musical entertainment, including the Little  
16 River Band that will be playing on Friday night.

17 We anticipate bringing in -- on that weekend the  
18 projection is between 60- and 70,000 people over that  
19 three-day timeframe to the fairgrounds, and we'll be  
20 encouraging them to participate in the horse race by  
21 allowing them into the horse races free.

22 Mr. Noceti is spending somewhere between

1        seventy-five and a hundred thousand dollars on the  
2        promotion, highlighting the horse racing.  He just this  
3        past cut two television commercials that will be airing  
4        in the weeks prior to the race.  We've got newspaper  
5        advertising and some radio spots that have already been  
6        put in the can.  So that weekend is pretty much set as  
7        far as the schedule and the -- and the promotional  
8        activities.

9                The second week we're working with another  
10        promoter who has been working with the fairgrounds for  
11        over 40 years, Luis Valdega, and he's sponsoring a Mexican  
12        fiesta that weekend.  We'll have highlighted some noted  
13        Mexican restaurants and chefs from the area doing cooking  
14        demos and providing food for the fair goers.  We have  
15        musical entertainment that he's bringing in, including  
16        strolling mariachis who will going through the -- into  
17        the grandstand area between races.

18                He's also providing a media plan, both -- with  
19        mostly radio is -- seemed to do better with radio than  
20        anything else, but we'll be augmenting that with some  
21        print media.  I have meetings scheduled next week with  
22        our local newspaper and a couple of the television outlets

1 to talk about plans for promotion in that regard.

2 CHAIRMAN WINNER: Are there any other  
3 questions?

4 All right. Are there any items missing?

5 MR. SWARTZLANDER: Just the fire inspection,  
6 Commissioner.

7 CHAIRMAN WINNER: And you're --

8 MR. SWARTZLANDER: That will be taken care of,  
9 yes.

10 CHAIRMAN WINNER: Okay. All right. So is  
11 there a motion to approve pending receipt of the fire  
12 clearance?

13 COMMISSIONER CHOPER: Receipt of what?

14 CHAIRMAN WINNER: The fire clearance receipt is  
15 missing, so they'll bring that.

16 As soon as they provide that, approval based on  
17 that?

18 CHAIRMAN WINNER: You move?

19 COMMISSIONER BENETO: I'll move.

20 CHAIRMAN WINNER: Commissioner Beneto moves.  
21 Commissioner Choper seconds.

22 All in favor?

1           IN UNISON:   Aye.

2           CHAIRMAN WINNER:   Any opposed?

3           All right.   The motion carries.

4           Have a wonderful meet.

5           MR. SWARTZLANDER:   Thank you.

6           MR. OLDS:   Thank you.

7           CHAIRMAN WINNER:   Moving on to Item 8, and at  
8   the request of Santa Anita, we're going to combine Item 8  
9   and Item 10.

10           So Item 8 is the discussion and action by the  
11   Board on the application for license to conduct a horse  
12   racing meet of the Los Angeles Turf Club II at Santa  
13   Anita, commencing September 26, 2014, through  
14   November 2nd, 2014, inclusive.

15           And then at the end of that discussion, we'll  
16   have a discussion and action by the Board regarding an  
17   update from Santa Anita on its recently concluded race  
18   meeting, to include a briefing on end-of-meeting  
19   performance, the performance of the racing surface, and  
20   Santa Anita's plans for replacing its dirt track.

21           If you want, you can mix and match there.   It's  
22   not necessary to go one right after the other.

1                   Gentlemen, would you identify yourselves,  
2     please.

3                   MR. LUDT:   Tom Ludt, president of Santa Anita.

4                   MR. NEWBY:   Nate Newby, vice president,  
5     marketing, Santa Anita.

6                   MR. DARUTY:   Scott Daruty with Santa Anita.

7                   MR. HAMMERLE:  Rick Hammerle, racing  
8     secretary, Santa Anita.

9                   MR. LUDT:   Okay.  Thank you.  I appreciate,  
10    Chairman, giving us a chance to combine these things.  
11    Two meetings in a row I've got to come up here feeling  
12    good about ourselves, so hopefully we can make it through  
13    this meeting.

14                   We've obviously come off a very successful  
15    second meet, as we call it, the spring meet.  Nate Newby  
16    will talk about some of those details, but some of the  
17    things I just thought I'd mention just briefly before he  
18    does is you brought up the turf -- or the dirt surface.

19                   And as you heard earlier, we are working -- very  
20    hard working with our partners.  So we kept our barn open  
21    until the meet was over at Los Alamitos.  Dennis Moore,  
22    our track superintendent has immediately gone to work.

1           We are taking 18 inches of our surface down to  
2     the base off. That dirt will be replaced, but more  
3     importantly, with his concerns and his expertise, we  
4     wanted to get down and evaluate the base. So may even  
5     be doing a little bit of an adjustment to the base. He'll  
6     know that as he gets down to that surface.

7           So we're really excited. We had a great meet,  
8     and he's aggressively at this. We purchased all this  
9     El Segundo dirt. It's sitting out in our parking lot as  
10    people call Egypt -- mini Egypt out there. But we will  
11    take that dirt all the way out, and then we will replace  
12    it with a solid base of the El Segundo dirt.

13           And we're really excited about that, and  
14    we -- we're kind of ahead of schedule. It's a little  
15    early to say that, but -- probably the kiss the

16           death's just now, but -- so we're excited. We think  
17    we had a great meet, but yet it shows you our enthusiasm  
18    about racing.

19           As you know, we spent an enormous amount of money  
20    already. We are building new suites. We've already  
21    tore out the boxes that are under the remaining part of  
22    Frontrunner. Those will be suites all the way through.

1           For those that are very familiar with the  
2           facility, just beyond where our Turf Terrace is it  
3           was -- we call it Club Theater. It was old theater seats.  
4           That's all being tore out, and that will now be an  
5           extension of Turf Terrace.

6           So we'll have more formal sit-down dining. We  
7           think this will be very popular, especially for people  
8           that have gotten used to that nice outdoor seating where  
9           we have service. So we're excited about that.

10           And then the area just past that we call Club  
11           Plaza is an area that we use for group sales. We're kind  
12           of just cleaning that up, making it kind of like -- I would  
13           call a high-end sports bar feel. It's going to have a  
14           lot more TVs, a newer bar. It's just past the finish line  
15           up over what we call our Eddie Logan room.

16           So this whole theme that we're pushing gets into  
17           some of the things you talked about: attendance  
18           and -- and -- we get to put all the pressure on Nate to  
19           get to the attendance here since Chairman Brackpool and  
20           myself are the ones pushing all the construction.

21           But I think when you get back here for our  
22           September meet or our fall meet, you'll see that we've

1 now got space that is somewhat exclusively dedicated to  
2 kind of what I would call the high-end dress code/income  
3 people.

4 We're not messing with our facility. We have  
5 a lot of great spaces for everybody, but one of the things  
6 that the Stronach Group is very focused on is we're  
7 putting a lot of money into our facilities because we  
8 believe it's important to get people back to the track.

9 It's not an easy proposition, and I don't  
10 probably have to preach to you all, but I do think it's  
11 important to understand, this is coming out of the  
12 company's pocket at 100 percent, but it's a commitment  
13 that we think we need to do.

14 Do I think we hit our numbers in attendance that  
15 I thought we would this year, we didn't, but I don't think  
16 we're going to fix this overnight either. Nate does a  
17 fabulous job, and we spent a lot of money marketing our  
18 facility, and I think -- I saw trends towards our suites  
19 that we currently have start filling up towards the end  
20 of the meet.

21 And, you know, a lot of these changes are going  
22 to take some time, especially in this town, but -- I don't

1 want to sit there and pat ourselves on the back, but I  
2 do -- I thank the Stronach Group for spending the money  
3 they're spending and the emphasis we're putting on live  
4 racing.

5 So we're coming again, like I said, off a great  
6 meet. I'll let Nate talk about those numbers before we  
7 get into our fall application, but I think it's important  
8 that we're constantly putting money back into it.

9 And it's just like the surface. You could have  
10 argued -- and there were some trainers who were content  
11 with our dirt surface, but we're always going to push for  
12 the best. That was the commitment that Brad gave me when  
13 he -- when I got hired here, is we will always do the right  
14 thing for the horses, for the customers, and the players.

15 And so we're working very hard at that, and we're  
16 very proud of that. So I'll turn it over to Nate.

17 MR. NEWBY: Good morning. Nate Newby, Santa  
18 Anita.

19 Just go over some figures for both the spring  
20 meet and the winter/spring meet combined is how we looked  
21 at some of our indicators. I think we have some positive  
22 information to report.

1           Total all-sources handle for the spring meet was  
2 right around 375 million. That averages out to just  
3 under 10 million per day, which was up 14 percent against  
4 the prior year dates run at Hollywood.

5           We did see a much bigger increase on track.  
6 On-track handle during that same time period was  
7 53.3 million, averaging about 1.4 million a day, which  
8 was up 43 percent. So we were excited about that number.  
9 That was one of the goals I told you at the last meeting,  
10 we were going to drive handle, and I think we did that  
11 there.

12           Total attendance was 268,500 for the season,  
13 which averages almost 7100 per day. And it's important  
14 to note with Santa Anita's free infield, we did not count  
15 free infield or children under 17 under that number,  
16 so -- and that was up 86 percent versus the prior year.

17           When you combine Santa Anita's winter meet with  
18 the spring meet and look at it together, hopefully  
19 everybody saw in our end-of-meet press release we got over  
20 one billion in total handles. So that was 1,034,000,000.  
21 So that was an exciting number, shows that when you put  
22 on a good product, and we think we do, that people will

1 bet it. So the average there is, again, just under  
2 10 million combined for the six months of racing, and that  
3 was up 7 percent versus the prior.

