

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:)

)

Regular Meeting)

SANTA ANITA PARK RACE TRACK

BALDWIN TERRACE

285 WEST HUNTINGTON DRIVE

ARCADIA, CALIFORNIA

THURSDAY, OCTOBER 23, 2014

9:30 A.M.

Reported by:

Jacqueline Denlinger

APPEARANCES

COMMISSIONERS

Chuck Winner, Chair

Bo Derek, First Vice Chair

Richard Rosenberg, Second Vice Chair

Jesse Choper

Steve Beneto

George Krikorian

Madeline Auerbach

STAFF

Rick Baedeker, Executive Director

Robert Miller, Staff Counsel

Jacqueline Wagner, Assistant Executive Director

Rick Arthur, Equine Medical Director

Mike Marten

ALSO PRESENT

Kevin Bolling, California Thoroughbred Horsemen's Foundation

Rick English, Los Alamitos Racing Association

Tom Ludt, Golden Gate Fields

Cal Rainey, Golden Gate Fields

Dan Cirimele, Golden Gate Fields

Rick Hammerle, Santa Anita

Nate Newbie, Santa Anita

Brad McKinzie, Los Alamitos Racing Association

APPEARANCES (CONT.)

ALSO PRESENT

Ben Kenney, Watch and Wager

Christopher Schick, Watch and Wager

INDEX

PAGEAction Items:

- | | | |
|----|---|----|
| 1. | Approval of the minutes of September 24, 2014. | 3 |
| 2. | Executive Director's Report. | 3 |
| 3. | Public Comment: Communications, reports, requests for future actions of the Board. Note: Persons addressing the Board under this item will be restricted to three (3) minutes for their presentations. | ? |
| 4. | Discussion and action by the Board regarding the Distribution of race day charity proceeds of the Los Alamitos Quarter Horse Racing Association in the amount of \$33,514 to five beneficiaries. | 11 |
| 5. | 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 December 26, 2014 through June 28, 2015, inclusive. | 12 |
| 6. | Discussion and action by the Board on the | 32 |

INDEX

PAGEAction Items:

Application for License to Conduct a Horse Racing Meeting of the Los Angeles Turf Club (T) at Santa Anita, commencing December 26, 2014 through June 28, 2015, inclusive.

- | | | |
|----|--|----|
| 7. | Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Los Alamitos Horse Racing Association (T) at Los Alamitos, commencing December 3, 2014 through December 20, 2014, inclusive. | 48 |
| 8. | Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Los Alamitos Quarter Horse Racing Association (Q) at Los Alamitos, commencing December 26, 2014 through December 20, 2015, Inclusive. | -- |
| 9. | 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, | 58 |

INDEX

PAGEAction Items:

commencing December 26, 2014 through May 3, 2015, inclusive.

10. Public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1588, Horse Ineligible to Start In a Race, to provide that a horse is ineligible to start in any race in California if it is on the Veterinarian's List in another racing jurisdiction, unless with prior approval of the stewards. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.) 70
11. Public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1858, Test Sample Required, to eliminate the maximum restriction on samples that may be taken, and to add horses registered to race at an enclosure, nominated to race, and pre-entered in a race to those horses subject to testing. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.) 79

INDEX

PAGEAction Items:

- | | | |
|-----|--|-----|
| 12. | Report from the Medication and Track Safety Committee. | 87 |
| 13. | Discussion and action by the board regarding the proposed amendment to CHRB Rule 1843.3, Penalties for Medication Violations, to prohibit: 1) suspended trainers from transferring horses to employees; 2) the use of any signage, colors or identifiable Tack of a suspended trainer during a suspension; and 3) to change from 60 days to 45 days, the requirement that trainers suspended for such time be banned from the enclosure and forfeit all assigned stall space and remove from the enclosure all signage, advertisements, training-related equipment, tack, office equipment and other property. | 99 |
| 14. | Discussion and action by the Board regarding the status update from the Los Angeles Turf Club on its backside improvement plans for Santa Anita and San Luis Rey Downs. | --- |

INDEX

PAGEAction Items:

15. Closed Session: For the purpose of receiving 119
advice from counsel, considering pending litigation,
reaching decisions on administrative licensing and
disciplinary hearings, and personal matters, as
Authorized by section 1126 of the Government Code.
- A. The Board may convene a Closed Session to
confer with and receive advice from its legal
counsel, considering regarding the pending
litigation described in the attachment to
this agenda captioned "Pending Litigation"
as authorized by Government Code section
11126(c).
- B. The Board may convene a Closed Session to
confer with and receive advice from its legal
counsel regarding the pending administrative
licensing or disciplinary matters described
in the attachment to this agenda captioned
"Pending Administrative Adjudications," as
authorized by Government Code section
11126(c).
- C. The Board may convene a Closed Session for
the Purpose of considering personnel matters

INDEX

PAGE

Action Items:

as authorized by Government Code section
11256(a).

P R O C E E D I N G S

9:36 A.M.

PROCEEDINGS BEGIN AT 9:36 A.M.

(The meeting was called to order at 9:36 A.M.)

ARCADIA, CALIFORNIA, THURSDAY, OCTOBER 23, 2014

MEETING BEGINS AT 9:36 A.M.

CHAIR WINNER: Good morning, everyone. Good to see you all. Let me begin by reading the required announcement.

Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, October 23, 2014 at the Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California.

Present at today's meeting are: Chuck Winner, myself, Chairman; Bo Derek, First Vice Chair; Richard Rosenberg, Second Vice Chair; Madeline Auerbach, Commissioner; Steve Beneto, Commissioners; Jesse Choper, Commissioner; George Krikorian, Commissioner.

Before we go on to the business of the meeting I need to make a few comments. The Board invites public comment on the matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during a public comment

1 period if the matter concerns horse racing in California.

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

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

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

20 When all the names have been called the chairman
21 will ask, and I'm the chairman, I will ask if there is
22 anyone else who would like to speak on the matter before the
23 board. Also, the board may ask questions of individuals who
24 speak. If a speaker repeats himself or herself the chairman
25 will ask if the speaker has any new comments to make. If

1 there are none, the speaker will be asked to let others make
2 comments to the Board.

3 Okay, the first item on the agenda is the minutes
4 from the last meeting. Are there any additions or changes
5 to the minutes from the last meeting. Are there any
6 additions or changes to the minutes, anyone? Is there a
7 motion to approve the minutes?

8 COMMISSIONER KRIKORIAN: Move.

9 COMMISSIONER BENETO: I'll make a motion.

10 CHAIR WINNER: Commissioner Krikorian approves --
11 moves. Commissioner Beneto seconds. The minutes are
12 approved.

13 The next item on the agenda is the Executive
14 Director's Report.

15 Mr. Baedeker?

16 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.
17 Chairman.

18 Well, there's been some -- some talk about back
19 backside security and surveillance systems and so forth.
20 And I think most of you are aware that the Backside Security
21 Committee has been exploring the use of camera surveillance
22 systems in the stable area since June. We have identified a
23 system currently used by the Rancho Cordova Police
24 Department that is wi-fi and portable, and relatively
25 inexpensive. Staff will see a demonstration of this system

1 the week following the Breeders' Cup. And if it looks like
2 it could work then we will arrange a demo for Commissioners
3 Derek and Auerbach, plus interested stakeholders.

4 You've also heard a lot about the microchip
5 project. CHRB staff has been using -- has been exploring
6 the use of microchips for the ID and tracking of race horses
7 in California. In cooperation with the Jockeys' Club,
8 Jockey Club's InCompass Solutions, Santa Anita and the
9 Breeder's Cup, we have arranged for a demonstration and
10 presentation on microchips during Breeders' Cup next week at
11 Santa Anita. Horsemen and race track representatives are
12 encouraged to attend this one-hour presentation a week from
13 today beginning at 11:30 at the Seabiscuit pen near the
14 racing office.

15 Following that, a live -- following that live
16 demonstration of the implant process, the program will move
17 up here for more detailed explanation of microchips and the
18 proposed pilot program in California.

19 And just to note that, you know, we're rather
20 sheepish about asking Santa Anita and the Breeders' Cup to
21 accommodate us during this kind of chaotic time right before
22 the event. So we really do appreciate that they've done
23 that for us.

24 Interesting to note, Rule 1844, which implemented
25 the new thresholds for corticosteroids and other anti-

1 inflammatories, took effect October 1. During August and
2 September, in advance of that date, we issued courtesy
3 warning letters to trainers whose horses had been tested and
4 which would have been -- would have tested positive under
5 the new medication thresholds effective October 1. It might
6 interest you to know that statewide we issued 300 such
7 warning letters.

8 We are doing a little reorganization at the
9 headquarters' office. We have posted a job opportunity for
10 a staff counsel. The org chart will flow vertically in two
11 columns -- right now it's just one -- beneath the Executive
12 Director and the Assistant Executive Director, myself and
13 Jackie. The first column will be -- will flow from the
14 Director of Administration, and the other under the new
15 counselor. He or she will be responsible for policy and
16 regs, law enforcement, licensing, and our independent
17 contractors which includes stewards and official
18 veterinarians. Chief Counsel Miller and the Equine Medical
19 Director will report directly to the Executive and Assistant
20 Executive Director.

21 This change will give us a much needed resource in
22 policy and regs. The legal expertise should facilitate that
23 complicated work and result in a speedier process. And the
24 re-org in general will allow Jackie Wagner to assume a more
25 active role in overseeing the entire staff. So I'm very

1 excited about that change.

2 I want to take just a minute to clarify a few
3 things about the Doug O'Neill situation. And this doesn't
4 relate -- I don't want to have this reflect on the trainer;
5 I want it to have it reflect on the process. The Board has
6 been vilified by bloggers and such who don't have the facts,
7 and I think some of the facts should be -- should be talked
8 about.

9 First of all, the CHRB ruled, after action was
10 taken by New York, had the violation occurred in California
11 I think there's no question the outcome would have been
12 different. The test would have been conducted by our lab
13 and the investigation done by our investigators.

14 Regardless, in every one of these cases the Board
15 of Stewards or the Board itself considers both mitigating
16 and aggravating circumstances. One of the mitigating
17 factors here was the delay in the New York complaint which
18 occurred after the trainer had completed his period of
19 probation for the 2012 violation. There were other
20 mitigating factors, as well.

21 The Board weighed all of those factors, including
22 the possibility of a long legal battle that likely would
23 have centered around actions taken by another jurisdiction.
24 And therefore, this Board imposed a 45-day suspension and a
25 new 18-month probation. Nobody really has added them up

1 together. The trainer was fined \$10,000, suspended for 70
2 days, and placed on a new 18-month probation. The trainer
3 was not required to surrender his stalls because our Rule
4 1843 pertains to a trainer whose license is suspended by the
5 CHRB for 60 days or more. But it is not true that the
6 trainer simply gets a paid vacation. In fact, our rule
7 prohibits a suspended trainer from benefitting financially
8 while on suspension. So he or she can not charge day rates,
9 cannot receive anything from purses, either directly or
10 indirectly.

11 And I'd just like to say, I've been on this job
12 now for -- for eight months, and it's amazing to me that
13 these Commissioners continue to show up for this work, to a
14 person that care deeply about the sport and want to clean it
15 up, if they stand before a firing squad of social media just
16 waiting to pull the trigger. At least Staff gets paid for
17 the work that we do. These folks get \$100 a month to cover
18 their expenses. It is, quite literally, a thankless job. I
19 know many of you and many other people do appreciate the
20 time and effort and car that they give. But I figure, what
21 the heck, I might as well bring it up and talk about it.

22 Financials for the month, the Fresno Fair
23 concluded, everything in, down eight percent. Really, they
24 did fine on-track. They were down just a little over one
25 percent. They had a drop in field size from 7 to 6.5. They

1 really were hurt by out-of-state wagering on their product
2 which was down double digits. For the month the numbers
3 were down, but so were the number of race days. There were
4 about 15 percent fewer race days. The total daytime
5 business was down 9.45 percent. Total night business down
6 24 percent. There were fewer race days. There were also
7 fewer races run on those days. So the combined performance
8 for the month was down just under 11 percent.

9 Year to date, daytime industry is up just
10 fractionally, about a quarter of one percent. The night
11 business is down 11.7 percent. Combined year to date,
12 everything in, night and day, we're down just about one
13 percent over the same period a year ago.

14 And that's my report, Mr. Chairman.

15 CHAIR WINNER: Thank you very much. Let me just,
16 first of all, thank you for the very kind comments that you
17 made about the Board. But let me also say, so that
18 everybody understands, that the staff that we have at CHRB,
19 there's no -- no one has a staff that surpasses it. These
20 folks work seven days a week, day and night. They're
21 available all of the time. It's really hard when you read
22 what some of these bloggers say, even some reporters say
23 about what has taken place -- we're using the O'Neill
24 incident only because that's the most recent incident --
25 when you have no idea how much time these people put into

1 trying to do the right thing, trying to make sure that
2 racing is cleaned up if it -- when and if it needs to be
3 cleaned up, trying to make sure that there's a level playing
4 field, trying to make sure that those who don't play by the
5 rules are weeded out, these folks work so hard at it. And
6 those of us on the Board play a small part.

7 But to read some of the things that we read from
8 people who really don't know what the facts are and they
9 really don't know what the laws require and what the rules
10 require and what you have to work within, it really does
11 cause heartburn for some of us who -- who know what's going
12 on, who know all the facts, who are aware of the situation
13 know how hard Rick and his team are working to do the right
14 thing. And that includes, by the way, our Equine Medical
15 Director Rick Arthur and the time that he puts in to make
16 sure that we're doing everything we can to create a level
17 playing field so that those who play by the rules have the
18 best break, not those who don't play by the rules.

19 Having said that, we'll move on then to item
20 number three, public comment. I have one card from Kevin
21 Bolling.

22 Kevin?

23 MR. BOLLING: Good morning. Kevin Bolling with
24 the California Thoroughbred Horsemen's Foundation. I just
25 wanted to let the Board know that we have begun our annual

1 flu vaccine program for the backstretch workers. So we're
2 in Northern California and Southern California. We've
3 already begun at the major race tracks. We'll be actually
4 heading to Los Al next week, and then setting up a date
5 following that for San Luis Rey Downs.

6 We'd like to recognize and thank the Oak Tree
7 Racing Foundation for sponsoring that this year, so it is
8 free for all of the backstretch workers. Just want to let
9 you know.

10 CHAIR WINNER: Thank you very much.

11 (Colloquy Between Commissioners.)

12 CHAIR WINNER: Okay. Let me make a quick
13 announcement that if anybody is here for item number eight,
14 that is coming off the agenda and moved to the November
15 calendar. And item 14, which is the discussion and action
16 by the Board on the status update of the Los Angeles Turf
17 Club on its backstretch improvement plans for Santa Anita
18 and San Luis Rey that Commissioner Krikorian and I have met
19 with Mr. Daruty and Mr. Brackpool and we've had a very good
20 discussion with them. We've also had conversations with the
21 trainers. And also I had a conversation with Mr. Morris of
22 CTA.

23 And because we think those discussions are going
24 well and that everything is headed, at least in our view, in
25 a positive direction, we're going to put that discussion off

1 until at least the November meeting, as well, because we
2 don't want to interfere with the discussions that are taking
3 place that we believe are moving in a positive direction.
4 So 14 is also coming off the agenda for today.

5 Okay, moving on to item four, discussion and
6 action by the Board regarding the distribution of race day
7 charity proceeds of the Los Alamitos Quarter Horse Racing
8 Association in the amount \$33,514 to five beneficiaries.

9 Mr. English?

10 MR. ENGLISH: Good morning, Commissioners. I'm
11 appearing before you to ask permission to make the
12 distributions shown in the exhibit from our charity days in
13 the 2013 race meeting. I can try to answer any questions
14 you might have.

15 EXECUTIVE DIRECTOR BAEDEKER: You need to identify
16 yourself.

17 MR. ENGLISH: Richard English, Los Alamitos.

18 CHAIR WINNER: Any questions? Any questions
19 regarding the distribution of the charities from Los Al?
20 Okay.

21 I don't think that requires an action; correct?

22 COMMISSIONER AUERBACH: I think it does.

23 EXECUTIVE DIRECTOR BAEDEKER: It does.

24 COMMISSIONER AUERBACH: It does.

25 CHAIR WINNER: Sorry about that. Motion to

1 approve?

2 COMMISSIONER AUERBACH: So moved.

3 VICE CHAIR ROSENBERG: Second.

4 CHAIR WINNER: Commissioner Auerbach moves. Vice
5 Chair Rosenberg seconds. All in favor?

6 ALL COMMISSIONERS: Aye.

7 CHAIR WINNER: Any opposed?

8 Thank you, Mr. English.

9 MR. ENGLISH: Thank you very much.

10 CHAIR WINNER: Moving on then to item number five,
11 discussion and action by the Board on the Application for
12 License to Conduct a Horse Racing Meeting of the Pacific
13 Racing Association at Golden Gate Fields, commencing
14 December 26, 2014 through June 14, 2015, inclusive.

