

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

AUGUST 21, 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
Rick Arthur, Equine Medical Director
Jacqueline Wagner, Assistant Executive Director

ALSO PRESENT

Andy Asaro
John Mulvihill
Russ Lemon
Adrienne Samuels
John Bucalo, Barona Casino
Darrell Haire, Jockeys' Guild
Brad McKinzie, Los Alamitos
John Valenzuela, Local 280
Jim Henwood, Los Angeles County Fair Association
John Alkire, Big Fresno Fair
Cal Rainey, Golden Gate Fields
Tom Ludt, Golden Gate Fields
Dan Cirimele, Golden Gate Fields
Christopher Schick, Watch and Wager
Ben Kenney, Watch and Wager
Ed Cummings, Watch and Wager
Alan Balch, California Thoroughbred Trainers
Joe Morris, Thoroughbred Owners of California

I N D E X

ACTION ITEM	PAGE
1 Approval of the minutes of July 18, 2014	7
2 Executive Director's Report	7
3 Public Comment: Communications, reports, requests for future actions of the Board.	13
4 Discussion and action by the Board regarding delegating authority to the CHRB Chairman and/or the Executive Director of the Board to approve CHRB service contracts on behalf of the Board	40
5 Discussion and action by the Board on the approval of a contract with Biomechanically Applied Engineering to provide CHRB hoof tester data collection and evaluation in support of race track surface standards	60
6 Discussion and action by the Board regarding the proposed amendment to CHRB Rule 1632, Jockey's Riding Fee, to revise the jockey riding fee scale pursuant to Business and Professions Code Section 19501	60
7 Discussion and action by the Board regarding the request from the Los Alamitos Racing Association on behalf of the Los Angeles County Fair to (1) amend its application to include quarter horse and Arabian racing at its September 4 through September 23, 2014, race meeting at Los Alamitos and (2) to include rolling doubles with a 20% takeout to its wagering platform	64

I N D E X (CONTINUED)

ACTION ITEM	PAGE
8 Discussion and action by the Board regarding the request from the Los Alamitos Quarter Horse Racing Association to amend its 2014 quarter horse application for license to not run on September 5, 6, 7, 12, 13, 14, 19, 20, and 21 and (2) with the support of the harness industry, requesting permission to bring in nighttime (after 5:30 pm) out-of-state imports on those dates	64
9 Discussion and action by the Board on the application for license to conduct a horse racing meeting of the Big Fresno Fair (F) at Fresno commencing October 1, 2014, through October 13, 2014, inclusive	73
10 Discussion and action by the Board on the application for license to conduct a horse racing meeting of the Pacific Racing Association (T) at Golden Gate Fields commencing October 16, 2014, through December 21, 2014, inclusive	106
11 Discussion and action by the Board regarding the allocation of the 2015 harness race dates	106
12 Discussion and action by the Board on the application for license to conduct a horse racing meeting of Watch and Wager LLC (H) at Cal Expo commencing October 4, 2014, through December 21, 2014, inclusive	111
13 Discussion and action by the Board on the report from the CHRB Equine Medical Director on the administration of race-day furosemide (Lasix)	120

1 CHAIRMAN WINNER: Ladies and gentlemen, this
2 meeting of the California Horse Racing Board will come to
3 order. Please take your seats.

4 This is the regular noticed meeting of the
5 California Horse Racing Board on Friday, August 21st, 2014,
6 at the Del Mar Surfside Race Place, 2260 Jimmy Durante
7 Boulevard, Del Mar, California.

8 Present at today's meeting are myself, Chairman;
9 Bo Derek, First Vice Chair; Richard Rosenberg, Second Vice
10 Chair; Madeline Auerbach, Commissioner; Steve Beneto,
11 Commissioner; Jesse Choper, Commissioner; George
12 Krikorian, Commissioner.

13 Before we go on to the business of the meeting, I
14 need to make a few comments. These are written comments,
15 as you can tell.

16 The Board invites public comment on the matters
17 appearing on the meeting agenda. The Board also invites
18 comments from those present today on matters not appearing
19 on the agenda during a public comment period if the matter
20 concerns horse racing in California.

21 In order to ensure all individuals have an
22 opportunity to speak and the meeting proceeds in a timely
23 fashion, I will strictly enforce the three-minute time limit
24 rule for each speaker. The three-minute time limit rule --

1 (Telephonic Interruption)

2 CHAIRMAN WINNER: Hold on just a second. I will
3 turn this off. Actually, it is off, so it wasn't mine.

4 The three-minute time limit will be enforced
5 during discussion of all matters as stated on the agenda,
6 as well as during the public comment period.

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

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

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

24 If a speaker repeats himself or herself, the

1 chairman will ask if the speaker has any new comments to
2 make. If there are none, the speaker will be asked to let
3 others make comments to the Board.

4 Okay. First item on the agenda is the approval of
5 the minutes from the July 18th meeting.

6 Are there any comments, additions, or changes to
7 the minutes?

8 If not, is there a motion to approve?

9 Vice Chair Rosenberg moves, Commissioner Choper
10 seconds.

11 All in favor?

12 IN UNISON: Aye.

13 CHAIRMAN WINNER: Any opposed?

14 Minutes are approved.

15 Next item on the agenda is the Executive Director's
16 report.

17 Thank you --

18 CHAIRMAN WINNER: Rick.

19 MR. BAEDEKER: -- Mr. Chairman.

20 The purpose of this report is to update the
21 commissioners and industry stakeholders on issues of common
22 interest.

23 The first item is one that we've been talking about
24 for a few months. That is the two bills that have been

1 running through the legislature, AB 2592 and AB 2005.

2 Both of these bills passed out of appropriations
3 and are out for final reading. AB 2005 was amended on the
4 floor last week. It now will add two appointees from the
5 legislature, one from each house, rather than four.

6 The appointees will be ex-officio and non-voting
7 members who will not serve on committees. They will not be
8 able to appoint someone to sit in their place, and if they
9 miss three consecutive meetings, they will be replaced by
10 another appointee.

11 Those were the changes that were made on the floor.

12 AB 2592 surprisingly was cleared out of
13 appropriations, and that one, in a nutshell, if -- if there
14 is a proposal to change the fair calendar by more than three
15 days, it requires an impact -- economic-impact report,
16 which we estimate will cost more than \$300,000.

17 I want to correct some information from the last
18 meeting regarding the 18 percent takeout on the Daily Double
19 at Santa Anita. It was -- the information was provided
20 during testimony for the license application for the Santa
21 Anita meet.

22 It was stated that the reduced takeout resulted in
23 a reduction to purses of \$500,000. Our numbers indicate
24 that while the total amount that was returned to players was

1 \$464,000, the -- the net reduction to the purse account was
2 \$228,000. So there was also a reduction to track
3 commissions of 236,000.

4 And I'd like to brief the Board on the role of our
5 safety stewards, and also people in the audience. I'm not
6 sure that everybody is aware what a vital role they play in
7 everything that they do.

8 They do much more than ensure that riders wear
9 helmets and safety vests. Their primary responsibility is
10 to police the backstretch for medication violations and to
11 verify that the environment of horses in today is protected
12 and secure. But they do much more than that, particularly
13 when the safety stewards that are involved -- that are
14 housed at our headquarters in Sacramento visit other
15 racetracks prior to meets, visit the racetracks prior to
16 meets, Jeff Salmon, Tom McCarthy.

17 They conduct pre-meet and periodic inspections of
18 rail structures and covers, including minimum distances of
19 obstructions, to ensure the safety of the riders,
20 flexibility of marker poles, safety of drainage ditches.

21 They -- they make sure that the track surface
22 elevation grade markers are accurate. They check the
23 minimum cross-slopes on straightaways and turns. They
24 perform pre-meet and periodic mechanical hoof testing,

1 Clegg hammer, and GoingStick testing of surfaces and collect
2 soil samples for laboratory analysis. This data is
3 maintained and analyzed in the context of racing injuries
4 and made available to track or turf course superintendents.

5 Operators of race meets are required under their
6 licenses to maintain safe surfaces. This data that is
7 collected and analyzed by our safety stewards, particularly
8 Jeff Salmon, has been gathered over the years, and all of
9 the information on those courses is available to racetracks
10 and has given the CHRB a valuable safety baseline, and
11 certainly the experience of this summer compels us to use
12 this information more aggressively.

13 I want to talk a bit about the eminent
14 implementation of the changes to Rule 1844. Talking about
15 our testing of the surfaces, no surface is safe enough for
16 a horse that's not fit.

17 On October 1st new threshold levels for
18 corticosteroids, which are potent antiinflammatory
19 medications, will take effect. These drugs can camouflage
20 soreness in a horse and obscure an injury. At the new
21 levels, an unsound horse will be more apparent to the trainer
22 and to the state vet on race day.

23 Between now and October 1st, Dr. Arthur will work
24 with our safety stewards to no- -- to notify any trainer that

1 has started a horse and receives a test back that that horse
2 has a threshold level in excess of the new permitted levels
3 that will kick in on October 1st so that the trainer can
4 better manage their administration of corticosteroids and
5 avoid a positive test beginning with October 1.

6 Later in the meeting today, Dr. Arthur is going to
7 brief the Board on some of the progressive changes proposed
8 to the administration of Lasix that you probably read about
9 in the last few weeks.

10 Also, I'd like to just inform the Board that New
11 Mexico contacted us, the New Mexico Racing Commission, and
12 they were putting together a task force to help surrounding
13 the All American Futurity and Derby trials.

14 And our investigators Rick Amieva and Kevin
15 Kitashima were sent to New Mexico, and you may have read that
16 one of the jockeys was discovered with an illegal electrical
17 device, a battery. And I'm proud to say that was discovered
18 by -- by Rick and Kevin, who also discovered many -- well,
19 not many, but some medication violations.

20 So our folks do really good work, and it's nice to
21 acknowledge them now and then. This is a case in point.

22 Also, the new mini in Bakersfield opened on August
23 the 6th, been open two weeks, and they achieved a handle over
24 the weekends of about \$25,000, which is really good for a

1 fledgling mini satellite. It generally takes quite a while
2 for those numbers to build and become meaningful.

3 It was really fun reporting the financials the last
4 couple of months. This month the numbers aren't -- aren't
5 that great, the numbers for July. The daytime numbers are
6 down 13 percent, nighttime numbers down 11, and combined
7 down just under 13 percent.

8 That means for the year, the daytime business is
9 up just under 3 percent at 2.97. The nighttime handle is
10 down 12 percent from last year, and total industry-wide
11 business is up just slightly at .76 percent.

12 And that concludes my report, Mr. Chairman.

13 CHAIRMAN WINNER: Thank you very much, Rick.

14 And thank you to our investigators for the fine
15 work that they always do but especially what they've been
16 able to accomplish in New Mexico.

17 All right. Public comment. We have three or four
18 people who want to comment from the public, so let's begin
19 with Andy Asaro.

20 Andy.

21 MR. ASARO: Andy Asaro, horse player, horse player
22 advocate, but today I'm speaking as an advocate for
23 California racing. I'm here today to talk about optimal
24 takeout and issues pertaining to the ever-changing Daily

1 Double takeout.

2 The definition of "optimal takeout" is simply
3 this: It's the price point that drives total wagering
4 handle upward to where long-term revenue becomes maximized
5 for tracks, horsemen, and governments.

6 In California it's more important than ever to
7 optimize revenue through optimal takeout because there is
8 no slot revenue or instant racing revenue.

9 There's only one definition of "optimal takeout,"
10 and, by the way, that cuts both ways. If it's proven that
11 takeout on a particular wager is too low after a proper
12 optimal takeout experiment, then we will be the first ones
13 to say that takeout should go up.

14 We all know that during the Santa Anita winter
15 meet, it was decided to make the Daily Double takeout
16 18 percent, but in a nonsensical move, they decided to only
17 have three per day: early, late, and one Daily Double in the
18 middle of the card.

19 The word "experiment" was used several times at the
20 last meeting. If you're going to have an optimal takeout
21 experiment, you might want to set it up so you can compare
22 apples to apples from the previous year using comparative
23 days. That wasn't done.

24 But there are some things that we did learn and that

1 we do know. We know that of the three Daily Doubles offered,
2 that handle and revenue went up dramatically comparing them
3 to the same races from the previous year. We do know that
4 the early and late Doubles always handle the most money and,
5 therefore, it's much harder to increase handle as a
6 percentage than it is to increase handle on the Doubles in
7 between the early and late Doubles.

8 Since handle was up over 70 percent on the three
9 Daily Doubles that were offered, it's reasonable to assume
10 that handle on the middle races would have been increased
11 by at least as much.

12 What's more important to note is that money towards
13 purses was lost, but it was a lot more than \$500,000 when
14 you consider that if they had rolled them, purse revenue
15 would have been up and not down.

16 When you factor in track commissions and revenue
17 that various organizations and programs -- revenue that
18 funds various organizations and programs, the loss was more
19 likely in the \$2 million range.

20 The monumental mistake of not rolling the Daily
21 Doubles cost everyone here money. The 18 percent takeout
22 had nothing to do with the lost purse money. It had
23 everything to do with not rolling the Daily Doubles.

24 So what to do about it?

1 Obviously, the flawed analysis was passed on to the
2 TOC and to Del Mar and to the CHRB. Apparently, there is
3 only one person in California who is able to run accurate
4 numbers from CHRIMS and do an accurate analysis.

5 So how about this: Why not have CHRIMS run handle
6 reports and email them to each CHRB board member and staff
7 along with every TOC board member on each Tuesday afternoon
8 before every CHRB meeting.

9 If there is a particular wager that has an optimal
10 takeout experiment going on, then a separate analysis
11 relating to that should be sent as well. In addition, these
12 reports should be posted on calracing.com. By getting
13 everyone involved, it will help prevent certain groups and
14 certain people from making catastrophic decisions that cost
15 everyone money.

16 In closing, I'd like to say this: Just about
17 everyone here is in the gambling business directly or
18 indirectly. That includes owners, trainers, grooms,
19 jockeys, and everyone else who depends on gambling for their
20 livelihood.

21 Doesn't it make sense that California racing
22 should put much more effort into finding the optimal takeout
23 rate for each wager?

24 Thank you for your time.

1 CHAIRMAN WINNER: Does anybody on the Board have
2 any questions for Mr. Asaro?

3 COMMISSIONER AUERBACH: I just -- I have one
4 comment. It's --

5 CHAIRMAN WINNER: Commissioner Auerbach.

6 COMMISSIONER AUERBACH: It's more like a
7 question.

8 I think all of us appreciate your point of view,
9 and we do have an understanding of where you're coming from,
10 and so I pose this question to you: If we were ever to try
11 to define what is the optimal takeout, it can't be just for
12 the Daily Double. Optimal takeout would refer to
13 everything on our betting menu.

14 MR. ASARO: Correct.

15 COMMISSIONER AUERBACH: And if you had the power,
16 what would you think you could do to define that is without
17 costing those people who have all of their money invested
18 in one form or another -- their careers, their lives -- how
19 would you find that number?

20 To me, looking at the Daily Double, and we are
21 discussing the difficulty, is one thing, but when you talk
22 about optimal takeout, it's -- it's our entire lives.

23 To suggest that we can manipulate the numbers and
24 play with them and watch people go out of business is -- I

1 don't think it's very --

2 MR. ASARO: Why would --

3 COMMISSIONER AUERBACH: -- well thought out.

4 MR. ASARO: Why would you think that you would go
5 out of business if you --

6 COMMISSIONER AUERBACH: I don't --

7 MR. ASARO: -- did an optimal takeout?

8 COMMISSIONER AUERBACH: I have no idea, and that's
9 part of the problem. I have no idea, and, quite frankly,
10 even though you're well intentioned, I don't think you do
11 either.

12 MR. ASARO: I don't have an exact number for each
13 wager, but I do know how to go about it, and, quite frankly,
14 the Daily -- I've been pushing the Daily Doubles at a lower
15 takeout for two years.

16 This year would have been the first year that they
17 did lower the takeout and would have been the first
18 legitimate experiment on optimal takeout, but, obviously,
19 they didn't roll the Doubles. Everything was messed up.
20 Then they decided to roll them. Then Del Mar wanted 22.68.
21 Then they went to 20.

22 I mean, the Doubles would have been a good starting
23 place because they handle only 3.8 percent of total handle,
24 and, you know, there's -- there's really no big -- there's

1 really no downside to trying an experiment on that type of
2 wager.

3 After that wager is done and you determine the
4 optimal takeout of that wager, you move on to other wagers.
5 And you don't have to cut a wager like the Exactas down to
6 18 percent. You do it incrementally meet by meet by maybe
7 a half a point or a quarter point, and you follow the numbers.

8 And the process takes about three years. It's not
9 going to be done in six months. I mean, this thing with the
10 Daily Doubles, everybody threw in the towel after six
11 months. It's -- which is crazy, so.

12 VICE CHAIR ROSENBERG: Yeah, Andy, one --

13 CHAIRMAN WINNER: I think Jesse had a question.

14 COMMISSIONER CHOPER: As you know, we exchanged
15 some emails earlier this week.

16 MR. ASARO: Yes.

17 COMMISSIONER CHOPER: So I don't want to repeat
18 the whole thing, but no one, as I said to you, can -- can
19 dispute what you said is the key issue, and that is what is
20 the optimal takeout for every one of the people that
21 Commissioner -- the groups that Commissioner Auerbach
22 was talking about.

23 How we go about doing that, we tried once and with
24 the best data that we had and I think it's fair to say the

1 best statistician, you know, in -- in the California racing
2 scene, and we just did not come up --

3 MR. ASARO: Which -- which wager are you referring
4 to?

5 COMMISSIONER CHOPER: There was not a single
6 wager. That's -- of course, that -- that is the whole
7 point. I mean --

8 MR. ASARO: Well, the Daily Double was -- was the
9 wager.

10 COMMISSIONER CHOPER: You know what, it's the old
11 saw that a guy's got a loss leader losing every -- you know,
12 five cents on every sale. They said, "How can you stay in
13 business?"

14 He says, "I make it up in volume."

15 MR. ASARO: It -- it --

16 COMMISSIONER CHOPER: But we can't make it up in
17 volume that way. That doesn't -- I'm not saying that that's
18 what you're trying to do in any way.

19 MR. ASARO: The -- the Daily Doubles were up
20 70 percent at the -- if you compare -- compare --

21 COMMISSIONER CHOPER: The handle on that bet was
22 up 70 percent.

23 MR. ASARO: Par- -- pardon?

24 COMMISSIONER CHOPER: The handle on the Double was

1 up 70 --

2 MR. ASARO: Correct.

3 COMMISSIONER CHOPER: -- percent.

4 That's right, but you can -- as I say, with a loss
5 leader, you --

6 MR. ASARO: Well --

7 COMMISSIONER CHOPER: -- can have --

8 MR. ASARO: -- why do you call it a loss leader?

9 COMMISSIONER CHOPER: Pardon me?

10 MR. ASARO: Why do you refer to the 18 percent as
11 a loss leader?

12 COMMISSIONER CHOPER: Well, I don't know.

13 MR. ASARO: Okay. Well --

14 COMMISSIONER CHOPER: But the question is: How
15 does everyone make out as a consequence of that?

16 MR. ASARO: Let -- the - the closest example of
17 what we have as a loss leader would be the Pick Five.

18 When it was originally put in, I had a lot to do
19 with that, helped Hollywood with the marketing of it, and
20 at the time, it was put out, quite frankly, out of
21 desperation to stop a boycott.

22 Originally, most people didn't think it would
23 work, it wouldn't handle much. I was probably the most
24 optimistic that it would handle a hundred thousand or more.

1 Obviously, it's handled -- you know, one Breeders' Cup we
2 had a carry-over, got over 6 million in new money.

3 Things you do with takeout and certain wagers have
4 a value beyond just the numbers. They have a marketing
5 value. At that time it was able to break the boycott, bring
6 people back to California racing, and to this day, everyone
7 raves about them.

8 And the funny thing about it is that normally we
9 have the shortest fields and the worst quality in the Pick
10 Five races. Well, because of the short fields, it's my
11 opinion that a lot more people cash and a lot more people
12 come back to bet more and that's why it's been so successful.

13 As far as the loss leader part goes, from the
14 beginning -- and I've actually fought for the tracks more
15 than they've fought for themselves. The tracks only make,
16 I think, something like .77 percent while the TOC makes over
17 3 percent.

18 Now, you know, if the tracks want to let the TOC
19 keep taking their lunch money, then if I was the TOC, I'd
20 keep taking it, but the tracks have not fought back -- back
21 to get an equal cut, so that's their fault.

22 VICE CHAIR ROSENBERG: Andy, on the reference to
23 the 18 percent experiment with -- with non-rolling Doubles,
24 with only three Doubles at Santa Anita, that was an

1 experiment which they canned, but there is an experiment
2 going at 20 percent now, which is lower than the old takeout
3 rate.

4 Don't you --

5 MR. ASARO: Well --

6 VICE CHAIR ROSENBERG: Don't you consider that an
7 experiment?

8 MR. ASARO: No. It's -- it's our -- the -- the 20
9 percent is seen as a takeout hike by most gamblers because
10 it was 18 percent, even though technically Del Mar reduced
11 the takeout.

12 VICE CHAIR ROSENBERG: But it was over -- it was
13 over -- it was close 8 percent or 8 1/2 or 9 percent reduction
14 in gross, by going from --

15 MR. ASARO: That's --

16 SECOND VICE CHAIR ROSENBERG: Well, that's a
17 psychological. I mean --

18 MR. ASARO: Well --

19 VICE CHAIR ROSENBERG: Aren't you -- don't you
20 acknowledge it's an experiment and won't you wait to
21 see -- are you running statistics on that versus last year?

22 MR. ASARO: Well, no. We don't want expect a
23 Double handle at Del Mar to increase much. In fact, it might
24 almost go down. I mean, Del Mar is down 30 million and --

1 VICE CHAIR ROSENBERG: Well, I know, but my
2 question specifically is, if you -- if you -- you expected
3 it to go down, so that -- then you're saying that the
4 reduction of almost 10 percent didn't impact the way you
5 want -- you're suggesting --

6 MR. ASARO: Because of what happened earlier in
7 the year.

8 I mean, you -- you have a lot of people that are
9 so mad about it that they've stopped playing California
10 racing. And you can take the 30 million and you can probably
11 think that 10 million of that is from gamblers who are pissed
12 off and decided not to play California racing at all.

13 So that's what's going on.

14 COMMISSIONER AUERBACH: Isn't -- isn't part of
15 your argument that you tend to take those factors which
16 support your conclusions and not consider other factors?

