

APPEARANCES

COMMISSIONERS

Chuck Winner, Chairman

Richard Rosenberg, Vice Chairman

Jesse Choper

Steve Beneto

George Krikorian

Madeline Auerbach

Alex Solis

STAFF

Rick Baedeker, Executive Director

Robert Miller, Board Counsel

Phil Laird, Board Counsel

Jacqueline Wagner, Assistant Executive Director

Rick Arthur, Equine Medical Director

Mike Marten, Associate Analyst, Policy & Regulations

Jeff Salmon, Track Safety Program

Rita Baker, Staff Services Analyst

ALSO PRESENT

Darrel McHargue, California Safety Steward

Kim Lloyd, Barrett's Equine Sales

Deborah Russell, SEIU USWW

Rick English, Los Alamitos Quarter Horse Racing Association

David Israel, CHRB, Former Chair

APPEARANCES

ALSO PRESENT

Eric Sindler, Santa Anita Park Race Track

Christopher Schick, Watch and Wager Harness

Ben Kenney, Watch and Wager Harness

Ed Cummings, Watch and Wager

Brad McKinzie, Finish Line Self Insurance Group

John Valenzuela, Pari-Mutuel Employees Guild, Local 280

John Ford, BetAmerica and BAM Software

Jeff True, AmTote International

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amend the non-winning jockey riding fee scale to
reflect an increase of 11.1 percent for the 2nd and
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23. Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code. 3
- A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," and as authorized by Government Code section 11126(e).
- B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

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- C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126 (a).

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P R O C E E D I N G S

9:34 A.M.

ARCADIA, CALIFORNIA, THURSDAY, OCTOBER 22, 2015

CHAIR WINNER: Good morning. Could everybody please take their seats?

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 22nd, 2015 at Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California.

Present at today's meeting are: myself, Chairman Winner; Vice Chairman Richard Rosenberg; Commissioner Madeline Auerbach; Commissioner Steve Beneto; Commissioner Jesse Choper; Commissioner George Krikorian; Commissioner Alex Solis.

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 period if the matter concerns horse racing in California.

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

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

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

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

17 When all the names have been called I'll ask if
18 there is any more or anyone else who would like to speak on
19 the matter before the Board. Also, the Board may ask
20 questions of individuals who speak. If a speaker repeats
21 himself or herself I'll ask if the speaker has any new
22 comments to make. If there are none I'll ask the speaker to
23 let others make their comments to the Board.

24 A few items have been taken off of the agenda.
25 Item Number 9, Item Number 10, those have been taken off at

1 the request of the Stronach Group because the -- all of the
2 information that's required is not yet in place.

3 The same is true for Item Number 11, that's Los
4 Alamitos. That item is coming off for the same reason.

5 At this point the Board will adjourn to the
6 Executive Session. So we'll ask that you relax, remain
7 available. Or if you -- if you want to continue with the
8 meeting, we will be gone for the shortest period as we
9 possibly can be, but there are some items that have to be
10 heard in Executive Session.

11 So with that, we'll recess to Executive Section.

12 (Whereupon, the Board recessed into Executive Session.)

13 (Off the record at 9:37 a.m.)

14 (On the record at 10:02 a.m.)

15 CHAIR WINNER: Let's reconvene.

16 The next -- the next item on the agenda is the
17 approval of the minutes from the August 20th meeting. As
18 you recall, there were some changes that needed to be made
19 to the August 20th meeting, and the staff has made those
20 necessary changes.

21 Are there any other comments with respect to the
22 August 20th minutes? Is there a motion to approve the
23 minutes?

24 COMMISSIONER CHOPER: So moved.

25 VICE CHAIR ROSENBERG: Yes.

1 CHAIR WINNER: It's been moved and seconded.

2 I've been informed that under new legislation we
3 have to take a roll call vote on everything?

4 MR. LAIRD: That's correct, Your Honor.

5 CHAIR WINNER: Okay. So we'll start, Commissioner
6 Krikorian, on the minutes?

7 COMMISSIONER KRIKORIAN: Yes.

8 CHAIR WINNER: Commissioner Solis?

9 COMMISSIONER SOLIS: Yes.

10 CHAIR WINNER: Commissioner Auerbach?

11 COMMISSIONER AUERBACH: Yes.

12 CHAIR WINNER: I vote yes.

13 VICE CHAIR ROSENBERG: Yes.

14 CHAIR WINNER: Commissioner Rosenberg?

15 COMMISSIONER CHOPER: Yes.

16 COMMISSIONER BENETO: Yes.

17 CHAIR WINNER: Those minutes are approved by
18 unanimous vote, roll call.

19 COMMISSIONER CHOPER: Can I ask a question of
20 Counsel?

21 CHAIR WINNER: Yes.

22 COMMISSIONER CHOPER: Can we approve them -- do we
23 have to do them one at a time, or can we see that they're
24 basically the same and we'll say we vote to approve one, two
25 and three?

1 MR. MILLER: It should be done, each individual
2 item.

3 COMMISSIONER CHOPER: Okay.

4 CHAIR WINNER: Okay. The minutes from the
5 September 16, 2015 meeting.

6 Is there a motion? Is there any discussion? Any
7 changes, recommendations? Is there a motion to approve?

8 COMMISSIONER KRIKORIAN: Moved.

9 CHAIR WINNER: Commissioner Krikorian moves.

10 COMMISSIONER SOLIS: Second.

11 CHAIR WINNER: Commissioner Solis seconds.

12 Commission Krikorian, how do you vote?

13 COMMISSIONER KRIKORIAN: Yes.

14 COMMISSIONER SOLIS: Yes.

15 CHAIR WINNER: Commissioner Solis?

16 COMMISSIONER SOLIS: Yes.

17 CHAIR WINNER: Commissioner Auerbach?

18 COMMISSIONER AUERBACH: Yes.

19 CHAIR WINNER: I vote yes.

20 VICE CHAIR ROSENBERG: Yes.

21 CHAIR WINNER: Commissioner Rosenberg?

22 COMMISSIONER CHOPER: Commissioner Choper?

23 CHAIR WINNER: Okay.

24 COMMISSIONER BENETO: Yes.

25 CHAIR WINNER: Okay. Those minutes are approved.

1 Let's move on. The Executive Director's report.

2 Do we have to have a vote on that?

3 EXECUTIVE DIRECTOR BAEDEKER: No.

4 CHAIR WINNER: Okay. Mr. Baedeker?

5 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.

6 Chairman. I just have two things, both of which I'm -- I'm
7 happy that we put on.

8 The first is the performance by the industry
9 during the month of September. We have a little different
10 calendar during the month with Del Mar running additional
11 days or longer into the month. We also had two additional
12 nights of live racing, and the net result was a daytime
13 increase of 15.2 percent, nighttime increase of 22.2
14 percent, and an all-in combined total of, a lift of 15.85
15 percent. Enjoy those numbers for September because, of
16 course, in October we have no Breeders' Cup this year at
17 Santa Anita. So we might -- we might have a little bit of a
18 shortfall coming up.

19 But year to date we -- we're up 2.6 percent during
20 the day, nearly 8.9 percent at night. And all together
21 we're up 3.2 percent over the same period last year.

22 And now my -- my second item. I'm pleased to
23 announce this morning that following unanimous approval by
24 the Board in Executive Session -- excuse me -- just a few
25 moments ago, we have appointed a new Chief Steward for the

1 Southern California. Effective December 26th, Darrel
2 McHargue will leave the stewards stand at Golden Gate Fields
3 to become the supervisor of the state's 16 stewards,
4 including safety stewards.

5 I'm sure just about everyone in the room and
6 listening to this webcast remembers Darrel very well as an
7 Eclipse Award-winning jockey and Hall of Fame rider. But
8 his second career as a California Steward has been equally
9 as impressive. We think he is the consummate judge, even
10 tempered, fair minded and firm in his protection of the
11 public interest.

12 And I believe that description applies to our
13 other stewards, as well. They now will have a day-to-day
14 supervisor who will work with them to achieve a consistent
15 interpretation of CHRB Rules and Regulations throughout the
16 state. He will meet often and regularly with them to review
17 films and evaluate decisions. He will also help them
18 communicate effectively with jockeys, trainers, owners, and
19 the public. I believe the appointment of Darrel McHargue to
20 the position of Chief Steward will make racing in California
21 better.

22 Darrel is here. Darrel, would you come forward,
23 please, and give the -- give the Commissioners a chance to
24 ask any questions they might have. And we'd be happy to
25 hear your reaction to -- to this new challenge.