15 Gentlemen?

16 MR. LUDT: Good morning.

17 CHAIR WINNER: Good morning.

18 MR. LUDT: Tom Ludt, President of Golden Gate. We
19 have Cal Rainey and Dan Cirimele with me. And I'm going to
20 turn it over to Cal to discuss the agenda.

21 MR. RAINEY: Hi. I'm Cal Rainey from Golden Gate
22 Fields.

23 Our winter-spring meet consists of 97 race days
24 from December 26th to June 14th. Our post time is 12:45,
25 except for opening day and other special race days like

1 Kentucky Derby, Preakness and Belmont Stakes.

2 This meet we have 12 stakes' races scheduled and
3 approved by the TOC. That's the same number as we had last
4 year in 2014, and it's one more than we had in 2013.

5 Field size was just under one horse per race the
6 last spring meet. And this meet, in the first four days
7 that we just started last week we averaged about seven-and--
8 a-half horses per race. Our all-source handle for Golden
9 Gate Fields for 2014 through October 1st is about a half
10 percent up, \$350 million in 2013 and \$352 million in 2014.
11 And purses have stayed level and consistent for our three
12 meets for the entire year of 2014.

13 CHAIR WINNER: Mr. Ludt?

14 MR. LUDT: Well, I mean, number one, as I've
15 talked to you before about some of the renovation issues, as
16 you all know well, Mr. Brackpool was very involved in our
17 Comprehensive Plan, as it's called, from the Stronach Group.
18 And it's been rather frustrating because it's taking a lot
19 longer than we would have liked. But I do believe that it
20 pertains to some of the issues that have prevented us from
21 going to what I would consider the next level at Golden
22 Gate. We are still very aggressively pursuing that. We've
23 got hundreds of thousands of dollars invested into
24 legal/investment opportunities of how to do this right. We
25 have a lot of litigation issues about the land, for those

1 that know the area up there. It looks like that's being
2 resolved soon.

3 So we continue to plug along. It's a challenge up
4 there with the facility we have and we know that, and we
5 still have full intentions of renovating that facility and
6 it is -- ironically today and yesterday were days that we
7 spent -- or, excuse me, Tuesday and Wednesday -- with
8 corporate here for our planning for '15. So we're excited
9 about it.

10 As you know, the game has been challenged across
11 the country. We think we've survived some tough times and
12 we think we're doing well. We've got a new Racing Secretary
13 Patrick Mackey. It's a little early to judge this new meet,
14 but we're really excited about our field size taking a jump.
15 It's a very small measure of four or five days. But -- so
16 things seem to be going well. We're going to continue to do
17 everything we can to get our attendance up. It's just one
18 of these issues that we're seeing in racing across the
19 country and we're not immune to that, but we're trying
20 really hard. As you know, out here we tend to deal with
21 traffic issues that don't seem to be getting any better.

22 CHAIR WINNER: Marketing plan?

23 MR. CIRIMELE: Dan Cirimele, Senior Director of
24 Marketing at Golden Gate.

25 Our marketing plan for this meet, this is our

1 biggest meet of the year, so it will be our biggest
2 marketing spend for us. Year over year it will remain
3 pretty much the same as what it did for 2014. We are the
4 home of Shared Belief, so hopefully on November 1st he does
5 something amazing and takes -- takes the title in the
6 Classic. So if that happens we're hoping that we could team
7 up and use, you know, the nationally exposure of him, much
8 like what has gone on with California Chrome.

9 We're excited, too, because we've spent the last
10 three years doing the El Camino Real Derby, really trying to
11 pump that up. I mean, for being a small track that's kind
12 off the beaten path. To have a race that's on the Derby
13 trail for us is -- it's a huge honor. And so that's --
14 that's one day in February that we really try to pump up and
15 make it a national -- national awareness with that.

16 We get to run through the springtime, which is
17 great for us. Our main focus -- we're going to increase our
18 focus on the Hispanic market in the Bay Area. It's been a
19 very popular day for us in terms of what we've done.

20 CHAIR WINNER: Are there any questions?

21 VICE CHAIR ROSENBERG: On the --

22 CHAIR WINNER: Vice Chair Rosenberg?

23 VICE CHAIR ROSENBERG: On the subject you just
24 mentioned, I noticed you bumped the -- you bumped the budget
25 up on ethnic advertising significantly --

1 MR. CIRIMELE: Uh-huh.

2 VICE CHAIR ROSENBERG: -- from last year, when you
3 mention the Hispanic market. But you also mention in your
4 report, the written report, that there are other ethnic
5 groups that you go after. So I'm curious, where are you --
6 which groups are you going to target in that area?

7 MR. RAINEY: Our main focus will be the Latin
8 market. We've had a great -- you know, we've seen the
9 needled rise on days where we've marketed to that group.
10 It's not to say that we would abandon any group. We'd love
11 for anyone to come and attend the races. But that's --
12 those have been our days that have been most well received
13 in terms of attendance. We probably haven't done such a
14 great job in converting them into betters, as the numbers
15 would show on those days. But I would rather have the
16 people here and then have the issue of trying to get them to
17 bet.

18 So I think the first tackle is get them through
19 the doors. And then on our part we need to do a better job
20 in terms of communicating it on how to -- how to place a
21 bet, anything simple, even if it's a \$2.00 wager.

22 But in terms of the ethnic strategy, it would be
23 mostly focused on Telemundo, Univision, Novassa (phonetic),
24 local media that would be traditional advertising in that
25 sense.

1 CHAIR WINNER: What has your experience been with
2 the Asian market?

3 MR. RAINEY: It's difficult. In the Bay Area we
4 have -- I mean, our days have been well received. We've
5 seen an attendance increase. But for the media spend,
6 return on investment, just economically, doesn't make too
7 much sense. And I really believe that's because in the Bay
8 Area we have so many casinos. And one casino just opened up
9 in the North Bay. It's a huge casino that seems to have an
10 endless amount of advertising dollars. And I think that
11 getting into an ad-buying war with them would just be -- it
12 wouldn't make much sense for us.

13 So again, it wouldn't be a market for us to
14 overlook. I think it would be foolish. But we'd have to
15 pick and choose our -- our spends for that -- for that
16 market.

17 CHAIR WINNER: Any other questions? Commissioner
18 Krikorian?

19 COMMISSIONER KRIKORIAN: Yeah. I just wanted to
20 ask what, if anything, you're doing to possibly attract
21 young adults? You've got Berkeley across the street, UC
22 Davis and other, you know, universities, Stanford, for
23 example. What do you do to try to attract young adults that
24 come to the races? Have you -- you know, what success have
25 you had with that?

1 MR. LUDT: I will tell you, from the large scale
2 that's been one of my issues. But it gets into us fixing
3 our structure to be -- from my perspective, we're -- our
4 vision is, is when we get them we need to make sure they
5 have a great experience. And until we have what I would
6 consider, what you've seen us do here, and now we've got to
7 move north, is what I would call areas of choice where
8 people will feel more comfortable. We don't have that right
9 now. We just have to accept that. It's a multi-million
10 dollar proposal that we're trying to get done.

11 It's not that we don't want them to come. But as
12 you get -- in our experience, especially here, is you get
13 people for a first time that have gone from a casino or any
14 type of coliseum, if they come to a facility that's not what
15 they want they'll never come back.

16 So it's a double-edged sword. We know we need to
17 do it. I think the industry needs to do it. We're very
18 concerned that we don't target market them until we think
19 that we can satisfy their desires so that they'll come back.

20 COMMISSIONER KRIKORIAN: Well, that would be a
21 renovation process, wouldn't it --

22 MR. RAINEY: Right.

23 COMMISSIONER KRIKORIAN: -- of your existing
24 facilities?

25 MR. RAINEY: Yes, and that's what we're working

1 on.

2 COMMISSIONER KRIKORIAN: So -- but there's no --
3 are you having -- do you have to go through any entitlement
4 process for that, or is it just a matter of coming up with
5 the plans --

6 MR. RAINEY: Well --

7 COMMISSIONER KRIKORIAN: -- you want to implement
8 and do them?

9 MR. RAINEY: -- that's where we have, I think it's
10 probably approaching \$300,000 in legal fees just trying to
11 prepare to get the permits and the permission to do it. And
12 it was a challenge here. It's easy here compared to up
13 there. I mean, there are some neat opportunities we're
14 looking at. It's just going to be very expensive.

15 COMMISSIONER KRIKORIAN: Thank you.

16 COMMISSIONER CHOPER: All you just said related to
17 Golden Gate Fields?

18 MR. LUDT: Correct. And we, as it's noted, and
19 we're about to speak about it in a minute --

20 COMMISSIONER CHOPER: No, no, that's all right.

21 MR. LUDT: -- we spent \$35 million here, and we
22 haven't spent it there. It's been strictly repairs and
23 maintenance. And we have a proposal that we're trying to
24 push through, A, through the Stronach Group, and then we'll
25 have to attack as we're working through this through the

1 local officials.

2 MR. RAINEY: Cal Rainey. That being said, our
3 dollar day on Sunday probably has the youngest demographic
4 of any race day at Golden Gate Fields right now.

5 COMMISSIONER BENETO: How is the handle on that
6 day?

7 MR. RAINEY: They don't typically bet a lot for
8 the attendance but they -- they're having a good time, and
9 we hope we're developing some handicappers.

10 COMMISSIONER BENETO: You know, I've been thinking
11 about this before the meeting, your field size; did you ever
12 work the numbers, Cal, if you -- if you get more horses and
13 your field would say be ten, average a ten-horse field, how
14 would your --

15 MR. LUDT: Let me give you a great example of
16 that, Commissioner, because it's a great analogy that we
17 make as an industry. Obviously, we specifically look at it
18 on behalf of us, Golden Gate and here. This past Saturday
19 we were up 27 percent in attendance. Our handle was almost
20 identical to what it was last year. Field size was way up.

21

22 So there are just so many dynamics to this.
23 There's a much bigger promotion on a big track on field
24 size. But when you get above six is the difference. When
25 we go to seven and eight, especially nine or ten,

1 significant change.

2 One of the things that, you know, we proposed and
3 we haven't done this year is it's -- TVGs is promoting our
4 racing a little bit more. On the smaller tracks, it's
5 exposure. And as you run against Keeneland and other tracks
6 it's a choice at our simulcast facilities, not just in
7 California everywhere, of what channels are on. So we're
8 lobbying constantly to get exposure because that's the
9 choice. And if you go around the country or even in our
10 OTBs around here you have to see what channels are on. And
11 you do battle with these people because we're prejudice, no
12 different than any other track is. And those OTBs are
13 trying to make money, so they're trying to put the channels
14 on that drive them the most.

15 But there's no doubt, below seven horses is a
16 significant difference when you get to eight or nine.

17 COMMISSIONER CHOPER: Is that -- does that apply
18 to the on-track as well as the --

19 MR. LUDT: Absolutely.

20 COMMISSIONER CHOPER: Uh-huh.

21 COMMISSIONER BENETO: I'm -- you know, if -- if we
22 can go back, get a way to go back to five days a week with
23 an average of nine- or ten-horse field --

24 MR. LUDT: We'll take it.

25 COMMISSIONER BENETO: -- I bet the bottom line

1 would look pretty good, huh?

2 COMMISSIONER CHOPER: Yes.

3 MR. LUDT: We'll carry you through all that
4 blogging.

5 COMMISSIONER BENETO: I guess my -- to finish my
6 question, that would be a good gamble for you guys to try
7 that, up your purses, maybe, and draw horses from other
8 states that are, you know, that are -- where they're
9 running.

10 MR. LUDT: I would argue -- I agree with all those
11 things you say. The challenge is trying to remain solvent.
12 And at the same time we're going against the reduced crop.
13 As you see, it's not a California thing, although we are --
14 we tend to be on an island here as you look how far people
15 have to ship. But, you know, even the big tracks are
16 starting to struggle with field size.

17 So we would love to go five days and nine-horse fields
18 because it's a great win for charities and everyone. It's
19 just -- I don't believe it's feasible today with the number
20 of horses that we have in training. And as, you know, many
21 of you have race horses, you see what it costs. And if we
22 could bump the purses to drive the purse sizes we'd do it in
23 heartbeat.

24 COMMISSIONER BENETO: So you're not willing to
25 take that gamble?

1 MR. LUDT: Well, there are people above me that
2 might have to sign off on that based off the risk-reward
3 issue.

4 COMMISSIONER BENETO: It might -- well, it might
5 be a win-win situation. I mean, we've -- we try all these
6 gimmicks of, you know, of remodeling the race track, and
7 having dollar days and -- but we don't do the gambling, I
8 don't think, on maybe upping the purses so we can draw
9 purses from other states that come run at your track,
10 like -- kind of like --

11 MR. LUDT: I don't want to put Mr. Morris on the
12 spot here but, you know, we do share those purses and they
13 would have to agree to this risk, and that is the horsemen.

14 CHAIR WINNER: Mr. Morris doesn't seem to be
15 smiling.

16 COMMISSIONER BENETO: Explain that to me.

17 MR. LUDT: Well, the handle is what drives our
18 purses because as we --

19 COMMISSIONER BENETO: Right.

20 MR. LUDT: -- you know, we split those -- we split
21 the revenue on these -- on the handle --

22 COMMISSIONER BENETO: Right. Right.

23 MR. LUDT: -- to drive our purses. So in order
24 for us to make a stake go from 100 to 200 it takes an
25 agreement that you guys always get to see that we have an

1 agreement before we have our dates.

2 COMMISSIONER AUERBACH: You know, this -- this
3 segues into a nice opportunity for me. Thank you. And the
4 opportunity for me is to request something from the Stronach
5 Group because you have two of our major tracks. If the race
6 agreement would get to people a little earlier it would give
7 us all an opportunity to look at them earlier and spot the
8 differences and the, not problems but discrepancies that
9 need to be resolved before they get to the Board packet.
10 And maybe we could avoid a lot of the, not contentiousness
11 but just chatter. Because they're going to be fixed, and we
12 all understand they're going to be fixed. But it would be
13 nice to not have to do it, I don't want to say in open
14 court, but in these meetings. If there's a way to get it
15 done earlier I think it would work better for everybody
16 involved. Just a thought.

17 MR. LUDT: No. The challenge of this one is, is
18 we're just into our fall meet at Golden Gate, and now we're
19 projecting a six-month meet. So the -- and I'm not going to
20 speak for the TOC. But it's -- you know, if we were to make
21 expectations of where we're at for six months of the next
22 meet and off -- and we'd be way off, I don't want to be
23 negative, then we would have a major overpayment. So it is
24 a delicate issue that the racing secretaries and the TOC, as
25 you would know, battle. But the timing of this meeting,

1 especially since we're -- this next point of discussion
2 involves me, again, with Santa Anita --

3 COMMISSIONER AUERBACH: Right.

4 MR. LUDT: -- and we have the Breeders' Cup, it's
5 just a challenge to juggle at one time.

6 COMMISSIONER AUERBACH: Well, I, you know, I
7 understand that, and I think we all do. And this is, what,
8 three years in a row now Santa Anita has had the Breeders'
9 Cup, which is a wonderful thing. And I just kind of think
10 that maybe we should all be adjusted. And when you have
11 things like putting out the stakes' schedule, we could get
12 that out of the way. And I think there was a discrepancy in
13 the dates, maybe, at Golden Gate and there was a little
14 switching around. I'm not sure if that got handled. And
15 there may be some further to do at Santa Anita.

16 And I don't really -- I prefer not to go into it.
17 I just want to know that the groups that are responsible for
18 those things are working together and getting it handled so
19 we don't have to handle that stuff. That should be kind
20 of --

21 MR. LUDT: I would concur with you.

22 COMMISSIONER AUERBACH: In my view, that should be
23 done prior to us getting it. You know, I think that when we
24 get it the TOC should have had the opportunity to sign off,
25 and the other groups too.

1 So if there's anything you can do in your office
2 to make that happen I think it would be appreciated. That's
3 all. Thank you.

4 CHAIR WINNER: Where are we, Mr. Ludt, with
5 respect to the TOC and the CTT agreement?

6 MR. LUDT: I believe in Golden Gate we have them
7 both.

8 MR. RAINEY: We have approval. The TOC has
9 approved our stakes' schedule. And for the most part most
10 of the agreement, except for some language, small language
11 changes that affect us and Santa Anita. So I think we're
12 pretty close.

13 CHAIR WINNER: Okay. So we don't have those.

14 MR. LUDT: Right.

15 CHAIR WINNER: So obviously any approval will be
16 pending the receipt of those documents, and also horsemen
17 approval of ADW. And I think there's another 2015 contract
18 required pursuant to B and P Code 19604 that we don't have.
19 Are you familiar with that?