17 For example, the Pick Five, the fact that the
18 amount that needs to be wagered is more consumer friendly
19 than the Pick Six, let's say, because you're from --

20 MR. ASARO: The increment, of course, yes.

21 COMMISSIONER AUERBACH: Right.

22 MR. ASARO: That's true.

23 COMMISSIONER AUERBACH: And nowhere do I hear you
24 discuss that, and this is a huge factor and has --

1 MR. ASARO: It is.

2 COMMISSIONER AUERBACH: -- more to do with it than
3 the takeout. My honest belief --

4 MR. ASARO: I don't -- I don't think that.

5 I mean, you watch TVG every time they point out a
6 some Pick Five takeout, they'll mention how great it pays.

7 COMMISSIONER AUERBACH: And I want wonder if they
8 didn't even say that, if it would change the wager. I
9 think --

10 MR. ASARO: Well, people --

11 COMMISSIONER AUERBACH: -- the wager is
12 attractive because of a lot of factors: It's early in the
13 card; you make your -- a small bet; you know early on if
14 you're in the running to make any money; and if you're out
15 by the second or third race, you've got the opportunity to
16 do other things.

17 And I think a lot of the gamblers -- and I'm using
18 the word loosely because I don't think you represent all the
19 gamblers any more than I represent --

20 MR. ASARO: I represent about --

21 COMMISSIONER AUERBACH: -- all of the horse
22 owners.

23 MR. ASARO: I represent --

24 COMMISSIONER AUERBACH: Well --

1 MR. ASARO: -- probably a small percentage --

2 COMMISSIONER AUERBACH: Right --

3 MR. ASARO: -- that bet a lot more than --

4 COMMISSIONER AUERBACH: -- you represent a
5 certain percentage, just like I do. And I think that it's
6 disingenuous not to recognize the real beauty of the Pick
7 Five was the placement in the program and also the fact that
8 the gamblers who want to play know early on whether or not
9 they need to go in hot and heavy with their Pick Six because
10 they know early in the day what's going on.

11 I mean, these are factors. How do you quantify
12 them?

13 You're trying to quantify them, and I appreciate
14 that, and we are too because this is our job, but there are
15 so many esoteric factors that come into this that you can't
16 just use numbers.

17 MR. ASARO: Did you know that I was the one who
18 originally came up with the Pick Five and put it in the
19 first -- had it put in the first race?

20 COMMISSIONER AUERBACH: I --

21 MR. ASARO: The reason --

22 COMMISSIONER AUERBACH: I believe I did know that.

23 MR. ASARO: Okay. The reason is that at the time
24 the boycott was coming and I really didn't want a boycott

1 at the time.

2 One of the factors in putting it in the first race
3 is that because of our time zone, it would attract players
4 from the East Coast to stick around and get involved in the
5 California racing card.

6 So the first two years, the bets within the Pick
7 Five sequence, handle went up dramatically. And yes, it is
8 because of the increment as well, but this year I told
9 Del Mar, when I saw they were in trouble, why don't you go
10 to 50 cent tries and 50 percent -- 50 cent Pick Threes, you
11 know, but nobody listens.

12 COMMISSIONER AUERBACH: Well, I just -- I want to
13 make one more comment.

14 You have to remember that Del Mar has a
15 responsibility to everybody, not just the gamblers. So
16 while you experiment with things, everybody gets affected,
17 and we can throw out all kinds of suggestions, but unless
18 they're handled in a calm, rational fashion, we can do a
19 great deal of harm before we can correct it.

20 MR. ASARO: Is there anything in my definition of
21 "optimal takeout" that seems irrational to you?

22 COMMISSIONER AUERBACH: Only one thing, how to
23 figure out what it is without potentially destroying --

24 MR. ASARO: Well, that brings us back to the Daily

1 Doubles again, which we didn't mess up, Santa Anita did.

2 CHAIRMAN WINNER: Any other questions for
3 Mr. Asaro?

4 All right. Thank you very much.

5 MR. ASARO: Thank you.

6 CHAIRMAN WINNER: Okay. Next we're going to have
7 Joanne Nor.

8 MR. MULVIHILL: Can I ask you something?

9 My name is John Mulvihill, and I --

10 CHAIRMAN WINNER: Wait a minute. You're going to
11 have to sign a card.

12 MR. MULVIHILL: Oh, sorry.

13 CHAIRMAN WINNER: And then you'll -- are you
14 speaking on this subject?

15 MR. MULVIHILL: Yes.

16 CHAIRMAN WINNER: Okay. Go ahead and sign a card,
17 and we'll let you speak now.

18 MR. MULVIHILL: I need a pen, though.

19 CHAIRMAN WINNER: Hold on just one moment.

20 John -- go ahead and say it.

21 MR. MULVIHILL: Mulvihill.

22 CHAIRMAN WINNER: Okay.

23 MR. MULVIHILL: John Bucalo calls me John
24 Over-the-hill, but that's not right.

1 CHAIRMAN WINNER: Okay.

2 MR. MILLER: Could you spell it.

3 It's Robert Miller, Counsel to the California
4 Horse Racing Board.

5 Could you spell that for the court reporter,
6 please.

7 MR. MULVIHILL: M-u-l-v-i-h-i-l-l.

8 MR. MILLER: Thank you.

9 MR. MULVIHILL: I've known John a long time. I've
10 worked in the mutual department for about 34 years. I just
11 got the tail end of the conversation here when I was coming
12 in, but people don't bet on California horse racing.
13 There's not enough horses.

14 People don't bet Trifectas to bet \$6 to get \$12
15 back. People don't bet Exactas to get -- to bet 2 to get
16 \$4.50 back. They go -- they -- when people
17 come -- gamblers, to me, are coming with the idea of bringing
18 \$20 and leaving with \$200 or a hundred and fifty. They want
19 the long shots.

20 I mean, if you have five and six horses in the race
21 and one horse is at 2:1, one is at 5:2, people just don't
22 bet those type of wagers. It's not gambling to them.
23 Gamblers like action, and they like long shots, like a lot
24 of -- like volume. So that's -- that's my 10 cents worth.

1 CHAIRMAN WINNER: Thank you.

2 Joanne.

3 Okay. You're going to have Mr. Russell --

4 MS. NOR: Russ.

5 CHAIRMAN WINNER: -- Lemon?

6 MS NOR: Yes.

7 MR. LEMON: Russ Lemon.

8 CHAIRMAN WINNER: Okay. Let me just ask you a
9 question because I want to -- in the interest of full
10 disclosure, are you speaking about GMO labeling? Is
11 that --

12 MR. LEMON: Yes.

13 CHAIRMAN WINNER: -- what you're talking about?

14 Okay. Let me just -- in the interest of
15 disclosure, let me state that Joanne Nor and I have a running
16 email debate on this issue.

17 I represent some of the very companies that you're
18 going to be making comments about. I have a very different
19 view than you do on this subject, which is based on a lot
20 of research and science, and, therefore, if this issue ever
21 comes before the Board, obviously, I will recuse myself from
22 voting on it.

23 With that, let me ask you to please proceed. Thank
24 you.

1 MR. LEMON: Okay. Thank you very much. I'm Russ
2 Lemon.

3 In the old days, bacillus thuringiensis was
4 cultured in a vat and sprayed on crops as a natural
5 insecticide. When pests ate the crops they ate, the Bt
6 toxins would split open their guts and kill them, but when
7 we took the crops home, we washed them off and ate the food,
8 no problem.

9 But when the Bt gene was isolated and genetically
10 inserted into corn, soy, cotton seed, canola, sugar beet,
11 alfalfa hay, and a dozen other crops, the problems
12 with -- that this toxin is now in every cell of the plant.
13 It cannot be washed off.

14 This toxin cause problems in humans and in horses.
15 In humans the damage is similar to celiac disease, and the
16 leakage of gut stuff into blood can cause MS, ALS, Parkinson
17 disease, and contribute to Alzheimer's and cancer.

18 The other genetic modification is to make the foods
19 able to grow in the presence of Roundup. The main
20 ingredient in Roundup is glyphosate that locks up metal
21 nutrients so they cannot be used.

22 Vitamin B12 is a cobalt-centered molecule and
23 governs cell division and growth. Roundup-ready foods are
24 deficient in cobalt, and this may cause the infertility,

1 miscarriage, inability to form new memory, and anemia.

2 Deficiency of chrome can result in Type 2 diabetes.

3 Deficiency in magnesium, zinc, and other essential
4 nutrients results in the degraded immune system, but the
5 combination of glyphosate and fluorosilicic acid from
6 fluoridated water can result in weak and brittle bones and
7 even loss of muscle, including the heart muscle.

8 I believe that most horses now winning at Del Mar
9 race are healthy horses that are not fed GMOS or fluoridated
10 water and that are well cared for. I would think that the
11 last thing an owner would want to do is feed a horse toxic
12 food and water that would degrade its ability to perform,
13 but many owners, just buy the generic bail of hay and feed
14 their horses tap water. They do not know how toxic these
15 are. After all, there is no skull and bones on either, and
16 even a label -- there's not even a label to indicate
17 otherwise.

18 The object of California Proposition 37 was to
19 indicate what foods were genetically modified. We have the
20 right to know what it is in our food and in our horse feed.
21 With labeling, the owners, breeders, and trainers would be
22 able to make an informed decision as to what was best for
23 their horses and for us.

24 How many have to die before something is done?

1 For documentation on what I have said, please go
2 to my Web page at <http://horsesthatfarttoomuch.info>.

3 I think it is a tragedy that horses are suffering
4 from these poisons.

5 Thank you for your time.

6 CHAIRMAN WINNER: Mr. Lemon, again, I just want to
7 ask you a question, just -- I'm not debating you at all, but
8 you know that Prop 37 excluded -- just like all the other
9 ballot measures on this issue, excluded labeling --

10 MR. LEMON: For animals.

11 CHAIRMAN WINNER: -- for food for animals?

12 MR. LEMON: Yes.

13 CHAIRMAN WINNER: Okay. Thank you.

14 Okay. Adrienne -- do you want -- Joanne, do you
15 want expect Adrienne or -- okay. Adrienne Samuels, please.

16 DR. SAMUELS: Can you hear me all right?

17 Can you hear me okay?

18 CHAIRMAN WINNER: Yeah.

19 DR. SAMUELS: My name is Adrienne Samuels. I'm a
20 research trained PhD from University of Wisconsin, class of
21 1961. I would like to request action from the Board.

22 I would like you to consider, please, the
23 genetically modified feed GMOs, such as that being used at
24 Del Mar, has been shown to be toxic and should be replaced

1 by non-GMO feed.

2 The information presented here comes from
3 peer-reviewed, published, readily accessible -- readily
4 accessible research, not from pseudo science, flawed
5 science, or from GMO industry in-house research reports.

6 Most GMO crops have been genetically engineered to
7 tolerate applications of toxic herbicides such as
8 glyphosate so fields can be sprayed without harming GMO
9 plants. Evidence of glyphosate toxicity is overwhelming.

10 Glyphosate is a neurotoxic endocrine disrupter.
11 There are no safe levels of endocrine disrupters.
12 Imbalances and malfunctions of the endocrine system are
13 known to lead to a host of disease conditions and
14 disabilities.

15 Glyphosate kills beneficial bacteria in
16 intestines leading to nutrient deficiency, chronic
17 intestinal disease, inflammation, and autoimmune disease.
18 Glyphosate has been shown to be toxic to liver and kidneys.

19 Glyphosate and its degradation product, AMPA, have
20 been detected in the environment, in food, and in organs and
21 in tissue. A June 2014 search of the National Library of
22 Medicine for glyphosate toxicity produced 505 studies.
23 Again, evidence of GMO toxicity is overwhelming.

24 On the other side, evidence of the safety of GMOs

1 is nonexistent. The, quote, hundreds of studies allegedly
2 proving that GMOs are safe for human and animal consumption
3 are made up of unpublished studies and unpublished research
4 reports produced by Monsanto that Monsanto refuses to make
5 public: public studies -- published studies that violate
6 the assumptions of statistical tests used in claiming GMO
7 safety, published studies involving GMOs that have nothing
8 to do with human or animal reactions to GMOs, and published
9 studies that have been rigged to guarantee that researchers
10 will be able to claim that GMOs are safe.

11 All of the hundreds of studies -- quote, hundreds
12 of studies -- cited by the EPA, the EU, and the World Health
13 Organization that allegedly demonstrates GMO safety fall
14 into one or more of those five categories.

15 Again, evidence of the safety of GMOs is
16 nonexistent. If you care about animals, your jockeys,
17 their owners -- and I'm sure that you do -- you'll have the
18 genetically modified food used at Del Mar and elsewhere
19 replaced with non-GMO food.

20 References are available. I'll read this off, a
21 long thing, for you.

22 CHAIRMAN WINNER: No, you don't -- your time is
23 up.

24 DR. SAMUELS: Okay. If you would like, I have --

1 CHAIRMAN WINNER: You can leave it -- you can
2 leave it for the Board if you would like --

3 DR. SAMUELS: Yes, I would --

4 CHAIRMAN WINNER: -- any references or anything
5 you'd like.

6 DR. SAMUELS: I should like to -- where will I
7 leave it, sir?

8 CHAIRMAN WINNER: You can give it to Mr. Marten
9 over here.

10 DR. SAMUELS: Excellent.

11 CHAIRMAN WINNER: He'll be happy to --

12 DR. SAMUELS: Fine. Thank you.

13 Do you have any questions?

14 CHAIRMAN WINNER: Any questions?

15 All right. Just -- again, just for clarification
16 purposes, there are 1700 scientific studies, including most
17 of them peer reviewed in scientific journals, 25 Nobel prize
18 winners, the AMA, the National Academy of Sciences, World
19 Health Organization, as you stated, the EPA, USDA, the FDA,
20 the American Association for the Advancement of Science all
21 disagree with you, but that's a disagreement. Everybody
22 has a right to disagree.

23 As I said, I have a different view than you do, but
24 I know that your view is for the -- that what you're saying

1 is for the purpose of something very important that we all
2 believe in, which is the protection of these horses, these
3 beautiful animals.

4 We're all trying to do what is in their best
5 interest, and I think it's very good that we -- that you
6 bring these points for discussion, and we appreciate it very
7 much.

8 DR. SAMUELS: I would like to simply point out to
9 you --

10 CHAIRMAN WINNER: Yeah, go ahead.

11 DR. SAMUELS: -- that what I am citing is research,
12 data.

13 CHAIRMAN WINNER: So am I.

14 DR. SAMUELS: I can read it.

15 CHAIRMAN WINNER: So can I.

16 DR. SAMUELS: I know what's in it.

17 CHAIRMAN WINNER: So do I.

18 DR. SAMUELS: And I can tell a peer-reviewed
19 article from not.

20 CHAIRMAN WINNER: I understand.

21 DR. SAMUELS: And if you have looked at the EPA,
22 European Union, and World Health Organization, if you had
23 looked at those, you will find that they are not published.
24 Their citations are not from published, they are from

1 in-house Monsanto research reports.

2 CHAIRMAN WINNER: Okay. Thank you.

3 Joanne.

4 MS. NOR: Hi. I'm Joanne Nor, former owner
5 and -- and breeder, and I just would like to stand up on
6 behalf of the horses that lay their lives on the line every
7 time out so that breeding and -- and racing can continue to
8 have an industry.

9 I've been having horses for half a century or so,
10 and I've never seen the amount of horses being eased, horses
11 being vanned off. And a lot of this doesn't make the press
12 because our industry is already in trouble, but healthwise,
13 it's not what it was several years ago or since -- since
14 these chemicals have come into use.

15 So if we don't start putting the stars of our show
16 first and their health and -- and notice -- and not be able
17 to take their -- take on the task of racing -- they're just
18 not going to be able to do it if we don't do something about
19 the poisonous foods that they're ingesting daily.

20 They're eating probably 75 to a hundred percent
21 GMOs between alfalfa hay, the sugar beets that are the sweet
22 of the sweet feed, corn, soy, and some flax and some wheat.
23 So that pretty much covers the diet.

24 It's just unfortunate because -- actually, the

1 Russian study cited complete sterility by the third
2 generation of eating. And it was done on cattle, but we're
3 already in the fourth generation.

4 So I'm -- I'm seeing lots of signs. I'm around
5 horses all the time. There's lots of things going on.
6 There's lots of nonreported things going on. There's lots
7 of colic.

8 One of the things that the Bt cotton and the Bt
9 glyphosate in the system does is it causes stomach torsion,
10 causes colic, and it attacks the immune system in the gut.
11 And there's horses every day experiencing things like this.

12 I had a necropsy exam sent to me from Montana. All
13 of the deer -- not -- maybe not all, but most of the deer
14 and other large animals roaming free in the forests up there
15 and drinking out of streams that have been contaminated with
16 glyphosate have laminitis and they're -- they're
17 experiencing these horrible deaths because they can't
18 forage for themselves. And it's just -- you know, the signs
19 are all over the planet. Okay?

20 There's over, you know, 30 countries that have
21 banned it. Mexico banned it about a couple of months ago
22 because of the corn because they were voted the most obese
23 nation in the world. So they're -- they're on the warpath
24 about it, and they have already -- they -- they demanded

1 immediate banning of it in -- in Mexico.

2 If Mexico can do it, you know, I think we need to
3 take a look at this, or we just simply will not have an
4 industry and nobody in this room will have a job. Okay?
5 It's that simple.

6 If you want to talk about economics with betting
7 and all that stuff, you better look after your stars.

8 Is that a bell? Okay.

9 CHAIRMAN WINNER: Hold on. Are there any
10 questions for Joanne or any of the other speakers on this
11 issue?

12 All right. Again, Joanne, I want to thank you
13 because I know how much you care about this and how
14 passionate you are, and I know that you've spent a lot of
15 time studying it. We both have a right to disagree on it,
16 but I appreciate very much your concern and care --

17 MS. NOR: I know. We'll --

18 CHAIRMAN WINNER: -- because I know you're -- I
19 know how much you do care --

20 MS. NOR: We'll continue.

21 CHAIRMAN WINNER: -- and I appreciate it.

22 MS. NOR: We'll continue this running argument
23 we're having.

24 CHAIRMAN WINNER: Okay. Thank you.

1 MS. NOR: Thank you.

2 CHAIRMAN WINNER: Let's move on to the next item,
3 which is Number 4, discussion and action by the Board
4 regarding delegating authority to the CHRB chairman and/or
5 the Executive Director of the Board to approve CHRB service
6 contracts on behalf of the Board.

7 MR. BUCALO: Excuse me, sir. I had a card that
8 I --

9 CHAIRMAN WINNER: I don't have it.
10 Mr. Bucalo.

11 MR. BUCALO: Yes, sir. I laid it --

12 CHAIRMAN WINNER: Go ahead.

13 MR. BUCALO: -- on Mike's desk.

14 CHAIRMAN WINNER: Go ahead. We'll find one.
15 Go ahead, Mr. Buculo. Please identify yourself.

16 MR. BUCALO: John Buculo, Barona casino,
17 off-track betting manager.

18 I just wanted to bring to the Board's attention the
19 downcline in numbers at a lot of the satellites. We are down
20 almost 19 percent, and it's not getting any better. Our
21 attendance is down a little bit, but it -- it's really
22 bothersome.

23 The model that everyone used for the mini
24 satellites opening, OC Tavern, they're down approximately

1 43 percent, and there are many, many others that are down.

2 I think it's time we need to really evaluate the
3 satellite. I've been speaking about it for 11 years or
4 more. No one will ever stand up and say that it's right,
5 that the satellites deserve more than 2 percent, and will
6 get involved to -- to help and do something.

7 We've heard that it's right at one satellite
8 meeting; however, no one will get involved to do anything.
9 I know it's the legislation, 2 percent. I don't see
10 legislation in the percentage that's given to the ADWs.

11 Why is it not in the rules and regulations book or
12 the California law book, the percentage they receive?

13 In addition, they're given the latitude to do
14 business much higher than ours. They can take race tracks
15 for wagering purposes from California residents that we
16 cannot, the California satellites, and it's outrageous.

17 We hire California tax-paying employees. We keep
18 the revenues in the state of California. These ADWs are all
19 based outside the state of California. They're based in
20 Utah, Idaho, all these different states. They hire very
21 few, if any, tax-paying California residents.

22 Why are they given the latitude to do business much
23 higher than ours and we -- I'm not afraid of the competition.
24 Bring it on. We're ready for it. Competition makes this

1 world go round, but we're not on an even playing field with
2 these ADWs.

3 How can we compete?

4 And I'll just reiterate, it's outrageous that the
5 California satellites make less in percentage than these
6 ADWs. And I know I'm going to hear next on the agenda in
7 just a minute, but it's still -- somebody needs to really
8 help them out.

9 We're going to go out of business. Some are making
10 less than 2 percent, which should never be allowed. So I
11 just wanted to also say that once again.

12 Thank you very much.

13 CHAIRMAN WINNER: Thank you, John.

14 Are there any questions for John?

15 Commissioner Choper.

16 COMMISSIONER CHOPER: The 18 percent reduction,
17 what is the period that that covers?

18 MR. BUCALO: The --

19 COMMISSIONER CHOPER: You said --

20 MR. BUCALO: I'm sorry, it's during Del Mar. I
21 apologize. Del Mar, 18 percent we're down during
22 their -- their meet, which is -- by the way, is usually
23 higher. We get a larger fanfare and handle during the
24 Del Mar race meet than other meets. So it -- it's a pretty

1 good hit.

2 COMMISSIONER CHOPER: Do you have any idea what
3 the ADW --

4 MR. BUCALO: Well --

5 COMMISSIONER CHOPER: -- statistics --

6 MR. BUCALO: -- they're --

7 COMMISSIONER CHOPER: -- for the same -- for the
8 same period?

9 MR. BUCALO: Yeah, they're -- from what I'm
10 reading, they're up.

11 COMMISSIONER CHOPER: For --

12 MR. BUCALO: maybe one of the -- the ADW people can
13 come in and --

14 COMMISSIONER CHOPER: For Del Mar? Just for --

15 MR. BUCALO: For Del Mar, yes, yes.

16 We're -- and I think that's when you see the
17 numbers that Del Mar is up -- handle is up a little bit,
18 I -- those numbers are coming from the ADWs, not from the
19 satellites, but we could do much, much better if we received
20 a higher commission where we could offer rebates.

21 We can't offer rebates like they do to their
22 players, and, you know, they offer rebates higher than our
23 commission.

24 How can we compete?

1 I mean, something's got to be done. We're
2 California satellites. They're all out of state. They
3 take the revenues out of state.