4 Total attendance, 750,000 for that six months,  
5 a little over 7,000 average per day, and, again, that  
6 doesn't include the free infield or the children. And  
7 the non-track handle was 143,500,000. That's about  
8 1.35 million per day, up 12 percent. So some positive  
9 indicators there.

10 I can go right into just a quick update on the  
11 marketing. Hopefully, everybody's seen the marketing  
12 plan that we put out. The theme of that is just -- for  
13 the fall meet, the theme of that is going to continue with  
14 "Rediscover Santa Anita."

15 With the investment we've made in the facility,  
16 we think we give a very nice on-track experience, and so  
17 we're going to continue to try and get fans, both  
18 entertainment and wagering fans, out to Santa Anita to  
19 see it.

20 Some of the surveys and the data we -- feedback  
21 we've got from fans at Santa Anita is just overwhelmingly  
22 positive. So if we can get them there the first time,

1 we're going to try and get them back. I think that we're  
2 seeing that.

3 I think towards the end of our meet, especially  
4 the last couple weeks, we saw some very positive days that  
5 we're excited about.

6 For the autumn meet, marketing specifics, the  
7 opening weekend is our big marketing push. The five  
8 Grade 1's on opening Saturday is a big opportunity.  
9 That's the -- as Tom mentioned before, the -- nationally  
10 televised on NBC. It's Breeders' Cup, win-and-you're-in  
11 racing.

12 That will be our biggest day of the autumn meet  
13 and have our biggest advertising buy. So that will be  
14 a combination of digital media, purchased, and cable  
15 television within 15 miles, and we also kind of expand  
16 that where we can too, so.

17 We are excited to announce that we're continuing  
18 our partnership with City of Hope. Their -- not only are  
19 we going to run the City of Hope Mile and work with them  
20 on a couple of different fundraising events, they're  
21 going to have 3,000 of their employees and guests in the  
22 infield at Santa Anita. So that's a great way to expose

1 Santa Anita to a massive amount of new fans.

2 One of the other things leading into Breeders'  
3 Cup, want to talk about -- just give you a quick update  
4 on where we're at with Breeders' Cup ticket sales.

5 We're tracking some very positive information  
6 there. We're tracking up 13 percent compared to prior  
7 year. So for the third year in a row, I think we're all  
8 a little nervous to see how that goes and that -- it's  
9 been continuing that trend and growing. So we're excited  
10 and looking forward to another successful Breeders' Cup.

11 If anybody has any specific questions about the  
12 marketing plan, let me know. I'm happy to talk about it  
13 and --

14 CHAIRMAN WINNER: Thank you, Nate.

15 Any questions on the marketing plan that we  
16 should --

17 COMMISSIONER BENETO: I've got a question.

18 On --

19 CHAIRMAN WINNER: Commissioner Beneto.

20 COMMISSIONER BENETO: -- your suites --

21 MR. NEWBY: Yes.

22 COMMISSIONER BENETO: -- do you sell them

1 to -- for the season to one person, or is that  
2 something --

3 MR. NEWBY: It -- it's a good mix. Like Tom  
4 said, we're going to -- we have six now. We're putting  
5 in six more suites. Right now it's 50-50 as far as suites  
6 that are sold for one person for the entire year and then  
7 suites available by day --

8 COMMISSIONER BENETO: Oh, okay.

9 MR. NEWBY: -- to owners, companies, corporate  
10 events, anything like that.

11 CHAIRMAN WINNER: Any other questions?

12 All right. Go ahead, please.

13 MR. LUDT: We can roll into our fall meet  
14 application. I'll let Rick talk -- Rick  
15 Hammerle -- identify yourself.

16 CHAIRMAN WINNER: Go ahead, Rick.

17 MR. HAMMERLE: Rick Hammerle.

18 I just want to give you an overview of the racing  
19 program we plan to put on for the fall meet. And as Tom  
20 mentioned earlier, it's actually a pleasure to come up  
21 here and not have to sugarcoat a few things.

22 Everything is looking very good for the meet

1 coming up. Obviously, we're thrilled to have the  
2 Breeders' Cup again for the third straight year -- I think  
3 the fifth year in the last seven -- will anchor our meet.

4 But the good news, working with the TOC, we're  
5 really happy to announce that in this short meet, we're  
6 going to get give away a million dollars more than we did  
7 in the same meet last year, half of that pretty much split  
8 50-50 between stakes.

9 Ten stakes are going up \$50,000, and the  
10 overnights are going to go up a minimum of \$500,000 total,  
11 but the best part of that whole overnight purse situation  
12 is when you race at Santa Anita, from now on the purses  
13 are going to be the same winter, spring, and fall.

14 The fall meet had lagged a little bit behind  
15 just -- for certain reasons, but we've been able to, you  
16 know, kind of save some things, move some things over.  
17 So now we're happy to say that the fall purses are now  
18 going to be the same as they are throughout  
19 the -- throughout the year.

20 So that was a big thing. The TOC and us have  
21 been kind of trying to get this thing together, and we  
22 have. So we're thrilled with that.

1           As Nate said, our stakes schedule is pretty much  
2 front loaded, as it has been in years past, because of  
3 the Breeders' Cup. Most of our important races are  
4 Breeders' Cup prep races, win-and-you're-in races. So  
5 we'll run most of those the first two weekends  
6 and -- which will flow, obviously, hopefully, right into  
7 the -- right into the Breeders' Cup.

8           But we're very -- like I said, it's all good here  
9 as far as racing-wise. We feel good about the six-month  
10 meet that we just went through. I think if we'd have been  
11 able to promise what happened, you know, before the meet  
12 started, how it ended, I think we'd have taken it, and  
13 we're -- you know, it was way above expectations.

14           The fact that we were able to not only -- I don't  
15 want to say get through the six months. I mean,  
16 obviously, every day wasn't the 4th of July, so to speak,  
17 but we were able to start big, we had some big days in  
18 the middle, and we ended on a very, very big note with  
19 the Gold Cup at the end.

20           And so it wasn't like, let's get to the finish  
21 line, we were crawling. We kind of went out on an up.  
22 So it really kind of brought the meet together. So, you

1 know, a little break here now, and then we'll be ready  
2 to go for the fall. So we're real excited -- to get back  
3 to Santa Anita.

4 CHAIRMAN WINNER: Thank you.

5 Tom, we have this letter that you sent.

6 MR. LUDT: Where did that come from?

7 CHAIRMAN WINNER: Let me just read it so that  
8 everybody -- so that everybody is aware of it.

9 "We apologize in the delay to this formal  
10 request. Los Angeles Turf Club II has been in  
11 negotiations with other Southern California racetracks  
12 and the Thoroughbred Owners of California and is hereby  
13 requesting takeout as set forth below to be offered during  
14 the LATC2 2014 autumn meet September 26th to November 2nd,  
15 a unified approach to daily-doubles with a 20 percent  
16 takeout rate."

17 MR. LUDT: And let me talk about that.

18 CHAIRMAN WINNER: Talk a little bit about the  
19 whole issue because, as you know, we've had a lot of folks  
20 who have written and called about rolling doubles, about  
21 the hold double, and about the takeout on doubles. We  
22 talked about this a little at the last meeting. I'd like

1 to hear your --

2 MR. LUDT: I think it's important -- Tom Ludt  
3 again, and let me address this because it's a very hot  
4 topic to discuss.

5 I believe Del Mar was quoted about the  
6 challenges of takeout and how it works.  
7 Let's -- specifically on behalf of us, as you know,  
8 I'm -- I can't play this card much longer, but new to the  
9 California market and --

10 CHAIRMAN WINNER: You've been playing it for a  
11 while.

12 MR. LUDT: You know, obviously, our application  
13 is subject to approval from the CTT, the TOC, and then  
14 with you all. And I brought that lower takeout idea out  
15 here. It was an experiment. We convinced the TOC to  
16 lower the takeout.

17 If you go back -- and I don't want to bore you  
18 with all the details -- the handle went up a little bit,  
19 but did not go up the churn amount that we would hope it  
20 would have. Each track has their own initiatives, so  
21 we've been working a lot together, a lot more than people  
22 realize.

1           We understand real takeout, liquidity, and it's  
2   important, in our opinion, that the Southern California  
3   circuit be very unified, and I will tell you it's not  
4   exactly always easy because you have a nonprofit, you have  
5   a new track, and now you have a track like us that has  
6   an extended period of racing.

7           And it's very important for us to have customers  
8   attend, players simulcast, and everything in between.  
9   It's also a challenge to make sure that we make purses  
10   attractive enough to owners to not only race here  
11   currently, but to ship out here and race.

12           So it's a very delicate balance, and we also feel  
13   like it was very important that the tracks all work  
14   together and come up with the same package. I think it's  
15   also very confusing when different tracks have different  
16   takeouts.

17           And with Los Alamitos and Del Mar -- as you  
18   know, Del Mar started yesterday with a 20 percent  
19   takeout. It was an agreement that we all thought we would  
20   work with because it was an experiment, and people need  
21   to understand that.

22           The TOC had granted us the right at 18 percent.

1 We did some arm twisting to roll it to rolling doubles,  
2 and we saw some increase, but not an increase that helped  
3 our purses. It actually hurt our purses from the  
4 daily-double comparison.

5 We believe at 20 percent we're consistent.  
6 We're also competitive. One of the things that the  
7 Stronach group/Express Bet Santa Anita is going to do,  
8 because liquidity is so important to us, is we're going  
9 to guarantee our daily -- late daily-double Thursday  
10 through Sunday at a hundred thousand dollar pool.