1 CHAIR WINNER: Can I -- just before we begin
2 the -- first of all, I want to congratulate you, but also
3 thank you for agreeing to do this. I think that we all know
4 that every other sport has an official -- supervisor of
5 officials, and now we do.

6 And I want to thank, on behalf of the Board,
7 Executive Director Baedeker for, number one, recommending
8 this. This was his idea, his concept.

9 Number two, going through the amount of work that
10 he went through to make this happen and his, as usual, good
11 wisdom and good thought. And I believe this is a very
12 important move for racing in California.

13 And I am thrilled that Darrel has agreed to do
14 this, because I couldn't agree more with what Rick has said
15 about the job that he's done. As long as I've been on the
16 Board, and I think the other Members of the Board that I've
17 served with have been extremely impressed with -- with
18 Darrel and his thoughtfulness and judgment.

19 So I, for one, want to thank you, Darrel, for
20 agreeing to do this, and thank Executive Director for making
21 this -- for making this happen.

22 MR. MCHARGUE: Thank you, Board, for appointing me
23 to this position. I'm -- right now I'm thrilled about a new
24 role overseeing stewards that have a tough job to do, and
25 it's a thankless job a lot of the times. And hopefully this

1 way we'll fill that gap to where it gets the support that it
2 needs and basically it will be better for it. And I want to
3 thank you for this appointment.

4 CHAIR WINNER: Anybody have --

5 COMMISSIONER AUERBACH: One question.

6 CHAIR WINNER: Please, Commissioner Auerbach.

7 COMMISSIONER AUERBACH: Do you have a big shirt
8 with a big target on it?

9 MR. MCHARGUE: You would think --

10 COMMISSIONER AUERBACH: We'll have to buy one for
11 of you.

12 MR. MCHARGUE: You would think after 35-plus years
13 in the industry I would know where to stay out of the target
14 line. But I put myself right in the crosshairs here and I'm
15 willing to take that on.

16 COMMISSIONER AUERBACH: And we thank you for it.

17 MR. MCHARGUE: Thank you.

18 CHAIR WINNER: Does anybody else have any
19 comments?

20 Darrel, thank you very, very much, and we look
21 forward to working with you. I think it starts December
22 26th right here.

23 COMMISSIONER CHOPER: Can I make one -- I just
24 have one --

25 CHAIR WINNER: Yes, Commissioner Choper.

1 COMMISSIONER CHOPER: -- comment on Rick's report,
2 if you're done.

3 CHAIR WINNER: Going back to Rick's report?

4 COMMISSIONER CHOPER: Yes, just for a second.

5 CHAIR WINNER: Just -- Commissioner Choper on the
6 earlier part of Rick's report.

7 COMMISSIONER CHOPER: No, I could -- I'll probably
8 forget if I don't do it now.

9 Where you put the comments on the September handle
10 that you have in this page with green colors --

11 EXECUTIVE DIRECTOR BAEDEKER: Right.

12 COMMISSIONER CHOPER: -- that was very helpful. I
13 tell you, if that had been there earlier it would have saved
14 me about 20 minutes trying to figure out why 166 percent
15 increase --

16 EXECUTIVE DIRECTOR BAEDEKER: Oh, I see. Yeah.

17 COMMISSIONER CHOPER: You know what I mean?

18 EXECUTIVE DIRECTOR BAEDEKER: Yeah. The nuance in
19 the (inaudible).

20 COMMISSIONER CHOPER: Yeah. Yeah. That's right.
21 So I figured -- I thought I had to figure this out myself.
22 You figured it all out for me why. And if you put this out
23 first, I think that would be very helpful.

24 EXECUTIVE DIRECTOR BAEDEKER: Well, I think -- I
25 think it would be an easy addition to the --

1 COMMISSIONER CHOPER: Yeah.

2 EXECUTIVE DIRECTOR BAEDEKER: -- to this report to
3 put a few lines of explanation.

4 COMMISSIONER CHOPER: Yeah. Yeah. Just change
5 one page, sort of thing.

6 EXECUTIVE DIRECTOR BAEDEKER: So if somebody will
7 remind me, we'll do that.

8 COMMISSIONER CHOPER: Okay.

9 EXECUTIVE DIRECTOR BAEDEKER: Thanks a lot.

10 CHAIR WINNER: Okay. We will now move on to the
11 Public Comment period. I have two cards, and we'll start
12 with Kim Lloyd.

13 Good morning, Kim.

14 MR. LLOYD: Good morning, everybody,
15 Commissioners. I was joking with Darrel before the meeting
16 that -- as Alex walked up I said, "Here are our teachers,
17 the State Steward," without knowing that here's our present
18 one. And Darrel McHargue, that's a good choice for
19 everybody.

20 I wanted to remind everybody, we have a sale
21 Tuesday, October 27th, at Del Mar. We have 211 yearlings,
22 altogether about 290 horses. We need everybody to come down
23 and support our sale. And I want to again thank Del Mar for
24 offering it up and putting this event on.

25 CHAIR WINNER: Thank you. Any questions? All

1 right.

2 Deborah Russell, SEIU.

3 MS. RUSSELL: Good morning, I'm Deborah with the
4 SEIU-USWW. And I wanted to inform you that our contract
5 expired several months ago. And we have only had one
6 meeting with the Stronach Group and Los Alamitos. And at
7 this one meeting that we did have they sent representatives
8 that had no authority to negotiate. And we have tried
9 several times, attempted to set up some meeting dates and,
10 of course -- you know, for bargaining and, of course, that
11 hasn't happened.

12 And still the obligations from the 2014 agreement,
13 they haven't paid any of those obligations that they agreed
14 to do. And our members, you know, are constantly -- they're
15 threatened with reprisals if we take any type action. And
16 the industry does not feel that they're obligated to try to
17 avoid any, you know, stoppages, you know, racing, you know,
18 work stoppages or anything. And, you know, actually this
19 falls upon the workers. You know, we take the biggest hits.

20 And, you know, our members wants to work. They
21 want to do the best they can. We also want to meet and
22 negotiate. And so I stand here hoping, you know, that the
23 Board can help us convince them to come to the table and
24 meet with us, take a responsibility, you know, act
25 responsible and that -- that the peace, the labor peace

1 continues and we don't interrupt or disrupt racing here in
2 California.

3 CHAIR WINNER: Thank you, Ms. Russell.

4 MS. RUSSELL: Thank you. Thank you for your time.

5 CHAIR WINNER: Are there any questions for Ms.
6 Russell about this issue or any issue? Okay.

7 Thank you very much.

8 MS. RUSSELL: Thank you.

9 CHAIR WINNER: Moving on then, is there anyone in
10 the audience who would like to speak during the Public
11 Comment period? Anyone else? All right.

12 Then we're going to move on.

13 EXECUTIVE DIRECTOR BAEDEKER: You say you had two
14 cards?

15 CHAIR WINNER: Two cards.

16 EXECUTIVE DIRECTOR BAEDEKER: One is for later?

17 CHAIR WINNER: Oh, I did two. I did Ken Lloyd and
18 I did Deborah Russell.

19 EXECUTIVE DIRECTOR BAEDEKER: Is that two?

20 CHAIR WINNER: That's two. One, two.

21 (Colloquy Between Commissioners and Executive Director
22 Baedeker)

23 CHAIR WINNER: Discussion and action by the Board
24 regarding the distribution of race day charity proceeds of
25 the Los Alamitos Quarter Horse Racing Association in the

1 amount of \$28,143 to five beneficiaries.

2 Is somebody here from Los Alamitos who's -- who's
3 going to speak on that?

4 MR. ENGLISH: Good morning, Commissioners. Rick
5 English representing Los Alamitos.

6 CHAIR WINNER: Hi Rick.

7 MR. ENGLISH: And those beneficiaries are all in
8 the horse racing industry. And we hope for your approval to
9 make prompt distributions of the proceeds.

10 CHAIR WINNER: Thank you. Is there any question
11 for Mr. English?

12 COMMISSIONER AUERBACH: I have a question.

13 MR. ENGLISH: Yes?

14 CHAIR WINNER: Commissioner Auerbach?

15 COMMISSIONER AUERBACH: I'm going to actually
16 question Santa Anita, too, so you're not being singled out
17 today.

18 But I'm curious as to how actively you research
19 what you're doing before you give out these funds? I'm
20 not -- absolutely, I have no problem with who you're giving
21 them to. But I want to know, if you look at these
22 organizations, if you look at the changes that have occurred
23 in some of these organizations, if you're aware of this
24 stuff before you actually decide?