4 It's just not right, and it's just not fair, and
5 it -- I think it's a shame that nobody will get up from this
6 state of California and back the satellites.

7 Thank you again.

8 CHAIRMAN WINNER: Thank you, John.

9 Any other questions?

10 All right. Mr. Baedeker, on Item 4.

11 MR. BAEDEKER: This is a proposal to give staff the
12 tool to approve executive contracts, either the Chairman or
13 the Executive Director. And we put this on the agenda after
14 having a discussion with the agency that -- that we work
15 with, Business Consumer Services and Housing.

16 James Goldstene, who was the under secretary, was
17 previously the executive director for the Air Resources
18 Board, and when he saw all of the contracts previously
19 on -- on our agenda, he said, "You know, it's very
20 extraordinary." He said, "It's commonplace that
21 commissions delegate the authority to the chairman and/or
22 the executive director."

23 So that's why we have it before you. There are a
24 number of reasons to do it, one of which is, you know,

1 expediency. If we have a situation like we faced a couple
2 of months ago where all of a sudden we had a -- we had to
3 conduct some testing for stewards and immediately schedule
4 safety stewards, we had to wait and come -- come before the
5 Board. And -- and we would categorize these as kind of
6 routine, repetitive contracts. We have them with our
7 independent contractors year in and year out.

8 And so this -- this is open for discussion by the
9 Commissioners and just to -- to see what your opinion is on
10 this, and so it's -- it's really a very simple question.

11 CHAIRMAN WINNER: Let's start with Commissioner
12 Auerbach.]

13 COMMISSIONER AUERBACH: My -- my concern is not
14 with present company, with -- with Chuck or Rick. So this
15 is not personal, but I'm trying to look into the future when
16 this Board is not here and it's a different Board.

17 To me, this is overly broad. It -- it has no
18 limits on it. It has no oversight.

19 I -- I think my question is: Do you not now have
20 the ability to do these things?

21 MR. BAEDEKER: We don't. We have the ability
22 to -- to sign somebody for a contract of, I think, nine days
23 without the -- without the -- bringing it to the Board and
24 getting formal approval from the Board.

1 And, you know, just in response to what you said,
2 I mean, I think there are a number of things that -- that
3 the Executive Director is empowered to do which, you know,
4 require his or her professionalism, integrity, so forth.
5 So, you know, there's a great deal already been delegated
6 to -- to the Executive Director.

7 And by the way, this -- you know, this is kind of
8 a starting point. Any -- any kind of change that you want
9 to make to the proposal -- first of all, it doesn't have to
10 be done today, but if you wanted to make a motion and have
11 it -- have the wording changed to address your concerns, you
12 know, that's why we've got it on the agenda.

13 COMMISSIONER AUERBACH: Well, I'm --

14 MR. BAEDEKER: So --

15 COMMISSIONER AUERBACH: Right. I'm thinking out
16 loud because obviously I saw it this week for the first time
17 and would be completely comfortable with it today. I'm
18 thinking back to some of the other boards I've known. I
19 wouldn't be -- I'm being candid. I wouldn't be comfortable
20 with it.

21 Maybe if we put some kind of, I don't know, time
22 limit on it. Maybe it would be great language and -- and
23 put like a -- a 12-month -- something so that -- so that
24 whatever actions that are taken on behalf of the Board -- and

1 sometimes we're not always up on that. Maybe we could
2 review them at some period and see what was done in case we
3 have any difficulties.

4 MR. BAEDEKER: Well, absolutely, and it shouldn't
5 be suggested that -- you know, that these -- these would be
6 proprietary or something and not made available to the
7 Commissioners. That's -- that's not part of the
8 suggestion.

9 CHAIRMAN WINNER: Commissioner Rosenberg.

10 VICE CHAIR ROSENBERG: Yeah.

11 CHAIRMAN WINNER: Vice Chair Rosenberg.

12 VICE CHAIR ROSENBERG: Yeah, I -- I had a similar
13 reaction except my question -- let me ask Rick.

14 MR. BAEDEKER: Okay. Jackie is just pointing out
15 that if the Board wants to consider, you know, an annual
16 review of the policy, for instance, that would address
17 the -- the -- given the changing nature of the commission.

18 So any kind of safeguards that -- that, you know,
19 you want to consider, of course, would be appropriate.

20 VICE CHAIR ROSENBERG: The question is, is
21 Mr. Goldstone -- Goldstene -- Goldstone suggested this and
22 he was a prior chairman of a board, he must have had
23 experience -- he must have had that -- had to deal with this
24 before, but it seems to me -- my first question was: Is this

1 legal, to delegate? Under state law is it legal?

2 And I guess --

3 MR. BAEDEKER: It is.

4 VICE CHAIR ROSENBERG: Yeah.

5 MR. MILLER: Robert Miller, counsel to the
6 California Horse Racing Board.

7 Yes, the Board has the authority to delegate this
8 authority, this power, to enter contracts. The Board today
9 can amend the proposed order resolution to have a time limit
10 on it, also a monetary limit, no contracts over a set amount,
11 say, I don't know --

12 VICE CHAIR ROSENBERG: What about this
13 introduction on here, it says, "Issue. Pursuant to state
14 administrative manual, state boards and commissions with
15 contracts in excess of 5,000 must provide a copy of a Board
16 motion approving and authorizing execution of the
17 contract."

18 So is this a -- are we allowed to modify the -- that
19 section?

20 MR. MILLER: You're not --

21 VICE CHAIR ROSENBERG: The Board has --

22 MR. MILLER: -- modifying it. You're --

23 VICE CHAIR ROSENBERG: -- modify the existing
24 administrative section.

1 MR. MILLER: You're -- you're delegating the
2 authority to enter the contract.

3 VICE CHAIR ROSENBERG: I understand, but if read
4 that -- this first paragraph here, as I read it, it says,
5 "You must provide a copy of a Board motion."

6 So we have to -- that means the Board has to approve
7 it.

8 MR. MILLER: This is the board motion.

9 CHAIRMAN WINNER: This is it.

10 MR. MILLER: This is the Board motion.

11 VICE CHAIR ROSENBERG: Well, the Board motion on
12 a specific contract I'm referring to.

13 MR. MILLER: I know, but no, this is -- this motion
14 would cover all contracts. So the attachment will be this
15 order as it is considered by the Board today.

16 VICE CHAIR ROSENBERG: All right. Anyway, I do
17 agree it needs to be worked on with some kind of limitations
18 or at least notice to us of something that's signed in a
19 matter -- maybe it's an urgent matter that has to be signed
20 or a contract, but at least we get notice of it.

21 CHAIRMAN WINNER: Just to clarify, and then
22 I'll -- did you want to say something?

23 COMMISSIONER KRIKORIAN: Well, I just wanted to
24 see if I can get some clarification on what -- what the

1 circumstances were that occurred, you know, that prompted
2 your request for this.

3 MR. BAEDEKER: They were a couple of things, one
4 I've already referenced, and that is we were rather
5 handcuffed and -- you know, fortunately the timing worked
6 that we were able to sign a nine-day agreement with safety
7 stewards before you all officially approved a contract;
8 otherwise, if it had been, say, you know, an issue that
9 occurred the week after a board meeting, we would have been
10 without a safety steward for the -- the gap before we could
11 bring it to you. That's one issue.

12 Another issue is, you know, frankly, kind of
13 consideration for the people under contract and discussing
14 all of those in a -- in a public forum. Of course,
15 they're -- they're available at all times to you and to the
16 public.

17 And then it -- it's also, you know, in a situation
18 that we're currently facing now, we'd like to get some
19 contractual help, be a small contract for a short period of
20 time, but frankly, the -- the individual, you know, doesn't
21 want to broadcast it around the state that -- that they're
22 doing this -- this work. So we feel more handcuffed there
23 too.

24 You know, if -- if there was -- all -- all we're

1 really looking to accomplish here is -- is the ability
2 to -- to get the work done. So, you know, we would be happy
3 if -- if -- whatever you're happy with.

4 If it's the Chair and Vice Chair or something
5 and -- whatever you want, just -- just so that we can do the
6 work.

7 CHAIRMAN WINNER: Go ahead, George. I'm sorry.

8 COMMISSIONER KRIKORIAN: Is there -- is there a
9 dollar amount? You know, other than the \$5,000 that's
10 stipulated in here, is there a dollar amount that you might
11 feel comfortable with as a -- you know, based -- based on
12 your anticipated --

13 MR. BAEDEKER: Yeah. I mean, I -- I think -- I
14 think maybe there would be a dollar amount and maybe a
15 category or something.

16 In other words, you know, that the -- the stewards
17 contracts that we -- that we re-up every year, for instance,
18 there might be a stipulation that -- that would allow us to
19 approve those if they've been previously approved.

20 You know, anything new over a certain amount, to
21 address your concerns about, you know, the -- making a
22 commitment to -- to an individual that -- that, you know,
23 might be questionable in your minds or, you know, whatever
24 kind of safeguards you'd like.

1 We -- we could -- it sounds to me like maybe we
2 should come back with some suggestions about -- about
3 protections for your concerns there.

4 CHAIRMAN WINNER: Commissioner Beneto.

5 COMMISSIONER BENETO: I've got a suggestion.
6 I -- I know where you're coming from on this matter.

7 What if we used it -- say the meeting -- our
8 meeting today and tomorrow, you got to make a discussion on
9 a contract, can we do it on a 30-day basis, and it comes back
10 to the Board the next meeting for approval or disapproval
11 of it?

12 In other words, give you --

13 MR. BAEDEKER: I think -- I think that --

14 COMMISSIONER BENETO: -- some slack in there.

15 MR. BAEDEKER: I think that would address concerns
16 other than the confidentiality one that I talked about.

17 CHAIRMAN WINNER: The trouble is -- just what
18 enters into my mind on that is if the Executive Director
19 signs a contract and even if it's a short-term contract with
20 somebody and then we come back and basically overrule that
21 contract, that, A, puts the Executive Director in a
22 difficult position. It's also not very fair to the
23 contract -- to the person with whom we signed a contract.

24 COMMISSIONER BENETO: Well, you can't -- I guess

1 you can't have your cake and eat it too.

2 CHAIRMAN WINNER: Right.

3 COMMISSIONER BENETO: If we don't -- if we don't
4 do that, then the contract should come before the Board
5 before he has -- before he can approve it.

6 CHAIRMAN WINNER: Well, look, my view on this
7 is --

8 COMMISSIONER BENETO: I'd like to give --

9 CHAIRMAN WINNER: Even if I took myself out of it,
10 which I'm happy to do, my view is that because of a whole
11 lot of different reasons, Rick and Jackie and others on the
12 staff are -- are hamstrung at times because of sort of the
13 bureaucracy they have to go through in order to get things
14 accomplished. And I'm in favor of giving some flexibility,
15 some malleability to -- to staff so that they can make
16 decisions.

17 I -- it's a question of, you know, confidence, and
18 I -- I think we all have confidence, and I agree with what
19 Madeline said. You know, you can't look forward and say
20 that every board member is going to have confidence in future
21 Executive Directors or future Chairs or whatever it may be,
22 but I think we have to look at this in a way that gives Rick
23 and -- and staff -- and Jackie and staff the ability to make
24 decisions and act on those decisions without having their

1 hands tied because of some sort of bureaucratic rule that
2 prevents them from making the decisions that they think are
3 appropriate.

4 I'm all in favor of what was suggested, putting a
5 time limit on it or something to that effect so that you -- so
6 that the Board can come back and reevaluate whether they
7 think this was a good decision every -- every 12 months or
8 something, something to that effect.

9 But I do think it would be help -- I know the
10 circumstances because I work with Rick all I time, as we all
11 do -- maybe I do a little bit more -- and it's difficult.
12 I mean, it is difficult for them to make decisions because
13 of a whole -- because of a whole lot of reasons.

14 And the reason I think that James, Undersecretary
15 Goldstene, raised this is because coming out of ARB,
16 California Air Resources Board, I mean, that -- frankly,
17 that agency has a lot more contracts to deal with and a lot
18 more specifics and a lot more headaches in some ways than
19 we do, and he -- he understands that if they could do it
20 there, then it's something that we ought to consider here.
21 So that -- that, in my view, is the reason that I think
22 this -- this makes sense.

23 Again, if you want to take the chairman out, that's
24 perfectly okay with me. Believe me, that's not -- that's

1 not the issue, and if it did come to a vote, I obviously would
2 abstain anyway.

3 FIRST VICE CHAIR DEREK: Jesse.

4 CHAIRMAN WINNER: Jesse.

5 COMMISSIONER CHOPER: There have been a number of
6 points made. I think Rick indicated that he'd like to think
7 about it again and come back with some amended
8 recommendations concerning the total time, total amount,
9 review, participation of the Chairman, if that was -- I
10 don't know if that was raised, but that's also an issue, and
11 let's -- I mean, I think then we can get it -- get it done
12 more efficiently.

13 CHAIRMAN WINNER: Vice Chair Derek.

14 VICE CHAIR DEREK: Yeah, I'd just like to say that
15 I think that we've been offered an opportunity to fast-track
16 something on this Board, and I think we should take advantage
17 of it, but I think a review maybe in a year would be a good
18 idea.

19 CHAIRMAN WINNER: So Commissioner Choper has
20 suggested, as others, I think, that we revisit this at the
21 next meeting.

22 Rick, is that satisfactory, or would you like to
23 have something -- you'd request something now for any
24 reason?

1 COMMISSIONER KRIKORIAN: Is there anything that
2 needs to be resolved before the next meeting, you think?

3 MR. BAEDEKER: No.

4 COMMISSIONER KRIKORIAN: Okay.

5 MR. BAEDEKER: First of all, we -- you know, none
6 of us are ever going to be comfortable kind of pushing the
7 Commission to do something that they're uncomfortable with.

8 It sounds to me, so that I can just recap -- and
9 if there's disagreement -- that -- that suggestion along
10 the lines of delegating authority to the Executive Director
11 to execute a contract with the approval, say, of the Chairman
12 and the Vice Chair, perhaps -- that goes a step
13 further -- and that this -- and such delegation to be
14 reviewed and -- or even acted upon annually by the Board.

15 Something along those lines probably would raise
16 the comfort level sufficiently, I would think.

17 Okay. So we can certainly do that.

18 COMMISSIONER AUERBACH: Rick, just thinking, make
19 it the "and/or" for a backup for you, "and/or" in case --

20 CHAIRMAN WINNER: I think that's a good idea.

21 COMMISSIONER AUERBACH: -- somebody's out of town
22 or out of the country. Just make it "and/or" rather than
23 three people.

24 MR. BAEDEKER: "And/or the Chairman or the Vice

1 Chair"?

2 COMMISSIONER AUERBACH: Yeah.

3 CHAIRMAN WINNER: Either the Vice Chair.

4 MR. BAEDEKER: Yes, indeed.

5 COMMISSIONER BENETO: So Mr. Chairman?

6 CHAIRMAN WINNER: Yes, sir.

7 COMMISSIONER BENETO: So if he makes a decision,
8 it has to be approved by the chair and the vice chair --

9 CHAIRMAN WINNER: Chair and -- no, the
10 chair -- either the Chair or one of the vice chairs.

11 COMMISSIONER BENETO: Before he can go ahead with
12 it?

13 CHAIRMAN WINNER: I think that's the
14 recommendation.

15 COMMISSIONER DEREK: Yes.

16 COMMISSIONER BENETO: I feel comfortable with
17 that.

18 COMMISSIONER DEREK: Can we approve that today?

19 COMMISSIONER AUERBACH: Yeah, if we're all
20 comfortable, why don't we just make the revision and see if
21 everybody is comfortable day rather than waiting.

22 COMMISSIONER DEREK: Uh-huh.

23 CHAIRMAN WINNER: Is there a motion?]

24 COMMISSIONER BENETO: Well, just to clarify, he

1 can't -- he can't do it without the approval of the Chair
2 or the Vice Chair, right?

3 CHAIRMAN WINNER: Correct.

4 COMMISSIONER BENETO: All right. Got it.

5 CHAIRMAN WINNER: All right. Is there a motion?

6 COMMISSIONER AUERBACH: Can I -- can I so move --

7 CHAIRMAN WINNER: Yes.

8 COMMISSIONER AUERBACH: -- with that stipulation?

9 COMMISSIONER KRIKORIAN: And I'll second.

10 CHAIRMAN WINNER: Okay . Moved by

11 Commissioner Auerbach, seconded by

12 Commissioner Krikorian.

13 Any discussion? Any further discussion?

14 All those in favor?

15 IN UNISON: Aye.

16 CHAIRMAN WINNER: Opposed?

17 Let the record show that the Chairman abstained.

18 Okay. Next item is Item Number 5.

19 MR. MILLER: Mr. Chairman, Robert Miller, counsel
20 to the California Horse Racing Board.

21 I'd ask that this matter be taken off calendar.

22 CHAIRMAN WINNER: Okay. We'll move on then to
23 Item Number 6, discussion and action by the Board regarding
24 the proposed amendment to CHRB Rule 1632, Jockeys Riding

1 Fee, to revise the jockey riding fee scale pursuant to
2 Business and Professions Code Section 19501.

3 MR. BAEDEKER: So, Commissioners, this -- this
4 item, it came as a bit of a surprise as a result of a rule
5 that was passed increasing the lose -- the fee for a losing
6 mount each and every time that the minimum wage in the state
7 is raised.

8 So as of July 1st, the minimum wage was raised by
9 12 1/2 percent; therefore, the fees for the losing mount,
10 they are also raised by 12 1/2 percent.

11 Come to find out, by raising the bottom level fees
12 for a losing mount, those fees are higher than the fees that
13 would be paid to the second and third place finishers because
14 they are not so increased.

15 And so what -- what this recommendation is,
16 that -- that the Board approve -- or, I'm sorry, that the
17 Board begin the 48-day [sic] public comment period to
18 increase the second- and third-place fees any time that the
19 minimum wage is increased.

20 So as a result -- and by the way, if you look at
21 your chart there on page 6-2, these are fees that do not
22 participate in purse monies, so there's no percentage of the
23 purse going to the rider. So these are just fees that are
24 paid in races in with purses under \$10,000.

1 And arguably, you know, these fees are very
2 meaningful to riders competing in those races. So the
3 proposal is to apply the increase across the board to
4 second -- to second- and third-place mounts for purses under
5 \$10,000.

6 Did I say that correctly, Jackie?

7 MS. WAGNER: Jackie Wagner, CHRB staff.

8 Absolutely. Rick, he characterized the proposal
9 accurately.

10 We -- in response to the statute, we do have to keep
11 our chart in place, and we do not want losing mounts to be
12 making more than second and third, so at this point, staff
13 would ask the Board to instruct us to initiate the 45-day
14 comment period so we can get this amended.

15 CHAIRMAN WINNER: Darrell Haire, Jockeys' Guild
16 Chairman.

17 MR. HAIRE: Good morning --

18 CHAIRMAN WINNER: Good Morning.

19 MR. HAIRE: -- Mr. Chairman, members of the board.

20 Barry Broad was going to be here to address this,
21 and he -- he couldn't get out of Sacramento, but this went
22 into effect July 1st, the pay increase, and the bookkeepers
23 didn't start paying out the riders until August 1st.

24 Is there any way that we can go back?

1 Barry was pretty adamant that the riders should get
2 this money coming. It's thousands of dollars, of course.

3 MR. BAEDEKER: Mr. Chairman, we -- we directed
4 the pay masters to pay retroactively to July 1st, so those
5 payments should have been made. If they have not, they need
6 to be made.

7 MR. HAIRE: Thank you.

8 CHAIRMAN WINNER: Are there any comments by
9 the -- is there anybody else in the public who wants to
10 comment?

11 Were you through, Darrell?

12 MR. HAIRE: Yes, sir.

13 CHAIRMAN WINNER: I'm sorry.

14 Any comments by the Board?

15 Is there a motion?

16 COMMISSIONER CHOPER: So moved.

17 CHAIRMAN WINNER: So moved by
18 Commissioner Choper. Seconded by Commissioner Krikorian.

19 All in favor?

20 IN UNISON: Aye.

21 CHAIRMAN WINNER: Any opposed?

22 Motion carries unanimously.

23 Thank you.

24 Let's move on to Number 7, discussion and action

1 by the Board regarding the request from Los Alamitos Racing
2 Association on behalf of the Los Angeles County Fair to,
3 One, amend its application to include quarter horse and
4 Arabian racing at its September 4 through September 23rd,
5 2014, race meeting at Los Alamitos and, Two, to include
6 rolling doubles with a 20 percent takeout to its wagering
7 platform, something we've been hearing about for part of the
8 day.

9 Why is there no -- why is there no documentation
10 on this item in our book?

11 MS. WAGNER: Jackie Wagner, CHRB staff.

12 The circumstances regarding Items Number 7 and 8
13 changed after the notice of meeting was published;
14 therefore, there was no information in the Board binder.
15 Brad will be able to address both Items Number 7 and 8.

16 CHAIRMAN WINNER: Okay.

17 MR. MCKINZIE: Basically, on Item 7 --

18 CHAIRMAN WINNER: Could you identify --

19 MR. MCKINZIE: Oh, I'm sorry. Brad McKinzie,
20 Los Alamitos Racing Association.

21 After our initial application for our license, we
22 had discussions with various industry stakeholders and
23 decided that we would try to run our quarter horses and
24 Arabians as part of the fair dates.

1 We have since, after a lot of input from labor and
2 from the TOC and from everyone else, we've decided to
3 basically drop this first part of this amendment and go back
4 to conducting our race meets as we had indicated in our
5 initial application, to where the fair dates would be
6 thoroughbred races only, and then we will run the quarter
7 horses, ap- -- or Arabians and -- at -- in under a night
8 quarter horse license.

9 So we basically have gone back -- we've taken a
10 large -- a long trip and gotten back to where we started.

11 And then on Item Number 2, we're just asking to
12 include the rolling Doubles with the 20 percent takeout to
13 go along with the rest of what the industry seems to be going
14 towards.

15 CHAIRMAN WINNER: I'm glad you clarified that --

16 MR. MCKINZIE: Yeah.

17 CHAIRMAN WINNER: -- because obviously that whole
18 issue of having quarter horses and Arabians got a lot of
19 attention. A lot of us got emails and phone calls and --

20 MR. MCKINZIE: I got a few calls myself.

21 CHAIRMAN WINNER: -- I was wondering why there was
22 nothing in the book on that because I thought it was --

23 MR. MCKINZIE: And, quite frankly -- I mean,
24 nothing is as easy as you think it's going to be. And so

1 when we talked to -- as far as labor, who was supportive
2 of -- of us no matter what we decided, it's easier to keep
3 track of their days and hours if they're working for the
4 separate associations.