11 It's a stretch for us. We're counting on the  
12 handle to get there, or we'll be writing checks out of  
13 our own pocket.

14 So we understand the player. We  
15 under -- players want liquidity because the bigger the  
16 pools, obviously the better the money is there. So this  
17 is an idea that we're going to do.

18 We've got an eight-month meet, as you guys know,  
19 when you look at the full calendar. So it's a risk, but  
20 we believe in supporting our players. So we agreed to  
21 the 20 percent takeout with the TOC and the other tracks.  
22 We'll go for a year, hopefully, and then we'll really be

1 able to look apples to apples.

2 One of the challenges that's happened here is  
3 there's been a lot of change. So it's hard to compare.  
4 Like we compared ourselves to Hollywood's spring meet.  
5 Different location. Who knows what variables came into  
6 play. Del Mar is going to be changing their takeout for  
7 the daily-doubles for this meet.

8 So it's going to take some time, and we've met  
9 in great length with other tracks in the TOC, and we  
10 believe that the 20 percent is the right play for the  
11 players across the country. I know there will be people  
12 that want it lower, but, you know, we've got to do what's  
13 best for all parties. And the Stronach Group is stepping  
14 up by guaranteeing that late double to a hundred thousand  
15 dollar pool.

16 COMMISSIONER CHOPER: Could you just  
17 quickly -- what are they coming down or up from?

18 MR. LUDT: Well, on the application, it was at  
19 22.68, which was the old. Obviously, this past year --

20 COMMISSIONER CHOPER: That was yours.

21 MR. LUDT: -- we were at 18.

22 COMMISSIONER CHOPER: So you were 18.

1 MR. LUDT: This past spring meet, we were -- we  
2 went to 18 percent.

3 COMMISSIONER CHOPER: And Del Mar is at 20?

4 MR. LUDT: They're now at 20 starting  
5 yesterday.

6 COMMISSIONER CHOPER: And Los Al?

7 MR. LUDT: Everyone's going to go to 20 from --

8 COMMISSIONER CHOPER: I understand.

9 MR. LUDT: -- here forward.

10 COMMISSIONER CHOPER: What were they before?

11 MR. LUDT: This past two weeks, they were at 18.  
12 They followed us a 18 percent.

13 COMMISSIONER CHOPER: Everybody was at 18?

14 MR. LUDT: Los Al. Del Mar has always been at  
15 22.68. Obviously, this is their first meet since we  
16 chose to go down, so they went from 22.68 to 20 percent  
17 for this summer meet.

18 CHAIRMAN WINNER: OKAY. And what you're doing  
19 here is requesting that what was on your application, the  
20 22.68, is going down to 20?

21 MR. LUDT: Correct.

22 CHAIRMAN WINNER: Which is up from 18, which is

1       what it was before?

2               MR. LUDT:  Correct, but I do think it's --

3               CHAIRMAN WINNER:  So it's an increase --

4               COMMISSIONER ROSENBERG:  That was an  
5       experiment --

6               CHAIRMAN WINNER:  Yeah.

7               MR. ROSENBERG:  That was a recent experiment.

8               MR. LUDT:  Correct, and I just want to emphasize  
9       that we are going to guarantee it personally corporately.

10              CHAIRMAN WINNER:  The hundred thousand?

11              MR. LUDT:  Correct.  I can't afford that  
12       guarantee.

13              CHAIRMAN WINNER:  Right.  Yeah, you're doing  
14       quite well if you're guaranteeing a hundred thousand  
15       personally.

16              MR. LUDT:  Maybe a hundred bucks.

17              CHAIRMAN WINNER:  But, again, so everybody  
18       understands that, now there's uniformity.  Everybody's  
19       not going to be happy about that.

20              MR. LUDT:  Correct.

21              CHAIRMAN WINNER:  And I'm sure we're going to  
22       hear about it, but there's uniformity among all the

1 tracks, as I understand it, Southern California tracks,  
2 correct?

3 MR. LUDT: Correct, and we will also do this at  
4 Golden Gate, but --

5 CHAIRMAN WINNER: So the Southern California  
6 and Northern California, Golden Gate, will be at  
7 20 percent. And, I guess, as you said, Tom, we'll look  
8 back at -- after a period of time and see what -- how it's  
9 affecting --

10 MR. LUDT: We do listen, and I do think that's  
11 very important. And my challenge and in -- not just me,  
12 but the tracks and a TOC, in setting these things, we  
13 just -- not -- like we said, it was an experiment. The  
14 handle went up, but if you look at the net to the purses,  
15 it actually went down almost 500,000 to the net purses  
16 on daily-doubles, singling that out.

17 So we believe and the commitment from TOC and  
18 the tracks was if we went for 20 percent for a year, we'd  
19 have a lot more data to go back and really study this  
20 versus these short meets.

21 COMMISSIONER CHOPER: You know, your  
22 statistical or -- you know, data, the challenge is not

1 simply to compare the daily-double, but trying to figure  
2 out what you want to compare -- totals, parts of the  
3 total -- and really get an accurate figure. I have no  
4 idea how you do that. I'm not a statistician, and  
5 statisticians don't know everything a lot  
6 about -- everything about statistics either, so it's a  
7 tough --

8 MR. LUDT: Yeah.

9 COMMISSIONER CHOPER: -- tough road, but  
10 that's -- if you were ever to come close to something like  
11 that in terms of responding to all of the chatter that  
12 we have out there about the takeout, that would be  
13 important.

14 Whether you make any headway with that, in any  
15 event, is also an open question.

16 MR. LUDT: I think it's a very, very good point  
17 and a very big challenge because horse owners want purse  
18 money, players want low takeout, we want field size at  
19 the race track. And when you look at numbers, you can  
20 get caught up in looking at a specific bet versus handle.

21 COMMISSIONER CHOPER: Yeah, it's irrelevant.

22 MR. LUDT: It -- you can spend the rest of your

1 life -- it's like talking economics, and unfortunately,  
2 everyone has an opinion.

3 CHAIRMAN WINNER: Right, but there is a  
4 perception issue with players. Obviously, without the  
5 players, we don't have a sport.

6 MR. LUDT: Correct.

7 CHAIRMAN WINNER: And there is a perception  
8 issue that from their perspective, that there needs to  
9 be more of a change with respect to takeout, and,  
10 obviously, your point is it's a three-legged stool.

11 MR. LUDT: Right.

12 CHAIRMAN WINNER: And -- but I, again, hope  
13 that as you go forward and as you -- assuming this is  
14 approved with this across-the-board 20 percent takeout  
15 on the daily-double, that we're evaluating it as we go  
16 to see the impact that it has on the three legs.

17 MR. LUDT: And very much so. I think it's  
18 important to understand the time we spend on this. We  
19 do tend to focus on the negatives versus the positives.

20 I'll remind our audiences of all ears and eyes  
21 here that our win, place, and show takeouts are the lowest  
22 in the country.

1           CHAIRMAN WINNER:  Yeah.

2           MR. LUDT:  Our pick five to start the day is,  
3   I think, tied or the lowest in the country.  Our  
4   daily-double was too high, and so we moved back into what  
5   I'd call the middle of the pack, if you were to compare  
6   all tracks.

7           It's a menu, and, you know, it's -- it's a  
8   challenge, and there are those that believe if you're the  
9   lowest in everything, it will be great, but it's not been  
10  proven.  It's all subjective.  People like doubles.  
11  People like trifectas.  People like win bets.  It's  
12  just -- you know.

13          So we're trying to create a menu that's  
14  attractive for some and all, and it's just a work in  
15  progress and will be 'til the day I die.

16          CHAIRMAN WINNER:  If there aren't any other  
17  questions -- okay.  On this I have some questions, at  
18  least a question on something else.  Commissioner  
19  Krikorian first and then Commissioner Auerbach.

20          COMMISSIONER KRIKORIAN:  My question is on  
21  something else, not that.

22          CHAIRMAN WINNER:  Commissioner Auerbach.

1 COMMISSIONER AUERBACH: On something else.

2 CHAIRMAN WINNER: Okay. Go ahead.

3 COMMISSIONER AUERBACH: I just want to comment,  
4 and I think you need to say it one more time, Tom, because  
5 the message is loud and clear to me on the guarantees that  
6 you're going to offer this meet.

7 I don't think anybody's ever done that before.  
8 I've never heard of that.

9 MR. LUDT: I will tell you, we're taking a risk  
10 there. We've studied the doubles --

11 COMMISSIONER AUERBACH: Well, I think you've  
12 got -- Frank's got enough money.

13 MR. LUDT: But I need my job too, so there's -- I  
14 do think it's important, and I think a  
15 hundred-thousand-dollar guarantee in the late double is  
16 a big number on some of our historical days. So I think  
17 it's really important.

18 And, obviously, you're going to see Express Bet  
19 market it. We're going to ask our dear partners at HRTV,  
20 although they can't exclusively do it since it's not owned  
21 by us, and then we're going to market it because it's all  
22 about driving eyeballs to our signals.

1                   COMMISSIONER AUERBACH:  And which bet is it on  
2   now?

3                   MR. LUDT:  The late daily-double.

4                   COMMISSIONER AUERBACH:  Okay.

5                   CHAIRMAN WINNER:  Commissioner Krikorian.

6                   COMMISSIONER KRIKORIAN:  Well, I'd like to see  
7   the price of popcorn lowered, actually.

8                   MR. LUDT:  I'll be bring the F&B guy next  
9   meeting.

10                  COMMISSIONER KRIKORIAN:  First -- I'd like say  
11   a couple of things.  One, I would commend Santa Anita on  
12   all the incredible improvements that you've completed in  
13   the past year and your efforts to continue on that course.  
14   I think that's a wonderful thing.