20 MR. LUDT: Yeah. Our intentions is, hopefully, to
21 get approval pending those contracts being worked out --

22 CHAIR WINNER: Okay.

23 MR. LUDT: -- in the next few weeks.

24 CHAIR WINNER: Okay. All right. Is there any
25 other discussion on this item? Commissioner Krikorian?

1 COMMISSIONER KRIKORIAN: Yeah. Tom, just one
2 other thing I wanted to ask about, and I don't know what
3 efforts have been made in this regard, as well. But since
4 the majority of your revenue is generated offsite, okay, it
5 would seem that the -- the timing of the races when they're
6 simulcast would be critical to try and maximize your
7 revenues. And I want to know what efforts are being made,
8 if any, to do that. Because it seems that on a Saturday
9 afternoon a lot of times at Golden Gate the races are always
10 delayed, not always but much of the time they're delayed and
11 so forth. So if you've got an audience out there, I don't
12 think they want to sit there and have -- watch a race that
13 was delayed 10 minutes or 15 minutes, and so forth. Can you
14 address that?

15

16 MR. LUDT: Yeah. And I don't want to throw the
17 state under the bus here, which this is where this is going
18 to go, it's one of my pet peeves. I'm friends with a lot of
19 different racing jurisdictions from my past. And we tend to
20 have a very good state program. We have to get permission
21 from the stewards to adjust our races. And there are times
22 that we've moved them a couple minutes to assist us.

23 Other states don't quite have those rules, and
24 it's very frustrating because it affects California racing.
25 It affects all the state -- tracks in this state because

1 other jurisdictions may not be so diligent about the rules
2 of post time and you can just yourself go watch. And
3 it's -- I will promise you, our pari-mutuel guys are
4 watching that. And we try to work with other states because
5 it's a dramatic issue, much more so than for Golden Gate
6 than it is Santa Anita because people tend to stay away from
7 Santa Anita. Golden Gate, we tend to stay away from the
8 bigger tracks. But when they drag and they just have
9 issues, obviously, some are shoeing and scratches at the
10 gate. But it's something we watch.

11 All of our pari-mutuel people have these TVs in
12 their rooms. I guess if I could say it publicly, because
13 I'm saying it, it would be nice to see other states be as
14 diligent about the rules as we are in California.

15 COMMISSIONER KRIKORIAN: And can you get -- can
16 you gather organizational support to get these tracks
17 together, have a meeting --

18 MR. LUDT: I've tried.

19 COMMISSIONER KRIKORIAN: -- to discuss it?

20 MR. LUDT: I would argue that would be more of --
21 that's where we get into that national basis. I mean, post
22 times are probably one of the biggest challenges, in my
23 personal opinion, that this industry could easily fix, and
24 it's not moved .

25 COMMISSIONER KRIKORIAN: It would seem to be to

1 everyone's advantage to work together.

2 MR. LUDT: The problem is, just so you know,
3 you've asked the question, is let's just pretend there's a
4 state out there that doesn't exist and we call them. They
5 say you move. We say they move. And then you get a third
6 state, then you get the fourth state. And it's just -- it's
7 political.

8 But it's a great question. And I think -- I
9 think, personally, as we see field sizes become an issue and
10 I think we see other tracks across the country struggle, I
11 think will hopefully cooperate better, because it's a major
12 issue for the player.

13 COMMISSIONER KRIKORIAN: Yeah. Okay. Thank you.

14 CHAIR WINNER: If there's any way that we can be
15 helpful on that --

16 MR. LUDT: It's all Rick's fault. I'm just
17 kidding.

18 CHAIR WINNER: Any other questions? Any other
19 questions?

20 COMMISSIONER BENETO: Well, he mentioned TVG a
21 minute ago. How come they don't give you your fair share of
22 time?

23 MR. LUDT: Well, we did negotiate --

24 COMMISSIONER BENETO: I mean, I'm trying to watch
25 Golden Gate and I -- you know, it's just, boom, they're off

1 and running. You know, it kind of irks me.

2 MR. LUDT: Well, we worked an agreement with them,
3 as you recall, I guess it's been a year ago, on offering our
4 races to them. In exchange they have to show -- I'm sorry,
5 I forget, is it --

6 MR. RAINEY: Seventy percent.

7 MR. LUDT: -- 70 percent of our races.

8 COMMISSIONER KRIKORIAN: Yeah.

9 MR. LUDT: Cal has --

10 MR. RAINEY: Some may be recorded.

11 MR. LUDT: Cal has emails on my computer right now
12 complaining about that, and I complain and we push. It's
13 the battle of post times. It's a battle of exposure. And
14 it's something that would dramatically help us as we
15 continue to get more visibility. It's not only on the TVGs
16 of the world but, you know, the direct signals at the
17 facilities.

18 COMMISSIONER BENETO: Well, even HRTV, sometimes
19 I'll be flipping back and forth, and I get it at the last
20 minute there, too.

21 MR. LUDT: The great news is, is on 12/31 the
22 Stronach Group will own that channel 100 percent. Right now
23 we have a partner.

24 COMMISSIONER BENETO: Uh-huh.

25 CHAIR WINNER: You still ought to have more

1 control over it than TVG.

2 MR. LUDT: We'd like to think so.

3 CHAIR WINNER: Any other questions? Is there a
4 motion? The motion would be to approve pending receipt of
5 the missing documents.

6 COMMISSIONER CHOPER: So moved.

7 CHAIR WINNER: Commissioner Choper moves.

8 FIRST VICE CHAIR DEREK: Second.

9 CHAIR WINNER: Vice Chair Derek seconds. All in
10 favor?

11 ALL COMMISSIONERS: Aye.

12 CHAIR WINNER: Any opposed?

13 Have a terrific meet, Gentlemen.

14 MR. LUDT: Thank you.

15 MR. RAINEY: Thank you.

16 CHAIR WINNER: Thank you.

17 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, if I
18 might, I'd just like to address the folks outside of this
19 room who might be listening to us. Apparently the first
20 several minutes of the meeting were not broadcast. And so
21 we will putting out a transcript of everything that was said
22 up until the time that we came online.

23 CHAIR WINNER: Thank you. Discussion and action
24 by the Board on the Application for License to Conduct a
25 Horse Racing Meet of the Pacific Racing Association at --

1 at --

2 EXECUTIVE DIRECTOR BAEDEKER: Los Angeles.

3 CHAIR WINNER: -- Los Angeles Turf Club, Santa
4 Anita, commencing December 26, 2014 through June 28th, 2015.

5 Gentlemen, Mr. Ludt, nice to see you again.

6 MR. LUDT: Yeah, welcome. Thank you very much.
7 Tom Ludt, President of Los Angeles Turf Club.

8 We sit before you with those same dates. I
9 thought first and foremost, for those that are listening
10 everywhere, we want to welcome everybody as we start to see
11 our crowds swell for this little event that's going to take
12 next week -- take place next week, the Breeders' Cup. So
13 we're excited. I think Commissioner Auerbach brought it up
14 earlier, it will be the third straight year, first time
15 ever. It speaks well of Southern California racing. We're
16 hosting again in '16. Del Mar is having it in 2017. So
17 we're excited.

18 It's been a great early meet so far. But most
19 importantly, here in front of you today, we want to just,
20 number one, again, we are still working through the details
21 with the TOC and CTT. I've met with both of them. Rick and
22 I did, actually, again this morning. We're getting to the
23 details. And I apologize, there is a pretty good excuse.
24 Next year we can't use this because we're not hosting the
25 Breeders' Cup. But it's a challenge. We're three weeks

1 into this -- we're four weeks into this meet. We've got
2 Breeders' Cup.

3 But looking forward, it was a great unique event last
4 year, December 26th through June 29th. No one really knew
5 what we were getting into. We thought we had a phenomenal
6 meet. It was a little unknown. There was concerns about
7 racing that long. As you know we've had wonderful
8 renovations here, and we continue to tweak and make changes
9 to attract different crowds. It's a little easier to speak
10 on this facility right now than it is Golden Gate because we
11 have invested the money and we're 99 percent done. And I
12 think we offer a facility that's second to none in the
13 country, and I think we all should be proud of that.

14 And obviously not I, I'm the employee, but the
15 Stronach Group has made a major investment to get that
16 younger crowd and different crowd into different places.
17 The staff here hears me preach all the time that we have
18 different, what I call, price points. And we have the
19 general admission which we think is wonderful. The view is
20 the view here. But we have very unique places. And I'm
21 sure most of you, if not everyone that's listening, see most
22 of that. So we're proud of that.

23 We have a long ways to go. This wasn't an
24 investment that was going to solve our problems overnight.
25 But you know, we are proud of the meet last year. We think

1 it was it a great success. There were some great concerns.
2 I'm sure Mr. Hammerle will tell you in a minute he was a
3 little nervous about field size, but we had a phenomenal
4 meet.

5 So looking forward we have some details to work
6 out on this stakes' schedule. I think it's just tweaking a
7 stake or two at this point. But we're going to have a
8 couple \$1 million races. I mean, there's a lot of good
9 things to be looking forward to. Like I said, the handle
10 was -- we broke \$1 billion, probably the first time on a
11 four-day meet in a meet in Southern California in a long
12 time, if ever.

13 So we're very proud. We're excited. We're going
14 to tweak and make changes, like we do. We're going to get
15 through the next week. I'm going to let the staff breathe
16 for a few days and then we'll get right back at it.
17 Because, as you know, December 26th is a special day here in
18 Southern California, and we're excited. The dates are
19 there. We think we'll probably run it as one continuous
20 meet. There are some minor details to tweak through this
21 with the TOC.

22 But we've got Rick Hammerle and Nate Newbie, our
23 marketing manager, up here, so I'll turn it over to them.

24 COMMISSIONER CHOPER: Can I ask one question,
25 please?

1 MR. LUDT: Sure.

2 COMMISSIONER CHOPER: Do you keep track of the
3 number of people, trainers, who are at particular meets from
4 year to year? Is my question clear?

5 MR. LUDT: Trainers here?

6 COMMISSIONER CHOPER: Trainers here at Santa
7 Anita, yes.

8 MR. LUDT: I would think Rick --

9 COMMISSIONER CHOPER: How many -- how many do you
10 have here for a particular meet?

11 MR. LUDT: We would have records of how many
12 trainers are onsite with how many horses daily, as well as
13 all of our sanctioned facilities.

14 COMMISSIONER CHOPER: Uh-huh. And how do they
15 compare one year to the next?

16 MR. LUDT: I wouldn't --

17 COMMISSIONER CHOPER: I mean, the -- you know, the
18 number of horses around are very difficult to --

19 MR. LUDT: Well, the great thing about right
20 now --

21 COMMISSIONER CHOPER: Yeah.

22 MR. LUDT: -- on that question is when you look at
23 '13 versus '14, we have increased our horse count.

24 COMMISSIONER CHOPER: Yes.

25 MR. LUDT: And our horse count would be that are

1 under our sanctioned facilities, which is not just the host
2 track but the other facilities in the state. We believe
3 that's because of the Ship and Win at Del Mar, the purse
4 structure. As you know, we are now continuously keeping the
5 same overnight purse structure here at Santa Anita.
6 Unfortunately some other jurisdictions outside of California
7 may not be doing so well, so you see trainers relocated
8 because of purse size.

9 And bringing up your previous question, so purse
10 size drives it; it's just the handle comes with it. And we
11 are blessed to see that people love to bet at Santa Anita,
12 especially our multiple-leg bets. As you know, the Pick 6
13 is a phenomenal thing. We've put up that \$100,000 guarantee
14 on the late Double. It's been a phenomenal success.

15 COMMISSIONER CHOPER: But I'm just wondering
16 about -- I'm wondering about the number of trainers.

17 MR. LUDT: I would have to ask Rick the exact
18 number.

19 COMMISSIONER CHOPER: Sometime you might send that
20 to us or something.

21 MR. HAMMERLE: I'd be glad to.

22 COMMISSIONER CHOPER: Yeah.

23 MR. HAMMERLE: We have right now four facilities
24 that we're using, Santa Anita, obviously, when we run here.
25 We have horses at Pomona, horses at Los Alamitos, and horses

1 at San Luis Rey. So I'll be glad to send you each -- each
2 facility, the number of trainers there, and the number of
3 horses, as well.

4 COMMISSIONER CHOPER: Yeah. Compare maybe, you
5 know, one or two years, one year, two years --

6 MR. HAMMERLE: Sure.

7 COMMISSIONER CHOPER: -- one more year, and going
8 back through.

9 MR. HAMMERLE: I'll get that to you --

10 COMMISSIONER CHOPER: I'm curious about that.

11 MR. HAMMERLE: -- just -- tomorrow.

12 COMMISSIONER CHOPER: Because most of them are
13 still around --

14 MR. LUDT: Yes, sir.

15 MR. HAMMERLE: Yes, they are.

16 COMMISSIONER CHOPER: -- unlike the number of
17 horses. I'm just -- I'm assuming the number of trainers is
18 more or less stable, I don't mean, I mean nationwide. And I
19 just wonder, that's -- that's also a metric, it seems to me.
20 It asks for a comparison to see how we're going in that
21 respect.

22 MR. HAMMERLE: Actually, the number of trainers
23 probably fluctuates but is very stable.

24 COMMISSIONER CHOPER: Is that right?

25 MR. HAMMERLE: The number of horses we have

1 this -- at this time this year was up over the number of
2 horses we had at this time last year, which is a good thing.

3 COMMISSIONER CHOPER: That is a good thing.

4 CHAIR WINNER: Mr. Ludt, you raised, Tom, the
5 Ship and Win Program, the Del Mar Ship and Win Program,
6 which has, I think we all agree, has brought some trainers
7 here that weren't here before and they tend to stay, at
8 least they keep a string of horses here. But Santa Anita is
9 not participating in Ship and Win.

10 MR. LUDT: Well, this -- the California Marketing
11 Committee meets at three o'clock today. And we've been
12 working with Los Alamitos and Del Mar. We're trying to come
13 up with a year-round proposal. Actually, we have a meeting
14 at three o'clock today.

15 CHAIR WINNER: Okay.

16 MR. LUDT: Because we have that California
17 Marketing Committee budget.

18 CHAIR WINNER: Right.

19 MR. LUDT: And we're tweaking it and making a
20 change that's going to be more of a year-round program.

21 CHAIR WINNER: Good. I'm glad to hear that.
22 Because personally I think the Ship and Win Program has been
23 a very big success. And I think it would be helpful if it's
24 year-round, and I think that would attract more -- more
25 trainers, more horses, and hopefully when they come they

1 stay because they see how terrific we are.

2 MR. LUDT: I love to remain positive, but I also
3 want to be a realist. The challenge, and one of the reasons
4 we're meeting this afternoon, we have another meeting, also,
5 and it's a stabling issue. As you guys are probably very
6 well aware, it's a great issue to see the horse count
7 increase here, but we've lost a lot of stabling. So we're
8 trying to address that --

9 CHAIR WINNER: Yeah. Right.

10 MR. LUDT: -- as a jurisdiction, too.

11 CHAIR WINNER: Right. And I do -- I understand,
12 that's a delicate balance, especially now. And as I said,
13 the meetings that we had last week are encouraging in terms
14 of the direction it's going.

15 MR. LUDT: Yeah. As you guys would know, running
16 eight months of the year, having full fields comes into
17 exposure and availability.

18 CHAIR WINNER: Right.

19 MR. LUDT: And the Stronach Group is diligently
20 working on addressing that situation with the other
21 jurisdictions here.

22 CHAIR WINNER: Any other comments? Nate?

23 MR. NEWBIE: Sure, I'll --

24 CHAIR WINNER: Marketing?

25 MR. NEWBIE: Hopefully everybody has had a

1 chance -- Nate Newbie, Santa Anita.

2 Hopefully everybody has had a chance to review the
3 marketing plans. I can touch on just a couple of any
4 highlights and then, of course, answer any questions. You
5 know, we're very excited to debut the new renovations. I
6 think that, you know, you've seen the two-year process that
7 just finished here in the last four weeks, right before
8 autumn meet. So now we're moving on to the challenge of
9 introducing all of Los Angeles and Southern California to
10 these new spaces.

11 I can tell you, the feedback from customers so far
12 has been overwhelmingly positive, so we're really excited
13 about that. People are enjoying their time here in the new
14 areas. We have, as Tom said, we have different experiences
15 for every level of customer. And you know, taking what
16 we've learned from our first attempt at the extended winter-
17 spring season, I think we're going to do a few things
18 differently. We had some successes and we had some things
19 we want to work on. So that's where we're at.