25 MR. ENGLISH: I'm aware of the -- of the

1 outfittings of the charities involved, the human -- with
2 human beneficiaries. I'm not actively involved with what's
3 happening in the retired thoroughbred horses and things like
4 that. But we do pay attention to what's happening and
5 who's -- who's providing benefits for our backstretch people
6 and our employees.

7 COMMISSIONER AUERBACH: Okay. I would suggest
8 that you also update yourselves a little bit on horse
9 retirement issues, too. I think it might be a benefit to
10 you. I have no problem with what you've done, but I'm just
11 making a friendly suggestion. Because I think you might
12 want to make some adjustments.

13 MR. ENGLISH: Thank you.

14 COMMISSIONER AUERBACH: Okay. Thanks.

15 MR. ENGLISH: We'll take that under consideration.

16 COMMISSIONER AUERBACH: Thank you.

17 MR. ENGLISH: Thank you.

18 CHAIR WINNER: Okay.

19 COMMISSIONER CHOPER: Move to approve?

20 CHAIR WINNER: Is there a motion to approve?

21 Commissioner Choper moves to approve.

22 VICE CHAIR ROSENBERG: Second.

23 CHAIR WINNER: Commissioner Rosenberg seconds.

24 We'll start this way.

25 Commissioner Krikorian?

1 COMMISSIONER KRIKORIAN: Yes.

2 CHAIR WINNER: Commissioner Solis?

3 COMMISSIONER SOLIS: Yes.

4 CHAIR WINNER: Commissioner Auerbach?

5 COMMISSIONER AUERBACH: Yes.

6 CHAIR WINNER: Chairman votes yes.

7 Vice Chairman?

8 VICE CHAIR ROSENBERG: Yes.

9 COMMISSIONER BENETO: Yes.

10 CHAIR WINNER: Commissioner Choper?

11 COMMISSIONER CHOPER: Yes.

12 COMMISSIONER BENETO: Commissioner Beneto?

13 The motion is approved.

14 Discussion and action by the Board regarding the

15 distribution of -- don't go away -- regarding the

16 distribution of race day charity proceeds from the Los

17 Angeles Quarter Horse Racing -- I'm sorry, Los Alamitos

18 Racing Association in the amount of \$12,358 to five

19 charities.

20 The same thing?

21 MR. ENGLISH: Yes.

22 CHAIR WINNER: Any other questions? Is there a

23 motion?

24 COMMISSIONER KRIKORIAN: Moved.

25 CHAIR WINNER: Commissioner Krikorian moves.

1 COMMISSIONER SOLIS: Second.

2 CHAIR WINNER: Commissioner Solis seconds. Vote.

3 Commissioner Krikorian?

4 COMMISSIONER KRIKORIAN: Yes.

5 CHAIR WINNER: Commissioner Solis?

6 COMMISSIONER SOLIS: Yes.

7 CHAIR WINNER: Commission Auerbach?

8 COMMISSIONER AUERBACH: Aye.

9 CHAIR WINNER: Chairman, aye.

10 Vice Chairman?

11 VICE CHAIR ROSENBERG: Yes.

12 CHAIR WINNER: Mr. Choper, aye?

13 COMMISSIONER CHOPER: Aye.

14 COMMISSIONER BENETO: Aye.

15 CHAIR WINNER: Commissioner Beneto, aye.

16 It passes unanimously. Thank you very much, Mr.

17 English.

18 Moving on, discussion and action by the Board

19 regarding the distribution of race day charity proceeds of

20 the Los Angeles Turf Club, Inc. dba Santa Anita Park in the

21 amount of \$190,756 to 12 beneficiaries.

22 And before we do that, is -- is Former Chairman

23 Israel still in the room? I want to acknowledge the Former

24 Chairman and welcome him and tell him we miss him.

25 VICE CHAIR ROSENBERG: Yes.

1 FORMER CHAIRMAN ISRAEL: You've got to work on
2 your material.

3 (Colloquy Between Vice Chair Rosenberg and Commissioner
4 Choper)

5 VICE CHAIR ROSENBERG: We need a writer?

6 FORMER CHAIR ISRAEL: Huh?

7 VICE CHAIR ROSENBERG: We need a writer.

8 CHAIR WINNER: We need a writer. Yeah.

9 FORMER CHAIR ISRAEL: Yes, you do.

10 CHAIR WINNER: Discussion and action by the
11 Board -- discussion -- don't say the F word or you'll have
12 to put some money in.

13 COMMISSIONER AUERBACH: We need it. Let him say
14 it.

15 CHAIR WINNER: Discussion and action by the Board
16 regarding the distribution of race day charities in the Los
17 Angeles Turf Club, Inc. dba Santa Anita Park in the amount
18 of \$190,756 to 12 charities.

19 Is somebody here to comment on that?

20 MR. SINDLER: Good morning. Eric Sindler, Santa
21 Anita.

22 As the Chairman commented, for the period December
23 26th, 2014 through June 28th, 2015 we donated \$190,756.59 to
24 12 charities, all of which were racing related.

25 And to preempt Commissioner Auerbach's question --

1 COMMISSIONER AUERBACH: Thank you.

2 MR. SINDLER: -- yes, we do spend some time
3 researching it. But if you have any recommendations, we are
4 certainly all ears.

5 CHAIR WINNER: Is there a motion?

6 COMMISSIONER AUERBACH: Moved.

7 CHAIR WINNER: Commissioner Auerbach moves.

8 COMMISSIONER SOLIS: Second.

9 CHAIR WINNER: Commissioner Solis seconds. We'll
10 start this way.

11 Commissioner Beneto?

12 COMMISSIONER BENETO: Here -- or, no.

13 CHAIR WINNER: You vote no or yes?

14 COMMISSIONER BENETO: Yes.

15 CHAIR WINNER: Commissioner Beneto votes yes.

16 Commissioner Choper, yes?

17 COMMISSIONER CHOPER: Yes.

18 CHAIR WINNER: Vice Chairman Rosenberg, yes?

19 VICE CHAIR ROSENBERG: Yes.

20 CHAIR WINNER: I vote yes.

21 COMMISSIONER AUERBACH: Commissioner Auerbach?

22 Commissioner Solis? Commissioner Krikorian?

23 COMMISSIONER KRIKORIAN: Yes.

24 CHAIR WINNER: The motion passes. Thank you very
25 much.

1 MR. SINDLER: Thank you.

2 CHAIR WINNER: Moving on then, discussion and
3 action by the Board on the nomination of members to the
4 Board Directors of the California Thoroughbred Horsemen's
5 Foundation.

6 Who's going to discuss this? Rick, Jackie, is
7 there a discussion or should we just move on?

8 MS. WAGNER: Just move on it.

9 CHAIR WINNER: Okay. Is there a motion to
10 approve?

11 COMMISSIONER KRIKORIAN: Moved.

12 VICE CHAIR ROSENBERG: Yes.

13 CHAIR WINNER: Commissioner Krikorian moves. Vice
14 Chair Rosenberg seconds.

15 Commissioner Beneto?

16 COMMISSIONER BENETO: Yes.

17 CHAIR WINNER: Commissioner Choper?

18 COMMISSIONER CHOPER: Yeah.

19 CHAIR WINNER: Vice Chair Rosenberg?

20 VICE CHAIR ROSENBERG: Yes.

21 CHAIR WINNER: The Chairman votes yes.

22 Commissioner Auerbach?

23 COMMISSIONER AUERBACH: Yes.

24 CHAIR WINNER: Commissioner Solis?

25 COMMISSIONER SOLIS: Yes.

1 CHAIR WINNER: Commissioner Krikorian?

2 COMMISSIONER KRIKORIAN: Yes.

3 CHAIR WINNER: The motion carries unanimously.

4 Next item, discussion and action by the Board on
5 the -- oh, no, no, we moved that one to the next -- that one
6 has been moved to the November meeting. Number 10 is moved
7 to the November meeting. Number 11 is moved to the November
8 meeting.

9 Number 12, discussion and action by the Board
10 regarding the allocation of the 2016 Quarter Horse Race
11 Dates.

12 I guess this was passed over at the --

13 EXECUTIVE DIRECTOR BAEDEKER: Yeah. Mr. Chairman,
14 there was a tremendous amount of focus given to the -- the
15 daytime dates in Southern California. And these dates were
16 submitted to the Horse Racing Board on a timely basis. But
17 Board staff failed to bring this before the Board to take
18 formal action. And so we -- we're -- we're trying to get
19 that done today.