15                  But I notice in here when you get to Section 10,  
16   I guess, on the issue of the water control -- I hate to  
17   bring this up, but it's as important to take care of the  
18   backside as the front side, and I was wondering if you  
19   could enlighten us on what your contractual obligations  
20   are at this time with the Water Quality Control Board,  
21   Number 1, and, Number 2, what your plans are, if any, to  
22   take immediate action to have a program to replace the

1 barns that have been there now for some seven years.

2 MR. LUDT: I would like to -- and I hope you'll,  
3 at this time, again, respectfully understand -- we are  
4 lobbying. We are -- with architects and engineers, with  
5 a couple significant plans.

6 As I'm learning, we might be in a little bit of  
7 a delicate city when it comes to some of this, and I do  
8 not want to get ahead of ourselves. I promise you, in  
9 the next probably three weeks -- if we get approval, it  
10 would be much wiser for me to give you some of these  
11 details. But we are aggressively looking at a 5- to  
12 800-barn expansion. I just don't want to offend people  
13 and get ahead of ourselves and shoot ourselves in the  
14 foot.

15 I will tell you that we do have a significant  
16 amount of money going towards this quasi -- it's not me  
17 personally, but the entities paying for it, to get a very  
18 interesting stabling proposal because it's vital for  
19 Santa Anita. It's vital for Southern California.

20 I also will tell you up front -- I know you've  
21 heard issues about this water before, and it's been  
22 delayed. I'm not the expert for it. I don't know if

1 Scott might know a little bit more than me, but we  
2 are -- as much as we're committed to fixing the front  
3 side, we are aggressively trying to figure out, because  
4 I am very concerned, about our stabling.

5 Stabling is vital for Southern California, and  
6 with Hollywood Park and now Fairplex no longer offering  
7 stalls, it's everything to us since we race eight months  
8 out of the year.

9 So I would love a 30-day waiver, and you can  
10 grill me in 30 days if I don't give you something better.

11 COMMISSIONER KRIKORIAN: Can you commit to  
12 coming back in, say --

13 MR. LUDT: Yes.

14 COMMISSIONER KRIKORIAN: -- August or  
15 September, at the latest, and update us on what you're --

16 MR. DARUTY: Scott -- Scott Daruty here with --

17 CHAIRMAN WINNER: What I would like to  
18 do -- excuse me for a second, Scott.

19 What I would like to do, actually, is to put it  
20 on the agenda for the next meeting because, as you know,  
21 we've been hearing this now for not weeks, months, but  
22 years.

1           And I'm delighted, I think we all are, to hear  
2           what you're saying with respect to the apparent  
3           negotiations that are going on, but we'd really like to  
4           hear something firm, and let's try to do it at the next  
5           meeting, if you can.

6           MR. LUDT:   Okay.

7           CHAIRMAN WINNER:   At least give us an update at  
8           the next meeting because, as you know, we are really  
9           concerned with the back side, with the back stretch.   And  
10          I completely agree with Commissioner Krikorian that for  
11          us, it's just as important as the front side.   And for  
12          the people who live there and for the horses, it's just  
13          as important, maybe more important, than the front side.

14          Scott, I'm sorry for interrupting.

15          MR. DARUTY:   That's okay.

16          Scott Daruty, and I would like to offer this  
17          suggestion:   As Tom says, there is this delicate balance  
18          between what we in the industry want to see improved in  
19          the back side, what the City wants to see, what the water  
20          regulators require, and how do you make all those pieces  
21          fit together.

22          As Tom says, we have made pretty tremendous

1 strides, I think, since this topic was last discussed  
2 publicly, and as recently as this week, there was an  
3 additional meeting with the City. So I want you to know  
4 this isn't something where we're just waiting. There is  
5 active movement on this problem.

6 What I would like to suggest, though, I remember  
7 that there was a subcommittee of this board set up with --

8 CHAIRMAN WINNER: That's correct.

9 MR. DARUTY: -- Chairman Winner, yourself, and  
10 Commissioner Krikorian.

11 I think the appropriate step would be for us to  
12 meet with that subcommittee, bring you up to speed, and  
13 then allow that committee to report back to the Board,  
14 hopefully in time for next month, but I think rather than  
15 saying today we'll put it on the full Board agenda, I think  
16 the next proper step would be a subcommittee meeting.

17 CHAIRMAN WINNER: Well, I think -- actually,  
18 Scott, I spoke with Mr. Brackpool yesterday about that,  
19 and we are planning to have a committee meeting prior to  
20 the next Board meeting. So perhaps we can do both.

21 Perhaps we can have a committee meeting sometime  
22 within the next two weeks, if it works out scheduling,

1 and then have it back on the Board for the next Board  
2 meeting.

3 If for some reason after the committee meeting,  
4 we decide that it should wait another 30 days, then we'll  
5 make that adjustment at that time.

6 Is that okay, Commissioner?

7 COMMISSIONER KRIKORIAN: That's fine. Thank  
8 you.

9 COMMISSIONER ROSENBERG: And perhaps cover  
10 San Luis Rey Downs --

11 CHAIRMAN WINNER: Yes.

12 COMMISSIONER ROSENBERG: -- expansion and  
13 water issue.

14 CHAIRMAN WINNER: Right.

15 I have a question with respect to the downhill  
16 turf course and what your plans are with respect to the  
17 downhill turf course given the last meet and some of the  
18 accidents that occurred there.

19 MR. LUDT: Well, unfortunately, there were some  
20 incidences, but I think if you go back -- and I'm sorry,  
21 I don't have the date in front of me. It's Tom Ludt  
22 speaking again.

1           We made a change in personnel. We also made a  
2 change in quantity of labor hours, I can tell you, since  
3 I was drilled a few days ago in our labor budget. And  
4 I think if you go back -- and I apologize I forgot the  
5 date, but I want to say the last four or five weeks -- I  
6 hate to talk about this -- knock on wood, those changes  
7 were significant and I think without incident.

8           I don't know if Rick can correct me, but it got  
9 a little hard, and there's no doubt about it. We  
10 were -- you know, we can make our excuses. We were  
11 running in a new time, and it conveniently hasn't rained  
12 since I think I moved out here, but I think we did rectify  
13 it. And now we're renovating, you know, our normal  
14 renovation of the turf course now.

15           So I -- we had a blip there, as I like to call  
16 it. It was unfortunate, but I'm very confident and  
17 comfortable in telling you we fixed it.

18           I don't know if rick might want to --

19           MR. HAMMERLE: During that time, I believe it  
20 was -- Rick Hammerle again -- couple months ago, and the  
21 Board showed their concern. We met with Mr. Baedeker and  
22 had a little sit-down and what we were going to do.

1           We got some new machinery out there and  
2           literally watched the course change in a matter of a week.  
3           And, I mean, I can attest -- I can  
4           have -- riders -- riders were coming up at the end of the  
5           meet at a six-month meet and saying, "My gosh, that turf  
6           course is just unbelievable."

7           So we appreciate your concern, obviously, and  
8           we were concerned as well, but I believe, you know, that  
9           we have fixed the problem.

10           CHAIRMAN WINNER: Thank you. Thank you very  
11           much.

12           Any other questions?

13           COMMISSIONER BENETO: Yeah. I've got a  
14           question --

15           CHAIRMAN WINNER: Commissioner Beneto.

16           COMMISSIONER BENETO: -- on the turf course,  
17           the downhill course.

18           It scares me to death when I see these horses  
19           come off of turf onto the dirt and then back onto turf  
20           again. I know that's a tough one for you guys to make  
21           that strictly full turf.

22           MR. HAMMERLE: Well, that --

1 MR. DARUTY: It's impossible.

2 MR. HAMMERLE: Instead of going from turf to  
3 dirt to turf, we'd go dirt to turf to dirt, so. We could  
4 try it.

5 COMMISSIONER BENETO: Well --

6 MR. HAMMERLE: No. It's just the way the  
7 course is obviously configured. It's very unique and --

8 COMMISSIONER BENETO: You ever try to running  
9 downhill?

10 All at once you're flying in the air. I -- are  
11 we breaking horses down on that course?

12 I mean --

13 MR. HAMMERLE: I do not believe so, no.

14 MR. DARUTY: I don't believe so.

15 COMMISSIONER BENETO: Running some awful fast  
16 times.

17 MR. LUDT: The issue in respect to  
18 Chairman Winner's question, we obviously go back and  
19 studied it. It had nothing to do with that spot. It was  
20 further up the hill where it just got too hard.

21 And, listen, it's like everything. We're only  
22 as good as our surface. We know that, and I don't want

1 to say we didn't take care of it, but we addressed it as  
2 soon as we could.

3 It's a challenge in these climates when -- you  
4 know, and I don't want to make excuses, but it was a new  
5 meet. We hadn't been running at that time. At that  
6 point that turf course had been renovated, and I think  
7 it got a little hard, but I think, as Rick brought up,  
8 we bought new equipment, and we brought in a new guy, and  
9 I would argue that he did a phenomenal job.

10 CHAIRMAN WINNER: Yeah. Actually, the  
11 accidents that occurred, as Tom said, were not in that.  
12 They were prior to hitting the dirt.

13 COMMISSIONER BENETO: Well, I guess I'm not a  
14 fan of downhill dirt course.

15 MR. LUDT: Point noted.

16 COMMISSIONER BENETO: And I see the times they  
17 run, and it just scares me to death, but, anyway, I guess  
18 I'm not -- nothing I can do about it.