20 We've recently launched a new website. I don't
21 know if anybody has had a chance to check that out, but it's
22 very visual. There's a video background that plays that
23 really shows off what Santa Anita is, especially to new
24 customers. So we're getting very good feedback on that.
25 There's improvements that will happen to that website over

1 the next two months and it will look even better before
2 opening day on December 26th.

3 I'll touch on just a couple other things, on
4 things that we want to look at, things that we can improve
5 upon. Last year during the extended season we tried
6 Twilight Fridays and three o'clock posts in the spring
7 season. And as you know or may or may not know, the -- it
8 was probably disappointing in as far as attendance. Handle
9 was actually okay. But we really felt that was a good
10 opportunity to get a younger demographic, get people coming
11 after school, after work to come out. We talked to some of
12 those customers and the biggest challenge is traffic. The
13 210 Freeway is a parking lot, and so we're looking through
14 those issues. We're looking at some options there with
15 public transportation, a partnership witness Uber, bussing
16 in some -- some groups. So we have not finalized the plan
17 for Twilight Fridays yet. We're going to be continuing to
18 look at that over the next few months.

19 And then the other thing that we want to work on
20 is our free infield promotion. We really like the idea, and
21 we think that that will grow over time. But again, it was
22 probably not what we expected in the first attempt.

23 So kind of finishing up with Breeders' Cup, we're
24 very excited about this year and taking all of the awareness
25 that that brings to these new areas. Right now we're

1 looking about six percent ahead in ticket sales over last
2 year. So for a third year in a row we're certainly very
3 optimistic about that event. And then Breeders' Cup is a
4 great partner on making sure that Santa Anita benefits from
5 all the exposure in very way we can.

6 So happy to answer any questions.

7 VICE CHAIR ROSENBERG: I have a question.

8 MR. NEWBIE: Sure.

9 CHAIR WINNER: Mr. Rosenberg?

10 VICE CHAIR ROSENBERG: Nate, on page 845 you have
11 a total marketing budget for 2014 of \$5.982 million. That
12 was -- and the supplement that you gave us, I don't have a
13 page for it, but you said spring -- the spring marketing
14 budget, spring -- winter and spring marketing budget, you
15 mention that the winter and spring meet is \$4.8 million.

16 MR. NEWBIE: Yeah. Annually budget --

17 VICE CHAIR ROSENBERG: Total --

18 MR. NEWBIE: Oh, go ahead.

19 VICE CHAIR ROSENBERG: But the total budget for
20 the fall, as well, is \$6.032 million. So what is the \$5.982
21 million refer to?

22 MR. NEWBIE: I believe it's the budget versus the
23 actual. Honestly, we actually -- our annual budget is right
24 around \$6 million.

25 VICE CHAIR ROSENBERG: So this is not -- so

1 this -- but my point is this -- this budget item on number
2 17 of the application is not for just this winter and spring
3 meet, it's for the whole year?

4 MR. NEWBIE: Winter and spring is approximately
5 \$4.8 million. I can tell you, last year --

6 VICE CHAIR ROSENBERG: Right.

7 MR. NEWBIE: -- because of the opportunity around
8 California Chrome --

9 VICE CHAIR ROSENBERG: Right. Okay.

10 MR. NEWBIE: -- we actually spent more than we
11 told you originally. So the great news is, you know, the
12 Stronach Group is willing to invest when we see an
13 opportunity. So it's in that range. But as things come up,
14 if we have, you know, some positive things like California
15 Chrome happen we'll capitalize on that and we'll spend some
16 money. But in the \$4.8 million range.

17 VICE CHAIR ROSENBERG: Okay. I just wanted to be
18 clear you weren't spending extra \$1.4 million this year,
19 that's all.

20 MR. LUDT: And I would note that we know that, but
21 those that are listening, we spent \$30.5 million more.

22 VICE CHAIR ROSENBERG: Yeah.

23 MR. LUDT: I do -- I mean, I do -- I know it might
24 not look that way, but I do think it needs to be recognized.
25 And, yes, it is thanking the Stronach Group for doing that.

1 But you know, you look at a time that we're in -- we're in a
2 state that there's no subsidy, so we compete on these purses
3 with a lot of facilities that get that. And we have a
4 gentleman that owns this organization that continues to pour
5 money into it, which is a great risk to get on-track
6 experience. And I think it's very important that we do
7 highlight that, probably not to you all as much, but I do --
8 I'm very proud of that, that that money spent is 100 percent
9 out of our pocket to make the experience better. And it
10 will take years to get that back, but it is relevant.

11 I also, before I forgot, I don't know when I last
12 spoke about this, but we've put in a new track. And as you
13 guys probably know, that's not cheap. It was a great
14 expense. I'm happy to tell you that it's the same rough --
15 the same surface as the Los Alamitos. And then Del Mar,
16 after this November meet, will be putting in that same
17 track. I think from a horse perspective, from my personal
18 opinion, this is going to be a good thing for Southern
19 California. But we have a new track, knock on wood. It's
20 been received very well. So we're excited about that, also.

21 CHAIR WINNER: I agree with you, by the way. I
22 think the idea of having the same track, same surface at the
23 three Southern California tracks is absolutely terrific.

24 COMMISSIONER AUERBACH: I just wanted to comment
25 on the -- the new website, it's fabulous, I mean especially

1 for people like me who are technically challenged, it really
2 is. It's fun to be there and look around and find things.
3 And it's very -- I don't know, you get, oh, god, I want to
4 go there, that looks like a lot of fun. So if we can just
5 drive people to look at the website I think we'll get more
6 people out here.

7 CHAIR WINNER: I agree.

8 MR. LUDT: Thank you.

9 MR. HAMMERLE: Thank you.

10 COMMISSIONER AUERBACH: I thought it was really
11 terrific. I hadn't seen another one like it.

12 CHAIR WINNER: I agree.

13 COMMISSIONER AUERBACH: So thanks for that.

14 CHAIR WINNER: And as long as we're talking about
15 some of the positives --

16 MR. LUDT: We appreciate that.

17 CHAIR WINNER: -- and certainly there are
18 negatives that come up from time to time, but from the --
19 from the standpoint of the horses I think the fans that you
20 put into the saddling arena and the barn are terrific. And
21 I do think on hot days it makes -- it makes a big
22 difference, and we appreciate that.

23 Any other comments?

24 EXECUTIVE DIRECTOR BAEDEKER: Can I ask one
25 question?

1 CHAIR WINNER: Yes, please.

2

3 EXECUTIVE DIRECTOR BAEDEKER: I'm just curious,
4 you know, last year with the long meet, the first time ever,
5 they experienced some issues with -- with the turf course.
6 And I remember talking to your superintendent who was
7 talking about the -- you usually over seed with an annual
8 rye and then you'd have to try to keep it alive, you know,
9 through the longer meet. Were any changes made in
10 anticipation of the -- of that same issue?

11 MR. LUDT: You know, I apologize, I'm not a turf
12 guy. But Dennis Moore, our Track Superintendent, and then
13 Bernie Eastridge is our Turf Superintendent, we -- we meet a
14 lot. I'm not a turf guy. Well, we've done a lot of
15 different things. I don't want to sit there and paint the
16 details because I might screw it up. But Mother Nature was
17 not kind to us in '14 with natural rain, as you know.

18 So I would -- I would want to thank those guys.
19 They've put in an enormous amount of time. I mean, we're
20 running a track, first for safety. But I will tell you the
21 overtime hours were a little bit of an issue this year
22 because we had to spend an enormous amount of time. And
23 there were different grasses and different things done, a
24 lot more aeration, unfortunately because of the water
25 conditions a lot more natural water -- or us watering the

1 track.

2 But the actual details, I don't know enough about
3 that, Rick. But -- but, yes, there's been a lot of changes
4 because, now, the time that we run.

5 EXECUTIVE DIRECTOR BAEDEKER: Thank you.

6 MR. LUDT: Rick, I don't know if you know that. I
7 just don't know the different grass details.

8 CHAIR WINNER: Any other questions, comments?
9 There are still some items missing, also. The TOC and the
10 CTT agreements are missing. The pertinent 2015 contract or
11 agreement required pursuant to B and P 19604 is missing.
12 And the horsemen approval of ADW is missing.

13 So is there a motion to approve, pending receipt
14 of the missing documents?

15 COMMISSIONER KRIKORIAN: Move.

16 CHAIR WINNER: Commissioner Krikorian moves.

17 VICE CHAIR ROSENBERG: Second.

18 CHAIR WINNER: Vice Chair Rosenberg seconds. All
19 in favor?

20 ALL COMMISSIONERS: Aye.

21 CHAIR WINNER: Any opposed? Have a good meet.

22 MR. LUDT: Thank you all.

23 MR. HAMMERLE: Thank you.

24 CHAIR WINNER: Thank you very much.

25 Moving on, item number seven, discussion and

1 action on the Application to Conduct of the Los Alamitos
2 Horse Racing Association at Los Alamitos, commencing
3 December 3rd, 2014 through December 23rd, 2014, inclusive.

4 Gentlemen?

5 MR. MCKINZIE: Good morning. Brad McKinzie, Los
6 Alamitos Racing Association.

7 MR. ENGLISH: Rick English, Los Alamitos Racing
8 Association.

9 MR. MCKINZIE: And we'd like to invite Tom Ludt to
10 come up and speak for us.

11 (Laughter.)

12 CHAIR WINNER: Brad, you're on.

13 MR. MCKINZIE: Thank you. First of all, we're
14 very pleased to be up here for our license for our first
15 winter meet at Los Alamitos. We have 12 days of racing
16 December 4th through December 21st, racing four days a week.
17 We're anxious to see how we do in the winter, just as we
18 were anxious to see how we would do in the summer and how we
19 would do in the fall.

20 I would like to thank the CHRB staff for assisting
21 us in this license application, as they do. Every time they
22 all right a great, great help to us.

23 And, Mr. Chairman, you are absolutely correct,
24 you have a marvelous staff up there in Sacramento --

25 CHAIR WINNER: Thank you.

1 MR. MCKINZIE: -- and we couldn't do this without
2 them.

3 CHAIR WINNER: Thank you.

4 MR. MCKINZIE: Our goal this winter, quite
5 frankly, is to build on our fall meet. We had a very
6 successful fall meet. As you know, we took over the race
7 dates that had previously been run at Fairplex. And the
8 numbers show that we were about 26 percent higher with few
9 races and fewer race days than Fairplex. So it built; it
10 was a better meet than we had in the summer. And I would
11 like to tell you it was all these wonderful things that we
12 did.

13 But as Mr. Ludt just got done talking about, the
14 single greatest contributor to our success was our field
15 size went up from 6.5 in the summer to 7.6 in the fall, and
16 that makes the difference. We become -- we saw spikes in
17 our out-of-state handle, spikes in our ADW handles, spikes
18 in our pools. It is field size that drives this business,
19 just no question about it. Every -- everything we do, if we
20 do everything right, if you put a bad product out on the
21 race track it is -- it is not going to do you any good. So
22 we're hoping to build on that for the fall.

23 The other things that we did see, as I mentioned,
24 we saw spikes in our -- in our out-of-state and our
25 satellite and our ADW. We're going to try to continue to

1 build on that. I think one of the main reasons was is that
2 the betters are just becoming more familiar with our race
3 track and more -- and I think that's one of the reasons why
4 the horse -- we had more horses in races is that the
5 horsemen are more familiar with our race track, more
6 comfortable with running at Los Alamitos, betters are more
7 comfortable betting on Los Alamitos races.

8 COMMISSIONER CHOPER: I think the size of the race
9 track is making a big difference, too, for some people.
10 That is the -- you know, the longer --

11 MR. MCKINZIE: Mile.

12 COMMISSIONER CHOPER: -- making it not as
13 circular. I don't know how to describe it. It's a mile
14 track now, essentially; right?

15 MR. MCKINZIE: Yes. Yes.

16 COMMISSIONER CHOPER: That's what I mean.

17 MR. MCKINZIE: No, and that's -- and players want
18 to see how formful the track is, and that's one of the --
19 one of the -- we have a better story to tell this winter now
20 that we have some experience. For example, our track being
21 formful. Our favorites in the money in the fall, close to
22 70 percent. Well, that's a story to tell. You know, pools
23 up to \$500,000 for Pick 4 and Pick 5 pools, that's a story
24 to tell. So now we have -- we have a better story to tell
25 as we -- as we build with -- with the additional meets.

1 This winter meet we also have a good story to tell
2 as far as the product we're going to be putting out. The
3 race meet will be highlighted by the \$500,000 Los Alamitos
4 Futurity which was formally the Cash Call Futurity. It's a
5 Grade 1. It's been awarded points towards the Kentucky
6 Derby, running a \$350,000 Grade 1 Starlet, awarded points
7 towards the Kentucky Oaks. So we've got -- we've got that
8 story to tell.

9 To build on that we're reaching out once again to
10 our out-of-state players through TVG, HRTV, Daily Racing
11 Form. The one thing we've added this year is -- and I'm the
12 worst guy to talk about this, but I'm going to half to --
13 it's called QR technology to where in all our print
14 advertising, in our racing formats, newspaper adds, in our
15 program, put this icon and people with smart phones can
16 click on that icon and it's going to take them directly to a
17 Los Alamitos website.

18 For example, if you're sitting in New York and
19 you're looking at the PPs for Los Alamitos, we're going to
20 have an add in each -- that day's form every day we run
21 that's going to have the icon. You can click on it. It
22 will direct you to our website where you can get a video of
23 our handicapper giving his selections for the Pick 5, or our
24 handicapper giving our selections for the Pick 4.

25 So it's just a way to interact -- interact with

1 our customers that are off -- off track.

2 CHAIR WINNER: What did you say, the icon was QH,
3 so it's quarter horse?

4 MR. MCKINZIE: Well, it should be. It's QR which
5 stands for quick response.

6 CHAIR WINNER: Oh, okay.

7 MR. MCKINZIE: But it's -- maybe QRQH would be --
8 but in newspaper ads we're going to put icons that don't
9 do -- maybe don't do handicapping tips, but how to get to
10 Los Alamitos, a video on the Vessels Club, just some way to
11 where it's easier for people to -- where we can continue to
12 interact with them. So we're -- we're excited about it.
13 It's the first time we've ever done anything like this so
14 we're -- we're working forward on it.

15 CHAIR WINNER: Hey, Brad --

16 MR. MCKINZIE: Yes?

17 CHAIR WINNER: -- just because you're talking
18 about marketing and reaching out, my recollection is that
19 the last time when -- when you were here when we talked
20 about marketing you made the point that you weren't doing as
21 much of the direct marketing but you were partnering with
22 the Orange County Register, etcetera, on a partnership
23 program. What's the results of that?

24 MR. MCKINZIE: Well, the result of it for the --
25 for the fall meet was fantastic because we -- but we've --

1 we've been learning. For the fall meet we tied around our
2 Register Connects with a concert and it was -- it was hugely
3 successful. We also, as -- as I had said after -- when I
4 was giving the report on the summer meet I thought we'd
5 screwed up in the summer meet that we didn't do enough --

6 CHAIR WINNER: Right.

7 MR. MCKINZIE: -- direct. The fall meet we -- we
8 quadrupled our efforts. We sent out -- as we're going to do
9 for the winter, we did a lot of direct mail. We gave them
10 all -- every day they had an incentive to come, either a
11 Mystery Mutuel ticket, free admission, free program, some
12 reason to get them to come, and we saw our on-track business
13 move up. We -- as I said, we've just -- we took them for
14 granted, and you can't do that.

15 But we're going to -- we've also found that the
16 partnerships work well for us because it's someone else
17 inviting them to come to the race track, someone they're
18 more familiar with. This year we're going to be doing
19 two -- we have a three-week meet, we're going to be doing
20 two concerts. And one we're partnering with Register
21 Connects, and the other one, we've reached out to the
22 Cypress Boys and Girls Club and they're going to be our
23 partners on this. So they're going to be out driving people
24 to come to the race track on that day.

25 And one of the reasons that our marketing plan was

1 late getting in, we're very close, we hope, in fact our
2 marketing people are meeting with them today, one of the
3 Orange County professional sports teams is very interested
4 in doing a major event with us, a co-op event at the race
5 track, tied to a charity that we think will be great. They
6 want to do it. We're having a little trouble with the
7 league because, you know, there's gambling going on at a
8 race track. And heaven forbid that there's gambling on any
9 other professional sports. It just doesn't happen. They
10 don't want to taint themselves by being -- I think -- I
11 think we're going to get there.

12 CHAIR WINNER: You don't feel strongly about that,
13 do you?

14 MR. MCKINZIE: No. It just drives me nuts.

15 By the way, speaking of bloggers, I have to tell
16 you, when we -- our concert -- the first concert that we did
17 in the summer was an Elton John tribute band, so it was a
18 fake Elton John. So we put it up on our website, you know,
19 we're all excited about it. The first guy who commented in
20 the little comment period was, "Yeah, great, ponies and a
21 phony. Who the hell is running that place?"