20 CHAIR WINNER: Thank you, Mr. Baedeker. I take
21 back everything I said about Staff. Not really.

22 EXECUTIVE DIRECTOR BAEDEKER: Long meeting.

23 CHAIR WINNER: It was a long meeting. All right.

24 Is there a motion to approve? Is there anyone
25 here from Los Alamitos who would like to speak on this or

1 respond to any questions? Nobody here?

2 EXECUTIVE DIRECTOR BAEDEKER: Yes, Rick's here.

3 CHAIR WINNER: Okay. Are there any questions by
4 the Board Members?

5 VICE CHAIR ROSENBERG: No.

6 CHAIR WINNER: Okay. Is there a motion?

7 COMMISSIONER BENETO: I'll make the motion.

8 CHAIR WINNER: Commissioner Beneto moves.

9 COMMISSIONER CHOPER: Second.

10 COMMISSIONER CHOPER: Commissioner Choper seconds.

11 We have to have a roll call vote.

12 Commissioner Beneto?

13 COMMISSIONER BENETO: Yes.

14 CHAIR WINNER: Commissioner Choper?

15 COMMISSIONER CHOPER: Yeah.

16 CHAIR WINNER: Vice Chair Rosenberg?

17 VICE CHAIR ROSENBERG: Yes.

18 CHAIR WINNER: The Chairman votes yes.

19 Commissioner Auerbach?

20 COMMISSIONER AUERBACH: Yes.

21 CHAIR WINNER: Commissioner Solis?

22 COMMISSIONER SOLIS: Yes.

23 CHAIR WINNER: Commissioner Krikorian?

24 COMMISSIONER KRIKORIAN: Yes.

25 CHAIR WINNER: The motion carries unanimously.

1 Thank you. Okay.

2 Moving on, Item Number 13, discussion and action
3 by the Board on the Application to Conduct a Horse Racing
4 Meeting of the Los Angeles Quarter Horse Racing Association
5 at Los Alamitos, commencing December 26th, 2015 through
6 December 18, 2016, inclusive.

7 Any discussion on this item? Is there a motion?

8 COMMISSIONER CHOPER: Do we have the fire
9 clearance?

10 MR. ENGLISH: We'll have that before the meet
11 starts. We don't have it at this time.

12 COMMISSIONER CHOPER: Okay.

13 CHAIR WINNER: I think with Los Alamitos we --
14 that's an exception that we permit because of the local
15 county laws.

16 MS. WAGNER: Yes. Yes.

17 CHAIR WINNER: Okay. Is there a motion?

18 VICE CHAIR ROSENBERG: Moved.

19 CHAIR WINNER: Commissioner Rosenberg moves.

20 COMMISSIONER BENETO: Second.

21 COMMISSIONER BENETO: Commissioner Beneto seconds.

22 How do you vote, Commissioner Beneto?

23 COMMISSIONER BENETO: Yes, sir.

24 CHAIR WINNER: Commissioner Choper?

25 COMMISSIONER CHOPER: Yes.

1 CHAIR WINNER: Vice Chair?

2 VICE CHAIR ROSENBERG: Yes.

3 CHAIR WINNER: Yes. Chairman, yes.

4 Commissioner Auerbach?

5 COMMISSIONER AUERBACH: Yes.

6 CHAIR WINNER: Commissioner Solis?

7 COMMISSIONER SOLIS: Yes.

8 CHAIR WINNER: Commissioner Krikorian?

9 COMMISSIONER KRIKORIAN: Yes.

10 CHAIR WINNER: It passes unanimously. Thank you
11 very much.

12 MR. ENGLISH: Thank you.

13 CHAIR WINNER: Moving on, discussion and action by
14 the Board on the Application for License to Conduct a Horse
15 Racing Meeting of Watch and Wager LLC at the Cal Expo,
16 commencing December 26, 2015 through May 8, 2016, inclusive.

17 Gentlemen?

18 Good morning, Chairman Winner, Members of the
19 Commissioner, Christopher Schick, Watch and Wager Harness.

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

21 MR. SCHICK: We -- we're happy to propose our
22 application which is part two. Our fall meeting kicks off
23 this current Saturday evening. We had a good draw for our
24 opening day program coming up Saturday.

25 The current application proposes 45 days which is

1 two more days than we've raced in the previous meet last
2 year. We're moving into the second week of May at the
3 request of the CHHA, so that's really the two days that are
4 being proposed here. We're cautiously optimistic that we
5 can get that far. As you know, a lot of our guys that come
6 for the winter tend to migrate back at around the early to
7 mid-part of April. So -- but the CHHA wants to go there,
8 and that's essentially the extra two days.

9 This application also kind of follows to last
10 season where we got the industry back for the first time in
11 a number of years, back to a part year three-day-a-week
12 schedule. So we're also moving forward, continuing that.
13 Hopefully horse population is sufficient. Our recruiting
14 has gone fairly well this year, so we're optimistic that
15 we'll be able to operate three days a week during that
16 period of time.

17 We've got 50 stake races over the 45 nights; 36 of
18 those are Cal Sire Stakes. Some of those stakes were moved
19 into this application, as opposed to the fall application.
20 So we've got a pretty good stakes program.

21 And, you know, right now things are reasonably
22 well. We had a pretty good meet last year. We're somewhat
23 optimistic. We've brought on -- in the marketing department
24 we've brought on Derick Giwner who is with the DRF Harness,
25 the managing edit. He's going to be doing our Pick 5

1 analysis. He's going to be joining Dave Brower and Gary
2 Seibel who also do a popular Pick 4 segment every night.

3 And, you know, we're -- we've got a good staff.
4 We're bringing on some new people. And, you know, I think
5 we're -- I think we're heading in the right direction.

6 CHAIR WINNER: Thank you.

7 Any questions? Suggestions? Is there a motion?

8 VICE CHAIR ROSENBERG: The financials -- the
9 financials were missing, I thought.

10 MS. WAGNER: Yes.

11 VICE CHAIR ROSENBERG: Yeah.

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

13 The financials will be turned in within the next
14 30 days.

15 COMMISSIONER CHOPER: Well, I want to congratulate
16 you on --

17 MR. KENNEY: We're wrapping up an audit currently.

18 VICE CHAIR ROSENBERG: They had a problem last
19 year. They turned it in after -- it's an audited statement
20 that comes in after the fact.

21 EXECUTIVE DIRECTOR BAEDEKER: That's correct. So
22 it's an audited statement? It isn't the fact that you guys
23 just haven't finished it?

24 MR. KENNEY: No, that's correct.

25 EXECUTIVE DIRECTOR BAEDEKER: Yeah. And we've

1 made that distinction, that things outside of their control,
2 those are contingencies. And this would qualify as one of
3 those.

4 COMMISSIONER CHOPER: You're on -- you're on an
5 upward trajectory and you ought to be keep going that way.
6 Congratulations to you.

7 CHAIR WINNER: Commissioner Rosenberg?

8 VICE CHAIR ROSENBERG: Yes. Yesterday, Chris, you
9 were -- you were here when we had our PMO meeting and
10 discussed the takeout issue. And after the meeting we
11 talked briefly and I asked you how -- to explain how you're
12 able to accomplish this lower takeout, a number of your
13 bets, and if that's -- and if that's working for you.

14 And my question really relates to the objection
15 that we've heard from other stakeholders that the -- when
16 your signal is sent out of state, when the signal is sent
17 out of state people may not want to receive that signal if
18 it cuts down their share of what their take is from the
19 handle. Have you had that problem at all?

20 MR. SCHICK: No, we haven't because we -- we only
21 offer a couple of bets nightly that are at the reduced
22 takeout rate. And I think most of the ADWs and sites have
23 come to kind of accept that.

24 I think if we went to a broad full-based lower
25 takeout we would find exactly what was discussed by Mr.

1 Daruty yesterday, that people will put you at the back of
2 the bus, and in some cases not even take your signal.

3 The Meadowlands experimented last year with an
4 eight percent takeout on their Super High 5. And most of
5 the ADWs didn't accept the wager because there was no --
6 there was no margin at all --

7 VICE CHAIR ROSENBERG: Right.

8 MR. SCHICK: -- for a commission. So there's --
9 there's -- obviously, those issues are real.

10 VICE CHAIR ROSENBERG: Thank you.

11 CHAIR WINNER: Did you notice an improvement when
12 you lowered the takeout rate or not on the -- on the two
13 (inaudible) that you do offer it on?

14 MR. SCHICK: Yes. Well, clearly our handle when
15 up on those -- on those wagers when we reduced the takeout.

16 Last year -- the takeout had been reduced a number
17 of years back and we continued to -- last year we dropped
18 the denomination from \$1.00 down to 20 cents in the case of
19 our Pick 4, and that further -- the combination of low
20 takeout and low denomination really helped last year.