5 It's easier to keep track of the import handle if
6 they're separate, so we're basically taking the easy -- easy
7 way out, which then also Item Number 8 no longer has any -- no
8 longer has any meaning.

9 So basically we're up here asking to have rolling
10 Doubles at 20 percent added --

11 CHAIRMAN WINNER: So this obviously is an issue
12 that's been discussed today.

13 Members of the Board have any questions of any of
14 the folks at the table on this issue?

15 VICE CHAIR ROSENBERG: Just to clarify, on the
16 Arabian horses, which normally run -- would have run during
17 the fair, they won't be run at all during the meeting?

18 MR. MCKINZIE: No, they're going to run -- they're
19 going to run at night. We've got -- we've actually put
20 together a stakes program, and they're -- we're getting
21 stall apps and --

22 VICE CHAIR ROSENBERG: Under the auspices --

23 MR. MCKINIZIE: Yes, they'll be running under
24 the -- under the quarter horse license. So they will be

1 running during those days.

2 VICE CHAIR ROSENBERG: Everybody's happy with
3 that, all the organizations?

4 MR. MCKINZIE: Oh, no. Not -- everybody's not
5 happy with anything. The majority -- the majority of
6 people are happy.

7 VICE CHAIR ROSENBERG: Happy --

8 MR. MCKINZIE: The Arabian people are happy
9 with --

10 VICE CHAIR ROSENBERG: That's what I meant.

11 MR. MCKINZIE: Yes, the Arabian people are happy
12 about it, and -- and, quite frankly, our night industry
13 people are happy about it because, you know, they were
14 concerned.

15 You know, it was -- I mean, we -- we were trying
16 to protect two breeds and two groups of horsemen, and they
17 wanted to make sure that during the three weeks of this fall
18 meet, that they weren't -- that the -- you know, our night
19 quarter horse people weren't just going to be abandoned, and
20 so they -- they feel better with -- there -- we'll be
21 running these races under our own license now.

22 CHAIRMAN WINNER: Madeline, did you have a
23 question?

24 COMMISSIONER AUERBACH: Like he doesn't know I

1 have a question. I do, not on this, but on -- on your
2 num- -- your first condition book --

3 MR. MCKINZIE: Yes.

4 COMMISSIONER AUERBACH: -- that I saw that came
5 out for the Los Angeles County Fair meet being run at Los Al.

6 I didn't see "Los Angeles County Fair Meet at
7 Los Al." I saw Los Al Racing Association presenting those
8 dates which in the community will lead to some real
9 confusion.

10 For example -- for example --

11 MR. MCKINZIE: Okay.

12 COMMISSIONER AUERBACH: -- this is a fair meet
13 that you are running the dates for. The way fair meets are
14 compensated for maiden bonus winners in the Cal bred program
15 is considerably different from the way they are rewarded at
16 your regular dates.

17 So just from that standpoint alone, it's
18 very -- it's very important to clarify --

19 MR. MCKINZIE: Right.

20 COMMISSIONER AUERBACH: -- what we're doing at
21 Los Al.

22 MR. MCKINZIE: Point well taken. Just -- just
23 our -- our feeling was as -- as we've said before, we're
24 trying to brand this meet as a -- as a fall racing meet

1 continuation between Del Mar and Santa Anita.

2 We are under a fair license, which -- which we will
3 be -- as far as all the takeouts go, we're bound -- bound
4 to that. And I -- I can tell you, we will do a -- we will
5 do a better job in our program and in identifying that it
6 is the Los Angeles County Fair meet at Los Alamitos.

7 COMMISSIONER AUERBACH: And I think it's
8 important because we had to all do some bending around and
9 twisting around and being clear and making sure and dotting
10 "I's" and crossing "T's" and making sure everybody knew it.

11 And then the first thing I see out of Los Al
12 discounts all of that, which is only a problem for those of
13 us who have to deal with the aftereffects of people reading
14 this and getting confused and not knowing what's going on,
15 and I'm just looking for clarity.

16 MR. MCKINZIE: Yes, and I -- and I'm -- as I'm sure
17 you understand, the one thing we don't want to do though is
18 confuse the bettors, and so it's --

19 COMMISSIONER AUERBACH: Agreed.

20 MR. MCKINZIE: This is the LA County Fair at
21 Los -- you know, what is this?

22 COMMISSIONER AUERBACH: I agree, but --

23 MR. MCKINZIE: It's -- so that's -- there's -- we
24 understand that there's--

1 COMMISSIONER AUERBACH: The bettors aren't
2 looking at condition books, I don't think.

3 MR. MCKINZIE: No, you're correct.

4 CHAIRMAN WINNER: All right.

5 MR. BAEDEKER: Bradley, I know a lot of the
6 condition books now are just taken off line off the Web page,
7 and so you'll probably still be able to go in and make changes
8 to the digital --

9 MR. MCKINZIE: Sure.

10 MR. BAEDEKER: -- condition book that's out there.

11 COMMISSIONER AUERBACH: That would help.

12 MR. MCKINZIE: That's exactly what --

13 COMMISSIONER AUERBACH: Thank you.

14 CHAIRMAN WINNER: I appreciate that change. I
15 think a couple of us saw it. Madeline called it to our
16 attention. I thought it was --

17 MR. MCKINZIE: Not a problem. Glad to --

18 CHAIRMAN WINNER: -- a very good -- very good
19 catch.

20 With respect to the 20 percent, obviously there's
21 been a debate about that today. It's a big issue. There
22 are those who -- who obviously think that it's detrimental.

23 There is an advantage to consistency, and I think
24 that's what you're looking for so that the 20 percent is

1 similar to what's -- what everybody else is doing; is that
2 correct?

3 MR. MCKINZIE: That's exactly what we're looking
4 for.

5 I mean, I -- personally, I think it's important
6 that -- in California -- and I think there can be a lot of
7 input, and I think trying to find an optimum takeout level
8 I think is a -- is a very desirable goal, but I think that
9 all the race meets -- particularly in Southern California,
10 I think we need to be on the same page so that -- so there
11 is no confusion amongst bettors. They know what
12 they're -- they know what they're getting from meet to meet,
13 and so that's where we're very happy to stand with Santa
14 Anita and Del Mar and join them in the 20 percent rolling
15 Double.

16 CHAIRMAN WINNER: Any other questions?

17 COMMISSIONER BENETO: I've got a question.

18 CHAIRMAN WINNER: Yes.

19 COMMISSIONER BENETO: How about stable and
20 vanning for the fair?

21 MR. MCKINZIE: The stabling and vanning will be
22 under the rules of the Southern California Stabling and
23 Vanning Fund.

24 COMMISSIONER BENETO: So you'll get -- they'll

1 pay for vanning from Santa Anita to Los Al and back?

2 MR. MCKINZIE: Yes.

3 COMMISSIONER BENETO: Okay. Thank you.

4 MR. MCKINZIE: Yes, and also from Fairplex, which
5 will be open during our meet, yes.

6 CHAIRMAN WINNER: Is there a motion?

7 VICE CHAIR ROSENBERG: And San Luis Rey Downs,
8 right?

9 MR. MCKINZIE: And San Luis Rey Downs.

10 CHAIRMAN WINNER: We have another speaker. I
11 apologize.

12 Is -- did you fill out a card?

13 MR. VALENZUELA: May I address the Board?

14 No, I don't have a card. It's just something that
15 came to my mind.

16 CHAIRMAN WINNER: All right. Can you identify
17 yourself, please.

18 MR. VALENZUELA: My name is John Valenzuela,
19 president of Local 280.

20 Now that we've switched the fair meet to
21 Los Alamitos, a lot of the employees have questioned whether
22 the California horse racing license is going to be honored
23 at the fair.

24 You know, before we used to go show our license,

1 we were able to go into the fair, and we just wanted to know
2 if the fair is going to continue honoring the CHRB license.

3 CHAIRMAN WINNER: Jim, did you want to answer
4 that?

5 And identify yourself, please.

6 MR. HENWOOD: It's Jim Henwood. I'm president
7 AND CEO of the Los Angeles County Fair Association.

8 The simple answer is yes.

9 MR. VALENZUELA: Okay. Thank you.

10 CHAIRMAN WINNER: Thank you.

11 Now, is there a motion to accept -- it's just Item
12 2, to include rolling Doubles with a 20 percent takeout to
13 its wagering platform.

14 CHAIRMAN WINNER: Vice Chair Rosenberg makes a
15 motion. Commissioner Choper seconds.

16 All in favor?

17 IN UNISON: Aye.

18 Any opposed?

19 Motion carries unanimously.

20 IN UNISON: Thank you.

21 CHAIRMAN WINNER: Thank you very much, gentlemen.

22 I think 8 is off.

23 Okay. We'll go on to Item Number 9, discussion
24 and action by the Board on the application for A license to

1 conduct a horse racing meeting of the Big Fresno Fair at
2 Fresno commencing October 1, 2014, through October 13,
3 2014, inclusive.

4 Gentlemen, please identify yourselves and
5 proceed.

6 MR. ALKIRE: Good morning, Chairman Winner and
7 distinguished members of the Board.

8 My name is John Alkire. I'm the CEO of the Big
9 Fresno Fair. This year we're starting our 131st edition of
10 the Big Fresno Fair. That's a longstanding tradition of
11 horse racing, 131 years, and we're very proud of that
12 longstanding tradition.

13 This year we'd like to run from October 1 through
14 the 13th, with your permission.

15 To recap a little bit, last year we had a successful
16 meet. We were up in our handle from the year before, and
17 most importantly, we covered all of our purse expenses.

18 This year we're focusing on social media. We're
19 doing a lot of extra things in the social media area because
20 that's the movement and direction I think we need to go,
21 especially with 32 percent of our folks that come to our fair
22 that are 17 years and under. So we're attacking that social
23 media group very heavily.

24 We are showcasing California Chrome Day on October

1 11th this year. We're also showcasing the Harris Ranch
2 hundred thousand dollar stake race and also the Fresno State
3 Bulldogs \$75,000 stake race.

4 We're offering our same incentives because Fresno
5 is kind of out on an island, so we offer cash, new trailers,
6 saddles, saddle racks, and a lot of buckles.

7 Mr. Harris has been very, very kind to put on a
8 backstage barbecue that he does every year. So the people
9 on the backside, he feeds about 500 people. So we're
10 looking forward to having that program as well.

11 We're, bottom line, looking at customer service,
12 customer service, and customer service. That's where we're
13 at. We combine entertainment with the horse racing. We're
14 very lucky this year to have Dierks Bentley and REO
15 Speedwagon, but on the last night of the fair, the 13th,
16 folks can come and enjoy a great night of -- a great day of
17 horse racing, and then that night we're going to finish up
18 the fair with Tony Bennett.

19 So we're looking forward to having a great fair
20 this year. We're combining horse racing with
21 entertainment. Most importantly, we're going to
22 specifically target safety.

23 Commissioner Derek, I know that you're very
24 heavily on that area, and we will promise that safety will

1 be Number 1, as it has been every year.

2 And, Commissioner Beneto, I want you know that
3 last year we ran a pilot program, and we did receive some
4 stalling and vanning. This year we requested the same
5 amount and were denied.

6 COMMISSIONER BENETO: Well, that's not fair.

7 MR. ALKIRE: It's not fair, but we did meet
8 yesterday with the committee. Golden Gate Fields and the
9 TOC said they were going to go back to their Boards and
10 reconsider the vote, and I would hope they'd be favorable
11 in their vote because we try to run very a professional and
12 very successful meet.

13 So if you have any questions, I'll be happy to
14 entertain them now. I know you have a lot bigger fish to
15 fry than us, but Larry and I will be happy to try to answer
16 your questions.

17 COMMISSIONER BENETO: Well, I've got a question
18 for you.

19 MR. ALKIRE: Yes, sir.

20 COMMISSIONER BENETO: I'm a belt buckle man.

21 How do you get the buckle?

22 MR. ALKIRE: You've got to come down and visit the
23 fair.]

24 MS. DEREK: I want a horse trailer.

1 MR. ALKIRE: We'd love to have you come down.

2 CHAIRMAN WINNER: Me too, I want the trailer. You
3 can keep the buckle.

4 MR. ALKIRE: Any questions?

5 COMMISSIONER AUERBACH: No, I just have a comment.

6 The only problem I have with your fair is the amount
7 of emails I'm going to get from John about how I have to go
8 and why I have to go and how many horses I have to send, but
9 other than that, I'm great with it.

10 MR. ALKIRE: Well, thank you. We look forward
11 to --

12 CHAIRMAN WINNER: Anything else outstanding?

13 MR. ALKIRE: -- serving as your host.

14 MR. BAEDEKER: Two things, housing and fire
15 clearance, I think are -- they've been requested and not
16 received.

17 VICE CHAIR DEREK: Jackie's shaking her head.

18 CHAIRMAN WINNER: No outstanding.

19 MR. ALKIRE: I want to thank Jackie and her staff.

20 This year we sent our application in way early
21 because of my deputy assistant, Lori King. She had a baby
22 this year. Prior to her having a baby, she wanted to make
23 sure that she got all the heavy lifting done on this
24 application, and because of her, we had -- we came in a

1 little early, but she's the one that puts this together and
2 gets all the credit along with Larry.

3 CHAIRMAN WINNER: John, the handle is up, but the
4 attendance was down in 2013, and it's been down every
5 year -- right? -- for the last -- since 2009.

6 What's your -- what's your thinking on that?
7 What's causing that?

8 Handle was up is good. Attendance down is not as
9 good.

10 MR. ALKIRE: Well, as you can see, the handle
11 is -- handle numbers are going up, and we don't really count
12 the people that come in on the apron that are free. And with
13 the -- the unemployment in Fresno being at 23 percent -- I
14 don't care what they tell you about 16 and 17 percent. It's
15 23 percent, and if you go out on the west side where we've
16 been hurt by water -- we used to be the number one
17 ag-producing county in the world for years until this year.
18 We're Number 3 because we've taken so many acres out of
19 production. Ask Mr. Harris.

20 So to answer your question, out on the west side,
21 we're at 48 and 47 percent unemployment. So a lot of those
22 people that are coming to the fair, they're still betting,
23 but we're just not getting those numbers registered to you
24 because they're going in free. And that whole groundfloor

1 is free, and we can put 4,000 people there, and it's been
2 full --

3 CHAIRMAN WINNER: Thank you.

4 MR. ALKIRE: -- on Friday, Saturday, Sunday.

5 CHAIRMAN WINNER: Any other questions?

6 COMMISSIONER KRIKORIAN: Just one.

7 CHAIRMAN WINNER: Commissioner Krikorian.

8 COMMISSIONER KRIKORIAN: What was the estimated
9 value of the stable and vanning contribution you're looking
10 for? What would the value of that be, estimated?

11 MR. ALKIRE: I believe last year we received like
12 30-, 35,000. This year, you know, we requested 50-, but we
13 were totally shot down.

14 COMMISSIONER KRIKORIAN: Okay. Thank you.

15 CHAIRMAN WINNER: Well, I think it's fair to say
16 that -- I mean, both Commissioner Krikorian and I and some
17 of the staff -- Rick and Jackie, I think -- were at the
18 meeting yesterday, and I think it's fair to say that at least
19 as of this stage, it's not shot down.

20 It's -- they're -- as you indicated, both TOC and
21 Golden Gate Fields, I think, agreed that they would go back
22 and reevaluate; isn't that correct?

23 MR. ALKIRE: Yes, that is correct, and I'm very
24 optimistic that we can get something done. There was --

1 CHAIRMAN WINNER: Okay.

2 MR. ALKIRE: -- a lot of positive vibes around the
3 table yesterday.

4 CHAIRMAN WINNER: Thank you.

5 Jesse.

6 COMMISSIONER CHOPER: Just on a personal note, I
7 was -- and no one should take it seriously, but I was very
8 pleased to see you're bringing back the Place Pick for a
9 dollar. You -- I think you're the only track operating in
10 the state that does that, so you're assured my business.

11 MR. ALKIRE: Well, thank you. I can't take any
12 credit. That's Larry.

13 CHAIRMAN WINNER: And I've got to tell you,
14 that'll probably make your handle go way up --

15 MR. ALKIRE: Absolutely.

16 CHAIRMAN WINNER: -- having Commissioner Choper's
17 business.

18 MR. ALKIRE: Absolutely.

19 CHAIRMAN WINNER: Any other questions?

20 Is there a motion?

21 COMMISSIONER BENETO: Well, getting back to
22 stabling and vanning again --

23 CHAIRMAN WINNER: Okay. I'm sorry, before we --

24 COMMISSIONER BENETO: We've got to make sure that

1 happens because racing is racing.

2 MR. ALKIRE: Thank you.

3 COMMISSIONER BENETO: And the way I look at
4 racing, whether it's a fair, whether it's regular meet, it's
5 racing. We've got to look at it as a whole and all work
6 together here.

7 MR. ALKIRE: We want to take care of our
8 horsemen --

9 COMMISSIONER BENETO: You bet.

10 MR. ALKIRE: -- because if we don't, we aren't
11 going to have a show.

12 CHAIRMAN WINNER: Any other points? questions?
13 Is there a motion?

14 Commissioner Krikorian moves, seconded by
15 Commissioner Beneto.

16 All in favor?

17 IN UNISON: Aye.

18 CHAIRMAN WINNER: Any opposed?

19 Motion carries unanimously.

20 Thank you very much.

21 MR. ALKIRE: Thank you, sir.

22 MS. DEREK: Good luck.

23 CHAIRMAN WINNER: Have a wonderful meet.

24 MR. ALKIRE: Thank you.

1 CHAIRMAN WINNER: Discussion and action by the
2 Board on the application for license to conduct a horse
3 racing meeting of the Pacific Racing Association at Golden
4 Gate Fields commencing October 16th, 2014, through
5 December 21, 2014, inclusive.

6 Gentlemen, please identify yourselves and -- Cal,
7 go ahead.

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

9 MR. LUDT: Tom Ludt, Golden Gate Fields.

10 MR. CIRIMELE: Dan Cirimele, Golden Gate Fields.

11 CHAIRMAN WINNER: Cal.

12 MR. RAINEY: We're -- we're proposing a 36-day
13 meet.

14 Speaking of our last meet, was the spring meet that
15 we ended in June, we had a strong -- very strong opening at
16 the Christmastime -- after Christmastime, that's one of our
17 best weeks of the year with over eight horses per race in
18 the field size.

19 By the end of the meet, that had gone down to about
20 6.8, which was a little bit lower than the 7.1 field size
21 that we had the year before.

22 The all-source handle for the spring was up about
23 1 percent. The on-track had been off 5 percent, and ADW
24 obviously had big increases: 29 percent in Northern

1 California and 23 percent total. Our group sales
2 department had a 5 percent increase overall.

3 In April Golden Gate Fields completed the NTRA
4 safety alliance accreditation, and we had eight best
5 practices for Golden Gate Fields.

6 This current meet that we started last Friday, the
7 summer meet, is the first one for our racing
8 secretary -- racing secretary, Patrick Mackey, a
9 challenging one with the overlap of Humboldt County Fair for
10 the first two weeks of the meet.

11 Our turf course and main track are in top shape for
12 the meet. Post times have changed to run concurrently at
13 this summer meet with Del Mar right now, 3:45 and 1:45.

14 The fall meet runs from October 16th to
15 December 14th. Like I said, 36 racing days. Last year the
16 corresponding meet, we had better field size with just under
17 eight by the end of the meet in December. So that was a very
18 productive meet for us in the fall.

19 COMMISSIONER CHOPER: Why was that so? Do you
20 have any explanation for that?

21 MR. RAINEY: Just better horse population.

22 COMMISSIONER CHOPER: Yeah, I mean, but why?

23 Better horse population from where? Do you know
24 where they're coming from, or you don't know?

1 MR. RAINEY: No, just at that time of the year
2 it -- everything kind of came together --

3 COMMISSIONER CHOPER: I see.

4 MR. RAINEY: -- after the summer.

5 I guess the horses, some get a break after all the
6 summer racing, and -- and by October they were ready to run.

7 We -- we were able to run on our turf course as well
8 with quite a few races all the way 'til January 6th, I think
9 it was. So all December we still had turf racing, which
10 definitely helped us out.

11 COMMISSIONER CHOPER: Because that must be
12 significantly higher than it's been at other times.

13 MR. RAINEY: Yeah, quite a bit because we were just
14 under eight.

15 First post time will be at 12:45, except for the
16 Breeders' Cup, Thanksgiving, closing weekend.

17 We have the same stakes races that we've had for
18 the last three years, seven stakes races. Those are on our
19 schedule as well. Nothing has changed there.

20 COMMISSIONER BENETO: Hey, Cal, your summer meet
21 that you just experienced last week --

22 MR. RAINEY: Yeah, we have three days under our
23 belt with the summer meet.

24 COMMISSIONER BENETO: -- with the 5,000 minimum

1 claiming, I feel that was a success, don't you?

2 I notice your horse -- your pop- -- your entries
3 were better than seven per race. Like today you've got
4 better than eight.

5 MR. RAINEY: The first weekend was kind of tough.
6 We -- last year we were able to card eight races on Friday,
7 non race -- nine races on Saturday, and nine on Sunday.
8 This first Saturday we only had eight races, so
9 we're -- we're a little -- a little taxed there as far as
10 population.

11 COMMISSIONER BENETO: How was your handle over
12 last year?

13 MR. RAINEY: Handle was down a little bit.

14 COMMISSIONER BENETO: How much?

15 MR. RAINEY: 7 percent.

16 COMMISSIONER BENETO: What do you contribute that
17 to, less races?

18 MR. RAINEY: Less races. We had some short fields
19 Opening Day. Unfortunately, we had a couple of five-horse
20 fields go to four horses, and that -- that really hurt us
21 on those days. And like I said, we lost a race last
22 Saturday. We only had eight. This Saturday, again, we're
23 only going with eight.

24 COMMISSIONER BENETO: What -- what's your -- I

1 didn't get the entries for this Saturday.

2 Do you have them offhand? What's your average per
3 race?

4 MR. LUDT: This last Saturday?

5 COMMISSIONER BENETO: This coming Saturday.

6 MR. RAINEY: No, I don't know.

7 COMMISSIONER BENETO: You don't know?

8 MR. RAINEY: No. The -- the fields are kind of
9 low right now, and with the overlap of Humboldt, the race
10 secretary is struggling to get large field sizes for this
11 meet.