19 CHAIRMAN WINNER: Any other questions?

20 You have another question?

21 COMMISSIONER AUERBACH: I want to discuss  
22 something.

1           CHAIRMAN WINNER:   Okay.   Please go ahead.

2           Commissioner Auerbach.

3           COMMISSIONER AUERBACH:   Okay.   I want to go to  
4 something that's near and dear to my heart, and that is  
5 opportunities to race our horses makes us money and makes  
6 you guys money too.

7           And I was very disappointed when I got your  
8 schedule because a couple of items that, when I was with  
9 TOC and I was on the fairs committee and I was privy to  
10 a lot of conversations that we held that we were going  
11 to see if we couldn't, this coming meet -- and, of course,  
12 I'm no longer involved, but I would still like to see the  
13 same things done that we talked about.

14           And I'm talking about opening your meet possibly  
15 Thursday, the 25th, and also I would like to see you add  
16 a day, October 29th, the Wednesday before Breeders' Cup,  
17 and let me tell you why.   And I know Rick is already  
18 probably going to throw darts at me, but we'll get by that.

19           When you open your meet, we're coming off of  
20 three weeks without any turf racing, and we have -- as  
21 you well know, turf racing adds a lot to our handle and  
22 to money for all of us.

1           We also come up to a point where you have a  
2   Breeders' Cup meet, which is different from your normal  
3   fall meet. So we have an influx of other horses, and we  
4   have a lot of inventory available to us, and we have  
5   reduced opportunities for that inventory.

6           When we don't make some adjustments to the fact  
7   that we are running a Breeders' Cup meet and we do have  
8   a lot of inventory brought in to us that we normally aren't  
9   privy to and we would -- we're were hoping that we could  
10   find a way to utilize it. That's just for the first -- on  
11   the first day.

12           On the Breeders' Cup day, we have almost a  
13   different set of opportunities for us. We have a lot of  
14   people in town with their Breeders' Cup horses. Also,  
15   if they knew that there were a few other races that their  
16   horses might fit, they might bring one or two extra horses  
17   along with them, and we might be able to encourage another  
18   place for these people to go.

19           They've been to California a bunch of times.  
20   I've had people from your organization specifically  
21   wonder why in the world we're not running on that  
22   Wednesday and giving people a chance to go to the races

1 at Santa Anita because it's a treat. It's our premier  
2 location and spot.

3 And I would encourage you to have us give you  
4 the opportunity. Put those dates in. If you can use  
5 them, that would be fabulous. If you feel that you just  
6 can't because you can't, then you can't, but I would hate  
7 to see you preclude us from maybe using the opportunity.

8 I'd love to see you using both of them but  
9 especially that one right before the Breeders' Cup, and  
10 that's --

11 MR. LUDT: Tom Ludt. I love the way you ended  
12 that, and let me tell you why. If you would make this  
13 application approved with the ability that we can if we  
14 can work that out.

15 Let me explain one of the issues, and I think  
16 we'll keep running out of excuses, but --

17 COMMISSIONER AUERBACH: Never.

18 MR. LUDT: -- this year, you know, we won't have  
19 Hollywood Park. One of the things -- we have a meeting  
20 on Friday with the USDA, and Breeders' Cup is coming out,  
21 because historically it hasn't been the concern that it  
22 is this year.

1           They take off 200 stalls, and unfortunately, we  
2    have to take it off for the whole meet, and it's blocked  
3    off for the quarantine of the international horses, which  
4    traditionally is somewhere between 16 to 20. It averages  
5    out at 18.

6           So we're meeting on Friday with them to  
7    see -- because it's a delicate issue with the USDA and  
8    the quarantine rules and regulations -- of how we can cut  
9    that back that we don't have to, in essence, vacate 200  
10   stalls for our meet.

11           So when you take that 200 stalls with the concern  
12   of the different meets, which are very valid this year,  
13   we're just concerned because, as Rick and then our  
14   marketing department will tell you, is it better to put  
15   another race or two on on a good weekend versus another  
16   whole day, and how does that spread the risk of field size  
17   versus the event.

18           So on behalf of Santa Anita, if you'll make the  
19   approval with us having the ability to do that, and we'll  
20   sit down with TOC and see if we can get that worked out,  
21   we'd love that.

22           I just really want to get through next Friday

1 because I -- we really are trying to figure out how to  
2 empty -- or have access to those hundred stalls. It's  
3 just silly, but I understand we have to be --

4 COMMISSIONER AUERBACH: No, I think -- and I  
5 appreciate your sharing that with us.

6 What my suggestion is, is not to tell you you  
7 have to do it.

8 MR. LUDT: Okay.

9 COMMISSIONER AUERBACH: My suggestion is: Can  
10 we put that there and really give it some thought.

11 I -- Chuck, I'm assuming we can do that as a  
12 Board.

13 CHAIRMAN WINNER: I believe that's correct.

14 COMMISSIONER AUERBACH: And give you the option  
15 of deciding whether or not, and then, you know --

16 MR. LUDT: That would be great.

17 COMMISSIONER AUERBACH: -- look at it and think  
18 about it and just as an you option because I'd love to  
19 see us try. That's all.

20 MR. LUDT: I have no problem with that.

21 CHAIRMAN WINNER: I think that is a terrific  
22 idea and I appreciate it.

1           Are there any other questions or comments from  
2 the Board?

3           I'm going to wait for the -- there are a few  
4 members who are missing.

5           Let's see, one, two --

6           MR. LUDT: They went to bet the daily-double.

7           CHAIRMAN WINNER: There are some items missing,  
8 TOC agreement.

9           Tom?

10          MR. LUDT: I believe -- I don't want to speak  
11 for Joe. I hope he's still here. I believe we've got  
12 it all worked out.

13          CHAIRMAN WINNER: Joe -- excuse me. You want  
14 to identify yourself.

15          MR. MORRIS: Joe Morris, TOC.

16          We've got a very comprehensive package last  
17 Sunday. It's going out to our racing affairs committee  
18 today. We'll have the -- we'll have the meetings over  
19 the next couple of weeks, but everything looks to be in  
20 order, and one of the questions was what Madeline just  
21 brought up on the racing days, because that has been  
22 discussed in the past, and we've had a few conversations.

1 And I don't see any problems with it. We just need time  
2 to work through the process.

3 CHAIRMAN WINNER: Thank you.

4 CTT agreement.

5 MR. LUDT: I believe we're in the same boat. I  
6 talked to Alan earlier. I don't want to speak for people,  
7 but I believe he's --

8 CHAIRMAN WINNER: Are you nodding, Alan?

9 Alan Balch is nodding.

10 CHAIRMAN WINNER: Letters from LATC2 and TOC  
11 for request to takeout adjustments of daily-double, we  
12 have that.

13 MR. LUDT: Fresh.

14 CHAIRMAN WINNER: So that's in.

15 And I guess your bond expires on the 28th of  
16 September.

17 You need to update that? Updating the bond?

18 MS. WAGNER: Jackie Wagner, CHRB staff.

19 CHAIRMAN WINNER: Wait, wait. You have to go  
20 to a mike, Jackie.

21 MS. WAGNER: I'm not loud enough.

22 Jackie Wagner, CHRB staff.

1           We did receive notification that the bond has  
2    been continued through 2015.

3           CHAIRMAN WINNER: Thank you.

4           All right. So do you want to make the motion,  
5    Commissioner Auerbach --

6           COMMISSIONER AUERBACH: Sure.

7           CHAIRMAN WINNER: -- With your amendments?

8           COMMISSIONER AUERBACH: I so move with my  
9    amendments.

10          CHAIRMAN WINNER: Is there a second?

11          COMMISSIONER DEREK: I'll second.

12          CHAIRMAN WINNER: Seconded by Vice  
13    Chair Derek.

14          All in favor?

15          IN UNISON: Aye.

16          CHAIRMAN WINNER: Any opposed?

17          Have a great week, guys, and thank you all very  
18    much.

19          COMMISSIONER DEREK: Thank you for all the good  
20    news. I'm not use to this kind of day.

21          CHAIRMAN WINNER: Great.

22          COMMISSIONER DEREK: This kind of meeting.

1                   CHAIRMAN WINNER:  Let's have some more good  
2 news from Brad.

3                   Number 9 on the agenda, discussion and action  
4 by the Board regarding an update from Los Alamitos on its  
5 recently concluded inaugural thoroughbred meeting, to  
6 include a briefing on end-of-meet performance and the  
7 performance of the racing surface.

8                   Mr. McKinzie.

9                   MR. MCKINZIE:  Chairman Winner, Brad McKinzie,  
10 Los Alamitos Racing Association.

11                   Well, our first meet, we can certainly consider  
12 it a success, but, quite frankly, in some areas it wasn't  
13 as successful as we hoped it would be, and I'll address  
14 those issues.

15                   As far as numbers go, we wound up averaging, with  
16 all-source -- all-source handle, \$6,347,000 a day, which  
17 I'm happy to report is up \$6,347,000 from the previous  
18 year.  On-track -- on-track attendance averaged 3,566,  
19 with on-track handle averaging \$702,731.

20                   As you know, coming into this meet, we were  
21 forced to make projections on how we would do in various  
22 areas: on track, out of state, ADW, in-state satellites.

1 We did -- thanks in large part to both TVG and HRTV being  
2 on site with their studios and with their hosts, we did  
3 very well.

4 ADW handle, we did -- we held our own, with the  
5 in-state handle at the in-state satellites. Where we  
6 fell down was on the out-of-state brick-and-mortar  
7 satellites.

8 We knew going in that that was going to be a  
9 problem for us because we were a new meet, new racetrack,  
10 a lot of people kind of looking to see how the races went  
11 before they started betting. And those players have such  
12 a wide menu of tracks that they can bet on. So we're going  
13 to continue for the -- in our fall meet to reach out to  
14 those people to try to keep branding Los Alamitos as  
15 a -- you know, as a place that you can bet.