21 COMMISSIONER CHOPER: Do you have any idea how you
22 make out net when you reduce the takeout?

23 MR. SCHICK: Well, when you -- when you use two
24 bets a card it's really hard, because obviously that money
25 is probably not dropping in from somewhere else. It might

1 be coming at the expense of higher takeout. That's where
2 you're moving into the lower takeout.

3 The only evidence that I saw when you reduce
4 takeout, that you -- you're going to -- in the short term
5 you're going to reduce revenues, and then hopefully you get
6 back at some point up to a line where you're able to break
7 even. And then theoretically it's all blue sky from there.

8 But like you said, it's a complex world because
9 you're not just -- you can't just do it in a vacuum. If
10 every track did it in unison there wouldn't be an issue of
11 them taking you and not taking somebody else.

12 COMMISSIONER CHOPER: I just think it's important
13 to note, I was -- even if I showed in your meeting I wasn't
14 permitted to say anything, to the -- to the Committee's
15 relief. But I --

16 VICE CHAIR ROSENBERG: That's true.

17 COMMISSIONER CHOPER: I just want to say one
18 thing. You know, one ought to take a look at what the
19 definition of an optimum takeout is. Because the definition
20 includes all of these difficulties. That makes it much more
21 difficult to determine what the optimum takeout is if it's
22 got to include all these valuables.

23 Which is the reason that I think that it would be
24 well worthwhile to try to get some real specialists,
25 statisticians who would undertake an analysis of this and

1 find out of if there's anything that makes sense. Because
2 it would make sense to everybody if you take a look at
3 the -- you know, the definition, and I don't have it any of
4 my -- in front of me, the definition of optimum takeout.
5 But it is the one that works the best for all the -- all the
6 people involved, including all the people that are concerned
7 about this, you know, tracks, ADWs, etcetera --

8 CHAIR WINNER: That's right.

9 COMMISSIONER CHOPER: -- including the players.

10 VICE CHAIR ROSENBERG: Yeah.

11 MR. SCHICK: Pardon me?

12 COMMISSIONER CHOPER: Including the players.

13 VICE CHAIR ROSENBERG: Yeah.

14 COMMISSIONER CHOPER: Including the -- including
15 the players. The players are -- we wouldn't be -- we
16 wouldn't go too far without some gamblers there. That's why
17 they treat me so well when I go up to Golden Gate.

18 COMMISSIONER AUERBACH: Don't forget, you've got
19 owners and breeders and whose -- on whose dime are we going
20 to do the experiment? So it's not just somebody suggesting
21 it. It's somebody willing to take out the enormous
22 potential both ways.

23 COMMISSIONER CHOPER: Well, all of those are
24 included in this --

25 COMMISSIONER AUERBACH: Yeah. Right.

1 COMMISSIONER CHOPER: -- in this reaching.

2 COMMISSIONER AUERBACH: I didn't -- I didn't want
3 to --

4 COMMISSIONER CHOPER: It is a very difficult
5 question.

6 COMMISSIONER AUERBACH: I didn't want to single
7 out any group because we're all -- everybody is involved.

8 CHAIR WINNER: Right. This is something that
9 Commissioner Choper has been recommending for some time. I
10 think there are a lot of us who agree. The question is
11 finding, number one, a way to do it --

12 COMMISSIONER AUERBACH: Right.

13 CHAIR WINNER: -- a way to advance it. It would
14 be nice if everybody can come together and make it happen.
15 But I think the suggestion is one that we should be taking
16 more seriously than we have in terms of finding a way to do
17 an analysis with someone, with statisticians or analysts who
18 know something about this who could do a true evaluation of
19 the net benefitted loss and where the true, the best, the
20 optimum takeout, what the best, the optimum takeout is. I
21 don't think we know that.

22 We continue to experiment. Everybody wants
23 another piece of the pie at all times and the pie shrinks
24 and shrinks. So it is something that I think we should all
25 take more seriously.

1 Are there any other questions on -- did you make a
2 motion, Commissioner?

3 VICE CHAIR ROSENBERG: To approve the application,
4 yes.

5 CHAIR WINNER: Commissioner Rosenberg --

6 COMMISSIONER BENETO: I've got a question.

7 CHAIR WINNER: Yes, Commissioner Beneto?

8 COMMISSIONER BENETO: Maybe I misunderstood, but I
9 thought we weren't going to approve dates until we had a
10 full package?

11 CHAIR WINNER: That is correct.

12 COMMISSIONER BENETO: Well, they don't have a full
13 package. Their finance -- their financial statement hasn't
14 come in yet.

15 CHAIR WINNER: Well, but in this case there's
16 been -- there is an exception, as -- as Executive Director
17 Baedeker pointed out, because they turn in an audited
18 financial statement. So it almost -- it always takes 30
19 days longer to get their audited financial statement. So
20 it's -- it's something that the -- that the -- that Staff
21 has agreed is an exception --

22 VICE CHAIR ROSENBERG: Right.

23 CHAIR WINNER: -- for that reason.

24 COMMISSIONER BENETO: Well, when did they start
25 doing their audited statement, how many months ago?

1 VICE CHAIR ROSENBERG: It's a public company.

2 CHAIR WINNER: Please.

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

4 First of all, apologies for my lateness.

5 Just to pick up on that, we -- the -- we all,
6 obviously, have a PLC in London. The audit is currently
7 being conducted by KPMG and will be released in line with
8 stock market regulations at the end of November. As soon as
9 it goes to London the very next person that we will see is
10 the CHRB. But we can't release until we're allowed to
11 release the figures because it's a public company.

12 COMMISSIONER BENETO: Well, accounting firms are
13 noted for being behind all the time.

14 MR. CUMMINGS: Well, I can promise you, they will
15 be out by the end of November. Otherwise, we'll be in
16 serious trouble with the stock market, so --

17 COMMISSIONER BENETO: I never got an audited
18 statement until September the following year.

19 EXECUTIVE DIRECTOR BAEDEKER: Commissioner, if
20 I -- if I might just reiterate the -- the point that was
21 made a couple of meetings ago, and it's really a new policy
22 of the Board that we don't hear an item if -- if items that
23 are missing could have been provided on time. However,
24 there are certain items, like this one -- by the way, they,
25 you know, they probably were just starting the audits or

1 thereabouts but -- when we made the change in the policy.

2 So maybe they get a free pass.

3 But things like fire clearance that are outside of
4 their control, like -- like we had on the Los Alamitos
5 issue, those things, you know, we recognize that they
6 couldn't possibly have included it. And so, again, we give
7 them a pass on those.

8 But things like, you know, horsemen's agreements
9 and so forth that, frankly, if the stakeholders get started
10 earlier they can finish earlier -- and I know we've had
11 complaints from the Commissioners that they're, you know,
12 they're approving license applications without knowing some
13 important details that might be contained in those
14 agreements.

15 So in any event, that's the distinction that we as
16 a staff are making, subject to, of course, a change
17 according to the preferences of the Board.

18 COMMISSIONER BENETO: Well, I wasn't trying to
19 shoot him down. I just -- I knew we voted on something and
20 I wanted to make sure we're following through with what we
21 voted on.

22 CHAIR WINNER: Is there a motion?

23 VICE CHAIR ROSENBERG: Motion.

24 COMMISSIONER AUERBACH: So moved.

25 CHAIR WINNER: Commissioner Rosenberg moves.

1 Commissioner Auerbach seconds.

2 Commissioner Beneto?

3 COMMISSIONER BENETO: Yes.

4 CHAIR WINNER: Commissioner Choper is gone so
5 he -- we won't until he comes back.

6 Commissioner Rosenberg?

7 VICE CHAIR ROSENBERG: Yes.

8 CHAIR WINNER: The Chairman votes yes.

9 Commissioner Auerbach?

10 COMMISSIONER AUERBACH: Yes.

11 CHAIR WINNER: Commissioner Solis?

12 COMMISSIONER SOLIS: Yes.

13 CHAIR WINNER: Commissioner Krikorian?

14 COMMISSIONER KRIKORIAN: Yes.

15 CHAIR WINNER: It passes by five to nothing -- or
16 six to nothing.

17 Thank you very much.

18 MR. SCHICK: Thank you.

19 MR. KENNEY: Thank you.

20 CHAIR WINNER: Public hearing and action by the
21 Board regarding the proposed amendment to CHRB Rule 1632,
22 Jockey's Riding Fee, to adjust the non-winning jockey riding
23 fee scale for losing mounts, pursuant to Business and
24 Professions Code section 19501(b)(1), to reflect
25 California's minimum wage increase of 11.1 percent scheduled

1 for January 1, 2016 and amend the non-winning jockey riding
2 fee scale to reflect the increase of 11.1 percent of the 2nd
3 and 3rd place mounts in races with a gross purse of \$9,999
4 or less.