12 COMMISSIONER BENETO: I thought field sizes for
13 what the races you were running were pretty good.

14 MR. LUDT: This is Tom Ludt.

15 Obviously, we're looking at just three days, but
16 last year -- we always run comparisons year to year. Last
17 year at this stage, three days, we had 7.7 average per field.
18 Right now we have 6.8. So we're actually down.

19 The rec- -- the question of why, I mean, we'd love
20 to answer that. I think, you know, you -- you see it across
21 the country. I think California is not obviously exempt to
22 that. Population is down, horses are down, and so field
23 sizes are down.

24 We'll do everything we can to increase that because

1 that drives our revenue, but it's a challenge. We have less
2 horses on the backside than we've had in the past.

3 COMMISSIONER BENETO: Is that right? How many
4 horses you got?

5 MR. RAINEY: Probably about 1150 right now.

6 COMMISSIONER BENETO: Is that counting Pleasanton
7 or just you --

8 MR. RAINEY: No, just at our track.

9 COMMISSIONER BENETO: How about Pleasanton?

10 MR. RAINEY: Pleasanton, there's probably 300 at
11 Pleasanton.

12 COMMISSIONER BENETO: Oh, that's all, huh?

13 MR. RAINEY: Yeah.

14 CHAIRMAN WINNER: What was it last year?

15 MR. RAINEY: A little more at Golden Gate Fields.
16 Probably 1250.

17 CHAIRMAN WINNER: So you're down a
18 hundred -- hundred horses?

19 MR. RAINEY: The meet preceding us at Santa
20 Rosa was challenged as well with field size and all the way
21 around.

22 COMMISSIONER CHOPER: Have -- have you compared
23 at all the difference that whether they're running in Oregon
24 and Washington makes any difference, and, if so, is there

1 anything that we can do about it?

2 My question clear?

3 MR. RAINEY: Yes.

4 MR. LUDT: The question is clear. The answer
5 is --

6 COMMISSIONER CHOPER: But is there any real
7 different -- do we get more horses up north when they're not
8 running, for example, AT Emerald Downs than we would
9 otherwise?

10 MR. RAINEY: It's kind of a back and forth.
11 There's several Emerald Downs trainers that come to Golden
12 Gate Fields. They do --

13 COMMISSIONER CHOPER: And then they --

14 MR. RAINEY: -- go back.

15 COMMISSIONER CHOPER: -- go back.

16 MR. RAINEY: They're pretty good about going back
17 to Emerald and -- and their meet, and hopefully they come
18 back to us. And that probably helps us in the
19 October/November time that we spoke about with the larger
20 field size because Emerald closes and -- and some of those
21 horses come down.

22 COMMISSIONER BENETO: But their --

23 CHAIRMAN WINNER: How about Oregon?

24 COMMISSIONER BENETO: Their field size is real

1 low.

2 MR. RAINEY: Yeah.

3 COMMISSIONER CHOPER: I don't know if you
4 guys -- they run a lot of five- -- four- and five-horse
5 fields.

6 MR. RAINEY: I don't think Oregon has too much
7 impact on us. We do have some Oregon people but probably
8 a bigger impact from the Emerald trainers.

9 CHAIRMAN WINNER: Any other questions?

10 MR. LUDT: It's an eight --

11 CHAIRMAN WINNER: Commissioner Auerbach.

12 MR. LUDT: We have eight races --

13 CHAIRMAN WINNER: I'm sorry --

14 MR. LUDT: We have eight races next Saturday. I
15 looked it up --

16 CHAIRMAN WINNER: I'm sorry, say that again.

17 MR. LUDT: There are eight races carded for
18 Saturday. He asked me for next Saturday.

19 CHAIRMAN WINNER: Commissioner Auerbach.]

20 COMMISSIONER AUERBACH: Just as a point of
21 information, more for the Board than for you because you live
22 it, this -- all this is is a culmination of -- of the trend
23 that we've seen in breeding over the last four, five years.
24 And this is the chickens coming home to roost, that we just

1 do not have the inventory.

2 And I know we all get after the racing associations
3 to try to attract more inventory, but the truth is
4 it's -- it's just not there, and I think we're dealing with
5 that more than anything else. Whether it's Golden Gate or
6 Humboldt or whoever it is, I think this is the -- it's
7 finally impacting us to a very large degree.

8 Hopefully, this is going to bottom out after this
9 year, and the numbers are a little bit more stable, but
10 because it took awhile to get down here, it's going to take
11 awhile to ramp back up.

12 COMMISSIONER KRIKORIAN: Actually, we're not
13 going up. The -- the --

14 COMMISSIONER AUERBACH: Not yet.

15 COMMISSIONER KRIKORIAN: -- the number of -- the
16 number of mares in foal this year is the least -- is the
17 smallest number yet.

18 COMMISSIONER AUERBACH: Well, California, I
19 think --

20 COMMISSIONER KRIKORIAN: So that means at least
21 the next three years --

22 COMMISSIONER AUERBACH: I think California is
23 pretty --

24 COMMISSIONER KRIKORIAN: -- it can be no increase.

1 COMMISSIONER AUERBACH: -- stable. I think
2 California is stable, but it's tough.

3 CHAIRMAN WINNER: Yeah, but that's California.

4 COMMISSIONER KRIKORIAN: Yeah, California, the
5 number of horses, you know, the -- that are bred in
6 California is very small compared to --

7 COMMISSIONER AUERBACH: Compared with the
8 country, yeah.

9 COMMISSIONER KRIKORIAN: So inventory-wise we
10 still have a serious problem that's going to --

11 COMMISSIONER AUERBACH: Right.

12 COMMISSIONER KRIKORIAN: -- continue at least for
13 the next several years.

14 COMMISSIONER AUERBACH: Yep, no question.

15 CHAIRMAN WINNER: You know, it does create a
16 push-pull problem because in the sense as you try to fill
17 the fields and you're encouraging horses -- trainers to run
18 horses and to increase the size of the fields and the numbers
19 of races, sometimes you end up getting horses in these races
20 that probably shouldn't aren't quite ready to run. This
21 creates some of the other problems that we have.

22 I mean, it's a never-ending circle of problems.

23 MR. RAINEY: Cal Rainey again.

24 Also, this summer at this period right now, with

1 our synthetic track -- and -- and Del Mar has the synthetic
2 track -- we have several trainers and owners from up north
3 that are participating in Del Mar. It -- that number
4 increases every year.

5 CHAIRMAN WINNER: Because of the --

6 VICE CHAIR ROSENBERG: So next year you might have
7 an advantage, is that what we're saying?

8 COMMISSIONER AUERBACH: Yeah.

9 MR. RAINEY: I'm not sure.

10 COMMISSIONER AUERBACH: It's a different problem.

11 CHAIRMAN WINNER: Any other questions or
12 comments?

13 Commissioner Choper.

14 COMMISSIONER CHOPER: You -- you had the Pick Five
15 14 percent last time around too; is that right?

16 MR. RAINEY: Correct.

17 MR. LUDT: Yes.

18 COMMISSIONER CHOPER: So, stupid question, what
19 does it mean that you're repeating it?

20 MR. LUDT: Well, we've had that for a number of
21 years now. It's just because it's a deviation, it's always
22 highlighted on the application.

23 COMMISSIONER BENETO: Yeah, no, I understand, but
24 my question is why?

1 MR. LUDT: Why are we repeating it?

2 COMMISSIONER BENETO: Yeah.

3 MR. LUDT: It's a common bet that's now done at all
4 race tracks, I believe. I think -- I mean, all the fairs
5 do it. It's a popular bet. It's the first five.

6 What we did change per our discussion last month
7 is we're doing that -- that different Pick Six.

8 COMMISSIONER BENETO: I see 20 cents.

9 MR. LUDT: Yeah.

10 COMMISSIONER BENETO: Never before lower than two
11 bucks?

12 MR. LUDT: Correct. I don't know about never, but
13 recently.

14 We've changed -- the Pick Six is not nearly as
15 popular up there. We're trying to create something.
16 There's been dialogue about it. There's no doubt the
17 betting amount has a lot to do with the amount of play.

18 The difference in this bet -- it is very similar
19 to the Rainbow bet down in Florida that's very popular -- if
20 there's not a single winner, there's a rollover.

21 Now, we're paying out a significant amount to make
22 sure the pot is attractive.

23 COMMISSIONER CHOPER: Yeah. I just -- I know
24 it's hard. Statistics are hard to try to figure out, but

1 if you -- you know, just curious as to what your overall
2 bottom-line conclusion is from the 20-cent Pick Six, from
3 the 14 percent takeout for the -- the Pick Five.

4 I mean, is it worthwhile? Is it not worthwhile?

5 MR. RAINEY: I think the 20 cent --

6 COMMISSIONER CHOPER: You're the ones that can
7 tell us that.]

8 MR. RAINEY: The 20-cent Pick Six is the first time
9 we've done it, so --

10 COMMISSIONER BENETO: Yeah, right.

11 MR. RAINEY: -- we have to see how it -- see how
12 it comes out.

13 COMMISSIONER BENETO: Or how much it takes -- you
14 know, if you could try to figure out, what does it take away
15 from the other bets that -- you know, the -- if the -- if
16 it is true that your -- that the gambler goes with so many
17 dollars in his or her pocket, then it's not going to make
18 a hell of a big difference. They'll all play the Pick Five.
19 They'll all play the Pick Six. They won't play anything
20 else. Take that away, they'll start playing other things.

21 I don't -- I mean, I don't know the answer to this,
22 but that's why it's so complicated to try to figure out what
23 this so-called optimal takeout is.

24 MR. LUDT: I think -- Tom Ludt again.

1 I think the -- there's been a lot of discussion
2 about this. The -- the challenge with this discussion,
3 it's very subjective. There are so many parts at play in
4 the issue. You brought up a couple.

5 I mean, one of the things that doesn't usually come
6 up is liquidity. A lot of different -- I listen to all the
7 gamblers. I get a lot of feedback, and everyone has a
8 different opinion. If we had a consensus and it was that
9 simple, I can tell you we would implement that.

10 This Rainbow bet is a change from Golden Gate's
11 experience because our -- our Pick Six up there never gets
12 the liquidity that we do in Southern California. So this
13 is an attempt -- because it's very difficult to win
14 the -- the bet a hundred percent because you only have one
15 ticket, so it tends to accumulate. That accumulation will
16 draw attention to Golden Gate. That's the intent behind
17 that bet.

18 The other side on these takeouts, I believe it's
19 very important. It's the reason the Daily Double has been
20 adjusted, for some consistency for gamblers.

21 We -- we forget that the gambler or the player, the
22 handicapper, has the opportunity to play wherever they we
23 want. We speak specifically about California, but a
24 gentleman or a woman sitting wherever they're sitting,

1 whether it's at the track or at home or a satellite, they're
2 picking the tracks they want to pick.

3 So we're always going to try to be sensitive,
4 but -- I think Chairman Auerbach brought it up earlier,
5 it -- it's not just one play. The track has to obviously
6 generate enough funds. We need to keep the purses to the
7 point where it's appealing for the owners to compete here,
8 probably one of our biggest challenge because it's -- we're
9 more or less on an island out here compared to the East Coast.

10 So there's multiple things, but we've got to
11 remember liquidity. Players want liquidity. So when the
12 payout in the pool is very small, that's, in my opinion, very
13 much dictated by field size. It -- that is a very important
14 part other than just takeout.

15 So it's not so simple. We -- we spend a lot of time
16 trying to analyze, and maybe sometimes we made too many
17 decisions too quick. The reason we went back to this
18 sensitive subject of the 20 percent is there will be
19 consistency now all across the state. The TOC and the
20 Southern California tracks committed to that, so at least
21 we'll be able to do some analysis.

22 COMMISSIONER CHOPER: I think you could make a
23 quick decision to try something, but -- because you don't
24 know what's going to happen until you do.

1 MR. LUDT: Right.

2 COMMISSIONER CHOPER: The question is, is it
3 worthwhile. That is a very, very difficult question.

4 I suggested earlier, is it worth trying some really
5 outside, high-class statistician, a professional, who maybe
6 could give us some, at least, insight into the thing. And
7 I don't know if you ever settle anything once and for all,
8 but at least that is a way in which you can say for the present
9 time, we've done what we can to try to figure out what this
10 optimal takeout is.

11 But that's -- that's a question every -- you know,
12 if you -- you take the definition that Asaro gave about
13 optimal takeout -- because I wrote to him the other day. I
14 said, "No one can disagree with that, no one in their right
15 mind," which was it's the one that pays the big -- pays the
16 bottom line.

17 MR. LUDT: You're correct, but it's also very
18 important to look at field size and pool size. That's a very
19 important part of that formula. That's what makes it so
20 challenging.

21 COMMISSIONER CHOPER: That's what you've got to
22 tell the statistician.

23 MR. LUDT: And we studied it, believe --

24 COMMISSIONER BENETO: The problem is they just

1 don't have the horses.

2 MR. LUDT: Right.

3 COMMISSIONER BENETO: That's the bottom line.

4 MR. LUDT: Well, large fields changes everything.

5 COMMISSIONER BENETO: Five races a day, you could
6 lower your takeout.

7 COMMISSIONER CHOPER: That's true, but, you know,
8 the whole thing is -- it feeds on itself.

9 MR. LUDT: Right.

10 COMMISSIONER CHOPER: You know, If we -- if we did
11 better with purses, you'd have more people breeding, et
12 cetera.

13 MR. RAINEY: We think that this bet, the Golden
14 Pick Six, is attractive because of the 20 per- -- the 20-cent
15 minimum for the wager, as well as the 70 percent of the net
16 pool pays out for the tickets with the most winners. So
17 we're -- we're giving more of the money back into
18 circulation each day.

19 CHAIRMAN WINNER: It's obviously -- I mean,
20 it's -- your point, Commissioner Choper, is a very valid
21 one.

22 I mean, obviously we get -- all of us get emails
23 and letters and phone calls, et cetera, from an awful lot
24 of folks who are doing exactly that, and some of them are

1 really good at it, who are analyzing the maximum advantage
2 from each -- each bet and what the takeout is and what the
3 price of the wager is, et cetera.

4 Different people have different opinions on that,
5 obviously, and I do happen to agree that size of the field
6 means an awful lot, but I think the idea -- it would be a
7 good idea, if it could be done -- and it ought to be
8 discussed -- where the industry comes together and agrees
9 on hiring or bringing in one expert consultant on statistics
10 to -- to try to do some -- some evaluation that everybody
11 can agree on to determine what is in the best interests of
12 racing in general.

13 I mean, it's not something we can decide today, but
14 it's certainly something that the committee perhaps ought
15 to be able to discuss at their next committee meeting.

16 COMMISSIONER CHOPER: I'd be happy to talk to some
17 people from our statistics department about who around the
18 country --

19 CHAIRMAN WINNER: I think that's a very good idea.

20 COMMISSIONER CHOPER: -- might be the most highly
21 qualified.

22 COMMISSIONER DEREK: Great.

23 CHAIRMAN WINNER: I'd love to see that happen.

24 COMMISSIONER BENETO: Bottom line, you've got to

1 have horses.

2 CHAIRMAN WINNER: All right. Any other questions
3 on this subject, on the application?

4 VICE CHAIR ROSENBERG: Just on the marketing
5 report.

6 I presume -- Dan, did you do that?

7 MR. CIRIMELE: Yeah.

8 VICE CHAIR ROSENBERG: Yeah. I just thought the
9 summary within that package that you gave us --

10 MR. CIRIMELE: Yeah.

11 VICE CHAIR ROSENBERG: -- the -- the section
12 titled "Threats and Opportunities" I thought was really the
13 first time I've seen anything laid out like that so clearly
14 as to what you're facing, and I'm -- it's excellent.

15 COMMISSIONER AUERBACH: It's well done.

16 CHAIRMAN WINNER: I agree with you.

17 COMMISSIONER AUERBACH: But what's the solution?

18 VICE CHAIR ROSENBERG: It was very well done.

19 That's my question. Without getting into too many
20 specifics, the two things you mentioned, the Dollar Day on
21 Saturday as a suggestion, and you also mentioned, you know,
22 should we stop doing giveaways in exchange by giving them
23 a credit on admissions.

24 What was decided on that and how did you -- is it

1 changed?

2 MR. CIRIMELE: You know, it's tough. I think
3 any -- like we've been kind of talking about, is any change,
4 you're not going to see the real benefits unless you give
5 it enough time.

6 We're looking at -- you know, the Hispanic market
7 has been a fantastic market for us to market to, but we have
8 Dollar Day. We're wondering, once the price goes down for
9 admission, we're a little afraid of can it ever go back up,
10 do we want to stay with that. So it's -- it's a -- it's a
11 sensitive subject that we're looking at.

12 One area that I do want to try is for El Camino Real
13 Derby. That's a typical day where we've actually done a
14 great job of making that the crown jewel for the track, but
15 typically what we do is we give a premium item for that day.
16 I think I even mentioned that in the -- in the report.

17 I think for that it would be a perfect opportunity
18 for us to maybe go with a dollar admission and do a
19 head-to-head comparison to see if it is a better -- better
20 attendance or a better-attended event, rather than just
21 looking at it as receiving a premium item when you walk
22 through the door.

23 COMMISSIONER AUERBACH: Dan, what -- do you have
24 a lot of spinners on your premium items?

1 I mean, because that really skewers --

2 MR. CIRIMELE: Yeah.

3 COMMISSIONER AUERBACH: -- things.

4 MR. CIRIMELE: Of course.

5 COMMISSIONER AUERBACH: So you do. So --

6 MR. CIRIMELE: We do.

7 COMMISSIONER AUERBACH: Are you -- when you're
8 giving a \$5 item, it's really -- what's the point?

9 MR. CIRIMELE: That's what -- you know, I've
10 looked at that too, saying, you know, if we were a retail
11 outlet, it's fantastic to sell that much, but, I mean, the
12 purpose of what we're trying to do is actually get
13 physical --

14 COMMISSIONER AUERBACH: Bodies.

15 MR. CIRIMELE: -- bodies through the door.

16 COMMISSIONER AUERBACH: Right.

17 MR. CIRIMELE: -- which --

18 COMMISSIONER AUERBACH: Right.

19 MR. CIRIMELE: -- every track is facing that
20 challenge, and that's kind of the question, is we've done
21 it so much, is it really something that we --

22 COMMISSIONER AUERBACH: Yeah.

23 MR. CIRIMELE: -- need to keep doing, so.

24 COMMISSIONER AUERBACH: I was thinking maybe that

1 that's an idea that's kind of run its course and time to go
2 a different direction.

3 MR. CIRIMELE: Uh-huh.

4 COMMISSIONER AUERBACH: Good to hear you're
5 thinking that way.

6 CHAIRMAN WINNER: It seems to me, and these are
7 things that you know -- and by the way, I agree with
8 Commissioner Rosenberg, this is very well done.

9 MR. CIRIMELE: Thank you.

10 CHAIRMAN WINNER: It's one of those things you
11 almost have to, I would think, think about phasing out if
12 you're going to end it because you can really --

13 MR. CIRIMELE: Exactly.

14 CHAIRMAN WINNER: -- upset a whole lot of people
15 who --

16 MR. CIRIMELE: And we -- you know, I don't think
17 that we should get rid of every single one. I think for
18 special occasions -- you know, we have Russell Baze, who
19 seems --

20 CHAIRMAN WINNER: Yeah.

21 MR. CIRIMELE: -- to come upon another milestone
22 every other year.

23 I mean, there's certain things that we could
24 document through a giveaway item. I just think using that

1 as the go-to is maybe not the -- the end all, be all --

2 CHAIRMAN WINNER: Right.

3 MR. CIRIMELE: -- as it used to be.

4 CHAIRMAN WINNER: Anything -- I'm sorry.

5 VICE CHAIR ROSENBERG: One last question on
6 the -- you know, the -- cited the statistics on the
7 percentage of Asians in the population around Golden Gate.

8 So what percentage of Asians actually come to the
9 track?

10 MR. CIRIMELE: That's a fantastic idea.

11 I mean, that's one thing we're working on,
12 is -- you know, I mean, I'm at Santa Anita. I work at both
13 now, and what we're going try to do is we're trying to better
14 track who's coming through the gates.

15 If I threw a figure out there, it wouldn't be
16 supported with any statistical figures --

17 CHAIRMAN WINNER: It's a difficult --

18 MR. CIRIMELE: -- behind it.

19 CHAIRMAN WINNER: -- problem.

20 MR. CIRIMELE: Yeah.

21 CHAIRMAN WINNER: Because, I mean, you have these
22 Hispanic events and days and so forth, which are very
23 successful.

24 The problem, obviously, with trying to do the same

1 thing with Asians is it's not just Asians. There are lot
2 of ethnicities within the Asian community, and you have to
3 deal with that in a way that --

4 MR. CIRIMELE: Yes, sir.

5 CHAIRMAN WINNER: -- you know about.

6 But I do think it's something -- and I know you are
7 doing it, looking at it carefully, and I think that's a good
8 point.

9 Anything else?

10 Is there a motion?

11 COMMISSIONER BENETO: I'll make it.

12 CHAIRMAN WINNER: Made by Commissioner Beneto,
13 seconded by Vice Chair Rosenberg.

14 All in favor?

15 IN UNISON: Aye.

16 CHAIRMAN WINNER: Opposed?

17 Passes unanimously.

18 IN UNISON: Thank you.

19 CHAIRMAN WINNER: Thank you very much. Have a
20 great meet. Thank you.

21 Discussion and action by the Board regarding the
22 allocation of the 2015 harness race dates.

23 Oh, by the way -- excuse me.

24 Are there some items?

1 I want to come back.

2 Just one second, gentlemen. I want to come back

3 to --

4 MS. WAGNER: Jackie Wag- --

5 CHAIRMAN WINNER: -- Item 10.

6 MS. WAGNER: Jackie --

7 CHAIRMAN WINNER: Jackie, I think there's some

8 missing items.

9 MR. WAGNER: There was. The CTT agreement has
10 been provided. I got that this morning, so there are no
11 missing items.

12 CHAIRMAN WINNER: Okay. Good. Then the motion
13 carries.

14 Thank you very much.

15 MR. RAINEY: Thank you.

16 CHAIRMAN WINNER: Mr. Schick, can you introduce
17 yourself.

18 MR. SCHICK: Good morning, Chairman Winner,
19 members of the Board. Christopher Schick, Watch and Wager.

20 MR. KENNEY: Ben Kenney, Watch and Wager.

21 MR. CUMMINGS: Ed Cummings, Watch and Wager.

22 MR. BAEDEKER: Well, Commissioners, this, I
23 guess, we could characterize as an oversight. All of the
24 time that was spent on approving the 2014 and 2015 calendars

1 omitted a final action on the harness dates for 2015. So
2 they've been in print and agreed to for a long time, but the
3 Board never took action on them. So we need to -- we need
4 to correct that problem today. That's the purpose of this
5 agenda item.