22 But for the -- for the winter, as we said, we're
23 doing two concerts. We're doing the QR technology. We've
24 formed a partnership with our tote company Sportech where
25 we're going to provide Tiny Tims (phonetic) to people up in

1 the Vessels Club and other areas. We're going to give them
2 money to start their account. Every day they play they get
3 another entry into a \$10,000 trip to Las Vegas, so we're
4 trying to drive that business. We're -- we're, just as I
5 said, we're just continually trying to build on what we did
6 in the fall.

7 We do not -- our -- you'll notice that our TOC
8 agreement isn't completed. We are just basically working
9 very cooperatively with the TOC. We're trying to figure out
10 if there's -- there's a graded stakes that we're trying to
11 find room for in our winter schedule. And so finding room
12 for this graded stakes without risking going too far over
13 paid in purses, so we're working with the TOC. I think
14 we'll get that done. I mean, we're willing to stick our
15 neck out, but it's just how far. But that's -- that's the
16 only hold up in the -- in the TOC agreement.

17 So in closing, we're -- like I said, it's, you
18 know, it's only 12 days but it's just one more brick in the
19 wall, that's -- and that's the way we look at these things.
20 And next year it will -- it will be -- you know, we'll
21 actually have a basis to build on, whereas this year was
22 strictly laying a foundation.

23 CHAIR WINNER: Thank you. Any questions? There
24 are -- there are some, as you pointed out, there are some
25 missing documents, Brad, the TOC approval, the horsemen's

1 agreement, the CTT agreement, the marketing -- no, I think
2 we have the marketing.

3 MR. MCKINZIE: We've got the CTT agreement, I
4 think.

5 CHAIR WINNER: We have that?

6 MS. WAGNER: Yes. Jackie Wagner, CHRB staff.

7 CHAIR WINNER: So, Jackie, what are the ones that
8 are still missing.

9 MS. WAGNER: Jackie Wagner, CHRB staff. Of the
10 items listed in the analysis as still outstanding we have
11 received the CTT agreement, we received the marketing plan
12 agreement. We understand the TOC horsemen's agreement is
13 close to being finalized; it's in negotiations.

14 The other information noted is still outstanding.
15 And we can get that information from Brad as it becomes
16 avail.

17 EXECUTIVE DIRECTOR BAEDEKER: I think we did get
18 the promotional marketing budget, though; right?

19 MS. WAGNER: Yes.

20 MR. MCKINZIE: Right.

21 MS. WAGNER: Yes, we did.

22 CHAIR WINNER: Okay. Is there a motion to approve
23 pending the receipt of the missing documents?

24 COMMISSIONER KRIKORIAN: Moved.

25 COMMISSIONER BENETO: Second.

1 CHAIR WINNER: Commissioner Krikorian moves.

2 Commissioner Beneto seconds. All in favor?

3 ALL COMMISSIONERS: Aye.

4 CHAIR WINNER: Any opposed? Good luck, Gentlemen.

5 MR. MCKINZIE: Thank you.

6 FIRST VICE CHAIR DEREK: Have a great meet.

7 COMMISSIONER BENETO: Have a good meet.

8 CHAIR WINNER: Moving on then to item number nine,
9 as we have skipped over item number eight, item number nine,
10 discussion and action by the Board on the Application for a
11 License to Conduct a Horse Racing Meet of Watch and Wager,
12 LLC at Cal Expo, commencing December 26, 2014 through May
13 3rd, 2015, inclusive.

14 Gentlemen?

15 MR. KENNEY: Good morning. Ben Kenney, Watch and
16 Wager.

17 MR. SCHICK: Good morning, Mr. Chairman,
18 Commissioners. Christopher Schick, Watch and Wager.

19 CHAIR WINNER: Chris?

20 MR. SCHICK: Good morning, Mr. Chairman. The --
21 this application before you today is kind of the culmination
22 of a plan that we have been working on since last spring
23 when we ended. As you're going to see, the application
24 calls for four more racing days than the meet last year.
25 We're actually ending a week earlier because we ran into

1 trouble on the backend of our meet last year with horsemen
2 that were leaving to other venues. So we -- we decided
3 we're going to end the Sunday after the Kentucky Derby this
4 year. But what this plan envisions is that we're going to
5 go five weeks of three days of racing. And obviously that's
6 contingent upon us getting enough horses, which has always
7 been our problem, to expand back to three days.

8 We, as I mentioned in our last license
9 application, put out an aggressive incentive plan where we
10 invested over \$250,000 going after new horses this year. We
11 did major advertising in all the trades and websites. And
12 as of -- as we sit here today we're -- we're very excited
13 about the results from our recruiting efforts. We've got at
14 least nine new barns that are of substance from Alberta,
15 Ontario, and New England that are either here or on their
16 way here within the next couple of weeks. So we're -- we're
17 excited about the prospect of being able to expand the
18 industry back, even for five weeks, back to three days a
19 week. If we are successful in that we are going to, you
20 know, look to build on that next season, and possibly go
21 into February. The three days a week is a critical part of
22 the recruiting tool to get horsemen out here, as Mr. Ludt
23 said, out on the island. It's a big move for people to come
24 out here and uproot for four or five months or six months,
25 and then obviously go back east.

1 So our recruiting plan, as we heard here today,
2 field size is crucial. We're very happy with the -- with
3 the recruiting effort. And hopefully we're going to be able
4 to pull off those three-day weeks and kind of build on that
5 as we move forward into the -- into the future.

6 COMMISSIONER BENETO: Chris, how many horses do
7 you have in the barn right now?

8 MR. SCHICK: Well, right now I'd say we're right
9 around 320. But this week is kind of like the demarcation
10 for a lot of the people that are coming. They have stake
11 obligations back -- Alberta runs their last stake this week.
12 New England is just winding down right now. So a lot of
13 guys within the next two weeks are going to be -- are
14 wheeling out this way. So in about -- I'd say in about
15 another three weeks we're going to be much stronger than we
16 are today. But I expect to have -- come around December 1st
17 that 320 mark should swell to about 480, I believe.

18 CHAIR WINNER: So you'll have close to 500 horses,
19 you think?

20 MR. SCHICK: Yes, I believe so. I think our stall
21 application has been where we're somewhere around 440 at
22 this point.

23 EXECUTIVE DIRECTOR BAEDEKER: That's correct.

24 COMMISSIONER BENETO: Hey, Chris, When Steve was
25 running that -- I forget his last name -- when he was

1 running the meet before you, Steve and Al --

2 EXECUTIVE DIRECTOR BAEDEKER: Steve Barry and
3 Gorowitz (phonetic).

4 COMMISSIONER BENETO: Oh, Steve Barry, yeah, thank
5 you. How many horses -- they were running like four days a
6 week in those days. Where did they get their horses at or
7 how did they -- how did they withstand running that many
8 days?

9 MR. SCHICK: Well, I mean, obviously I was there
10 for a large part of when Steve Barry and Alan ran the meet,
11 and they ended in 2004. But if you go back, yeah,
12 historically we were running 200 days a year 4 days a week
13 with full fields. But you know, obviously the advent of
14 slot machines at the track on the east coast just slowly
15 eroded our trainer base. We'd lose a couple guys every
16 year, and obviously they didn't come back. And you know --
17 you know, it's just been an ongoing slide where we've lost
18 of our quality people over the years. And, you know, we are
19 where we are.

20 We recognize that obviously the whole
21 infrastructure, the industry, the breeding industry, the
22 Workers Comp on the CHHA side, the Health and Welfare of
23 Backstretch program, those are all funded by basically, you
24 know, racing days, and we need to try to rebuild that. I
25 don't know if it's possible right now, obviously under --

1 under an unsubsidized model. But you know, the bottom line
2 is we've got to have product to do it and, you know --

3 COMMISSIONER BENETO: Because that was about five
4 years ago when you were running five days, wasn't it?

5 MR. SCHICK: I think the last time four days was
6 run was somewhere right around the in 2007 or 2008 when
7 Sacramento Harness was operating. I don't think when Cal
8 Expo took over in 2008, they ran it from 2008 to 2011, I
9 don't think they ran any four-day weeks.

10 COMMISSIONER BENETO: Why do you think the slot
11 machines killed harness racing out here?

12 MR. SCHICK: Well, I don't want to say it killed
13 it because we don't perceive it as dead yet. But it
14 certainly presents a challenge.

15 COMMISSIONER BENETO: Well, let's say it
16 decreased.

17 CHAIR WINNER: Chris has -- I apologize for not
18 knowing this, but has horse population affected standard
19 bred like it has thoroughbreds?

20 MR. SCHICK: Indeed, it has.

21 CHAIR WINNER: Not just in population here, but I
22 mean population in general?

23 MR. SCHICK: Absolutely. I mean, the Meadowlands,
24 which was once the Mecca, is -- they're down to two days a
25 week right now. They're struggling with their horse

1 population because they're an unsubsidized model. They've
2 got Yonkers. They've got the tracks in Pennsylvania. All
3 of the tracks around them have a subsidized model and
4 they're stealing the good product. I mean, it's -- we know
5 it's happening in the thoroughbred game. It's just probably
6 a little more widespread in our industry, quite frankly.
7 But Chicago is in big trouble right now. We've been getting
8 a lot of inquiries our of Chicago from trainers that are
9 interested in coming here.

10 So a lot of the old places that used to have the
11 big handle, the -- you know, and I'll put us into that
12 category, because out of about 55 harness tracks we're --
13 we're number five in handle in the country. But our purses
14 structure is probably, you know, somewhere in the -- in the
15 50 percentile out of 60 because we don't -- we're still
16 living off handle.

17 COMMISSIONER BENETO: What's -- what's the bottom
18 pot back east in like Yonkers or --

19 MR. SCHICK: Yonkers, it's about \$8,000, I
20 believe, for --

21 COMMISSIONER BENETO: Bottom?

22 MR. SCHICK: -- yeah, the bottom. And I mean,
23 they're running, you know, \$50,000 opens every week.

24 COMMISSIONER BENETO: And your bottom is what?

25 MR. SCHICK: \$2,000.

1 COMMISSIONER BENETO: \$2,000?

2 MR. SCHICK: Yeah.

3 COMMISSIONER BENETO: I can see why they're back
4 there and not out here.

5 MR. KENNEY: Yeah. Really with -- with the
6 exception of Illinois, most harness states are now
7 subsidized by slots. And we've seen Kentucky now go on with
8 instant racing. Indiana, of course. The three harness
9 tracks in Ohio now have slots. And those harness tracks in
10 Ohio, some of those mid-level guys were the guys that we
11 were -- we were banking on. And now that they're running
12 for -- they're \$5,000 claimers running for \$5,000, it's
13 tough.

14 VICE CHAIR ROSENBERG: But, Ben, the Chairman's
15 question was about overall foal size. Just excluding the
16 issue of, you know, why they go to certain places versus
17 others, what's the nationwide foal problem?

18 MR. KENNEY: As Chris said, it's definitely on
19 the -- on the decrease.

20 MR. SCHICK: You've got a couple of states that
21 are really -- like -- like now that the VLTs (phonetic) are
22 in Ohio the foal crop has jumped immensely. It jumped from
23 like 500 up to 1,700 over the last two years just because
24 the slots, it was on a huge decline. Then you've got places
25 like Indiana who are still, you know, pumping out 1,800

1 foals a year. But the -- the other states, the New Jerseys,
2 the Illinois, etcetera, even Florida, I mean, it's been
3 devastating.

4 VICE CHAIR ROSENBERG: I have one other question.

5 CHAIR WINNER: Yes, please.

6 VICE CHAIR ROSENBERG: On the takeout on page 21
7 you have what you call Promotional Wager Takeout Request,
8 which I believe this is the same -- is this the same as last
9 year?

10 MR. SCHICK: Yes, it is.

11 VICE CHAIR ROSENBERG: It is? So -- and how many
12 years have you had this 16 percent takeout on certain bets?

13 MR. SCHICK: Ever since our -- our inception in
14 the fall of 2012. We did add the unique winter Pick 6 to
15 our roster this year at 16 percent, as well. So --

16 VICE CHAIR ROSENBERG: How do you evaluate that in
17 terms of -- I mean, obviously the horsemen have to agree and
18 they have agreed. But how do you evaluate that in terms of
19 looking at the numbers and seeing whether it's a good idea
20 or a bad idea, whether it makes -- whether it makes a
21 difference or not?

22 MR. SCHICK: Yeah. I mean, we -- we look at it.
23 First of all, it's kind of -- we kind of call it, since we
24 have those five bets per night that are low takeout, we kind
25 of look at it as kind of like a promotional type of event

1 that we have those bets every night.

2 But as far as the evaluation, it's very hard
3 because we never operated and met a higher takeout since our
4 operation. We're just -- we'd be comparing numbers from --
5 from a different operator. But as far as our Pick 4, and
6 especially our Pentafecta, our results have been very
7 positive overall with the low takeout.

8 So I don't have any comparison against the high
9 takeout versus the low to -- to kind of give you that
10 information.

11 VICE CHAIR ROSENBERG: Right. What other tracks,
12 harness tracks, around the country have similar takeout
13 rates with special bets or some bets?

14 MR. SCHICK: Yes. Believe it or not, mostly the
15 unsubsidized tracks are the ones that do it because they're
16 looking to attract handle. Like the Meadowlands has three
17 low takeout bets every night, and as does Chicago.

18 VICE CHAIR ROSENBERG: Thank you.

19 CHAIR WINNER: Any other questions, comments?
20 What are we missing here? We're missing, in terms of
21 documents --

22 MR. KENNEY: Financials. Financials. The audit
23 is --

24 COMMISSIONER CHOPER: Just the audited financial
25 statements.

1 MR. KENNEY: Yes, the most recent finance. The
2 audit is being wrapped up. I anticipate having that on
3 Executive Director Baedeker's desk by the middle of next
4 month.

5 CHAIR WINNER: Okay. Is there a motion to approve
6 pending the receipt of the document?

7 COMMISSIONER BENETO: I'll make the motion.

8 COMMISSIONER CHOPER: Second.

9 CHAIR WINNER: Motion is made by Commissioner
10 Beneto and seconded by Commissioner Choper. All in favor?

11 ALL COMMISSIONERS: Aye.

12 CHAIR WINNER: Any opposed?

13 Have a good meet, Gentlemen.

14 MR. SCHICK: Thank you.

15 MR. KENNEY: Thank you.

16 CHAIR WINNER: Thank you.

17 COMMISSIONER BENETO: Good luck.

18 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman,
19 before these guys leave I'd like the Commissioners to know
20 that CHRB has been working with them on some issues related
21 to securing the backside enclosure. And these guys are very
22 responsive. And the solutions to the problem require
23 spending some money. And we all know that, you know, the
24 meet is a challenge and that they -- that they're doing
25 their best to make it succeed. Nonetheless, they've stepped

1 up and -- and they're going to fix the problem. They also
2 have implemented a Cobalt House Rule. And so while I have
3 the opportunity I want to let you know that they're good to
4 work with.

5 CHAIR WINNER: Thank you.

6 COMMISSIONER AUERBACH: What is the Cobalt House
7 Rule? What is it?

8 EXECUTIVE DIRECTOR BAEDEKER: We talked about it
9 yesterday in the Medication Rule. The rule that will --
10 will pursue ultimately, that's the 25 nanograms level.
11 And -- and if a horse is above that level then it's placed
12 on the vet's list until it can be -- until it tests lower
13 than that threshold.

14 CHAIR WINNER: Cobalt has been a peculiar or a
15 specific problem to standard bred; correct, Doctor?

16 MR. SCHICK: Mr. Chairman, if I could add, I just
17 want to -- I want to thank publicly Executive Director
18 Baedeker and Dr. Arthur for coming over and addressing our
19 horsemen before the meet. I thought it was a very
20 productive meeting. And a lot of our horsemen turned out,
21 and we were really happy to hear from them.

22 CHAIR WINNER: Good. Thank you very much.

23 COMMISSIONER BENETO: Hey, Chris --

24 CHAIR WINNER: Thank you, Gentlemen.

25 COMMISSIONER BENETO: -- you're running now;

1 right?

2 MR. SCHICK: Yes. We're -- we've run three one-
3 night weeks. This is our last -- our last single week, and
4 then we go to two -- two days a week in November before we
5 segue into three days at the end of December.

6 COMMISSIONER BENETO: How was your handle?

7 MR. SCHICK: It's about flat, actually, from --
8 from last year, quite frankly. We were -- we were up the
9 first two nights and the third night we were -- we were down
10 a little. So it's -- you know, October when we -- let me go
11 back. When we originally ran these one-night-a week October
12 dates which started last year, we kind of did for the
13 horsemen who had laid over during the summer. So we didn't
14 have any -- any great expectations. We were hoping it would
15 jumpstart our November two days. And I think the -- you
16 know, we didn't see any evidence of that last year. Maybe
17 that will change this year. But -- so this kind of October,
18 one day was just kind of to help our rank and file guys out.
19 It's not -- it's not something that we're -- you know, that
20 we expected big results from.