5 This concludes the 45-day public comment period.
6 I believe there were no comments during that 45-day period.
7 The Board may now adopt the proposal as presented.

8 Is there a motion? Is there a discussion? Let me
9 start with that. Any discussion?

10 COMMISSIONER KRIKORIAN: So moved.

11 CHAIR WINNER: Commissioner Krikorian moves.

12 COMMISSIONER SOLIS: Second.

13 CHAIR WINNER: Commissioner Solis seconds.

14 Commissioner Krikorian, how do you vote?

15 COMMISSIONER KRIKORIAN: Yes.

16 CHAIR WINNER: Commissioner Solis?

17 COMMISSIONER SOLIS: Yes.

18 CHAIR WINNER: Commissioner Auerbach?

19 COMMISSIONER AUERBACH: Yes.

20 CHAIR WINNER: Commissioner Choper? Commissioner
21 Choper?

22 COMMISSIONER CHOPER: Yes.

23 CHAIR WINNER: Yes.

24 The Chairman? Yes.

25 Commissioner --

1 VICE CHAIR ROSENBERG: Yes.

2 CHAIR WINNER: Vice Chairman Rosenberg? Yes.

3 CHAIR WINNER: Commissioner Beneto?

4 COMMISSIONER BENETO: Yes.

5 CHAIR WINNER: The motion carries unanimously.

6 Moving on, discussion and action by the Board
7 regarding the proposed amendment to CHRB Rule 1689.1, Safety
8 Vest Required, to extend the requirement to wear a safety
9 vest to pony riders who pony or lead a horse or who are
10 mounted on any horse on the grounds of a facility under the
11 jurisdiction of the Board.

12 I think this is the first time we're voting on
13 this; correct, Jackie?

14 VICE CHAIR ROSENBERG: Yes.

15 EXECUTIVE DIRECTOR BAEDEKER: It's been -- it's
16 gone out and come back from OAL. It was rejected by OAL
17 because they had problems with the text. And in reviewing
18 the -- the changes that they were requiring we noted that
19 there was an inconsistency in the -- in the proposed rule in
20 that it was requiring only pony riders, so those that make
21 their living -- living and are licensed as pony riders, it
22 was requiring -- requiring them to wear vests.

23 But in the case, say, of an assistant trainer
24 who's ponying a horse, there would be no such requirement
25 under Version A, Text A, for them to wear safety vests. It

1 doesn't make any sense. Our stewards were pointing out that
2 it's frequent that an assistant trainer will be ponying a
3 horse.

4 So proposed Text B requires anybody licensed by
5 the Board who's ponying or leading a horse on the grounds
6 wear a safety vest.

7 CHAIR WINNER: What about a trainer?

8 COMMISSIONER AUERBACH: I have a problem with it.

9 EXECUTIVE DIRECTOR BAEDEKER: If it's a trainer,
10 whoever it is, whoever the licensee is that's ponying a
11 horse.

12 CHAIR WINNER: That's for a trainer, just as well
13 as an assistant --

14 EXECUTIVE DIRECTOR BAEDEKER: Correct.

15 MS. WAGNER: Correct.

16 CHAIR WINNER: -- correct?

17 MS. WAGNER: Correct.

18 COMMISSIONER AUERBACH: Jackie and Phil, I have --
19 I have a problem --

20 CHAIR WINNER: Hold on.

21 COMMISSIONER AUERBACH: -- I have a problem with
22 it.

23 CHAIR WINNER: Just -- just one -- did you want to
24 comment on it before we ask questions? Is there any
25 comment?

1 MS. WAGNER: No. Jackie Wagner, CHRB Staff.

2 The proposal is just as Executive Director
3 Baedeker has articulated. This was heard by the Board.

4 When it was disapproved from OAL it was
5 disapproved because at the first hearing there was some
6 confusion amongst the Board Members as to whether or not a
7 trainer would be required to wear a safety vest under the
8 proposal that was originally proposed, which is A, correct
9 me if I'm wrong. And at that time there was -- the Board
10 had a discussion and we went back and we proposed a language
11 that would capture a trainer or an assistant trainer and
12 would require them to wear a vest in order to clarify any
13 confusion as to who would be able to wear a safety vest
14 under this proposed amendment.

15 At this point we're -- it's up to the Board as to
16 which direction they would like to go. And that's why we
17 have proposed both motions A and B. And we await direction
18 from the Board.

19 CHAIR WINNER: Confusion --

20 COMMISSIONER AUERBACH: Yeah.

21 CHAIR WINNER: -- was the word? What was that?

22 MS. WAGNER: The hearing --

23 COMMISSIONER AUERBACH: Well, what --

24 MS. WAGNER: -- did not go well.

25 COMMISSIONER AUERBACH: -- you're saying is a

1 little different from what Rick said. We can go either A or
2 B; correct?

3 MS. WAGNER: Correct.

4 COMMISSIONER AUERBACH: Okay.

5 MS. WAGNER: Because we're --

6 COMMISSIONER AUERBACH: Okay.

7 MS. WAGNER: We're basically starting the
8 procedure over again. Whichever text that the Board
9 instructs Staff to go forward with, we will have to go out
10 for the comment period --

11 COMMISSIONER AUERBACH: Right.

12 MS. WAGNER: -- the required comment period.

13 COMMISSIONER AUERBACH: My problem with B, just so
14 you know where my thinking is, the last part,

15 "The proposed amendment will require any person
16 licensed by the Board to wear a safety vest while
17 ponying or leading a horse."

18 So you're going to have -- you can expand this to
19 every time a groom takes a horse out of a stall he's got to
20 wear a safety vest. And I don't -- if -- that will be -- my
21 concern, the way you worded B, I don't know that we want to
22 put restrictions in even when -- horses are led all over the
23 place. They're led in and out of their stalls. They're led
24 around a walking area. Are we -- are we mandating now that
25 everybody, when they take that -- take a horse anywhere --

1 that's the way I read B -- they would have to wear a safety
2 belt -- I mean a safety vest. And I'm not sure that that's
3 what we were going after, and that's the way I read it.

4 COMMISSIONER BENETO: I thought --

5 VICE CHAIR ROSENBERG: I agree.

6 COMMISSIONER BENETO: I thought we were going to
7 go, have to wear a safety vest on the track. There was
8 nothing on the backside that I remember, whether groom or
9 leading a horse out of the stall has to wear a safety vest.

10 COMMISSIONER AUERBACH: Well, this is -- the
11 language is very broad, and I'm concerned about it.

12 COMMISSIONER BENETO: Well, I think we ought to
13 tighten it up.

14 CHAIR WINNER: Yeah.

15 VICE CHAIR ROSENBERG: Take the word "lead" out.

16 CHAIR WINNER: Yeah. First of all, I agree with
17 Commissioner Auerbach. I think that it is, it's vague, and
18 it can be misleading in the -- in Text B. And I agree with
19 Commissioner Beneto, that is not what we had in mind. I
20 think we had in mind when they were on the track.

21 So I think that -- that -- we can change that
22 language, I believe, by amending it, can we not?

23 EXECUTIVE DIRECTOR BAEDEKER: Yes.

24 MR. LAIRD: Phil Laird, CHRB Staff.

25 I would just point out, if it were acceptable to

1 the Commissioners, instead of the -- on the second line
2 there where it says "horse on the grounds of a racing
3 association," if we change that language to "horse on the
4 track of a racing association, racing fair or authorized
5 training facility?"

6 VICE CHAIR ROSENBERG: Well, the word "lead," that
7 could work in terms of limiting it to the racetrack itself,
8 if were in favor of that.

9 MR. LAIRD: Uh-huh.

10 VICE CHAIR ROSENBERG: But the word "lead," which
11 Commissioner Auerbach raised raises other problems to me.
12 Because every time -- you know, leading is just holding a
13 shank and walking in front of a horse or next to a horse.
14 That happens when -- after a race. Everybody has to walk --
15 the grooms have to walk the horse back to the barn, and an
16 owner running down after a race and wants to grab his horse.