6 COMMISSIONER AUERBACH: Rick, was that because of
7 what? I mean, was there -- were there issues between us and
8 them or --

9 MR. BAEDEKER: Jackie can speak better to it. I
10 think there were no issues. It was an oversight.

11 COMMISSIONER AUERBACH: Okay.

12 MS. WAGNER: Jackie Wagner, CHRB staff.

13 Basically, it is as Rick characterized it. It was
14 an oversight. There were no issues as we know.

15 When we first entertained the 2015 race dates for
16 harness, there was a general time frame that was indicated,
17 but no exact dates were given at that time, and as a result,
18 we just kind of overlooked it.

19 Right now they have submitted their 2015 race
20 dates, and they're proposing to race for 2015 December 26th,
21 2014, through May the 10th, 2015. That will be first meet.
22 The second meet in 2015 will commence on October the 2nd,
23 2015, and run through December 20th, 2015.

24 Staff would recommend the Board hear from the

1 representative if you have any questions, but we would
2 recommend that you go ahead and approve the dates as
3 requested.

4 COMMISSIONER AUERBACH: Thank you.

5 MR. BAEDEKER: Again, this is approval of the
6 dates. The license application is the next item.

7 MS. WAGNER: That's correct.

8 COMMISSIONER BENETO: I'll make a motion we
9 approve them.

10 COMMISSIONER CHOPER: Well, let me ask --

11 VICE CHAIR DEREK: Any questions?

12 COMMISSIONER BENETO: Let's get it over with.

13 COMMISSIONER CHOPER: I noticed that you're
14 reducing five weeks, and I'm just curious as to why.

15 MR. SCHICK: In the request for 2015,
16 Commissioner Choper, we have essentially the same exact
17 schedule that we -- we've followed in the -- in the previous
18 two years. We're --

19 COMMISSIONER CHOPER: You're ending May the 10th
20 instead of in June.

21 MR. SCHICK: No, we've never raced into June. We
22 may have requested dates before.

23 COMMISSIONER CHOPER: I see.

24 MR. SCHICK -- in June, but we -- especially last

1 year, as the Board recalls, we had to drop three days at the
2 end of May because of our -- our horse -- you know --

3 COMMISSIONER CHOPER: Yeah.

4 MR. SCHICK: -- people that were leaving for other
5 venues.

6 COMMISSIONER CHOPER: I get it. That answers the
7 question. Thank you.

8 MR. SCHICK: We're -- we're actually
9 contemplating in -- in this allocation a move back to three
10 days a week for certain parts of the year. Obviously,
11 that's contingent upon us being able to get the proper horse
12 population, but we -- we're -- you know, we tried that two
13 years ago. It wasn't that successful, but we -- you know,
14 we feel that we've got to try to, you know, bolster the winter
15 months with three days a week for -- for recruiting.

16 COMMISSIONER BENETO: You're going to start off
17 with one day -- in October, one day a week?

18 MR. SCHICK: Yes. Going back two years ago, we
19 didn't race in October, and last year we were asked by
20 the -- the CHHA to -- if we would consider racing one day
21 in October to help the guys that laid over during the summer
22 and give those people preference to race in October, and we
23 agreed to do that last year.

24 And -- and it was it was reasonably successful for

1 us. I mean, it would have been a month where we had
2 essentially no revenue and almost full expenses with the
3 training and -- and getting people ready. So the one day
4 a week, it -- it impacted our bottom line favorably. It
5 also was received well by the horsemen, that they had
6 opportunities to race.

7 And -- and we didn't turn anybody away from the
8 box. We basically had -- everybody that wanted to race got
9 in on the one-day-a-week schedule in October, so it -- it
10 worked out really well.

11 CHAIRMAN WINNER: Any other questions or
12 comments?

13 Does this require a motion?

14 I suppose it does.

15 Is there a motion?

16 COMMISSIONER BENETO: I'll make a motion we
17 approve these dates.

18 CHAIRMAN WINNER: Commissioner Beneto moves,
19 Commissioner Choper seconds, that the dates be approved.

20 All in favor?

21 IN UNISON: Aye.

22 CHAIRMAN WINNER: Any opposed?

23 The dates are approved.

24 The next item, discussion and action by the Board

1 on the application for license to conduct a horse racing
2 meeting of Watch and Wager, LLC, at Cal Expo, commencing
3 October 4, 2014, through December 21st, 2014, inclusive.

4 Gentlemen.

5 MR. SCHICK: Yes, the -- the dates in this
6 application are identical to the dates that we ran in this
7 meet last year.

8 A few minor changes that I'd like to point out:
9 We -- we are going to move from Friday to Sunday under this
10 application. So when we go to two days in November, it'll
11 be onto a Saturday/Sunday schedule as opposed to Friday and
12 Saturday.

13 We've done some pretty serious analysis in -- into
14 this potential switch. We've talked to some of our partners
15 nationwide, and we believe there's an opportunity to enhance
16 our market share by going to Sunday because of a lack of
17 product in the marketplace, especially during the winter
18 months on Sunday evening, and that includes, you know, some
19 national broadcast time as well.

20 So that's what the impetus is for us making this
21 request to move from a Friday/Saturday to a Saturday/Sunday
22 schedule.

23 The other thing is just a couple of things. We
24 moved a couple of our overnight stakes that we ran in this

1 time frame last year. We're going to move those back into
2 winter meet because they -- a lot of our people that are
3 going to be coming this year tend to come towards the middle
4 or the end of November and get ready.

5 So last year we had a number of overnights carded
6 in November. That really didn't fill that well, so we -- we
7 feel we can do better with those over into the -- over into
8 the winter months.

9 So those are pretty much the highlights.

10 Like I mentioned on the dates, our -- our next
11 application, which will from the end of December through
12 May, we are going to attempt to go three days a week for a
13 period of time. We think that's important to the industry.

14 We -- we really have no place to go past May. We
15 can't start in September because we can't get the track ready
16 with the events that are going on at Cal Expo, so
17 we're -- we're somewhat limited on expansion on those ends,
18 so we really need to get more days packed into the time that
19 we've got to help the whole industry, like the CHHA, the
20 workers' comp, all of the -- all of the things that are
21 generated by -- by race dates.

22 So that's important, and it's also a very powerful
23 recruiting tool when you're going three days as opposed to
24 two when you're talking to people back East.

1 I'd like to make one other comment. This year
2 we've -- we've totally redoubled our commitment to new horse
3 incentives in -- in conjunction with the CHHA. We've
4 basically put together all of the resources that we can
5 possibly find, and we've got about 300,000 -- just short of
6 300,000 allocated to new horse recruiting this year.

7 Last year our recruiting fell short. As you know,
8 we didn't have tack rooms. A number of things happened last
9 year, but our response this year has been very, very
10 favorable. We're -- we're in the middle of a very broad
11 national marketing campaign for new horses.

12 A number of situations in other areas. Like in
13 Alberta, the situation has changed. We've got a lot
14 favorable response from horsemen in Alberta. So
15 we're -- we know that fundamentally we've got to build our
16 product, and -- and that's -- that's where we're focused.

17 CHAIRMAN WINNER: That's very good.

18 COMMISSIONER BENETO: Chris, what kind of action
19 you getting right now as far as people coming to -- for the
20 fall meet? You getting any response from out-of-staters?

21 MR. SCHICK: Yeah. It -- it -- like I said,
22 we -- so far our response, you know -- and I try to contain
23 myself because a lot of times people call and, you know, it's
24 a big move when people are coming from Ontario or

1 Massachusetts or Alberta down to spend five or six months
2 with you in California, you know, family issues and, you
3 know, there's a lot of that goes into that. But the response
4 that we've got this year is way beyond anything that we had
5 in our previous two years. So I'm -- I'm very optimistic,
6 and we've got actually firm commitments from five or six new
7 stables that are fairly substantial already.

8 So -- so it's been -- the -- the combination of the
9 new horse incentive and -- and the fact that we've got the
10 tack rooms back, plus some changes in some of the other
11 venues that are working in our favor are -- are all kind of
12 aligning up for us a little bit right now.

13 COMMISSIONER BENETO: The tack room situation at
14 Cal Expo, is that sufficient for your winter meet?

15 MR. SCHICK: I think it is. We -- we've got 44
16 units that are approved right now in Phase 1 by the fire
17 marshal. Obviously, when we -- two years ago that was right
18 about the number that we were using in terms of grooms. So
19 it's going to be close, but it's -- you know, it's obviously
20 way, way better than the situation we had last year.

21 COMMISSIONER BENETO: Thank you.

22 CHAIRMAN WINNER: Anything else?

23 Yes, go ahead.

24 VICE CHAIR ROSENBERG: How are you going to

1 publicize that to the harness racing community on the East
2 Coast, that the tack rooms are available and new and all
3 that?

4 MR. SCHICK: Right now we've got -- we've got a
5 number of print ads in -- in all of the trades, mostly
6 concentrated a little more in the Midwest than the East
7 Coast, with some in the East Coast.

8 We've got Web banners up on Standardbred Canada,
9 the USTA, Harness Link, all of the -- all of the -- the major
10 Web sites that -- that actually -- when you click on it, it
11 tells you -- it kind of gives you all the details, you know,
12 about the new horse incentives, stall apps --

13 VICE CHAIR ROSENBERG: Okay.

14 MR. SCHICK: -- late closers, et cetera.

15 VICE CHAIR ROSENBERG: Second thing is on the
16 takeout rates.

17 Is this -- this is a new experiment on the -- on
18 the 20-cent Pick Four and on this little takeout? because
19 you did the four -- the low takeout last year too?

20 MR. SCHICK: Right, right. No. The -- the Pick
21 Four was very successful last year. Our Pick Four, when we
22 lowered it to a 20-cent base wager, our handle -- despite
23 having a down year, our handle on our Pick Four was up
24 somewhere around 30 percent last year.

1 So that -- the 20-cent Pick Four was in place last
2 year. The low takeout at 16 percent for the Pick Four, the
3 Pick Five, and the Pentafecta. That was in effect last
4 year.

5 This year -- I -- I heard Tom Ludt -- we -- we're
6 doing something similar to Golden Gate with our Unique
7 Winner Pick Six that we've requested.

8 VICE CHAIR ROSENBERG: Right.

9 MR. SCHICK: And we don't know how that's going to
10 go, but we're going to offer it at a 16 percent takeout and
11 a 30 percent carryover. So it's still, as we hear in the
12 parlance, a high affective takeout, but we're still trying
13 to create a jackpot --

14 VICE CHAIR ROSENBERG: Right.

15 MR. SCHICK: -- type of wager where people are
16 going to have a chance to, you know, hopefully make a big
17 score.

18 MR. BAEDERKER: Just -- I'd like to point out to
19 the -- for the Commissioners that towards the end of last
20 season, we had a meeting with our steward, safety stewards,
21 management from Watch and Wager to address some issues from
22 last year and including one that is of significant concern
23 to us, and that is the security of the barn area.

24 And we've had a discussion with -- with Watch and

1 Wager, and we -- we made the point, and it just needs to be
2 made, that CHRB looks at the stable area at Cal Expo for Watch
3 and Wager the same way it does the stable area at Santa Anita.
4 The rules and regulations are blind, so.

5 And I -- I want to point out that the response from
6 management has been very supportive of that, very
7 cooperative, and these guys have been good to work with.
8 And it's a tough game, you know, so everybody that works with
9 these folks appreciates their professionalism.

10 MR. SCHICK: If I could just add one thing. Maybe
11 Ed could comment.

12 We had a meeting last night, and I just want to say,
13 you know, we've been working with Watch and Wager, this is
14 our third year, and the lease that we had with Cal Expo was
15 three years with two one-year options, and Cal Expo has
16 indicated to us that they want us to continue operation in
17 the years four and five.

18 And, you know, certainly, I'll let Ed comment, but
19 I know that -- I think I can say from his point of view that
20 they're committed to continuing the operation in
21 California.

22 MR. CUMMINGS: Ed Cummings, president of Watch and
23 Wager.

24 Yeah, I mean, as Chris says, we're -- we're

1 entering into our third year now, which is -- is great. You
2 know, we've been very happy with the first two years.
3 It's -- it's really helped our business, obviously, our
4 online business, expand having some content of our own that
5 we can negotiate with -- with other -- other domestic and
6 international partners.

7 So we're -- we're very much committed to the third
8 season and -- and beyond. It's -- it's really helped the
9 expanding Watch and Wager platform over here.

10 CHAIRMAN WINNER: Thank you.

11 Anything else?

12 Is there a motion?

13 COMMISSIONER BENETO: I'll make it.

14 CHAIRMAN WINNER: Commissioner Beneto moves, Vice
15 Chair Derek seconds.

16 All in favor?

17 IN UNISON: Aye.

18 CHAIRMAN WINNER: Oh, there are some
19 needed -- still needed. So let's go through that.

20 Bond -- bond or bond extensions --

21 MS. WAGNER: Jackie --

22 CHAIRMAN WINNER: -- expires --

23 MS. WAGNER: -- Wagner, CHRB staff.

24 We have received the bond extensions.

1 CHAIRMAN WINNER: How about the other items?

2 MS. WAGNER: The other items, the contracts for
3 the other ADW providers noted in the application outside of
4 Watch and Wager have not yet been received, but we are
5 working with them, with --

6 CHAIRMAN WINNER: And the fire clearance, which is
7 obviously critical?

8 MR. KENNEY: We're working with Cal -- I'm sorry.

9 We're working with Cal Expo to get that
10 accomplished.

11 CHAIRMAN WINNER: Okay. So the -- the approval
12 would be pending receipt of all of these -- of accomplishing
13 all of these objectives.

14 COMMISSIONER BENETO: Mr. Chairman, I want to ask
15 a question.

16 What -- I just heard something about the fire
17 marshal, did I?

18 MR. KENNEY: No. The inspection, that's it.

19 COMMISSIONER BENETO: Oh. No -- no big problem
20 there?

21 MR. KENNEY: No big problem.

22 MR. SCHICK: No. They just -- we had this
23 situation come in in August last year. They won't come out
24 and inspect 'til all the dust settles from the state fair

1 and we get moved in.

2 We opened the barn area on August 11th, so it's
3 just a -- kind of a -- they won't come out and inspect 'til
4 about, you know, after Labor Day.

5 COMMISSIONER BENETO: Okay.

6 MR. SCHICK: So we -- we don't anticipate any
7 problems with them, but that's just how they operate.

8 CHAIRMAN WINNER: Okay.

9 COMMISSIONER BENETO: They'll make problems.

10 CHAIRMAN WINNER: All in favor?

11 IN UNISON: Aye.

12 CHAIRMAN WINNER: Any opposed?

13 Have a wonderful meet.

14 IN UNISON: Thank you.

15 CHAIRMAN WINNER: Thank you, gentlemen. Thank
16 you very much.

17 Where is Dr. Arthur?

18 VICE CHAIR DEREK: He's right here.

19 DR. ARTHUR: Right here.

20 CHAIRMAN WINNER: Okay. Item 13, discussion and
21 action by the Board on the report from CHRB Equine Medical
22 Director on the admission [sic] of race day Lasix.

23 MR. BAEDEKER: We should probably clarify,
24 shouldn't we, Jackie and Dr. Arthur, are we asking the Board

1 to take any action here?

2 MS. WAGNER: No.

3 CHAIRMAN WINNER: No action.

4 MS. WAGNER: No action.

5 CHAIRMAN WINNER: This is a report.

6 DR. ARTHUR: This is a report. There's two
7 aspects of this report. The first -- first part is on the
8 third party Lasix.

9 I have to say -- which that's part of the National
10 Uniform Medication policy. It's moving forward, albeit
11 slowly. As I think most of you know, there has been
12 opposition, primarily through private veterinarians.

13 Bob Miller has been working with the California
14 Veterinary Medical Board and the Business Consumer Services
15 and Housing Agency to discuss the proposed regulations. I
16 have to say both of their comments are incredibly naive,
17 uninformed, misinformed, and just plain silly in some
18 instances, but that's what we have to deal with today.

19 CHAIRMAN WINNER: You don't feel strongly about
20 this, do you?

21 DR. ARTHUR: No, and I'm just glad Bob Miller asked
22 to negotiate with them and not me, but nevertheless, I'm
23 confident we can get third party Lasix administration
24 regulation that addresses the key issues that have to be

1 addressed either at the next -- certainly -- should be at
2 the next meeting in September or October, whenever that's
3 going to be.

4 On a positive note, I think the relationship with
5 the California Veterinary Medical Board has opened an
6 opportunity for us to tighten our -- our oversight of
7 prescribing and labeling of medications. There are
8 regulations, veterinary board regulations, that are
9 actually more stringent than ours, and I think we can use
10 that to encourage compliance with our rules and California
11 Veterinary Medical Board regulations as well.

12 The next issue is the Chairman and the Executive
13 Director asked me to give you an overview of the current
14 national Lasix situation. This is not something that I
15 advocated, as I'm sure they will tell you, so I'm just going
16 to go over a quick overview of where this is.

17 And I actually gave a -- I was invited to give a
18 presentation last December at the AAP on the history of
19 exercise-induced pulmonary hemorrhage. I'm going to use
20 some of that material, but this shouldn't take more than ten
21 minutes.

22 Let me -- let me take a step back.

23 One of the other issues that we took care of with
24 Watch and Wager is we encouraged them to establish a house

1 rule for cobalt. We identified cobalt as a problem in
2 harness racing. We did surveys at our thoroughbred quarter
3 horse tracks with the cooperation of the Stronach Group, Oak
4 Tree contributed, Los Alamitos, Watch and Wager.

5 And what we identified is that we really don't have
6 a problem in the thoroughbred and quarter horse breeds. We
7 do have a problem in the standardbred breeds, and that's
8 pretty common nationally, even though some jurisdictions
9 have seen problems in harness -- or in thoroughbreds. But
10 this is a graph of our findings.

11 A normal horse would ordinarily have 2 or 3 parts
12 per billion of cobalt. We had some horses as high as high
13 as 600. We interviewed all those trainers. We don't have
14 a regulation against cobalt, but Watch and Wager has
15 established a house rule, and we're going to keep monitoring
16 it. We do cobalt now in all of our necropsies as well.

17 This is a national issue. There was a meeting just
18 last month here at Del Mar with -- ARCI is trying to set a
19 national threshold for cobalt as well, and there's an
20 ongoing project where we're looking at cobalt, cardiac
21 disease, and thyroid disease in horses from the necropsy
22 program.

23 MR. BAEDEKER: Dr. Arthur, before you move forward
24 on -- on cobalt, we've discussed having California move

1 forward independent of the --

2 DR. ARTHUR: That's right.

3 MR. BAEDEKER: -- so that we can get something done
4 and not wait for the national measure.

5 DR. ARTHUR: That's right, and I think we have very
6 solid statistics.

7 Dr. Ashley Hill, who is an epidemiologist at the
8 CAHFS Laboratory, has done the analysis, and I think we have
9 a threshold that is quite defensible.

10 And, you know, Vitamin B12 is 5 percent cobalt,
11 doesn't cause a problem. Red Cell has low levels of cobalt
12 in it. Typical supplements, they don't cause problems.
13 The problems are giving high doses of cobalt salts, cobalt
14 chloride, cobalt gluconate, which are not really intended
15 to -- to be administered to horses.

16 Incidentally, cobalt is being looked at in human
17 sport as a doping agent. Cobalt was actually used to
18 promote erythropoiesis in the '50s for people that were
19 suffering from kidney failure, which is how they use Epogen
20 today. So it's not just horses, it's humans as well.

21 CHAIRMAN WINNER: What's the advantage?

22 Can you just explain the advantage --

23 DR. ARTHUR: What it ac- -- cobalt actually
24 interferes with the hypoxic -- hypoxia-inducing factor

1 which stimulates erythropoiesis.

2 It basically stimulate -- cobalt, above its -- in
3 an -- in and of itself actually affects the production
4 of -- of erythropoiesis -- erythropoietin. So it
5 basically stimulates the bone marrow to produce more red
6 blood cells.

7 VICE CHAIR ROSENBERG: So is the reason the
8 harness industry has been using it is because -- it's not
9 because there's a specific supplement that it contains it,
10 but it's the actual use of the -- they believe of cobalt --

11 DR. ARTHUR: Cobalt salts, right. And they do
12 it -- they do it for -- because they think it -- it
13 stimulates the horses.

14 VICE CHAIR ROSENBERG: But why wouldn't you find
15 that in thoroughbreds?

16 COMMISSIONER AUERBACH: Right.

17 VICE CHAIR ROSENBERG: I'm just curious --

18 DR. ARTHUR: They do -- they do things in -- in
19 harness horses that -- that they don't do in thoroughbreds.
20 For some reason, it's -- it hasn't been an issue.
21 They -- there have been a few thoroughbreds that have had
22 high cobalts.

23 This is the same problem that's happening in
24 harness racing in Australia as well. We've --

1 VICE CHAIR ROSENBERG: Yeah.

2 DR. ARTHUR: We've shared data with them.

3 It -- it's -- it is an issue.

4 Why harness people have -- have glommed onto this,
5 it's really hard to say.

6 VICE CHAIR ROSENBERG: Thank you.

7 CHAIRMAN WINNER: Go ahead, Rick. Sorry.

8 DR. ARTHUR: Anyway, the -- the Lasix
9 issue -- I've been practicing for over 35 years, and the
10 Lasix issue has been an issue all this time.

11 This is a cartoon from 1990. At the particular
12 time, the NIRA didn't allow Lasix. Every time we had a
13 Belmont and Triple Crown, it became a big issue, but it's
14 been a battle for a long period of time.

15 Bleeders have been involved -- horses have bled as
16 long as horse racing has existed. If you know your
17 breeding, Eclipse is the great grandsire of 90 percent of
18 the -- by male tail line of 90 percent of the stakes winners.
19 Herod is another of the foundation -- three foundation sires
20 in thoroughbred breed. Both of them have histories of
21 bleeding in their pedigrees.

22 This issue really came about when the -- if you
23 look at the big -- what looks like a big nail, it is a
24 cystoscope, and that's how horses were scoped back in

1 the -- as late as the '70s. You had to put that up a horse's
2 nose, put your face right in front of his nose, and take a
3 look.

4 The fiberoptic endoscope actually changed our
5 ability to look at horses' upper respiratory track, and you
6 can actually down -- look down into the trachea.