16 We also fell short on our on-track attendance  
17 and our on-track performance, and, quite frankly, I think  
18 we just screwed up. I think we -- I think we took our  
19 core Los Alamitos daytime satellite players -- I think  
20 we took them for granted and we didn't do enough to drive  
21 those people to the live meet. And I think it showed,  
22 and it's a mistake we won't make -- it was a mistake we

1 won't make again.

2 Our meet got off to a very good start the first  
3 week as far as field size, and then, quite frankly, our  
4 second week, we struggled, particularly our closing  
5 weekend.

6 We knew going in that we were in a very difficult  
7 position as far as the schedule goes, coming in just  
8 before the Del Mar meeting. The last weekend we were  
9 forced to offer four races with four-horse fields with  
10 no show betting, one of them, a seven-horse field that  
11 scratched down to four, another a six-horse field that  
12 scratched down to four.

13 And those were just very, very damaging to our  
14 race program. So next year we're, quite frankly, going  
15 to have to be more innovative on the types of races we  
16 write, where we move our stakes to try to shore up that  
17 final weekend. But as everybody says, it's -- field size  
18 is what makes you.

19 I mean, you can do everything right, and if you  
20 put a bad product out on the track, you're going to suffer,  
21 and that last weekend we put a bad product out on the  
22 racetrack as far as we were concerned. The field sizes

1 weren't what they -- what we needed them to be.

2           So that's something that we definitely need to  
3 work on, and it's something that -- going back to what  
4 Commissioner Auerbach was talking about as far as our  
5 stakes schedule and our overpayments. As a company we  
6 have the luxury of a learning curve. We'll learn how to  
7 make these meets successful for our company, but you don't  
8 have that luxury when it comes to purses.

9           When you're a meet that's between Santa Anita  
10 and Del Mar, you can't start low with your purses and then  
11 hope to grow them up. You've got to be aggressive from  
12 day one on purses or you're just going to get lost in the  
13 shuffle. And that is a real challenge, and that's going  
14 to be a continual challenge for us.

15           And, once again, we think the fall meet will be  
16 better with field size than we were in this -- in summer  
17 meet, which, as I said, we knew going in was going to be  
18 a very, very tough spot for us.

19           As I said earlier, we learned a lot during this  
20 meet as far as marketing, as far as which races that we  
21 wrote were the most successful. We did a lot of  
22 starter-allowance races knowing that Del Mar was coming

1 and people didn't want to lose their horses before  
2 Del Mar. They turned out to be very successful. We'll  
3 do more of that. So that's -- it's a learning process.

4 As far as the fan experience, we built -- one  
5 of the things we did before this first meet is we built  
6 a nice view patio in our grandstand. That was filled  
7 every day. So we're going to quadruple the capacity for  
8 that. We're building more for this volume. We're  
9 finding out what worked and what didn't.

10 As we talk about the marketing, the things that  
11 worked, we're going to -- we're going to concentrate more  
12 on those things. So it is a -- it is a learning  
13 experience.

14 Here in this last week, we've had another 130  
15 thoroughbred horses move into Los Alamitos for training.  
16 Here in the next, oh, ten days, we'll complete another  
17 88 new stalls that will be available for training. So  
18 we're continuing to grow to fill that need as far as  
19 stabling goes.

20 As far as the performance of our racetrack, our  
21 racetrack performed just as we expected it to do, which  
22 was exceptionally. We've always felt we've got the best

1 dirt track in the country, and I think it showed during  
2 this two weeks. The feedback we got from trainers and  
3 jockeys, they couldn't have been more complimentary about  
4 our racetrack.

5 We had -- not one horse or jockey hit the ground  
6 during this race meet. We had one horse that pulled up  
7 after a race that had to be euthanized because of a damaged  
8 sesamoids, but we did -- as I said, we did not have one  
9 catastrophic accident during the race. Not one jockey  
10 went down. Not one horse went down.

11 And we were -- we were exceptionally proud of  
12 the way our racetrack performed and the way it was met  
13 with -- by the trainers and horsemen. And  
14 that -- this -- for this first meet, that's what we wanted  
15 to accomplish.

16 We wanted, quite frankly, to show that we could  
17 do it, that you could bring a horse to Los Alamitos and  
18 that they could run and they could perform and they -- and  
19 the racetrack was good and the racing was going to be fair,  
20 and I think we accomplished that.

21 So we've -- we've always said it's -- we've got  
22 work to do. We've got to work on field size. It

1 just -- we have to figure out a way to get more horses  
2 in these races and -- but it was a good first step.

3 COMMISSIONER BENETO: Brad, I'd like to --

4 CHAIRMAN WINNER: One at a time.

5 Okay. Commissioner Beneto.

6 COMMISSIONER BENETO: Thank you, Mr. Chairman.

7 You know, I think the TOC and the CTT ought to  
8 be educating the trainers. They should be supporting  
9 your meets. That last week that you got bombed, really  
10 that -- that wasn't good. I think that with the way  
11 racing is in this state and when we're losing racetracks,  
12 we need to support you, your track, and these trainers  
13 need to be educated and support that.

14 To me, to have a four-horse field,  
15 three -- three scratched out of one race, I mean, that's  
16 unacceptable.

17 MR. MCKINZIE: Well, it's certainly damaging.

18 And I have to say, we were -- we were pleased  
19 with the -- we -- we did get support from a vast number  
20 of trainers. I mean, it's -- we were pleasantly  
21 surprised at how many trainers did come and support the  
22 meet.

1           This -- the last week, quite frankly, and  
2           particularly the last weekend, is when Del Mar opened up  
3           their barn area, and so we had trainers  
4           shifting -- hauling down to Del Mar. So it was like, you  
5           know, jeez, do we want to run a horse at Los Alamitos when  
6           I'm in the middle of this move.

7           I mean, I'd call them and say, "Look, guys, we're  
8           right on the way. Just, you know -- just duck in, run  
9           the horse, and then head back down to Del Mar," but little  
10          bit of a tough sell.

11          But we do have to -- I mean, here we have these  
12          3,000 horses in training in Southern California, and we  
13          just have to figure out a way to get them in races.

14          COMMISSIONER BENETO: Well, we need to  
15          support -- you know, the horsemen need to support you  
16          getting horses there for the -- for your meet.

17          And this last week, I know they're all anxious  
18          to get down there on their move, but they've got to think  
19          a little bit about the business, how businesses run. And  
20          if there's a way that we can talk to these trainers to  
21          support that, that's what we need to do.

22          MR. MCKINZIE: Well, one benefit we're going to

1 have next year, as opposed to this year, is we're going  
2 to have an additional 200 thoroughbreds stabled at  
3 Los Alamitos. And that will be a huge benefit to us as  
4 far as running our meets, and we'll be able to assign  
5 stalls to trainers who support our meets to, so that will  
6 be very beneficial.

7 CHAIRMAN WINNER: Commissioner Choper.

8 COMMISSIONER CHOPER: I just wanted to say that  
9 our last meeting was at Los Al, and that's the first time  
10 I've ever been there, although we've had him scheduled  
11 there before. They canceled those at the last minute for  
12 one reason or another.

13 But just from the standpoint of a fan, all right,  
14 or a bettor, I really think that is a wonderful-looking  
15 facility. It was -- it really was in tip-top shape, and  
16 you ought to be congratulated about that.

17 And I think it -- of course, it takes time to  
18 catch onto this, to get people to go out there. That's  
19 the big -- that's the big trick in this industry today,  
20 is to get people to come out, but you're doing, I think,  
21 a really good job.

22 So far as, you know, the last couple of days,

1 you know, that -- you look at Hollywood Park's numbers  
2 before Del Mar opened, and, you know, they used to go like  
3 this (indicating) --

4 MR. MCKINZIE: Right.

5 COMMISSIONER CHOPER: -- in terms of course  
6 size and so forth.

7 So you're up against that, and I think you  
8 certainly -- it certainly sounds like you're doing what  
9 you can, and it really is a great-looking place.

10 MR. MCKINZIE: Well, thank you, and I'll pass  
11 that on to the staff there at Los Alamitos who works so  
12 hard.

13 The one thing I remind people is, in  
14 July -- first two weeks of July, we ran what I consider  
15 a very successful thoroughbred meet. Six months earlier  
16 where we conducted that successful thoroughbred meet was  
17 an overgrown golf course.

18 So within six months, that's what we  
19 accomplished in six months: built a new racetrack, built  
20 barns for thoroughbred horses. And it's just been a  
21 continual, continual growth project at Los Alamitos, and  
22 we're looking forward to the day when we can just

1 concentrate on the race meets and maybe not have  
2 construction projects going on.

3 CHAIRMAN WINNER: I'm just -- again, I'll speak  
4 for myself, but I think I'm speaking for the whole Board.  
5 I think we're all -- we all congratulate you for what  
6 you've done in a relatively short period of time and for  
7 the meet that you put on.

8 I'm especially pleased to hear really two pieces  
9 of good news: One is there's a lot of good news coming  
10 out of that meet, and two is that you're going to learn  
11 from the experiences of certain things that didn't work  
12 quite as well and improve upon them.

13 But we're all, I think, in agreement that we want  
14 you to be successful. We know you're going to be  
15 successful, and I think we all think you're doing a  
16 terrific job and wish you the best of luck.

17 MR. MCKINZIE: Well, thank you.

18 COMMISSIONER AUERBACH: Chuck, I -- I'm sorry,  
19 he doesn't get off that easy.

20 CHAIRMAN WINNER: Okay.

21 COMMISSIONER AUERBACH: I have a quick  
22 question.

1 CHAIRMAN WINNER: Okay.

2 MR. MCKINZIE: You've never had a quick  
3 question in your life.

4 COMMISSIONER AUERBACH: Ooh, I'll get you.

5 You guys did a fabulous job. One of the  
6 concerns of the thoroughbreds is walking on cement, which  
7 got addressed really well.