17 MR. LAIRD: Uh-huh.

18 VICE CHAIR ROSENBERG: So I don't know whether the
19 leading is really a necessary part of this.

20 COMMISSIONER KRIKORIAN: Well, maybe what we --

21 COMMISSIONER BENETO: I think --

22 COMMISSIONER KRIKORIAN: -- should be saying is if
23 it's -- if you're on a horse and on the track --

24 VICE CHAIR ROSENBERG: On a horse, yeah.

25 COMMISSIONER KRIKORIAN: -- (inaudible).

1 VICE CHAIR ROSENBERG: Yeah.

2 COMMISSIONER KRIKORIAN: So if you're on the horse
3 and you're on the track --

4 EXECUTIVE DIRECTOR BAEDEKER: I think -- I think
5 it's -- can I anticipate, I think, what Mr. (inaudible)?

6 CHAIR WINNER: Well, hold on. I have other people
7 who want to speak on this, as well.

8 So Commissioner Krikorian is suggesting -- oh, I'm
9 sorry. I apologize. We don't have anyone else who wants to
10 speak on it.

11 Brad, would you like to speak on this?

12 COMMISSIONER AUERBACH: No. He just wants to
13 stand there.

14 CHAIR WINNER: That's all right. You can stand
15 there.

16 MR. MCKINZIE: I just like to bask in the glow.

17 Just -- just a note as you go forward considering
18 how you do these regulations, the largest -- this is Brad
19 McKinzie representing Finish Line Self Insurance Group. The
20 largest Workers Comp claim that we have to date in our group
21 is from a pony person falling off a horse while ponying a
22 horse.

23 Another note, assistant trainers are employees and
24 are covered under Workers Compensation. Trainers are
25 employers and are not covered by Workers Compensation. So

1 it's financially the trainers aren't at risk. You're just
2 trying to protect them from themselves, I guess. But
3 assistant trainers are employees, are subject to Workers
4 Compensation. And we have numerous cases of assistant
5 trainers filing claims for injuries while they're out doing
6 various activities, including ponying horses.

7 CHAIR WINNER: Brad, what's your -- what's the
8 history with respect to the other issues which is just
9 leading the horse, rather than ponying them and the --

10 MR. MCKINZIE: Well, Mr. Chairman, the -- the
11 majority of our major claims are people falling off horses
12 versus, you know, on -- when they are on horseback. Now, we
13 have numerous claims from grooms, and some serious, that may
14 have been mitigated by a safety vest or a helmet or all
15 sorts of things. But it's just the problem of outfitting
16 the entire groom population --

17 COMMISSIONER AUERBACH: Right.

18 MR. MCKINZIE: -- which is not going to happen.

19 COMMISSIONER AUERBACH: Right.

20 MR. MCKINZIE: But it should --

21 COMMISSIONER KRIKORIAN: Right.

22 MR. MCKINZIE: It's an easy thing, in my opinion,
23 to make anybody, trainers -- Alan, I'm sure, will get up and
24 talk -- that's -- to me it's they're the employer. It's up
25 to them whether they want to do it or not. But any employee

1 on the back of the horse should have a helmet and a safety
2 vest. It's a simple, simple idea.

3 CHAIR WINNER: Thank you very much.

4 Any questions for Mr. McKinzie?

5 COMMISSIONER BENETO: Well, I think the trainers
6 should comply with that rule. Because how are you going to
7 single who's out on the track in the morning? I mean,
8 they're -- are you going to have a watchdog seeing if it's a
9 trainer without a vest or a pony boy without a vest? I
10 think it's --

11 MR. MCKINZIE: I think it will make it -- it will
12 make it harder for that rider in the search to identify
13 who's -- who's who out on the racetrack.

14 COMMISSIONER BENETO: I think we ought to make the
15 rule, anybody on a horse on the racetrack has to wear a
16 vest, period, end of story, end of conversation.

17 CHAIR WINNER: Well, I think that if we look at
18 proposed Text B and we remove the words "while leading" --

19 MS. WAGNER: "Lead."

20 EXECUTIVE DIRECTOR BAEDEKER: "Shall pony the
21 horse."

22 VICE CHAIR ROSENBERG: No. That's --

23 MR. LAIRD: Phil Laird, CHRB Staff.

24 I think, well, specifically to Commissioner
25 Beneto's point, if were to propose it that way I would

1 suggest saying,

2 "No person licensed by the Board mounted on a horse on
3 the track of a racing association, racing fair, or
4 authorized training facility, unless wearing a safety
5 vest."

6 CHAIR WINNER: Well, can -- all right, as long as
7 you take out the word "leading."

8 MS. WAGNER: Correct.

9 MR. LAIRD: Yeah. And we would take out "lead."

10 I guess the clarification I'm looking for from the
11 Board is whether or not we specifically wanted to say
12 "mounted on a horse" or "ponying a horse" or if --

13 COMMISSIONER AUERBACH: That's the --

14 COMMISSIONER SOLIS: "Leading a horse on the
15 track."

16 COMMISSIONER AUERBACH: Well, we're -- we're not
17 going to --

18 VICE CHAIR ROSENBERG: No.

19 COMMISSIONER BENETO: You're not going to lead a
20 horse -- walk a horse on the track.

21 EXECUTIVE DIRECTOR BAEDEKER: To be clear, we're
22 talking about deleting the reference --

23 COMMISSIONER AUERBACH: Different things.

24 EXECUTIVE DIRECTOR BAEDEKER: -- to leading a
25 horse; right?

1 VICE CHAIR ROSENBERG: Altogether.

2 COMMISSIONER AUERBACH: But we're --

3 EXECUTIVE DIRECTOR BAEDEKER: And then -- and then
4 we have the question about ponying a horse versus mounted on
5 a horse.

6 MR. LAIRD: Exactly.

7 EXECUTIVE DIRECTOR BAEDEKER: So in this -- in the
8 latter you're going to have, you know, the D. Wayne Lukas
9 sitting on a horse on the racetrack watching what's going
10 on. He's going to be required to wear a safety vest,
11 right --

12 MS. WAGNER: Right.

13 COMMISSIONER BENETO: That's right.

14 EXECUTIVE DIRECTOR BAEDEKER: -- with that
15 scenario?

16 MR. LAIRD: Yes.

17 EXECUTIVE DIRECTOR BAEDEKER: It's certainly
18 consistent with the notion of keeping everybody safer that's
19 mounted on a horse on the racetrack.

20 COMMISSIONER BENETO: And that's a wreck ready to
21 happen with them running out there, with horses galloping
22 by, working. I mean, you've got a lot of action on that
23 racetrack. And we need to really concentrate on safety for
24 everybody. And I think we ought to make that rule that
25 anybody on the track has to have a safety belt [sic],

1 period.

2 VICE CHAIR ROSENBERG: Let's clarify one thing.
3 When you suggested this change to the language of B, why are
4 we focusing on B when I -- if we seem to agree that should
5 be only -- only when they're on the track, shouldn't we
6 focus on A and amend A and make it a lot easier?

7 MR. LAIRD: I'm looking at in Text B, subsection
8 (a)(1). Is that what you're referring to?

9 VICE CHAIR ROSENBERG: Yes.

10 MR. LAIRD: Okay.

11 VICE CHAIR ROSENBERG: And I'm saying in Text A --

12 MR. LAIRD: Oh.

13 VICE CHAIR ROSENBERG: -- why not use that, which
14 refers only to -- I guess it doesn't matter, on the
15 grounds --

16 MR. LAIRD: I see what you're saying --

17 VICE CHAIR ROSENBERG: Yeah.

18 MR. LAIRD: -- is using Text A might be the
19 simpler change?

20 VICE CHAIR ROSENBERG: Maybe.

21 COMMISSIONER SOLIS: And any --

22 VICE CHAIR ROSENBERG: Depending on --

23 COMMISSIONER SOLIS: And in include the -- include
24 the assistant, assistant trainer?

25 CHAIR WINNER: We have to include everybody.

1 COMMISSIONER KRIKORIAN: You can't -- you can't
2 make --

3 VICE CHAIR ROSENBERG: On the track. On the track
4 itself.

5 COMMISSIONER SOLIS: On the -- oh, only --

6 EXECUTIVE DIRECTOR BAEDEKER: The difference
7 between A and B -- I'm sorry. And maybe you're proposing
8 that this -- this be changed also. But -- but A talks about
9 individuals that are licensed to pony horses.

10 COMMISSIONER AUERBACH: I think we should go back
11 to B.

12 VICE CHAIR ROSENBERG: Well, change out the
13 language there.

14 EXECUTIVE DIRECTOR BAEDEKER: It says -- it says
15 "that no person licensed by the Board as a pony rider."

16 VICE CHAIR ROSENBERG: I think we should start
17 from scratch and compose either right now an amendment C
18 rather than use A or B, because as somebody just pointed
19 out -- because Commissioner Krikorian made a great
20 suggestion about mounted on a horse, which may be better
21 than referring to a pony rider at all.