7 If you and I bleed if we were exercising, we'd have
8 foamy froth at the mouth. Because of the horse's anatomical
9 structure, they swallow almost all the blood. So people
10 were -- actually thought horses were bleeding from their
11 head. In fact, Dr. Dylan, who was our track vet here for
12 years, actually gave a paper about, well, you can't figure
13 out where they're bleeding because it turbinates in the
14 nasal septum, so hard to examine, and that was in the '70s.

15 Dr. Joe Cannon and Greg Ferraro had the first
16 fiberoptic endoscope here in 1964, and when I started
17 practicing in '76, Jack Robbins and I had the second
18 fiberoptic endoscope.

19 At the time there were very few horses that were
20 on the bleeders list. Lasix had -- had been legal in
21 California, but blood from the nostrils, which was the
22 traditional way to identify a bleeder, only about 2 percent
23 of the horses -- 1 to 2 percent of the horses had bleeding.

24 So when we started putting these horses on the

1 bleeders list, we were up to 10 and 15 percent. The horse
2 racing board said, well, you guys are making this up.
3 There's something else going on.

4 So Oak Tree actually funded a study with Dr. John
5 Pascoe, who's now dean at UC Davis; Greg Ferraro and myself;
6 Joe Cannon; Dr. Wheat, who's a professor there, and we
7 scoped a whole bunch of horses. Dr. Pascoe did all the
8 endoscopy. We found 43 percent of the horses bled, and that
9 was with a scope. And they're bleeding from the lungs.
10 They weren't bleeding from the head.

11 So this is when -- when the issue of -- of how much
12 bleeding, EIPH -- this is the first time "EIPH" was ever used
13 as a term, and since then there's been over 200 papers
14 available in Pub Med on EIPH, exercise-induced pulmonary
15 hemorrhage in horses.

16 COMMISSIONER CHOPER: And you're going to tell us
17 what the impact on that 43 percent is.

18 DR. ARTHUR: The -- the impact is that these horse
19 were bleeding. We were unaware of it because they were
20 swallowing all the blood.

21 So now we were able to diagnose this problem and
22 see that horses were bleeding, whereas in the '70s, 10,
23 15 percent of the horses on Lasix, as people scoped horses
24 more, all the horses --

1 COMMISSIONER CHOPER: Maybe it's a foolish
2 question, but what is the consequence of swallowing the
3 blood?

4 DR. ARTHUR: Nothing.

5 COMMISSIONER CHOPER: Pardon?

6 DR. ARTHUR: Nothing.

7 COMMISSIONER CHOPER: Nothing?

8 DR. ARTHUR: It's fine.

9 COMMISSIONER CHOPER: Then it's not a foolish
10 question.

11 DR. ARTHUR: No.

12 COMMISSIONER CHOPER: So this -- so -- go ahead.

13 DR. ARTHUR: The -- the reason -- the
14 problem -- the issue with the swallowing is it
15 wasn't -- should -- most of the blood wasn't coming out
16 externally.

17 COMMISSIONER CHOPER: I understand.

18 DR. ARTHUR: If you have --

19 COMMISSIONER CHOPER: We didn't know about it.

20 DR. ARTHUR: You didn't know about it.

21 COMMISSIONER CHOPER: I got it.

22 DR. ARTHUR: So this new instrument caused the
23 problem.

24 Lasix was actually introduced -- Dr. Alex

1 Harthill -- and I think anybody that's been in the business
2 a long time knows the rather notorious, but very capable,
3 Dr. Alex Hargill. He actually gave an interview where he
4 claimed that one of the first derby winners he used it on
5 was a horse called Northern Dancer, where he sent a
6 California veterinarian over to give the Lasix because the
7 TRPB, the investigators, were following him.

8 Be that as it may, it was used unsanctioned in -- in
9 racing, and there was an old practitioner who told me he used
10 to charge \$50 a shot or \$200 a win in the '60s before Lasix
11 was legal.

12 But when I was a vet student, Farrell Jones
13 actually told me that Lasix was the best hop he'd ever seen
14 in horse racing. And you have to remember Farrell -- if you
15 guys remember -- I don't know if you remember Farrell Jones,
16 one of the top trainers here for years, but he was actually
17 ruled off for amphetamines, so he should know.

18 Anyway, the issue was whether Lasix is effective
19 or not. This was a study that we did here at Southern
20 California tracks with \$15,000 from the CT -- or California
21 HPPA. And we actually showed that when you give horses
22 furosemide, the bleeding decreases. Doesn't stop, but it
23 decreases.

24 This is a study that they did for a million dollars

1 in South Africa about 20 years later, and they found exactly
2 the same thing, and ironically, if you look at the numbers,
3 they come up the same. It's a much better-defined study.

4 The issue with Lasix is -- and -- and this really
5 gets everybody upset -- is the fact is horses run faster on
6 Lasix. The issue is why. Is it the weight loss? Is it the
7 reducing? the bleeding? Is it the fact the TCO2 is higher,
8 or does it have other -- some other cardiopulmonary effect.

9 Even though -- even after the South African study,
10 no international jurisdiction has approved the use of
11 furosemide. In fact, there was -- it -- at the welfare and
12 safety summit, the Australia veterinarian reported that
13 they interviewed the trainers in Australia and asked them
14 if they wanted Lasix, and universally they did not for
15 racing. They -- you do use it for -- for training.

16 The issue was -- the whole Lasix issue came to the
17 forefront again four years ago when the ingoing -- or
18 outgoing and incoming chairman of the RCI, the commissioners
19 organization, proposed a five-year phaseout of Lasix to put
20 US on par with IFHA international rules.

21 And this is the outgoing chairman's comments.
22 This is the incoming chairman's comments, and as you can see,
23 that having a needle stuck in them four hours before a race
24 just doesn't pass the smell test.

1 Well, the Jockey Club has always taken a position.
2 It's not an anti-Lasix position. It's an anti-drug
3 position, just that Lasix is the key issue. The Jockey Club
4 has always supported international rules, which is horses
5 should not run under the influence of medication.

6 They jumped on this immediately, and most of this
7 is mo- -- came about because Congressman Ed Whitfield of
8 Kentucky and Tom Udall of New Mexico have proposed federal
9 legislation that would greatly restrict the use of
10 medication, and High Butte was going to be a six-month
11 suspension under this proposal and -- a rather onerous,
12 actually, program.

13 It has gone nowhere really in -- in the
14 federal -- in the Senate or the House. I don't think
15 they've spent a lot of time on this when you consider they
16 can't get anything else done, but this legislation has been
17 reintroduced every year.

18 After -- in 2011 the RMTTC, AAP, and NTRA put
19 together a summit to discuss what needed to be done on the
20 Lasix issue. Broad cross-section of people were invited
21 and international speakers were invited.

22 And by the way, none of those organizations have
23 advocated the elimination of furosemide, neither the
24 NTRA -- AAP is actually an advocate for it -- or the NTRA.

1 What came out of that was third party Lasix
2 administration to take the side issues away, and as
3 I've -- many of you on the medication committee know, we've
4 had six carbazochrome positive. We've had two tranexamic
5 acid positives, and those are drugs we can only find if
6 they're administered IV on race day. We've had that in the
7 last 18 months.

8 Looking at the corticosteroids, it looks like some
9 corticosteroids are being administered on race day as well
10 since we've started our new blood testing program.

11 But that was one of the issues, and that's -- was
12 the -- the agenda item here today, that we're trying to take
13 the side issue of horses getting something other than Lasix
14 on race day.

15 The proposed pilot projects for elimination of
16 Lasix in two-year-old races -- Breeders' Cup was an example
17 of that -- improved stable security, which is an important
18 aspect of this program, which what most people were
19 concerned about is the more you restrict access or who can
20 actually get into a horse's stall, you -- you want to make
21 sure you have security so nobody else can -- can do dastardly
22 deeds. And the fourth item was the adoption of National
23 Uniform Medication program.

24 We have adopted the first one and -- one of the

1 first laboratories to be accredited to national standards.
2 We -- the therapeutic medication regulations are going to
3 come into effect October 1st. We've accomplished that.
4 We're trying to get the third party Lasix administration,
5 and the last one, staff is working on -- in fact, I just not
6 an email yesterday -- multiple medication violation
7 penalties, which bottom line is that it -- multiple
8 violaters are severely punished for medication violations,
9 which certainly my impression is this Board is going to
10 support.

11 Along with this there's a group of owners -- and
12 if you look at the supporters of this, they include people
13 like Jon and Sarah Kelly. This is WHOA, Water Hay Oats and
14 Water Alliance. They're supporting federal legislation,
15 and many of them are running their horses without Lasix.

16 Bill Casner, John Oxley, people who have horses
17 here, they're not -- you know, they're not -- people that
18 are not in- -- uninfluential in this industry have been
19 advocating this.

20 Greg Ferraro is a member, and he wrote this op-ed
21 piece, and I'm going to get to three papers that -- two of
22 which he mentioned have come out in the last month.

23 One of the issues is whether Lasix makes horses
24 healthier or not, and I will tell you traveling

1 internationally, those horses that don't get Lasix are just
2 as healthy as our horses, but what -- this is a study from
3 Hong Kong where they actually have the best medical records
4 of any racetrack in the country, and what they did is they
5 looked at horses, whether the horses had bled or not and how
6 long those horses raced.

7 Whether your horse bleeds or not has no effect on
8 how long a horse races. The weakness of the study is they
9 didn't look at performance, but the author said they're
10 going to go back and do that now, and that may be a subsequent
11 paper, but the --

12 COMMISSIONER CHOPER: When you say "performance,"
13 you mean --

14 DR. ARTHUR: Whether they --

15 COMMISSIONER CHOPER: -- whether it stopped them
16 from --

17 DR. ARTHUR: How much money they earned and how
18 much --

19 COMMISSIONER CHOPER: Whether it stopped them
20 from winning races?

21 DR. ARTHUR: That's right. In terms -- in terms
22 of their career, they -- they ran just as long.

23 COMMISSIONER DEREK: But, Dr. Arthur, wouldn't
24 that just -- if -- whatever they find, it would just

1 classify Lasix as a performance-enhancing drug then --

2 DR. ARTHUR: Well --

3 COMMISSIONER DEREK: -- if they're racing just as
4 long.

5 DR. ARTHUR: Yes. It -- ordinarily, in Hong Kong
6 you don't keep a horse in training if it's not performing.
7 It's uneconomical, just like it is here. So the assumption
8 is those horses are performing well.

9 This next study was done in Australia, and this is
10 an odd study where they examined 744 horses ten years ago,
11 examined them one time. They graded them 0, 1, 2, 3, 4,
12 which is the standard rating method, and there was
13 absolutely no difference in horses with 0, 1, 2, or 3, or
14 4 -- 1, 2, or 3 in terms of their earnings, number of wins,
15 how long they raced, or anything. There were 14 horses that
16 had -- 13 horses that had Grade 4 out of the 744, and the
17 data is equivocal on that.

18 This is a survival graph of that particular data,
19 and what you'll actually see is the slope of these two curves
20 are virtually identical. The only difference is that if you
21 look at this drop right here, there were six horses
22 that -- out of those 13 that once they identified were
23 bleeders, were aut- -- people retired them. They didn't
24 race them anymore, but the horses that did race that had

1 Grade 4 lasted just as long as the other horses.

2 In other words, even Grade 4 on those seven horses
3 made no difference to the longevity of the careers, and this
4 actually looked at earnings, and they didn't have any
5 difference in earnings of the Grade 4s as well.

6 COMMISSIONER CHOPER: That's seven horses.

7 DR. ARTHUR: Just -- just seven horses.

8 In other words, out of --

9 COMMISSIONER CHOPER: Yeah.

10 DR. ARTHUR: You lose 1 percent of your horses even
11 if you assume that -- that that is the case.

12 COMMISSIONER CHOPER: Why can't you run -- are
13 they running studies like that with 7,000 horses?

14 DR. ARTHUR: You can do that in Hong Kong, but it's
15 hard to do here because we don't -- we don't have -- we don't
16 have -- we don't have all the -- we don't have medical
17 records that we can go back and check retrospectively.
18 That's the problem.

19 COMMISSIONER CHOPER: Okay. How about going
20 forward?

21 DR. ARTHUR: We don't have a mechanism to collect
22 those medical records, which is something the medication
23 committee has talked about.

24 CHAIRMAN WINNER: There are those who are trying

1 to work on that.

2 DR. ARTHUR: Right.

3 CHAIRMAN WINNER: Doctor, let me just ask you one
4 question.

5 On this grading, isn't that somewhat subjective?

6 DR. ARTHUR: No. It is very, very good -- very
7 good data. In fact, Dr. Hinchcliff, who -- in fact, I can
8 actually talk about that, but the -- the grading is very
9 reproducible from investigator to investigator.
10 They -- there's very good agreement.

11 They have standards how -- how you grade zero to
12 4. I could explain it sometime if you're interested in it,
13 but it's a -- it's a national or internationally accepted
14 grading mechanism.

15 VICE CHAIR ROSENBERG: Rick, your promise when you
16 started was -- it's all related to this point -- is that
17 horses run faster with Lasix. You said that.

18 DR. ARTHUR: That's correct.

19 VICE CHAIR ROSENBERG: What scientific
20 information do you have to indicate that horses actually run
21 faster with Lasix? What studies have been done?

22 DR. ARTHUR: This was a study -- I don't want
23 to -- let's see. Where is it?

24 CHAIRMAN WINNER: Keep going back.

1 DR. ARTHUR: Right here.

2 This is a study right here that was done -- what
3 they did is they looked at over 20,000 horses, and they
4 compared horses with Lasix to horses without. That's how
5 they did this analysis.

6 The same thing has been done in harness racing by
7 Dr. Soma's group at the University of Pennsylvania. Horses
8 do run faster with Lasix. Any time you look at it,
9 that's -- that's --

10 VICE CHAIR ROSENBERG: You said they compared
11 horses that received Lasix to those that didn't?

12 DR. ARTHUR: That's right.

13 VICE CHAIR ROSENBERG: But what about the same
14 horse?

15 DR. ARTHUR: They did that -- they've done that in
16 standard exercise tests at -- in the laboratory, and horses
17 that receive Lasix have -- can perform better with Lasix
18 than without.

19 The interesting thing in those studies, if you take
20 the weight loss and put it back on the horse, there's no
21 difference. In other words, horses lose about up to 15, 20
22 pounds of weight when they get Lasix.

23 VICE CHAIR ROSENBERG: So you think that that's
24 the answer, the answer is --

1 DR. ARTHUR: We'll it's --
2 VICE CHAIR ROSENBERG: -- weight loss.
3 DR. ARTHUR: It's one of the possible answers,
4 yes.
5 VICE CHAIR ROSENBERG: All right.
6 CHAIRMAN WINNER: Because it's a diuretic, so --
7 DR. ARTHUR: Huh?
8 COMMISSIONER BENETO: Is that a treadmill test?
9 DR. ARTHUR: Yes.
10 COMMISSIONER AUERBACH: Rick, do you know in those
11 studies -- you probably don't, but do you know in those
12 studies if those horses that ran without Lasix were tied or
13 any way restricted from their water intake?
14 DR. ARTHUR: No, they didn't look at that.
15 COMMISSIONER AUERBACH: Because that's an issue
16 that I have a real problem with, and I was just wondering
17 if there -- if there was any quantifying analysis on that.
18 DR. ARTHUR: No.
19 CHAIRMAN WINNER: Did they look at other
20 variables?
21 In other words --
22 DR. ARTHUR: No. They --
23 CHAIRMAN WINNER: -- that was the single variable?
24 DR. ARTHUR: That -- that was the primary -- I'd

1 have to get the paper out and --

2 CHAIRMAN WINNER: Okay.

3 DR. ARTHUR: -- read it again, but that was the
4 primary variable, yes or no.

5 And -- and, you know, like all these
6 epidemiological studies, there's always some fuzz in them.

7 COMMISSIONER AUERBACH: Yeah.

8 DR. ARTHUR: You know, there always is.

9 And just like -- just like this last study,
10 which -- which is -- you know, one of the interesting things
11 presented at the round table was the decrease in horses
12 exported overseas.

13 The international market has -- has decided
14 American horses are weak. Whether that's true or not, you
15 know, I think is arguable, but this is a study that supports
16 that contention.

17 The bottom line is they looked at epistaxis,
18 nosebleed, in over 110,000 starts, I think it was, and looked
19 at those horses and actually identified that whether a horse
20 bleeds or not has a heritability index of 0.27, which is
21 actually significant, you know, but that doesn't surprise
22 anybody that's been in the game a long time.

23 In other words, there is inheritability aspect to
24 horses that are bleeding, which is an important

1 consideration if you're looking at marketing horses long
2 term.

3 VICE CHAIR ROSENBERG: Inheritability
4 specifically, what -- there is an inheritability, but what
5 does that mean?

6 DR. ARTHUR: Who knows.

7 VICE CHAIR ROSENBERG: Okay.

8 DR. ARTHUR: Hard to say.

9 VICE CHAIR ROSENBERG: Thank you.

10 DR. ARTHUR: You know, that's -- that's where the
11 fuzziness comes in.

12 VICE CHAIR ROSENBERG: Yeah.

13 DR. ARTHUR: Inheritability, I -- I will
14 say -- I -- I've always been a little bit of a cynic about
15 it, and my undergraduate degree is in genetics. It's not
16 as black and white as you would think, but it -- it -- this
17 isn't the only study that's showing the same thing.

18 As you know, recently 25 trainers have come out in
19 supporting a phase-out of Lasix. My talking to a number of
20 those trainers is that they're just tired of the issue.
21 They want to move on.

22 I think probably more importantly than
23 anything -- and -- and some of the comments of these
24 trainers, Bill Mott, "Lasix is overrated," and Graham Motion

1 says, "I don't know what the panic is because you're just
2 talking about race day. You can still use it in training,"
3 which they don't in Hong Kong, by the way.

4 COMMISSIONER CHOPER: May I interrupt you for just
5 one moment?

6 DR. ARTHUR: Yes.

7 COMMISSIONER CHOPER: Is there any study that
8 shows anything about the long-term health of the horse that
9 are racing?

10 Health, long-term health of the horse on Lasix or
11 non-Lasix.

12 DR. ARTHUR: No. You -- you try to make the
13 assumption in terms of longevity, but specific health, no.

14 There is data, and that was actually funded by the
15 Southern California Equine Foundation, in Hong Kong looking
16 at horses that have raced there that do not -- did not race
17 with Lasix. But talking to researchers at Michigan State
18 University, lungs of horses -- and they showed a lot of
19 pathology -- lungs of horses in the US that race with Lasix
20 look identical.

21 And I don't want -- there's a real complicated
22 pathophysiologically -- pathophysiological mechanism for
23 this that I don't want to get into, but it would indicate
24 that high-speed training doesn't -- a horse doesn't have to

1 work. Even galloping he is causing the changes in his
2 pulmonary venous system that leads to exercise-induced
3 pulmonary hemorrhages. It's basically an occupational
4 hazard of race horses.

5 Interestingly, Frank Stronach has come out -- he's
6 a member of WHOA. He's come out with this letter just
7 recently saying that Lasix has facilitated in creating the
8 weakest collection of horses we've ever seen. It's
9 becoming a public relations problem for a sport.

10 Frank Stronach is -- is a very interesting man, I
11 think, to say the least, but he's also -- owns some of the
12 more important racetracks in this country. He is a multiple
13 Eclipse Award winning breeder, and he's an Eclipse Award
14 winning owner, something that I think is -- is an important
15 person to -- to listen to.

16 I've always felt that this issue will be resolved
17 when the racetracks decide this is affecting their bottom
18 line, and I think that is the first kink in that particular
19 issue.

20 Horseman's groups obviously circle the wagons, as
21 they say, here on this particular issue. This is from the
22 THA, which is kind of like our TOC, thinks it's going to
23 polarize the issue and just get into a -- a conflict again.

24 I don't think -- certainly, I'm not proposing this

1 Board take any action on this issue. This is for
2 information only, but I think what is interesting is
3 that -- the number of groups that have come out and asked
4 for federal legislation, which would not only ban Lasix, it
5 would ban drugs in racing, basically cause international
6 rules in the US: Hay, Oats, and Water Alliance. The
7 Stronach Group has asked -- supported federal legislation,
8 and Denny Phipps at the Jockey Club round table said that
9 the Jockey Club is going to support federal legislation.

10 So where this is going to end up, who knows. but
11 it looks like a never-ending debate. My personal feeling
12 is that the mega trend for all sports is no drugs, no drugs
13 in sports whether it's horses, whether it's NCAA football,
14 Major League Baseball, and horses.

15 And, you know, whether that's going to be three,
16 five, ten years, who knows, but I think it's going to be
17 critical --

18 COMMISSIONER CHOPER: We don't --

19 DR. ARTHUR: -- for the survival of sports.

20 COMMISSIONER CHOPER: I mean --

21 DR. ARTHUR: You have to have the perception of no
22 drugs.

23 It's very interesting that the major difference
24 between our regulations and the international is Lasix and

1 phenylbutazone. Other than that our regulations can be
2 meshed fairly closely.

3 For example, our -- our threshold for clenbuterol
4 is lower than Hong Kong, considered one of the most
5 restrictive medi- -- medication jurisdictions in the
6 country.

7 So, you know, there -- there's a lot of fuzziness
8 here. It's not black and white.

9 CHAIRMAN WINNER: When you say "drugs," you don't
10 mean --

11 DR. ARTHUR: Lasix and --

12 COMMISSIONER WINNER: You're not including
13 therapeutic drugs?

14 DR. ARTHUR: No. Therapeutic drugs, you
15 just -- they're -- all of them have thresholds. All of
16 them --

17 CHAIRMAN WINNER: That's your point, right?

18 DR. ARTHUR: Yeah.

19 CHAIRMAN WINNER: You don't mean all --

20 DR. ARTHUR: No, no, no. You have to have the
21 perception --

22 CHAIRMAN WINNER: Only performance enhancers --

23 DR. ARTHUR: You have to be able to sell yourself
24 as drug free.

1 CHAIRMAN WINNER: Yeah, performance-enhancing
2 drugs?

3 DR. ARTHUR: That's right.

4 COMMISSIONER BENETO: You've gotta -- that will
5 slow the horse down so you have less breakdowns. That's the
6 problem we have today. We're breaking track records, which
7 we shouldn't be doing, and it's all related to drugs.

8 I agree -- I agree with you, there shouldn't be any
9 drugs. If we're going to ban Lasix, we should ban
10 everything else on the racetrack and slow these horses down.