21 COMMISSIONER BENETO: Thank you.

22 CHAIR WINNER: Okay. Moving on then to item
23 number ten, public hearing and action by the Board regarding
24 the proposed amendment to CHRB Rule 1588, Horse Ineligible
25 to Start in a Race, to provide that a horse is ineligible to

1 start in any race in California if it's on the vet's list in
2 another racing jurisdiction, unless with prior approval of
3 the stewards. This includes the 45-day public comment
4 period. The Board may adopt the proposed -- the proposal as
5 presented.

6 Ms. Wagner?

7 MS. WAGNER: Jackie Wagner, CHRB staff. The
8 proposal before the Board is just as the Chairman has
9 outlined it. As you are aware, our current Board Rule 1866,
10 Veterinarian's List, when a horse is placed on the vet's
11 list in California it has been determined to be unfit to
12 race. However, we do not have a rule currently in place
13 that prohibits horses that are placed on vet's lists in
14 other racing jurisdictions from entering California races.

15 This rule -- this proposed amendment to Rule 1588
16 will provide that a horse that is on the vet's list in
17 another racing jurisdiction is ineligible to start in any
18 race in California if it is on the vet's list in the other
19 jurisdiction, unless they receive prior approval from the
20 stewards.

21 This rule has been out for 45 days. We have
22 received no comments on it. And Staff would recommend that
23 the Board adopt it as presented. We do have our Equine
24 Medical Director here is you have any questions as to how
25 the rule would be implemented.

1 CHAIR WINNER: I think the Commission --

2 COMMISSIONER CHOPER: Are there any reasons -- oh,
3 I'm sorry.

4 CHAIR WINNER: That's all right. I was just going
5 to say I think that Commissioner Auerbach is --

6 COMMISSIONER AUERBACH: I have a question right
7 away.

8 CHAIR WINNER: -- asking a question.

9 COMMISSIONER AUERBACH: I want to know if this
10 addresses the remedy? For example, if you have a horse that
11 is in this condition, if they're -- if we can do what we do
12 with a horse that would be put on there in our jurisdiction
13 to get the horse off the vet's list? I don't read that in
14 here.

15 DR. ARTHUR: The remedy to get a horse off the
16 vet's list, we can't get a horse off the vet's list, for
17 example, in --

18 CHAIR WINNER: Illinois.

19 DR. ARTHUR: And they can't take a horse off the
20 vet's list in California.

21 COMMISSIONER AUERBACH: Right. Right.

22 DR. ARTHUR: So what -- what we do is we work
23 very -- there's been a big improvement in the cooperation
24 between states on horses put on the vet's list. And quite
25 frankly, it's a bigger problem for the other states getting

1 a horse off the vet's list that's on the list in California.

2 But this is part and parcel of trying to develop
3 reciprocity for vet's lists.

4 The -- the exemption that we have for the stewards
5 allows us to accomplish exactly what you're talking about
6 in -- in as that we can communicate, we can understand why
7 the horse is on the vet's list and, if necessary, we can
8 take the steps that we would require in California to be
9 satisfied that that horse is safe and fit to race in
10 California.

11 What we don't want to happen is have a horse that
12 is entered that's on a vet's list for being unsound in
13 another state, races in California and has a catastrophic
14 injury, and we're all looking like a bunch of idiots. Why
15 did that happen? And that's happened in other states that
16 have let horses race that are on the vet's list in
17 California.

18 The -- the stewards allowing that exception gives
19 the opportunity to satisfy exactly what you're talking
20 about. I deal with official veterinarians and equine
21 medical directors in other states on vet's lists reciprocity
22 issues all the time and to specifically satisfy the type of
23 concerns you're talking about.

24 COMMISSIONER AUERBACH: Well, can you -- can you
25 conceive of the reciprocity going to this extent so that

1 when anyone is put on the vet's list anywhere, whatever
2 state that horse goes to that there would be a mechanism in
3 place so that that horse can come off the vet's list in the
4 state where the problem occurred and be eligible to run in
5 the other state. Because it's -- it defies logic to have a
6 horse be on the vet's list in Pennsylvania, have them come
7 to California, have us clear them because we have -- we'll
8 know the specifics and we'll have the exemption that you're
9 discussing, have the horse run here, and basically still be
10 ineligible to run in the state that originally issued the
11 problem.

12 COMMISSIONER CHOPER: That's true.

13 DR. ARTHUR: We deal with -- those are --

14 COMMISSIONER AUERBACH: It blows the mind that,
15 you know, that we can't figure out that if one state says,
16 yes, this is okay, that we don't -- is it that we don't
17 trust the processes in the other state, that we would not --
18 well, if they went to Pennsylvania, or if it was vice versa?

19 DR. ARTHUR: What we do is we communicate with
20 that state and find out what those particular conditions
21 are. A horse that's on the vet's list in California, we do
22 not take them off the vet's list unless they work in the
23 other state five furlongs, pass a regulatory veterinary
24 examination, and pass a blood test, the same criteria to
25 come off here. That's doesn't prevent them if they have a

1 different criteria. Let's say in Pennsylvania they only
2 have to work three furlongs and they don't pass a blood
3 test, then if they want to let them race in Pennsylvania
4 that's their decision.

5 COMMISSIONER AUERBACH: But when they come back
6 here they'd have to --

7 DR. ARTHUR: When they come back here they would
8 still have to -- if a horse races in Pennsylvania and the
9 horse wins and it's tested, and the veterinarian will attest
10 to the fact that the horse was examined and sound after the
11 race, we'll take that horse off. We take horses off the
12 vet's list in other states all the time. But they have to
13 meet the same criteria they do in California. It's similar
14 to what we do here, is we'll let horses race at Los Alamitos
15 that only worked three furlongs. If they race there and win
16 and are tested, then we'll take them off the vet's list and
17 they're eligible to run in all other states. We don't make
18 them work five furlongs to race four-and-a-half at Los
19 Alamitos. We've done that previously.

20 COMMISSIONER CHOPER: Can I ask a different --

21 DR. ARTHUR: Is this getting too complicated?

22 COMMISSIONER AUERBACH: No. Well, not -- I don't
23 think so.

24 COMMISSIONER CHOPER: Is there --

25 COMMISSIONER AUERBACH: I wish we would have it,

1 you know --

2 DR. ARTHUR: Reciprocity and cooperation between
3 states is a -- is a major, major problem, as all know,
4 trying to get national uniformity. This has been an issue
5 of discussion. I think California is taking a little bit of
6 a lead here by doing this. But we do have a mechanism to
7 get those horses off. And if there's not -- for example,
8 Oaklawn only races for -- in the spring. You can't find
9 anybody in Oaklawn in October, for example. So if a horse
10 was put on the list here we would have to have a mechanism
11 to do that, and that's where the stewards get involved. And
12 they would consult the official veterinarian, most likely
13 myself. So we -- you know, that's -- that's why that escape
14 clause is specifically there.

15 COMMISSIONER CHOPER: I take it they would find
16 out why it hasn't been -- if they can, why it hasn't been
17 taken off the vet's list in wherever it's one.

18 CHAIR WINNER: You're saying --

19 COMMISSIONER CHOPER: Now, if the track is closed
20 and you can't find anybody, you can't.

21 CHAIR WINNER: When you say they, you're talking
22 about the stewards?

23 COMMISSIONER CHOPER: Us, yes. Yes, our -- yes.
24 That's -- right, I mean, that's the natural thing?

25 DR. ARTHUR: Right.

1 COMMISSIONER CHOPER: Why haven't -- why is he
2 still on the vet's list?

3 DR. ARTHUR: There's actually a way that -- that
4 almost all the states put their vet's list in the criteria
5 for that, so we can determine that --

6 COMMISSIONER CHOPER: I see.

7 DR. ARTHUR: -- for thoroughbreds. Standard breeds
8 is a little bit different. And quarter horses work the same
9 as thoroughbred. So there is a mechanism to do that.

10 And, for example, if the horse is on the vet's
11 list because he didn't have (inaudible) --

12 COMMISSIONER CHOPER: Yeah.

13 DR. ARTHUR: -- you know, we can resolve that
14 right then and there. But what we don't want to happen is
15 have a horse race that's --

16 COMMISSIONER CHOPER: Yeah.

17 DR. ARTHUR: -- was put on a vet's list in another
18 state as unsound. So I think we have ways to -- to solve
19 the problem that Commissioner Auerbach addressed.

20 COMMISSIONER CHOPER: I think we've tightened it
21 up to the extent that we can.

22 CHAIR WINNER: Yeah.

23 DR. ARTHUR: That's right.

24 CHAIR WINNER: I mean, this is moving in the right
25 direction for sure, and it's taking a big step -- a big

1 step. We can't solve all the problems, and certainly we
2 can't solve the problems of reciprocity that we all wish we
3 could solve on a lot of things.

4 COMMISSIONER BENETO: Rick, if a horse, say in
5 Arizona, is on the vet's -- on the vet's list -- or was on
6 the vet's list in California, excuse me, so you go to
7 Arizona with that horse and you train him there all winter
8 and you work -- you get three or four works in him down
9 there, and you ship into California, do you still -- that
10 horse is still on your vet's list?

11 DR. ARTHUR: Yes, he's on the vet's list.

12 COMMISSIONER BENETO: So I got to work the horse
13 here?

14 DR. ARTHUR: You got to work the horse here. He
15 can work the horse there for the official veterinarian and
16 have a blood test. And we'll even -- we've even in some
17 states said -- because some states won't pay for -- to get a
18 horse off the California vet's list, and they may not -- not
19 all states require a blood test after a work like California
20 does. If the -- if the owner wants to pay to ship the
21 sample to -- to Davis, which is not that unreasonable a
22 cost, we will accept -- we'll facilitate that. We work with
23 them to solve that particular problem. But you can't go
24 work several times in Arizona and then come back here and
25 race and be off the vet's list. You have to go through the

1 examination process, work process, and blood testing
2 process.

3 COMMISSIONER BENETO: Well, see, I had a horse in
4 Arizona that got off of the vet's list down there because I
5 wanted to run him down there and, of course, the meet was
6 ending. And so we shipped back into California, tried to
7 enter, I think, here and --

8
9 DR. ARTHUR: Arizona is a state that does not
10 respect the California vet's list. That's why they get a
11 lot of horses from California that are unsound. And so
12 they -- they're there. They race them. They race them a
13 few times.

14 CHAIR WINNER: Not Steve's. We're not talking
15 about Steve's.

16 DR. ARTHUR: Not your horse, of course, but -- but
17 Arizona is an issue.

18 COMMISSIONER BENETO: I retract that question.

19 CHAIR WINNER: Any other questions? Is there a
20 motion?

21 FIRST VICE CHAIR DEREK: I move.

22 COMMISSIONER AUERBACH: Second.

23 CHAIR WINNER: Commissioner -- Vice Chair Derek
24 moves. Commissioner Auerbach seconds. All in favor?

25 ALL COMMISSIONERS: Aye.

1 CHAIR WINNER: Any opposed? That motion carries.
2 Thank you.

3 Moving on then to item number 11, public hearing
4 and action by the Board regarding the proposed amendment to
5 CHRB Rule 1858, Test Sample Required, to eliminate the
6 maximum restriction on samples that may be taken and to add
7 horses registered to race at an enclosure, nominated to
8 race, and pre-entered in a race to those horses subject to
9 testing. And this concludes the 45-day public comment
10 period on this item.

11 Ms. Wagner?

12 MS. WAGNER: Jackie Wagner, CHRB staff. Again,
13 the proposed amendment is as outlined by our Chairman. Our
14 Board Rule 1858 currently has a limit of nine horses that
15 can be designated for testing, which makes it difficult for
16 us to do the testing that we would like to do or testing
17 that is required for certain unique events such as the
18 Breeders' Cup.

19 This proposal before the Board does three things.
20 The first thing it does is eliminate the current limitation
21 on the maximum number of horses that may be tested daily at
22 any particular race track. So it allows us to test as many
23 horses as we -- as we deem necessary.

24 The second amendment to this rule will require
25 that every horse registered -- registered to race at an

1 enclosure or nominated or pre-entered to race is subject to
2 testing. This phrase is meant to clarify that the CHRB, we
3 can test any horses that meet the criteria, even if they are
4 not within our CHRB enclosure.

5 The third amendment, what it does is define what
6 registered to race means. Registered to race is kind of a
7 new terminology that we are -- will be implementing with
8 this proposal. And the definition for registered to race
9 states -- for the purpose of this regulation registered to
10 race means when the horses registration papers are on file
11 with the racing association under the jurisdiction of the
12 Board.

13 This proposal has been noticed for 45 days. We've
14 received no comments on the proposal. And Staff would
15 recommend that the Board adopt it as presented.

16 CHAIR WINNER: Any questions? Okay.

17 COMMISSIONER AUERBACH: I have a question.

18 CHAIR WINNER: We'll go right down the line.
19 We'll start with Commissioner Krikorian.

20 COMMISSIONER KRIKORIAN: Well, I have a question.
21 What -- what is the -- what is the minimum -- minimum
22 testing they're required to do on a daily basis, and is it
23 by -- is it by race or is it only by, you know, the horses
24 running that day?

25 DR. ARTHUR: We can test any horse within the

1 enclosure that's not racing currently under the regulation.
2 But what the policy is for racing is we test all winners and
3 a minimum of six other horses. At -- at some of the smaller
4 meets and fairs we usually do about six, but it's up to the
5 stewards. They can do up to nine previously. But at Santa
6 Anita we usually hit the top of that nine. We typically
7 test about 20 horses a day at Santa Anita. But for
8 Breeders' Cup, for the Champion of Champions at Los
9 Alamitos, the \$1 Million Futurity, we'll exceed that. In
10 fact, we've tested all horses in the Champion of Champions
11 and \$2 Million Futurity from time to time. So it depends on
12 what the venue is.

13 We will -- we have -- for the last several years
14 we've tested the first four finishers in a Breeders' Cup
15 which exceeds this -- this particular requirement. So
16 that's how we test.

17 COMMISSIONER KRIKORIAN: But when you say one
18 plus -- the winner plus six, you're talking about for the
19 day, you're not talking about each race; correct?

20 DR. ARTHUR: Yes. Six would be the total for the
21 day. So you may -- some -- some races you may only get one
22 horse out of. That's rare at the majors, but it does happen
23 at the fairs and at Los Alamitos.

24 COMMISSIONER AUERBACH: I was going to ask you, do
25 you know where the -- where the -- do you remember why it

1 was -- the limits were established the way they were?

2 DR. ARTHUR: For the same reason that we got
3 pushed back from agency, is to control cost.

4 COMMISSIONER AUERBACH: Okay. So it was just --
5 it was just a cost --

6 DR. ARTHUR: Right.

7 COMMISSIONER AUERBACH: -- reductive measure?

8 I also wanted to comment that I thought that the
9 way you described out-of-competition, testing horses that
10 are going to be racing, I thought the definition that you
11 used was very clear and not something that we would get in
12 trouble with. I like that the horse has to be registered at
13 an association, which means it's really a race horse, which
14 means we're not running out there looking at Joe Schmo who
15 has this, you know, pony and saying, oh, we're going to test
16 it --

17 DR. ARTHUR: Well, I --

18 COMMISSIONER AUERBACH: -- in terms of not only
19 cost, but in terms of aggravation and all the other things
20 that go into it.

21 DR. ARTHUR: Sure. You know, for example, the
22 pre-entry and nomination, we just completed -- we're testing
23 a third of all of the horses in the Breeders' Cup from
24 around the world. There's four other countries involved
25 besides the U.S., and a number of states. And what this

1 does is actually give us jurisdictions over the results of
2 those tests. So it's something that, as you know from the
3 presentation yesterday, out-of-competition testing is going
4 to be a key element going forward, and this gives us this
5 tool.

6 The registered at the race track is specifically
7 to address the problem we have at --

8 COMMISSIONER AUERBACH: Right.

9 DR. ARTHUR: -- Los Alamitos.

10 COMMISSIONER AUERBACH: Right. That's perfect.

11 COMMISSIONER KRIKORIAN: Well, just to follow, one
12 last thing. Do you currently have any budget difficulties
13 that are precluding you from testing all the horses you need
14 to be testing?

15 DR. ARTHUR: No. The only time, sometimes we have
16 logistic limitations. We can't get enough horses into the
17 test barn. But that, I think, has been resolved. We had a
18 problem at Los Alamitos that's been resolved.