8 MR. MCKINZIE: Yes.

9 COMMISSIONER AUERBACH: However, we had one  
10 little kerfuffle with walking on cement to the receiving  
11 barn area.

12 Is there any plan to make sure we have dirt  
13 pathways, or have you thought about what you're going to  
14 do with that?

15 MR. MCKINZIE: They're already in.

16 COMMISSIONER AUERBACH: Oh.

17 MR. MCKINZIE: We put them in the -- right at  
18 the -- we got the feedback from the horsemen that were  
19 coming over from the shipping barn and walking --

20 COMMISSIONER AUERBACH: Right, because, you  
21 know, I had a horse lose a shoe.

22 MR. MCKINZIE: Right.

1           COMMISSIONER AUERBACH:  And it was one of the  
2 things we talked about before, and it's not an excuse for  
3 the way he ran it, you know.

4           MR. MCKINZIE:  Yeah.

5           COMMISSIONER AUERBACH:  Just it happened, but  
6 I just wondered if that --

7           MR. MCKINZIE:  It's already done.

8           COMMISSIONER AUERBACH:  Okay.

9           MR. MCKINZIE:  We've got a dirt path all --

10          CHAIRMAN WINNER:  He's so far ahead of you.

11          COMMISSIONER AUERBACH:  I know.  Thank you.

12          CHAIRMAN WINNER:  Any other?

13          Commissioner Krikorian.

14          COMMISSIONER KRIKORIAN:  I had a question,  
15 Brad.

16                 When you look at your numbers, okay, and then  
17 you take, let's say, the last -- the same weeks at  
18 Hollywood Park, do you know what the differences were  
19 between those numbers in terms of attendance and handle  
20 on a daily basis?

21          MR. MCKINZIE:  Not as far as attendance.

22          We -- as far as handle goes, we wound up -- we wound up

1 doing right about 65 percent of what Hollywood Park did,  
2 which was short of what we thought we would do.

3           Once again, where we really fell down is  
4 that -- I mean, we went into it thinking that we would  
5 really do well comparatively on -- with on-track, and  
6 it's -- it was a lesson to us in what a mature market does  
7 for a racetrack.

8           And that Hollywood Park market was a mature  
9 market. I think if you look at how well they're doing  
10 as a satellite right now, that tells you what a -- what  
11 a solid market that actually was. So we fell short on  
12 that.

13           And then the main thing that killed us was the  
14 out-of-state brick and mortar, and it's just -- we just  
15 don't have the brand name yet. So the on-track we can  
16 fix. The off-track brick and mortar, that's a difficult  
17 proposition, and the only way we think that we can get  
18 those numbers to improve is to be out there more often,  
19 which this fall meet is a huge benefit, and to put on a  
20 better product. That is essential.

21           If you're putting out short fields, you're not  
22 going to attract the attention of those out-of-state

1       bettors.

2                   CHAIRMAN WINNER:  Do you think that -- I'm  
3       sorry.

4                   I was just going to say, do you think that having  
5       some of these trainers that you mentioned, like Fletcher  
6       and Lukas, et cetera, bring horses out here will improve  
7       your out-of-state brick and mortar?

8                   MR. MCKINZIE:  Absolutely.  Absolutely.  I  
9       mean, I think, you know, having, you know, Jerry  
10      Hollendorfer win both of our graded stakes.

11                  CHAIRMAN WINNER:  Right.

12                  MR. MCKINZIE:  Mike Smith winning both of our  
13      graded stakes.

14                  Whenever a recognizable name can be  
15      participating at Los Alamitos, that guy who's sitting in  
16      New York or sitting in Florida or in Ohio or wherever at  
17      a satellite facility, he may not know Los Alamitos, but  
18      he knows those people.  And if those people are at  
19      Los Alamitos, then our hope is that we will benefit from  
20      that relationship.

21                  COMMISSIONER KRIKORIAN:  I was just going to  
22      say this:  One of the things, of course, is that probably

1 for all the horse inventory that's available, probably  
2 35 percent of it is turf horses.

3 MR. MCKINZIE: Right.

4 COMMISSIONER KRIKORIAN: And not having the  
5 ability to provide turf races has to have a significant  
6 impact on your ability to, you know, generate a more  
7 substantial handle.

8 MR. MCKINZIE: It certainly makes -- it  
9 certainly makes it tougher, but that's where we just have  
10 to be innovative.

11 COMMISSIONER KRIKORIAN: Right.

12 MR. MCKINZIE: That's where we -- it's a  
13 problem, and we need to find a solution to that problem.

14 CHAIRMAN WINNER: Anything else?

15 Brad, thank you very much.

16 MR. MCKINZIE: Thank you.

17 CHAIRMAN WINNER: And thank you for putting on  
18 a good meet, and we look forward to the next one.

19 Discussion and action by the Board regarding an  
20 update from the Oak Tree -- well, from the Oak Tree Racing  
21 Association on its recently concluded race meeting at the  
22 Alameda County Fair at Pleasanton, Oak Tree at

1 Pleasanton, to include a briefing on end-of-meet  
2 performance and the performance of the racing surface.

3 Gentlemen.

4 MR. CHILLINGWORTH: On behalf of Oak Tree, we  
5 want to thank this Board for giving us the opportunity  
6 to go up north. As you recall, it was a crisis of  
7 legislation, three-way partnership, and your cooperation  
8 in getting us up there. So we appreciate it very much.

9 I just would like to say a few words in  
10 generalities that our experience up there was very good.  
11 The -- we were received very well by staff and the  
12 directors. In Hawaii we have this -- where I was born,  
13 a Hawaiian word that says "kuleana," which means  
14 "somebody else's space or area." And we invaded their  
15 space where they'd been for 40 years.

16 And it's a very delicate job to suggest to  
17 somebody we do something a little differently and not hurt  
18 anybody's feelings, but we did very well, I think, for  
19 the first year. We are up 2 percent on-track handle.  
20 We're up 6 percent on all-source handle. We're up 112  
21 percent on ADW. And I wanted to give a special thanks  
22 to TVG. They were up basically 400 percent over the last

1 year. So from that perspective, it was very good.

2 The fair itself did fantastically well, and I'm  
3 going to quote those numbers to you because they were part  
4 of the reason we're there. The on -- on-fair -- this is  
5 fair, not racetrack -- scanning was up 22 percent  
6 attendance, parking was up 28 percent. Food and  
7 beverage was up 46 percent, and carnivals were up 39  
8 percent. So they had a big, big lift, and I think that  
9 was not just our being there, but I think that contributed  
10 to the increase in those numbers.

11 And I want to turn now to Chris and Larry and  
12 get their reaction from people up there, more  
13 importantly, what our reaction was.

14 CHAIRMAN WINNER: Thank you.

15 MR. KORBY: Thanks, Chilly, and thanks to the  
16 Board. I want to echo Chilly's --

17 CHAIRMAN WINNER: You want to -- identify  
18 yourself.

19 MR. KORBY: Chris Korby, California Authority  
20 of Racing Affairs.

21 I want to echo Chilly's appreciation to the  
22 Board for its support in putting this meet forward.

1           I think overall we were pleased with the outcome  
2 of this meet. We're going to look at the areas that were  
3 successful, the areas that we could have been more  
4 successful in, and fine tune that as much as we can for  
5 next year. So that process of review is already  
6 underway.

7           I would note that there is very energetic new  
8 management at that fair, and evidence of that was the  
9 capital improvements that the fair undertook in their  
10 racing facilities.

11           In the brief time between when the governor  
12 signed the legislation that allowed this to go forward  
13 at the end of March and when the meet opened, they built  
14 a new winner's circle and they doubled the size of the  
15 grandstand suites.

16           So those were significant improvements that  
17 were done on a very short time frame, and we're already  
18 working with them to look at what improvements can be done  
19 to the grandstand facilities and the racing facilities  
20 for next year.

21           As Chilly mentioned, the overall handle was up.  
22 ADW handle was up significantly. The darker counterpart

1 to that, and this reflects a trend in the industry, is  
2 that handle seems to migrate from brick-and-mortar  
3 facilities to ADW, and our brick-and-mortar network in  
4 Northern California was off about 10 percent.

5 I think it was a very, very bright spot that  
6 on-track attendance was up about 10 percent, and I think  
7 that takes place in the context of the fact that the fair  
8 attendance was up 22 percent.

9 So there is a good environment in which to  
10 present racing and part of what we think is a  
11 responsibility of fairs, to promote racing in venues  
12 where there are thousands or tens of thousands of people  
13 already coming for a fair and give the California public  
14 a chance to experience racing live and firsthand.

15 I would note -- and I think this reflects some  
16 of the comments that others have made here before we came  
17 up today -- we've managed a program to recruit horses,  
18 trainers, and owners to compete at our races for going  
19 on 15 years now. We think that's an essential component  
20 of our program, and we would like to expand that. We want  
21 to work with others in the industry to expand that.

22 And to that end, we're hoping that some

1       legislation which would extend the lifetime of the CMC  
2       would allow us to use California Marketing Committee  
3       funds to apply toward recruitment. We think that that's  
4       an essential component of racing in California going  
5       forward.

6               So those are some observations on the overall  
7       perspective of this, and we're glad to answer any  
8       questions.

9               CHAIRMAN WINNER: Thank you, Chris.

10              Larry, did you want to say anything?

11              MR. SWARTZLANDER: Larry Swartzlander, as the  
12       director of racing at the Oak Tree Pleasanton meet.