11 What the hell is the difference of running a horse
12 one eleven, one twelve, against one nine or one eight?

13 DR. ARTHUR: I couldn't agree with you more.

14 CHAIRMAN WINNER: Neither could I.

15 VICE CHAIR DEREK: I agree.

16 COMMISSIONER BENETO: And I also agree with you,
17 whatever the cause, speed kills.

18 CHAIRMAN WINNER: Right.

19 COMMISSIONER CHOPER: Pardon?

20 I didn't hear that.

21 CHAIRMAN WINNER: Speed kills.

22 COMMISSIONER BENETO: Speed kills. Speed kills.
23 We need to slow these horses down.

24 When they were running races here first week of the

1 meet running one thirty-three in a mile, that's pretty damn
2 fast.

3 CHAIRMAN WINNER: Rick, if this legislation goes
4 through congress, that in itself will break a record of
5 something going through congress.

6 DR. ARTHUR: That's right.

7 I -- I think the -- you know, people who -- who
8 understand these things -- and Congress, I mean, they can't
9 get anything done, and they're going to do a racing bill?

10 CHAIRMAN WINNER: Right.

11 COMMISSIONER CHOPER: That's the sort of thing
12 they can get done.

13 VICE CHAIR DEREK: Exactly.

14 DR. ARTHUR: Maybe it could be.

15 CHAIRMAN WINNER: All right. I think
16 Mr. -- Rick, are you -- was that it?

17 DR. ARTHUR: Yeah, that's it.

18 CHAIRMAN WINNER: Let me just, for me, say thank
19 you very, very much for that report. Very educational, as
20 always, and I appreciate -- I appreciate the hard work
21 and the work you're doing.

22 We have several people -- a couple of people that
23 want to comment.

24 Alan, did you have something you wanted to say?

1 MR. BAEDEKER: I -- I just wanted to add to the
2 record of this discussion.

3 None of us -- none of us wants to -- to encourage
4 Dr. Arthur to say anything other than is on his mind, but
5 I -- I would like to point out that in his initial remarks,
6 he talked about some opposition to what we're trying to do
7 with third party Lasix.

8 In fairness, I think it should be pointed out that
9 the Veterinary Medical Board has actually proposed the
10 solution to the problem. Rick has been working through it
11 with -- with Bob Miller, and we're getting close.

12 So there should be a distinction there.
13 They -- they've been cooperative, and fingers are crossed
14 that we will have language that we can adopt sooner
15 than -- sooner than later.

16 CHAIRMAN WINNER: Dr. Arthur always says what's
17 on his mind.

18 MR. BAEDEKER: That's right.

19 CHAIRMAN WINNER: That doesn't necessarily
20 reflect what's on everybody else's mind on this board.

21 DR. ARTHUR: The war needs a coward.

22 CHAIRMAN WINNER: Thank you very much,
23 Dr. Arthur.

24 VICE CHAIR DEREK: Thank you, Dr. Arthur.

1 CHAIRMAN WINNER: We have some people who want to
2 speak on this issue.

3 We'll start with Alan Balch.

4 MR. BALCH: Alan Balch, California Thoroughbred
5 Trainers.

6 I don't think we have the time and the patience or
7 the interest really in having many of the statements that
8 Dr. Arthur made debated here, but I do believe that what was
9 noticed as a report -- which I specifically asked Dr. Arthur
10 about the other day when I saw him at Santa Anita, could
11 we -- there's nothing in the packet on this.

12 If -- if the slides and what I would consider some
13 very significant advocacy had been made available to the
14 rest of the sport here in California prior to today, the last
15 item on the agenda, I think there would be a great many people
16 in this room right now who wanted to stand up and debate or
17 at least put in -- in front of this Board a great many other
18 ideas.

19 Clearly, we can't do that. We'll have to do that
20 in writing. I'm -- I am glad that the -- several
21 Commissioners took note of the -- some of the rather
22 colorful, if objectionable, comments that Dr. Arthur made
23 right at the outset about various people, including the vet
24 med board and Farrell Jones. I really don't want to make

1 any more comments about that.

2 I think if this Board is going to take these kinds
3 of things seriously, we do have to get to a consensus on what
4 is therapeutic medication and what is performance
5 enhancing, what is a performance-enhancing drug, which some
6 people believe Lasix is and a great many people believe it
7 is not. I think you saw a -- quite a selective analysis or
8 report of the evolution of the Lasix situation.

9 As far as the comments towards the end about speed,
10 speed of horses, for heaven's sake, let's remember there are
11 many, many, many factors in how fast a horse runs at a given
12 place, including track surface, caliber of competition, on
13 and on and on. So to try to link the times that horses are
14 running in to medication is, in my opinion, almost entirely
15 wrong.

16 If you compare the -- the times of the horses on
17 both the main track and the turf course here, the same horses
18 running the first week, the second week, the third week,
19 versus the fifth week, you'll see great variability,
20 probably due to enhanced and improved track maintenance, but
21 not just that. Other reasons certainly can always apply,
22 and the same medication rules were in effect the first day
23 of this meeting as are in effect today.

24 Obviously, I could go on and on. I won't, but I

1 hope that you will entertain veterinarians and horsemen who
2 will undoubtedly want to respond on the record for all the
3 Commissioners to consider other points of views.

4 CHAIRMAN WINNER: Alan, let me just -- let me just
5 point out that the purpose of having this on this agenda was
6 not for us to make a decision whatsoever but to open up the
7 discussion because clearly it's an issue of importance
8 today. It may be one of the most discussed issues, probably
9 is one of the most discussed issues, in the industry today,
10 and it's something we're going to have to grapple with, and
11 we are grappling with it.

12 It will go through the proper committee. There
13 will be plenty of time for discussion, debate, papers,
14 different people to testify. And then if the committee
15 decides to bring it to the full Board, it will come to the
16 full Board.

17 Dr. Arthur's presentation was simply to open up
18 the discussion and allow for people like yourself and Joe
19 and John Bucalo, who filled out forms here. Everyone will
20 have an opportunity to discuss it, not just today, but as
21 it goes through the process.

22 No decision is going to be made today on this issue.
23 It won't be made for some time. It's going to go through
24 the proper committee, and it'll come to the Board if the

1 committee makes that decision to bring it to the Board.

2 MR. BALCH: Yes, Mr. Chairman, and thank you very
3 much for saying that; however, certain -- the first
4 impression is very important. And remember, this -- in
5 2011, as Dr. Arthur mentioned, the entire industry
6 assembled at Belmont Park, and certain results came out of
7 that entire industry meeting.

8 There was very little reference in Dr. Arthur's
9 report to the Hinchcliff study in South Africa -- I think
10 it was only mentioned one time -- the Jockey Club's own
11 study, and these studies can be debated endlessly.

12 And so the first impression --

13 CHAIRMAN WINNER: Well --

14 MR. BALCH: -- that was left here today -- I
15 understand what you said, but I'm just trying to respond.

16 If this whole thing is apparently going to be
17 reopened again, which is okay, but it needs to be a balanced,
18 thorough, detailed -- which you've said we're going to have,
19 but we -- we didn't have it today.

20 CHAIRMAN WINNER: No --

21 MR. BALCH: That's my point.

22 VICE CHAIR DEREK: Would you like it to -- would
23 you like to have this on the agenda at the committee level?

24 MR. BALCH: Absolutely.

1 CHAIRMAN WINNER: That's what we're going to do.

2 MR. BALCH: And -- and remember, I've stood before
3 this Board, I think, in 2011, 2012, and 2013 advocating the
4 third party administration of Lasix --

5 CHAIRMAN WINNER: Right.

6 MR. BALCH: -- as long as it was done with
7 everything else that was supposed to be done with it.

8 CHAIRMAN WINNER: Okay.

9 MR. BALCH: So it's --

10 CHAIRMAN WINNER: Let me just -- let me just point
11 out that Dr. Arthur is our Equine Medical Director. When
12 we open a discussion on issues having to do with equine
13 medicine, the appropriate person to speak on that subject
14 is Dr. Arthur.

15 MR. BALCH: Of course.

16 CHAIRMAN WINNER: He has the right to say whatever
17 he wants when he's speaking before the Board, and he chose
18 to make that presentation. I thought it was instructive.
19 I can't speak for anybody else.

20 Obviously, you have a different viewpoint, and
21 that's why we're going to go through the appropriate
22 process, which we will do.

23 MR. BALCH: Which -- which -- and I understand
24 that, Mr. Chairman. All I'm saying is those of us who are

1 not veterinarians and cannot speak with the authority that
2 Dr. Arthur can speak really weren't afforded an opportunity
3 without knowing what was going to be said.

4 CHAIRMAN WINNER: It was on -- it was on the
5 agenda.

6 MR. BALCH: Well, there was an agenda item,
7 "Report on the administration of race day --

8 CHAIRMAN WINNER: Right.

9 MR. BALCH: -- furosemide" --

10 CHAIRMAN WINNER: Yeah.

11 MR. BALCH: -- not the entire history of the
12 development of the debate --

13 CHAIRMAN WINNER: Okay.

14 MR. BALCH: -- and not the specific studies. And
15 since there was --

16 CHAIRMAN WINNER: There's no --

17 VICE CHAIR DEREK: No action.

18 CHAIRMAN WINNER: There's no action.

19 MR. BALCH: Fine. I get it, but we're talking
20 about first impressions.

21 CHAIRMAN WINNER: Okay.

22 MR. BALCH: And the people --

23 CHAIRMAN WINNER: But that --

24 MR. BALCH: -- that should respond to those things

1 were not here today.

2 CHAIRMAN WINNER: Okay. I understand.

3 Again, I just want to point out --

4 MR. BALCH: I get it.

5 CHAIRMAN WINNER: I want to point out --

6 COMMISSIONER DEREK: It was a report.

7 CHAIRMAN WINNER: -- this is a discussion, and the
8 person who has -- is the appropriate person to open up that
9 discussion, whether it fits with what you or anybody else
10 feels is appropriate, is our equine medical director.

11 MR. BALCH: Understood, and thank you.

12 VICE CHAIR ROSENBERG: I think that --

13 COMMISSIONER BENETO: Alan, you -- you made your
14 remark just a minute -- a second ago about the people weren't
15 here today.

16 Who -- who are you talking about?

17 MR. BALCH: Veterinary practitioners, those
18 veterinary people who -- who maybe authored these studies
19 or who have different interpretation of the -- the bottom
20 line results of the study as characterized by Dr. Arthur.

21 COMMISSIONER BENETO: Thank you.

22 VICE CHAIR ROSENBERG: I just wanted to say I think
23 you have a valid point, but I think you beat it to death,
24 and I think that the --

1 MR. BALCH: As usual.

2 VICE CHAIR ROSENBERG: Yeah. I think
3 Chairman Winner stated exactly what the report was supposed
4 to be, and perhaps it would have been better to have it
5 clearer that the -- you know, people could comment on what
6 he said and it wasn't just a clinical report.

7 MR. BALCH: Thank you.

8 VICE CHAIR ROSENBERG: It was editorialized.

9 However, I would make the suggestion that this is
10 such a very important issue that to be fair, to get to
11 Mr. Balch's point, that we have this on a full board meeting,
12 not just a committee meeting, or at least a guarantee that
13 it will reach the full Board, although that may be
14 duplicative -- you know what I mean? -- because we're not
15 going to resolve anything, nor are we going to vote on
16 anything, but it's certainly --

17 CHAIRMAN WINNER: Well, the only thing that I
18 would suggest -- and I certainly will leave that up to the
19 full Board.

20 The only thing I would suggest is my guess is when
21 this gets into a debate situation -- the reason we
22 wanted -- I think the objective was to just get it on -- get
23 it into the playing field at this point, and then the reason
24 it goes to a committee is so that you can sift

1 through -- there are going to be -- you know, we can be here
2 from now until next Tuesday if the full Board were to hear
3 from everybody who's going to speak on this issue.

4 So typically the way that you go through the
5 process is you go to -- to the committee. I don't think
6 there's any question, and I think the chair of the committee
7 would agree, that it will come to the full Board one way or
8 another.

9 Is that -- would that be a fair thing to say?

10 VICE CHAIR DEREK: I would like it to. There
11 hasn't been any interest in bringing this before the board
12 for a long time, but I've -- I would like to.

13 CHAIRMAN WINNER: Okay.

14 COMMISSIONER AUERBACH: You know, if I may, this
15 just brings up one point.

16 This -- this issue is so divisive and so
17 potentially dangerous for our sport that it's really sad.
18 And one thing I want to credit Dr. Arthur with pointing out,
19 because I -- I do not agree with a lot of things that he
20 presented and the way he presented them, but that's his right
21 to present them the way he did.

22 One of the points he made, I think, is
23 indisputable, and that point is the divisiveness of this,
24 and that point is also that the trainers who signed that

1 petition, it really wasn't about their very strong feelings
2 about using Lasix or not using Lasix. It was more about
3 their position of could we please put this to rest no matter
4 which way we go. We've got to put -- somehow find a way to
5 put it to rest.

6 I don't know that we're ever going to make
7 everybody happy. I don't think we will, but we need to
8 resolve -- we need to stop spinning our wheels if we can.

9 VICE CHAIR DEREK: All right.

10 CHAIRMAN WINNER: Thank you.

11 Did you want to respond?

12 DR. ARTHUR: Yeah, very quickly.

13 First of all, this was a -- much of the material
14 was from a presentation I was invited to give on the history
15 of EIPH. I'm a co-author of the first paper that ever used
16 that terminology. I gave that at the AAP in Nashville this
17 last year.

18 It is -- certainly, towards the end, I -- I have
19 a -- I think horses can race without Lasix. I understand
20 the benefit for it. I was an advocate for it for a long
21 period of time, and I will say Farrell Jones personally told
22 me that Lasix was the best hop he'd ever seen in horse racing,
23 and if you know Farrell, he was a pretty outrageous sort of
24 a guy, and I don't think he would take that as

1 det- -- detrimental to his reputation at all.

2 So, you know, I kind of resent, I'm just going to
3 say right now, Alan's characterization of how this was
4 presented. As the Chairman and Executive Director know, I
5 wasn't exactly happy about being given this task but did it
6 because it's my responsibility.

7 MR. BALCH: Did he say that publicly, Rick?

8 DR. ARTHUR: No. He told this to me personally.

9 MR. BALCH: You quoted him publicly. We can't
10 tell if he said that jokingly, seriously, or not or if he
11 even said it.

12 CHAIRMAN WINNER: Okay. Alan, let's move on.
13 Joe Morris.

14 MR. MORRIS: Joe Morris from the TOC.

15 The -- the TOC and the CTT did come up with a
16 statement on this also that we saw the THA one, but we -- we
17 made one also, but the one thing that -- that bothers me a
18 little bit with the whole discussion is, you know,
19 this -- we -- we're -- we have a first going on in our
20 industry right now on this topic.

21 Three years or so ago when this really got ugly and
22 there was a lot of debate, the -- the RMTC grabbed it, and
23 we started down the road to the uniform medication
24 guidelines. And as you -- as you all know, we've been in

1 favor of that. You've been working through that, and that
2 process is kind of getting disregarded at this point.

3 I mean, that -- that horse is out of the barn.
4 There's eight or nine states that have adopted it. Within
5 a year or a little more, there's probably going to be over
6 20 states that are racing under the same medication
7 guidelines.

8 How is that not a first and a great thing for our
9 industry?

10 And as this date -- debate goes on, and you'll see
11 it gets a little hot here just even on this part of it, we
12 can't lose track of the fact that the industry has got
13 together, is behind something, and within another year,
14 going to have every major racing state in the country on the
15 same page with it, which has never happened in the history
16 of our sport.

17 And we've got to make sure that that process keeps
18 moving and we don't let any of this derail it. I mean,
19 that's a very positive thing, and -- and hopefully by
20 January, so this state will be completely --

21 CHAIRMAN WINNER: I couldn't agree --

22 MR. MORRIS: -- involved with that.

23 CHAIRMAN WINNER: -- with you more.

24 MR. MORRIS: Bringing the federal government into

1 anything, I mean, that -- that's as crazy an idea as I've
2 ever heard. Going to cost money, and I would say to the
3 people who -- who want to go that route, why don't we take
4 that money and put it towards research, and let that research
5 lead the second phase of this conversation. So we're
6 finding out what causes it, and then the research will lead
7 the conversation as to what we do with that particular drug.

8 So I just want to make sure we stay on
9 the -- on -- on topic, which is getting the uniform
10 medications through. We're working together as an industry
11 on that. There's 20-some-odd states right now, and -- and
12 this last little flare-up of the debate's got probably three
13 more states going to be joining in.

14 We're making great progress, and typical us, we're
15 all going to start shooting at each other again, and -- and
16 we're going to try it derail something that is very positive
17 for the industry.

18 CHAIRMAN WINNER: I couldn't agree with you more
19 about that point, and hopefully it doesn't derail it.

20 MR. MORRIS: Right.

21 CHAIRMAN WINNER: John Bucalo.

22 MR. BUCALO: John Bucalo. I'm representing
23 myself on this comment, not Barona Casino.

24 I grew up on the racetrack. I left home when I was

1 15 years old and moved in a tack room. I started off walking
2 hots as a -- as a kid. I've had a passionate love for the
3 animal and the people involved in this sport.

4 And to see these drugs coming around and see the
5 often breakdowns, I've been a -- I've been a jockey for a
6 short time, an exercise boy for 20 years, and I've seen
7 horsemen go forward with horses that they -- they shouldn't
8 have, and they knew they shouldn't have.

9 However, when they -- they -- and some horses when
10 they get filling in their ankles, their knee, they inject
11 these horses. And to inject one, they withdraw the fluid
12 from the ankle or knee with -- reinject the joint, whether
13 it's the ankle or the -- the knee, with cortisone, and all
14 that is is a Band-Aid.

15 It's not good for the -- and I'm not a
16 veterinarian, but I can tell you, it's not good for the bone,
17 it's not good for the ligaments, and then pretty soon you
18 have a catastrophic injury, and it's -- and when that
19 happens, the horsemen that I've gotten on horses for have
20 all said the same thing, "That horse never had a pimple on
21 him." Well, if he -- I shouldn't -- he shouldn't have gone
22 on with him, he knew that, but he never had a pimple on him.

23 And great horseman years ago used to never inject
24 horses. They used to call the owner up and say, "You know

1 what, this horse has been a good animal to us. He's made
2 us some money," or, "He showed some good promise, and I think
3 he's got a -- some ability ahead of us, and let -- let's give
4 him a chance. Turn him out and give him a chance."

5 Today with these short fields, not enough horses,
6 they -- a horse is sitting on his peak right now. People
7 don't want to take the time off and give the horse the chance
8 that he needs.

9 And I worked on just about every department. I
10 worked as a senior patrol judge. I dissected those races.
11 When a horse got -- was beaten a number of lengths, he was
12 put in our -- he was put on the poor performance list.

13 Today you see these horses beaten 30, 40 lengths
14 and it -- it's every -- every day. They used to never be
15 beaten like that, and today they are, and they still come
16 back and run again time after time after time. And they're
17 not machines. Even if they were machines, a machine breaks
18 down. You've got to give it a rest sometime, and maybe
19 that's what this -- somebody needs.

20 I also drove the animal -- horse ambulance as one
21 of my jobs, and I can't tell you how many horses I have held
22 that have been euthanized, and I'll tell you it takes me two
23 weeks to get over it. I feel like going home and crying when
24 I see it and it's pitiful.

1 It -- we not only have to take care of the horses,
2 but the jockeys who ride them, and if we don't, not only will
3 the ambulance be chasing the fields around, we're going to
4 need the horse ambulance to chase the horses around as well.

5 We've got to put a stop to these drugs. We've got
6 to put -- whether -- no matter what it is, we've got to make
7 these -- hold these trainers' feet to the fire if they're
8 using it and it's against the rules.

9 We've got to make sure the horse has the time off.
10 If he's been injected said so many times, which was
11 definitely a no-no years ago, the -- when they -- if he
12 breaks down and has to be euthanized, the
13 veterinarian -- we've got a wonderful vet here -- he can
14 take the -- you can take an autopsy of the horse or get the
15 records of the stable veterinarian. They should be
16 accessed to -- if he's working on the track, to the Board.
17 Subpoena those records and see how many times the horse has
18 been injected.

19 But we need to do a better job with these animals,
20 not -- and the jockeys who ride them, they're -- they're at
21 risk well.

22 I thank you for the opportunity to speak.

23 CHAIRMAN WINNER: Thank you very much. Well
24 spoken, John.

1 John Mulvihill.

2 MR. MULVIHILL: Yeah, just getting back to that
3 Lasix issue.

4 Lasix of yesteryears, I think it was used also as
5 kind of a masking agent. If a horse goes on Lasix, he found
6 it hard to detect -- detect other drugs. I don't know if
7 that's -- and I'm sure the technology today is much better,
8 but is it a hundred percent foolproof?

9 I mean, talking about -- I mean, the quantity of
10 Lasix used. Like down here in Del Mar, trainers that I work
11 for, they always told me that horses were more apt to bleed
12 at Del Mar than any other place because the air was much
13 heavier down here, which -- which it is.

14 But I'd just like to know Dr. Arthur's comments,
15 what he has to say.

16 DR. ARTHUR: Very quickly -- should I answer the
17 question?

18 CHAIRMAN WINNER: You can come up and do it
19 quickly, yeah, please.

20 DR. ARTHUR: Very quickly, in one of the papers I
21 showed from Australia is track surface. Time of year had
22 no effect on whether a horse bled or not. There was
23 statistically no relationship. What we found -- even
24 though I -- I heard the thing when I practiced, we weren't

1 able to show that statistically at Del Mar.

2 The four-hour and limitations of the dosage for the
3 furosemide was done specifically so the urine is no longer
4 dilute enough to affect drug testing. Most of our testing
5 laboratory directors believe it's not a significant issue,
6 the dilution of the urine. It doesn't mask, it dilutes
7 urine so it's harder to -- the concentration of drugs are
8 lower.

9 I will tell you our international colleagues
10 disagree with that very vociferously, but most laboratory
11 directors do not believe that Lasix interferes with drug
12 testing.

13 CHAIRMAN WINNER: All right. Unless there's
14 anything else, is there a motion to adjourn?

15 COMMISSIONER AUERBACH: Yes.

16 CHAIRMAN WINNER: Okay. Moved, seconded.

17 All in favor?

18 IN UNISON: Aye.

19 CHAIRMAN WINNER: Thank you all very much. We
20 move into executive session.

21 (Whereupon the proceedings concluded at 12:30 p.m.)

22 * * *

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

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

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

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

In witness whereof, I have hereunto set my hand this 25th day of August, 2014.

JULIA LENNAN, RPR, CSR NO. 12843