19 COMMISSIONER KRIKORIAN: So you have no budget
20 constraints; is that correct?

21 DR. ARTHUR: No.

22 COMMISSIONER KRIKORIAN: Thank you.

23 VICE CHAIR ROSENBERG: Just one question. You
24 explained the purpose of this, to be able to test outside of
25 the enclosure or anywhere; correct?

1 DR. ARTHUR: Sure. For example, we have a
2 regulation -- we have a policy with clenbuterol at Los
3 Alamitos, which has been a big issue there, that you have to
4 report the horse that's being treated with clenbuterol and
5 goes on the list for -- until the horse tests clear of
6 clenbuterol. If you have a horse offsite and clenbuterol is
7 being used in replace of anabolic steroids, you can give
8 that horse clenbuterol, you don't have to report it. So
9 those people can be using clenbuterol and they don't --
10 aren't under the same rules as the people on -- on the
11 track. In other words -- in other words, they're supposed
12 to report it but we don't have any way to test that. We can
13 do that with out-of-competition testing on the track. Is
14 that making sense?

15 VICE CHAIR ROSENBERG: No, I understood the
16 purpose. My question is, when I read this for the second
17 time, I read it once before yesterday, I'm worried about
18 this new addition of this paragraph, number one. I would
19 hope it doesn't in any way limit your right to do -- to
20 examine the horse out wherever it may be located outside of
21 an enclosure. Because they made a great -- somebody made a
22 great effort to define what registered to race at an
23 enclosure means. And the language as I read it, I'm going
24 to ask Dr. Choper here if he'd like to look at that to make
25 sure that someone is not going to raise that as an issue.

1 Because nowhere in the language does it say specifically
2 anywhere the horse may be located. And I don't want to hold
3 this up either, I just think it's something to look at.

4 COMMISSIONER AUERBACH: Well, the horse can be
5 located at either another track or --

6 VICE CHAIR ROSENBERG: It doesn't say it. It
7 doesn't say it. It could be at a farm.

8 COMMISSIONER AUERBACH: Why does it have to?

9 VICE CHAIR ROSENBERG: Just read it.

10 COMMISSIONER AUERBACH: Are you being a lawyer
11 now?

12 VICE CHAIR ROSENBERG: Yeah, and I'm retired.

13 COMMISSIONER CHOPER: Well, it doesn't -- I mean,
14 you're right, it doesn't say anytime, anyplace.

15 VICE CHAIR ROSENBERG: You're okay with the
16 language as it is?

17 COMMISSIONER CHOPER: So -- but if you really want
18 to say at anytime, anyplace, then I think we ought to pass
19 this now and then come back --

20 VICE CHAIR ROSENBERG: Yeah.

21 COMMISSIONER CHOPER: -- and try it again.

22 VICE CHAIR ROSENBERG: Okay.

23 COMMISSIONER AUERBACH: Not a good idea.

24 VICE CHAIR ROSENBERG: If you want to think about
25 it.

1 CHAIR WINNER: This has been out for 45 days.

2 VICE CHAIR ROSENBERG: Yeah, I know. I know.

3 But --

4 CHAIR WINNER: So we don't -- we don't want to go
5 back.

6 VICE CHAIR ROSENBERG: I don't want to --

7 CHAIR WINNER: A better thing would be to pass it
8 as suggested by Commissioner Choper, and then we can -- we
9 can amend it.

10 DR. ARTHUR: I'm actually chairing a national
11 committee that's trying to get a uniform rule that is
12 specifically addressing what you're talking about and what
13 the criteria and what the consequences of not cooperating
14 would be, similar to what is done in human sport. It's
15 quite a bit complicated because we're actually talking about
16 crossing state lines. It's not as big an issue as in
17 California. But back east where tracks are, you know,
18 across state lines and a short ways away, it's a big
19 problem.

20 CHAIR WINNER: But I do think that, Commissioner,
21 that Vice Chair Rosenberg has raised a very good issue
22 that -- that we should correct in the near term. But let's
23 not hold this up in the interim.

24 Is there -- are there any other questions on --
25 all right. Is there a motion to approve?

1 COMMISSIONER KRIKORIAN: Moved.

2 FIRST VICE CHAIR DEREK: Second.

3 CHAIR WINNER: Commissioner Krikorian moves, and
4 Vice Chair Derek seconds. All in favor?

5 ALL COMMISSIONERS: Aye.

6 CHAIR WINNER: Any opposed? The measure carries.
7 I'll go back to my agenda, wherever that was.

8 FIRST VICE CHAIR DEREK: It's the report.

9 CHAIR WINNER: Oh, it's your report.

10 FIRST VICE CHAIR DEREK: It's my report.

11 CHAIR WINNER: Medication and Track Safety
12 Committee report.

13 Commissioner Derek?

14 FIRST VICE CHAIR DEREK: We had a very interesting
15 meeting yesterday at Santa Anita Race Track. Dr. Arthur
16 provided an update on the meeting of the International
17 Conference of Racing Analysts and Veterinarians that he
18 recently attended. The conference focused on emerging
19 doping threats and horse welfare. He summarized the
20 presentation he gave on behalf of Dr. Knitch (phonetic) at
21 the conference on corticosteroids on their duration of
22 effects using gene expression, a new expression for me for
23 sure that I'm still trying to grasp, and reported on an
24 Australian study on the increased risk of injury after intra
25 articular or joint injections, providing even more evidence

1 that we're on the right track here in California by
2 restricting the use of corticosteroids and other drugs.

3 Next we discussed Cobalt, which according to Dr.
4 Arthur is known to be a form of blood doping when it is
5 administered in very high doses. This has been a problem
6 with standard breeds in California, nationally and
7 internationally. The RMTC is working on establishing a
8 threshold level for detection that would effectively
9 eliminate its use. We intend to move forward now in
10 California racing. We are drafting language for a proposed
11 regulation that could be presented to the full Board this
12 year.

13 We discussed ketoprofen, a non-steroidal anti-
14 inflammatory drug that is allowed to be administered up to
15 24 hours prior to racing. The proposal is to reduce the
16 current threshold of ten nanograms down to two nanograms
17 based on new technology and findings. The RMTC adopted this
18 lower threshold last April.

19 We discussed a proposed amendment for the
20 regulation of corticosteroids, including, I'm sorry Dr.
21 Arthur, isoflupredone --

22 DR. ARTHUR: Close enough.

23 FIRST VICE CHAIR DEREK: -- close enough, all
24 right, as --

25 CHAIR WINNER: The rest of us won't know.

1 FIRST VICE CHAIR DEREK: -- do you need it
2 spelled, anyone --

3 COMMISSIONER AUERBACH: Easy for you to say, Bo.

4 FIRST VICE CHAIR DEREK: -- yeah, as an authorized
5 medication at 100 picograms.

6 Rick Baedeker reported that we are continuing to
7 work with the Veterinary Board on acceptable language for
8 third-party Lasix administration. Jackie Wagner reported
9 that the staff is continuing to work on language relative to
10 multiple violation penalties and the fatality review
11 process. The TOC President Joe Morris stressed the
12 importance of California implementation the multiple
13 violation penalties and third-party Lasix administration as
14 quickly as possible.

15 Reporting on a recommendation of the International
16 Federation of Horse Racing Authorities pertaining to out-of-
17 competition testing, Dr. Arthur reported that ten percent
18 of the horses tested in California will be out of
19 competition. Dr. Arthur said out-of-competition testing
20 needs to be an even greater focus. He said we need to be
21 better able to monitor when the -- horses when they are off
22 track. This is especially important for quarter horses
23 because so many of them train off track and ship in for
24 races.

25 Dr. Stanley added that the trend is for the use

1 of drugs that are given a week or more before a race that
2 are sometimes undetectable on post-race samples. The only
3 way to prevent this is out-of-competition testing.

4 Dr. Arthur reported that UC Davis is about to
5 begin a cardiology project that will involve
6 echocardiography, EKG, blood chemistry, and other factors to
7 help us better understand heart disease and sudden deaths.
8 This will require voluntary cooperation from horse owners.
9 We encourage the Board to support this project, as well as
10 the horsemen's groups.

11 We discussed proposals to amend Rule 1843.3 in a
12 number of ways relating to trainer suspensions and
13 requirements and restrictions relating to those suspensions.

14 These proposals are listed as item 13, the next item on the
15 Board's agenda. One proposal is to prohibit suspended
16 trainers from transferring horses to employees. A second is
17 to prohibit the use of any signage, color or identifiable
18 tack of a suspended trainer under suspension. And a third
19 would require a trainer suspended for 45 days or more to
20 forfeit all -- all assigned stall space and remove specific
21 equipment from the enclosure. The trigger for forfeiting
22 stall space under the current rule is 60 days.

23 CTT President Jim Cassidy expressed general
24 concerns about the rule itself and the proposed changes.
25 Alan Balch, CTT Executive Director, requested more time, at

1 least until the November meeting, to discuss the proposed
2 changes with the CTT membership. Trainer Bruce Headley and
3 Karen Groebli of Tijuana River Valley Animal Rescue both
4 expressed support for stricter penalties.

5 The Committee -- the Committee supports placing
6 the proposed changes of -- changes out for 45-day public
7 notice. The trainers can meet during that period and
8 suggest any changes based on those discussions.

9 I'd like to also say that during open comment
10 period and recommendations to the Board on medication and
11 track safety issues, there were no comments at all. So I
12 take that that we are doing a very good job and --

13 CHAIR WINNER: That we know.

14 FIRST VICE CHAIR DEREK: I'm joking.

15 CHAIR WINNER: Thank you very much. Thank you,
16 Vice Chair Derek. And my understanding is it was a terrific
17 meeting.

18 At the risk of repeating what Vice Chair Derek
19 said, I do have to read the language and it's the same
20 language she just cited, but I'll do it again:

21 "Discussion and action by the Board regarding the
22 proposed amendment to CHRB Rule 1843.3, Penalties for
23 Medication Violations, to prohibit: 1) suspended trainers
24 from transferring horses to employees; 2) the use of any
25 signage, colors or identifiable tack of a suspended trainer

1 during a suspension and 3) to change from 60 days to 45
2 days, the requirement that trainers suspended for such time
3 be banned from the enclosure and forfeit all assigned stall
4 space and remove from the inclosure all signage,
5 advertisements, training - related equipment, tack, office
6 equipment and other property."

7 This is being heard and will be discussed and, if
8 passed, will go out for 45-day public hearing. Who is going
9 to speak on this? Ms. Wagner? Commissioner Derek?

10 VICE CHAIR DEREK: Yes, I'd like to say, contrary
11 to some misconceptions that I've been hearing, this has been
12 in the works for some years, it's not a reaction to a very
13 well-known case, a recent case, and suspension -- six years
14 I've been trying to explain to people are the rules
15 regarding our suspension. Most of the comments are that
16 it's a joke, that there is no serious penalty associated
17 with these suspensions. Our process is lengthy, it has a
18 lot of oversight, so I personally believe that when a
19 trainer is suspended for a medication violation, I think
20 that she did, I think they meant to cheat, and that's bad
21 for everybody in the industry, especially for those who are
22 doing the right thing and don't cheat. So I would like to
23 see, however the finally works out, the suspension to be a
24 suspension. I think that in any other sport, maybe I'm
25 wrong, if you get suspended you can't play.

1 CHAIR WINNER: I would like to also make a point
2 on this --

3 COMMISSIONER CHOPER: -- 45 days, can't we reduce
4 that to 30 days?

5 CHAIR WINNER: Well, we've talked about it. That
6 was discussed --

7 COMMISSIONER CHOPER: I love everything in this
8 deal, this is a great, I mean, when a guy has a violation,
9 he packs his tack and goes. But we ought to reduce it to 30
10 days so if a guy is caught, 30 days, you're out.

11 CHAIR WINNER: Do you want to speak on that, Mr.
12 Baedeker? Because we have discussed that issue and there
13 were reasons that the recommendation was 45 days.

14 EXECUTIVE DIRECTOR BAEDEKER: Well, certainly the
15 Board can take that action if it so desires. And that's the
16 purpose of having it on the agenda today. I will say that
17 we'd like to point out from a process standpoint that any --
18 we ought to wait, that if you're so inclined to make any and
19 all changes that the Board recommends, and then proceed with
20 the 45-day public comment and so forth, rather than say,
21 "Well, let's do two now and come back next month and two
22 more," it just slows everything down.

23 So this is a healthy exercise. I know that
24 Commissioner Auerbach yesterday focused more than we had on
25 the paragraph that says a Licensee who is suspended is not

1 able to benefit financially, that's very broad, very
2 difficult to prove, and there was a suggestion that we ought
3 to make that language more specific, perhaps say that a
4 suspended trainer cannot bill an owner, you know, a number
5 of things, so that we would be able to complete an
6 investigation and file a complaint where, as a matter of
7 fact, the suspended trainer stays involved. It's very
8 difficult to do that now.

9 So the only point I want to make is that, if the
10 Board is so inclined, we might want to take this, take your
11 suggestions today, incorporate them with feedback from the
12 stakeholders, and come back to you in a month.

13 COMMISSIONER BENETO: What's the waiting time on
14 stakeholders?

15 EXECUTIVE DIRECTOR BAEDEKER: I mean this people,
16 primarily the -- yeah, I'm sorry, I wasn't suggesting we not
17 talk about it, it was just the opposite.

18 CHAIR WINNER: I would also like to, for instance,
19 add that right now there is no given penalty. I'd like to,
20 if we are going to make changes, I would like to see a
21 minimum threshold, a minimum penalty if a trainer violates,
22 especially the compensation requirement. Right now that's
23 up to the stewards and the Hearing Officer to make that
24 determination. I'd like to see us at least discuss a
25 minimum.

1 What we're trying to do here I think is fairly
2 obvious, and that is do everything that we can to do what
3 we've been saying that we are trying to do for some time,
4 and that is create a level playing field where those folks
5 who play by the rules have the advantage and not those folks
6 who don't play by the rules. So if a trainer is suspended,
7 and I agree with Vice Chair Derek that it's important to
8 point out that this was being discussed before the other
9 issue became a high profile issue that was discussed at the
10 beginning of this meeting. These items have been under
11 discussion. We're trying to tighten the rules, we're trying
12 to make it more difficult for people to just receive a
13 suspension, take a vacation as Mr. Dwyer, I think -- I don't
14 want to quote Mr. Dwyer and the LA Times, but at any rate,
15 the objective here is to create a penalty, create a
16 disincentive so that trainers who abuse the rules are not
17 able to take advantage of loopholes in the rules. So what
18 we're trying to do is to close those loopholes, make it hard
19 and fast that if you're going to violate the rules, you're
20 going to pay a price. And that price includes all the
21 things that are embodied in this language. And then maybe
22 some more as discussed by Executive Director Baedeker.

23 Okay, with that, this time we'll go this way,
24 Commissioner/Vice Chair Rosenberg.

25 VICE CHAIR ROSENBERG: I agree with -- the person

1 I agree with the Chairman's statements as to our goal here.

2 I think the attempt here is not enough of an attempt, that

3 the major objection, I believe, is not the signage, taking a

4 sign off of a barn, the major objection here is a financial,

5 to be able to track the potential financial benefit which is

6 already prohibited by the rules and track those. But the

7 attempt to mention a family member or an employee within the

8 last year to me does not solve the problem because it could

9 be somebody who is a friend of his for 25 years, who happens

10 to be a trainer.

11 So really the question is how can you find out

12 about whether or not, what procedure will be followed to

13 find out whether or not the suspended trainer is benefitting

14 financially, and I don't think that is spelled out here at

15 all. I realize we have subpoena power, but that's an

16 impractical issue, so I think that has to be discussed.

17 Now the second thing is, and I've discussed this

18 with Commissioner Derek earlier today indirectly, this

19 subject, I don't think the mechanism that we have in place

20 is very effective by having, for example, this redrafted by

21 staff and then brought up again at a committee meeting

22 because there's no dialogue usually with the stakeholders

23 and any other interested parties. And I'd like to figure

24 out how we could improve that. I think we need input from

25 all interested parties before the committee meeting takes

1 place, where some people are reluctant to get into details
2 because the following day you have a full Board meeting and
3 there's no preparation time to evaluate everything.

4 COMMISSIONER BENETO: Well, who is going to
5 evaluate it?

6 COMMISSIONER AUERBACH: No, those are all good
7 points and I think all of those are valid. I also just want
8 to remind everybody, and I don't know why I need to, but I
9 know I need to. When we have gotten to the point that we
10 are looking to enforce rules of this nature, they don't come
11 about from one simple violation, they don't come about from
12 two simple violations, and they don't come about from three
13 simple violations, they are what you like to call
14 "stacking." And when we're trying to look for it in horses,
15 in their blood, we're having the same effect here. So when
16 we are forced, there isn't one member of this panel that
17 wants to do any of this, but are being forced by the
18 community that we're responsible for to put into place some
19 kind of a mechanism which will guarantee that the rest of us
20 who are playing by the rules have the opportunity for our
21 horses to perform well, and those people wagering on those
22 horses know that we are taking care of it.