13              Just two additional comments. Also, the third  
14       week of the Oak Tree meet was overlapped in the south with  
15       Los Alamitos, and the handle on the Los Alamitos meet was  
16       higher than it was at Hollywood Park last year.

17              Secondly, the racing surface. Talked to  
18       Dr. Dooley. He's a state vet. There were no injuries  
19       attributed to the racetrack during the meet.

20              MR. CHILLINGWORTH: We must say that we had two  
21       fatalities. One was on a training site day and one was  
22       a horse who went back to the barn and had a heart attack,

1 but I don't think we -- I talked to Dr. Arthur, and he  
2 thought that the track was reasonably safe -- very safe,  
3 and I think your -- we're working with Rick Baedeker to  
4 get your safety stewards out there.

5 We had some concern earlier in the year, and we  
6 fixed the problem. And I think the records show for  
7 themselves that it was a very safe track, and we'll  
8 continue that in the future, of course.

9 CHAIRMAN WINNER: Thank you.

10 Commissioner Krikorian.

11 COMMISSIONER KRIKORIAN: Just a quick  
12 question.

13 You said the TVG is now up around 400 percent.

14 MR. CHILLINGWORTH: Yes.

15 MR. KRIKORIAN: So do you what their numbers  
16 were last year, and do you have an opinion as to why they  
17 would have had --

18 MR. CHILLINGWORTH: Well --

19 COMMISSIONER KRIKORIAN: -- such a substantial  
20 increase?

21 MR. CHILLINGWORTH: I think the numbers were  
22 like 140,000 last year, and they're over 600,000 this year

1 for us.

2 COMMISSIONER KRIKORIAN: Do you have an opinion  
3 as to how that happened?

4 MR. CHILLINGWORTH: Well, I think they did a  
5 very good job presenting our races. Larry had a  
6 conversation with them and got them to show more of our  
7 horse -- our races live instead of replays.

8 And, obviously, they're a very good outlet, and  
9 I'm -- our only disappointment was, as we talk about  
10 brick-and-mortar satellites, we were down there by  
11 7 percent, but we lost two satellites: RA in Bakersfield,  
12 and also Golden Gate field shut down on Wednesdays, which  
13 would have been one of our components.

14 CHAIRMAN WINNER: Anything else?

15 COMMISSIONER BENETO: Got a question.

16 Did you underpay purses or was that -- with your  
17 increases you had in handle, you -- where's the purse  
18 money? How are you going to distribute that?

19 MR. SWARTZLANDER: Commissioner, last year we  
20 were approximately 120,000 overpaid. This year we're  
21 sitting at about 90,000, which is excellent.

22 COMMISSIONER BENETO: Underpaid?

1 MR. SWARTZLANDER: Overpaid.

2 COMMISSIONER BENETO: Oh, you're overpaid.

3 You're still in the overpaid.

4 COMMISSIONER AUERBACH: Are you sure?

5 MR. SWARTZLANDER: Absolutely, yes.

6 MR. CHILLINGWORTH: We contributed \$150,000 to  
7 support that -- the stakes races.

8 COMMISSIONER AUERBACH: Yeah, but I don't  
9 understand what -- that you're not -- you're just talking  
10 about all these big increases. I would think you would  
11 be underpaid.

12 MR. SWARTZLANDER: Well, historically,  
13 Commissioner, the Alameda meet, we have a consolidated  
14 purse fund, which covers all the fairs.

15 COMMISSIONER AUERBACH: Right.

16 MR. SWARTZLANDER: And the Alameda meet is  
17 generally always a hundred thousand dollars overpaid,  
18 and --

19 COMMISSIONER AUERBACH: Really.

20 MR. SWARTZLANDER: -- as I said, Oak Tree  
21 contributed another 150,000, and we increased the purses  
22 by that also.

1 COMMISSIONER AUERBACH: Oh, okay.

2 MR. SWARTZLANDER: So actually we are --

3 COMMISSIONER AUERBACH: So you don't -- you  
4 don't reconcile that 'til you're done with all you're  
5 carved purse accounts so it doesn't --

6 MR. SWARTZLANDER: Yes.

7 MS. AUERBBACH: Got it. Thank you.

8 CHAIRMAN WINNER: Mr. Baedeker.

9 MR. BAEDEKER: Thank you, Mr. Chairman.

10 I just wanted to say I went to see the facility  
11 and to visit with Chilly on Thursday, the second Thursday,  
12 so the beginning of the second week.

13 So it's a Thursday, and it was a deja vu  
14 experience for me. There -- the place was packed. The  
15 racetrack -- the grandstand was packed, and at least at  
16 that time of day, early in the day, I think there were  
17 definitely more people in the grandstand building than  
18 there were at the fair.

19 And one interesting -- what I think is a  
20 phenomenon is that the announced crowd was 4600 people.  
21 It looked like more than that, and the reason that it did  
22 was it's so different than the way our crowds have become

1       accustomed to watching the live races on the TVs back  
2       inside the building.

3               Instead, on this day at Pleasanton, they were  
4       all out sitting in the theater seats overlooking the  
5       grandstand, and it was almost entirely full. And this  
6       was a Thursday, and I know the crowd exceeded what the  
7       crowd was at Santa Anita that day.

8               So it was a refreshing experience, and really  
9       pleased to see the contributions that Oak Tree made showed  
10      a tangible result. It was a good experience. I hope it  
11      continues.

12              MR. CHILLINGWORTH: Thank you. I want to also  
13      thank the staff at Pleasanton. They were very  
14      cooperative. For exam- -- and they didn't -- weren't  
15      offended when we made a suggestion.

16              For example, I went the Friday after you were  
17      there, Rick, and walked to the first level, and they had  
18      about 50 machines there and eight tellers. Well, there  
19      were about three people at all those machines, and there  
20      were eight lines of 12 people -- no fewer than 12 people  
21      in each line.

22              So I talked to the mutual manager the next day,

1 and I said could we put on five or six more tellers. Now,  
2 there may be no correlation with this, but our handle on  
3 the following day, Saturday, was up 34 percent on track.

4 I think we have to learn to get people  
5 knowledgable at how to play the machines, and we're going  
6 to try that next year. And I do think we -- until that  
7 conversion takes over, where people get more comfortable  
8 with machines, we have to use more tellers.

9 CHAIRMAN WINNER: Yes, Commissioner Choper.

10 COMMISSIONER CHOPER: Yeah. I think Rick's  
11 comment of deja vu -- I wanted to say you did a great job  
12 there, and it shows. You were blessed with relatively  
13 cool weather for Pleasanton at that time of the year, but  
14 nonetheless, it -- you deserve an awful lot of credit for  
15 that, and I think also the track management deserves a  
16 kudo for things that they've done in terms of personnel.

17 MR. CHILLINGWORTH: Thank you very much.

18 Commissioner Choper was there for a while, and  
19 he finally came up to the director's room. He prefers  
20 solitude.

21 CHAIRMAN WINNER: Well, he doesn't want anybody  
22 to know how much he's losing.

1 MR. CHILLINGWORTH: No, he doesn't. He never  
2 gave me his picks.

3 CHAIRMAN WINNER: Again, from all of us, the  
4 partnership worked. We're delighted that it worked.  
5 We're delighted that it took place, and we're looking  
6 forward to a very bright future at Oak Tree Pleasanton.

7 MR. CHILLINGWORTH: If I could make one more  
8 comment.

9 CHAIRMAN WINNER: Please do. Please do.

10 MR. CHILLINGWORTH: Given the nature of the  
11 track, you know, when you have horses that are 4,000,  
12 \$5,000 claimers, if they run in 111 ones, it's pretty  
13 good, and our sprint race winner ran in 108, and three  
14 I caught on the clock, I see it's now moved to 108 and -9.  
15 Another race we had 109-and-something-plus and -- which  
16 shows that if you have quality horses, you can run them  
17 up there and have the same result as we have down here.

18 Thank you.

19 CHAIRMAN WINNER: Any other questions?

20 Thank you, gentlemen, very much.

21 MR. CHILLINGWORTH: Thank you.

22 CHAIRMAN WINNER: Anything else from the Board?

1                   Otherwise, we'll adjourn.

2                   Is there a motion to adjourn?

3                   COMMISSIONER BENETO: I'll make the motion,  
4 Mr. Chairman.

5                   CHAIRMAN WINNER: Mr. Beneto -- Commissioner  
6 Beneto moved, Vice Chair Rosenberg seconded, that we  
7 adjourn.

8                   Thank you all very much for attending.

9                   COMMISSIONER ROSENBERG: Wait a Minute. We  
10 didn't take a vote on that.

11                   CHAIRMAN WINNER: Oh, is there a vote?

12                   All in favor?

13                   (Whereupon the proceedings concluded at 11:45 a.m.)

14   \*    \*    \*

1 STATE OF CALIFORNIA )

2 )

3 COUNTY OF SAN DIEGO )

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6 I, Julia Lennan, a Certified Shorthand reporter  
7 for the State of California, CSR No. 12843, Registered  
8 Professional Reporter, do hereby certify:

9 That the foregoing proceedings were reported  
10 stenographically by me and later transcribed through  
11 computer-aided transcription under my direction and that  
12 the foregoing is a true record of the proceedings taken  
13 at that time.

14 I do further certify that I am in no way  
15 interested in the outcome of this action or connected with  
16 or related to any of the parties in this action or to their  
17 respective counsel.

18 In witness whereof, I have hereunto set my hand this  
19 23rd day of July, 2014.

20

21

22

\_\_\_\_\_  
JULIA LENNAN, RPR, CSR NO. 12843