23 So this isn't person specific at all, this is to
24 make our game as clean as possible and it's not like the kid
25 who has spilled milk and he's being suspended, that's not

1 what we're talking about here, so let's all be honest about
2 that; when we're talking suspension, we're talking about a
3 repeated pattern of behavior. And I want everybody to
4 remember that when we're talking about this.

5 CHAIR WINNER: Thank you, Commissioner. I would
6 like to add to that, that the process itself, generally
7 speaking, not always, the process itself takes weeks,
8 months, years, so by the time it gets to this point these
9 trainers have used oftentimes every opportunity that they
10 can and their attorneys use every opportunity they can
11 within the law to delay, delay, delay, delay, delay, and by
12 the time this takes place, what Commissioner Auerbach was
13 talking about, oftentimes it can be well over a year before
14 we even get to this point. I think Executive Director
15 Baedeker pointed out that in New York I think it was over a
16 year in that particular case before the ruling came down,
17 and that happens with us, too. I mean, there are times when
18 we have no control over it, there's a legal process, people
19 have their rights, their legal rights to challenge the
20 decisions of the stewards, hearing officers, etc., and it
21 takes time, time, time. So by the time it gets to this
22 point, it's gone through an awful lot.

23 And as Commissioner Auerbach said, these are not
24 situations where we come down really tough on particular
25 trainers because of one violation or one minimal violation,

1 these are serious violations that are repeated and usually
2 that's why we get to this point.

3 One of the reasons that I would at least want to
4 discuss more fully the point that Commissioner Beneto made,
5 which I think is a good point, but I think when you're
6 talking about 30 days versus 45 days, 45 days usually is for
7 a pardon of activity, whereas 30 days oftentimes is not for
8 as much of a pattern, and then the question is do we want to
9 be as tough on sort of first time offenders than we are on
10 second time offenders, so to speak. Commissioner Krikorian.

11 COMMISSIONER KRIKORIAN: Well, to that question, I
12 would vote that 30 days, we should start enforcing things at
13 30 days, not wait 45 days. I think that, you know, if
14 you're playing hockey and you're in the penalty box, you're
15 in the penalty box. If you commit a foul, it doesn't
16 matter. So I say ditto to everything that's been spoken
17 here on these issues today and I think that if there's a 45-
18 day period, you know, to give everyone, all stakeholders the
19 opportunity to speak to the issues, but I think at the end
20 of that time we should take some very firm action here for
21 the betterment of horse racing.

22 COMMISSIONER AUERBACH: Can we ask Jackie to weigh
23 in on procedure here? Because it might help, I think, some
24 of the Commissioners. I just wanted Jackie to explain to us
25 the difference between us taking it and then fixing it so we

1 know what we're talking about.

2 MS. WAGNER: Jackie Wagner, CHRB staff. The
3 procedure for the 45-day comment period is really the formal
4 -- I'm going to use that term loosely -- period for
5 comments, and usually that 45-day comment period is enacted
6 on a proposal that the Board has reached consensus on and it
7 is something that we want to actually move forward with.

8 In this instance, I would suggest that we continue
9 to work on the development of the language before we
10 implement the 45-day comment period. Once we are in that
11 official comment period, to make changes during that
12 procedure just really slows down the process. So it sounds
13 as if we still have some changes that we might want to
14 implement in this particular rule, so my suggestion would be
15 that staff contact or email the stakeholders and solicit
16 their request for proposals for this rule, and then we
17 gather that information, we evaluate it, develop proposals
18 for this Board, may it be one, two, three, four, how many
19 drafts that you would be able to look at, come back with
20 those proposals after receiving all the solicitations from
21 the stakeholders, and then we can more intelligently decide
22 what we want to move forward with for the 45 days.

23 CHAIR WINNER: Commissioner Choper.

24 COMMISSIONER AUERBACH: I was just going to ask,
25 are we allowed to have an informal meeting?

1 MS. WAGNER: We should have as many meetings on -

2 COMMISSIONER AUERBACH: Do it because, you know,
3 like the financial language has got to go in there
4 somewhere.

5 VICE CHAIR ROSENBERG: I think the Chairman has to
6 call for an informal meeting, I'm not sure, but whatever the
7 process is we can do that.

8 COMMISSIONER AUERBACH: Because, you know, like
9 the financial thing that Commissioner Rosenberg and I talked
10 about is really key to making this work.

11 MS. WAGNER: Absolutely.

12 COMMISSIONER AUERBACH: And I don't want to, we
13 say, oh, I'll deal with it, I would like for us to do it,
14 and if our Chairman would allow us to have a meeting where
15 everybody comes and says, you know, this is your chance,
16 speak up because now we're going to do this for real and
17 next time it is going to be the 45-days, let's put
18 everything in there that we want, let's make it as tight as
19 we need it to be so we don't have to come back and do this
20 again.

21 CHAIR WINNER: Commissioner Auerbach, I don't
22 think we can have an informal meeting with more than two
23 Commissioners, so --

24 COMMISSIONER AUERBACH: I'll stay home.

25 CHAIR WINNER: Well, it would probably be the

1 Track Safety and Medication --

2 COMMISSIONER AUERBACH: Yes, okay.

3 VICE CHAIR ROSENBERG: Can I clarify that? I
4 believe --

5 VICE CHAIR DEREK: It's three, isn't it?

6 VICE CHAIR ROSENBERG: -- it's not a committee
7 meeting, it would not be a committee meeting. You could
8 have a meeting, three Commissioners could be present -
9 counsel Miller?

10 CHAIR WINNER: Where is Mr. Miller? Is he here?

11 VICE CHAIR ROSENBERG: He once wrote me a memo on
12 this.

13 CHAIR WINNER: I haven't heard a word from Mr.
14 Miller all day.

15 VICE CHAIR ROSENBERG: Three Commissioners can be
16 present at a meeting, at an informal meeting.

17 MR. MILLER: Robert Miller, Counsel to the
18 California Horse Racing Board. A meeting of two
19 Commissioners is not governed by the Bagley-Keene Open
20 Meeting Law. A meeting of three Commissioners is governed
21 by the Bagley-Keene --

22 CHAIR WINNER: That's what I thought.

23 MR. MILLER: But the meeting law which requires
24 published notice ten days in advance and a published agenda

25 --

1 CHAIR WINNER: But we could have a meeting, we
2 could have two Commissioners, so the two Commissioners who
3 are Medication and Track Safety could meet in an informal
4 meeting if I call that meeting with the various stakeholders
5 in an informal way. If it becomes three, and Mike you
6 correct me if I'm wrong, then no item that's going to be
7 voted on at any time can be discussed. Is that correct?

8 MR. MILLER: Three Commissioners requires that
9 there be a published --

10 CHAIR WINNER: Notice of the meeting.

11 MR. MILLER: -- Notice, and a published Agenda.
12 I'm sure you can act, a three-person committee can act. The
13 other thing, the important thing for the Chairman to call
14 the meeting is that, therefore, you are compensated for the
15 meeting --

16 COMMISSIONER AUERBACH: Oh, good.

17 CHAIR WINNER: Wow. Oh, so the \$100.00 that was
18 mentioned at the beginning would become \$200.00 for those
19 two Commissioners.

20 VICE CHAIR ROSENBERG: Counsel Miller, I'll handle
21 this with you outside the meeting because you and I had this
22 correspondence two years ago, or three years ago went it
23 first got on the Board before you, or whatever it was, and
24 we disagree on that. And I believe I have a memo from you
25 that says it's not a meeting, three Commissioners at dinner

1 can discuss any subject they want, it does not violate the
2 Open Meeting Law, as long as there's a seven man Board, it's
3 not a majority of the Board. And therefore an informal
4 meeting, which I've had before with more than two
5 Commissioners, and a casual meeting is permissible as long
6 as it's not a formal meeting.

7 MR. MILLER: Yes. You're not going to get your
8 \$100.00 at the dinner.

9 COMMISSIONER AUERBACH: But the problem is we have
10 to get dinner for all the people that come to the meeting.

11 MR. MILLER: The thing is, there's informal
12 discussions of three persons on the Board with stakeholders
13 is permissible; however, once you label something a
14 "meeting," then the rules of Bagley-Keene come into
15 existence.

16 VICE CHAIR ROSENBERG: So a seminar is okay, then.

17 MR. MILLER: Huh?

18 VICE CHAIR ROSENBERG: We'll call it a seminar.

19 VICE CHAIR DEREK: A chat.

20 COMMISSIONER AUERBACH: A group session, group
21 therapy.

22 CHAIR WINNER: You know, what, let's not, I'm not
23 sure we want to mess with the --

24 VICE CHAIR DEREK: No, we don't have to I don't
25 think.

1 CHAIR WINNER: No, it seems to me in this case
2 what we'll do is we'll have at some point I'll call an
3 informal meeting to be attended by two Commissioners and
4 those two will be the members of the Communications and
5 Safety --

6 VICE CHAIR ROSENBERG: Why do you have to call it?

7 CHAIR WINNER: I don't have to call it, it's a
8 good idea. I don't care, it's not my \$100.00, and it's up
9 to them.

10 VICE CHAIR DEREK: And the Committee can call it,
11 also. The Committee can call it.

12 CHAIR WINNER: Okay, whoever calls it.

13 VICE CHAIR DEREK: If the Committee can call it,
14 I'd just like to say that those industry representatives and
15 stakeholders, please be prepared, if you're not, let us
16 know, we do not want to waste our time as we did yesterday.

17 CHAIR WINNER: Let me tell you one other thing.
18 This is going to be on the November agenda, okay?

19 VICE CHAIR DEREK: Okay.

20 CHAIR WINNER: So this is going to take place
21 between now and the November meeting. At the November
22 meeting, all these issues will have been listened to,
23 debated, and at that meeting staff will come with one, two,
24 three, four drafts, whatever it is, based on what takes
25 place in those meetings, or those informal discussions, or

1 those chit chats, or those dinner chats, and we will have
2 this on the agenda for November and no later than that.
3 Commissioner Choper.

4 COMMISSIONER CHOPER: Well, as is often true if
5 you listen long enough, most of your points are being made
6 by somebody else. But I think this has been very valuable
7 because our procedures for how long it takes to do anything
8 are pretty cumbersome, and I think we ought to do as much as
9 we can to make those take less time, and I thought your
10 suggestion was excellent to that effect, and that was to try
11 and get as much information as you can, a) from the
12 stakeholders, right? And b) from the Commissioners. You
13 know, and it doesn't take anybody very long to simply make
14 the point, and it doesn't have to be dressed up, it's just
15 addressed to you, you're in the business of fixing things
16 up, right? I mean, I'm serious about it. And I think that
17 would really be a much more efficient process. The first
18 thing I do when something has been out for 45 days and I see
19 it here is to look at the comments that they make. Now,
20 today we had a couple of them, no comments. So I say, well,
21 no comments? And I look at it, it looks reasonable to me, I
22 write here, "Why not?" And I think there's a certain notion
23 with what they call statute of limitations, you don't come
24 in at the property time, and you can't do it. So that is
25 not mentioning any names, but very common to a number of

1 people with interests in these matters. So maybe we ought
2 to even have some sort of rules change someplace along the
3 way to try to encourage this sort of communication in
4 advance by email, by letter, whatever it takes. That's all
5 I really wanted to say.

6 CHAIR WINNER: Any other comments?

7 MS. WAGNER: Speaking on what you just said,
8 during the 45-day comment period, that's why in my opinion
9 it's very important that whatever we put out there for the
10 45-day comment period, we've had the comments, the majority
11 of the comments received prior to putting that language out.
12 It gives us an idea of whether or not we're going to get an
13 uproar during the 45-day comment period, or whether or not
14 we've discussed it thoroughly enough for the industry to be
15 satisfied with what we're proposing. Because, quite
16 frankly, when you put it out for 45 days and you get a
17 myriad of comments, which tends to slow the process down
18 because during that time the Board may want to entertain and
19 make changes during that 45-day comment period, which starts
20 the whole process all over again. So ideally we would want
21 to receive all those comments during the developmental
22 stage, so the text that we put out for proposal is really
23 what the consensus is between the Board and --

24 COMMISSIONER CHOPER: So one suggestion might be
25 that if it's put out for a comment period, I mean, I think

1 your suggestion is better to avoid it before that, but at
2 least when it comes in to put it out for the comment period
3 and you don't send in a comment, then you're estopped from
4 making it, I mean, unless it's something new that comes up.

5 MS. WAGNER: Right, and ideally we would have
6 given the stakeholders and the public plenty of time to make
7 those comments during the developmental stage.

8 COMMISSIONER CHOPER: That's right.

9 MS. WAGNER: So all of those comments would have
10 been received, so during that comment period hopefully
11 everybody is satisfied and we won't have all this -

12 COMMISSIONER CHOPER: I would even add comments
13 from Commissioners.

14 MS. WAGNER: Absolutely, absolutely, we want to
15 involve you.

16 CHAIR WINNER: Mr. Baedeker wanted to make a
17 comment.

18 EXECUTIVE DIRECTOR BAEDEKER: I was just going to
19 try to recap, but what I think we'll do going forward.
20 First of all, we will solicit from people out there and the
21 Commissioners up here email response to these issues, so
22 gather that information. I would caution the Commissioners
23 that your comments need to come to me directly, not to other
24 Commissioners, okay? We'll gather all of that information
25 and then it was requested yesterday, and I think it's a good

1 idea, we'll come back down here and we'll have a meeting on
2 the subject for anybody that would like to attend, and
3 following that we'll put together as Chairman Winner said,
4 maybe three or four recommended verbiages here that you
5 choose, and hopefully then we'll come out of the next
6 meeting in November and move forward into the 45-day public
7 comment period.

8 CHAIR WINNER: Mr. Balch, would you like to speak
9 in favor?

10 COMMISSIONER BENETO: Mr. Chairman?

11 CHAIR WINNER: Yes.

12 COMMISSIONER BENETO: I want to clear something up
13 before you ask Mr. Balch to come up.

14 CHAIR WINNER: Yes, please.

15 COMMISSIONER BENETO: I say reduce it from 45 to
16 30. I want to clear up that that means if he gets 30 days
17 suspension, he packs his bag and he can go.

18 VICE CHAIR ROSENBERG: I wanted to comment on that
19 subject, which Commissioner Krikorian and Beneto mentioned,
20 and to add what Chairman Winner said about the fact that
21 going to a lesser than 45 days to a 30-day period may run
22 into trouble because, generally speaking, it requires a 45-
23 day period in practice. And to mention what has not been
24 mentioned is, the reason for that is if there was a
25 mandatory rule on any of these drug violations, there has to

1 be at least a 30-day suspension, I'm not sure if there is
2 with Clenbuterol or not, but if there were then you should
3 point out that the trainer is guilty until proved innocent,
4 which is rather unusual in the law, but it is, so a trainer
5 who may be innocent, but proven guilty because he's assumed
6 guilty, gets 30 days for his first violation in history, and
7 I'm not sure whether the Board would have the power to
8 reduce that, or should have the power to reduce that.

9 CHAIR WINNER: That was my concern, as you know.

10 VICE CHAIR ROSENBERG: I agree.

11 COMMISSIONER AUERBACH: That's not what we want.

12 CHAIR WINNER: I thought you just withdrew your
13 card?

14 MR. BALCH: Well, I did, but then something was
15 said.

16 CHAIR WINNER: Okay, so you want me to take it
17 back. Okay, Mr. Balch.

18 MR. BALCH: Alan Balch, California Thoroughbred
19 Trainers. All I want to put on the record is our
20 appreciation for this discussion that we've just witnessed
21 because I think it was very valuable to the industry to hear
22 the thinking of everybody, you covered I think all the
23 points and some more that were raised yesterday, and we look
24 forward to participating in this process because, speaking
25 on behalf of the trainers, we support the objective here 100

1 percent.

2 CHAIR WINNER: Thank you very much.

3 VICE CHAIR DEREK: Thank you.

4 CHAIR WINNER: I think that's it, right? Is there
5 any other discussion from the Board or do I hear a motion to
6 adjourn?

7 VICE CHAIR DEREK: Oh, yes.

8 CHAIR WINNER: Motion to adjourn from Vice Chair
9 Derek; seconded by Commissioner Auerbach. All in favor?

10 ALL COMMISSIONERS: Aye.

11 CHAIR WINNER: This meeting is adjourned. Thank
12 you all very much for attending. See you in November.

13 (The meeting was adjourned at 11:50 a.m.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of October, 2014.

/s/ Jacqueline Denlinger_
JACQUELINE DENLINGER

CERTIFICATE OF TRANSCRIBERS

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

/s/ Karen Cutler_____

October 27, 2014

KAREN CUTLER, **CET D723

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

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

October 27, 2014