22 MS. WAGNER: Right.

23 MR. LAIRD: Absolutely.

24 MS. WAGNER: Right. That's --

25 CHAIR WINNER: What about the suggestion that Mr.

1 Laird made with respect to amending B, which I think
2 captures --

3 MS. WAGNER: Right.

4 CHAIR WINNER: -- at least in my view tends to
5 capture everything that we've been talking about.

6 Can you just read the language as you just stated
7 it, Phil?

8 MR. LAIRD: Yes. So the proposed change would be
9 that subsection (a)(1) in Text B would read "no person
10 licensed by the Board mounted -- or shall" -- well, let's
11 see,

12 "No person licensed by the Board mounted on a horse on
13 the track of a racing association, racing fair or
14 authorized training facility, unless wearing a safety
15 vest," which would limit it to only those situations
16 where anybody on the track who is mounted on a horse
17 would be required to wear a vest.

18 COMMISSIONER BENETO: That sounds good to me.

19 VICE CHAIR ROSENBERG: That's a new -- yeah,
20 that's fine.

21 CHAIR WINNER: Okay. Is there any discussion on
22 that? Is there a motion --

23 COMMISSIONER BENETO: I'll make --

24 CHAIR WINNER: -- to amend -- do we need to -- I
25 think we need to amend this language --

1 COMMISSIONER BENETO: Right.

2 CHAIR WINNER: -- that is in the book, which would
3 be proposed Text B with amendments. Is there a motion to
4 amend proposed Text B?

5 COMMISSIONER BENETO: I'll make the motion.

6 VICE CHAIR ROSENBERG: He should read it again
7 slowly --

8 CHAIR WINNER: Could you read it again, please.

9 VICE CHAIR ROSENBERG: -- so the reporter gets it.

10 MR. LAIRD: Yes. So the text as amended,
11 suggested by the Board, would read,

12 "No person licensed by the Board mounted on a horse on
13 the track of a racing association, racing fair or
14 authorized training facility, unless wearing a safety
15 vest."

16 EXECUTIVE DIRECTOR BAEDEKER: That doesn't -- that
17 doesn't work. So you need to say "of a racing association,
18 racing fair, authorized training facility shall wear a
19 safety vest."

20 VICE CHAIR ROSENBERG: "Shall wear," yes.

21 CHAIR WINNER: "Shall wear."

22 MR. LAIRD: Yes.

23 EXECUTIVE DIRECTOR BAEDEKER: Yeah. So to
24 reiterate it --

25 VICE CHAIR ROSENBERG: Read it again.

1 EXECUTIVE DIRECTOR BAEDEKER: -- the language --

2 CHAIR WINNER: Here is the language we're going to
3 be voting on. Mr. Baedeker is going to read it.

4 EXECUTIVE DIRECTOR BAEDEKER: "No persons -- no
5 person licensed by the Board mounted on a horse on a
6 track of a racing association, racing fair or
7 authorized training" --

8 VICE CHAIR ROSENBERG: "Facility."

9 EXECUTIVE DIRECTOR BAEDEKER: Any -- here -- here
10 it is. To state that "Any person licensed by the Board" --

11 CHAIR WINNER: Right.

12 EXECUTIVE DIRECTOR BAEDEKER: -- "mounted on a
13 horse on a track of a racing association, racing fair
14 or authorized training facility shall wear a safety
15 vest."

16 CHAIR WINNER: Everybody understand that?

17 EXECUTIVE DIRECTOR BAEDEKER: Any person.

18 CHAIR WINNER: It's any person, that's the key.

19 VICE CHAIR ROSENBERG: Yeah.

20 EXECUTIVE DIRECTOR BAEDEKER: Any person.

21 CHAIR WINNER: Okay. Is there a motion?

22 COMMISSIONER BENETO: Moved.

23 CHAIR WINNER: Commission Beneto moved.

24 Commissioner Choper seconds.

25 COMMISSIONER CHOPER: No. I'm going to abstain.

1 VICE CHAIR ROSENBERG: I'll second.

2 CHAIR WINNER: Commissioner Choper does not
3 second. Commissioner Rosenberg seconds the motion to amend
4 proposed Text B.

5 Is there discussion on that? Did you want to
6 discuss it?

7 COMMISSIONER CHOPER: No. I just -- I would like
8 to indicate that we're not automatons here --

9 CHAIR WINNER: Okay.

10 COMMISSIONER CHOPER: -- and we think each of
11 these things through. And I commend the drafters of the
12 provision of the code that requires us to state our names
13 and position on every one. It's a great time waster.

14 CHAIR WINNER: All right. Commissioner Krikorian,
15 how do you vote?

16 COMMISSIONER KRIKORIAN: Yes.

17 CHAIR WINNER: Commissioner Solis?

18 COMMISSIONER SOLIS: Yes.

19 CHAIR WINNER: Commissioner Auerbach?

20 COMMISSIONER AUERBACH: I'm going to abstain. I
21 think we need to do more work.

22 CHAIR WINNER: Commissioner Auerbach abstains.

23 The Chairman votes aye.

24 Vice Chairman?

25 VICE CHAIR ROSENBERG: Yes.

1 CHAIR WINNER: Commissioner Choper abstains.

2 Commissioner Beneto?

3 COMMISSIONER BENETO: Yes.

4 CHAIR WINNER: Commissioner Beneto votes yes. It
5 passes by a five-to-nothing vote.

6 Now we vote on the measure of the proposed Text B
7 as amended. Is there a motion?

8 COMMISSIONER AUERBACH: Can we read it as amended
9 so I can hear it, please?

10 CHAIR WINNER: Yeah, Commissioner.

11 Mr. Baedeker, would you read it again?

12 COMMISSIONER BENETO: I thought we just voted on
13 B.

14 CHAIR WINNER: No. We voted on the amendment to
15 B.

16 COMMISSIONER BENETO: Now we vote on B?

17 CHAIR WINNER: Now you vote on B. We just amended
18 it.

19 COMMISSIONER BENETO: Okay.

20 CHAIR WINNER: Now we have to vote on it.

21 VICE CHAIR ROSENBERG: Oh, Jesus.

22 EXECUTIVE DIRECTOR BAEDEKER: So you voted to
23 amend it. And now you're -- now we're -- can I --

24 CHAIR WINNER: Yeah. So read it as amended.

25 EXECUTIVE DIRECTOR BAEDEKER: Okay.

1 COMMISSIONER AUERBACH: Please.

2 EXECUTIVE DIRECTOR BAEDEKER: The language in
3 proposed Text B will add subsection (a)(1) to state that,
4 "Any person licensed by the Board mounted on a horse on
5 a track of a racing association, racing fair or
6 authorized training facility shall wear a safety vest."

7 CHAIR WINNER: Is there a motion?

8 COMMISSIONER BENETO: I'll make it.

9 CHAIR WINNER: Commissioner Beneto moves.

10 COMMISSIONER KRIKORIAN: Second.

11 CHAIR WINNER: Commissioner Krikorian seconds.

12 Commissioner Krikorian, how do you vote?

13 COMMISSIONER KRIKORIAN: Yes.

14 CHAIR WINNER: Commissioner Solis?

15 COMMISSIONER SOLIS: Yes.

16 CHAIR WINNER: Commissioner Auerbach?

17 COMMISSIONER AUERBACH: Yes.

18 CHAIR WINNER: I'll vote yes.

19 Commissioner Rosenberg?

20 VICE CHAIR ROSENBERG: Yes.

21 CHAIR WINNER: Commissioner Choper?

22 COMMISSIONER CHOPER: Abstain.

23 CHAIR WINNER: Commissioner Choper abstains.

24 Commissioner Beneto --

25 COMMISSIONER BENETO: Yes.

1 CHAIR WINNER: -- votes yes. The vote is six-to-
2 nothing with one abstention.

3 CHAIR WINNER: Moving on -- thank you very much.

4 Item Number 17, discussion and action by the Board
5 regarding proposed amendment to CHRB Rule 1843.3, Penalties
6 for Medication Violations, to adjust the penalties for
7 medication violations.

8 Dr. Arthur, are you speaking on this?

9 EQUINE MEDICAL DIRECTOR ARTHUR: Only if there's
10 any questions. Phil Laird will handle it.

11 CHAIR WINNER: Okay.

12 MR. LAIRD: Phil Laird, CHRB Staff.

13 The proposed amendment to Board Rule 1848.3,
14 Penalties for Medication Violations, was recently considered
15 at the August meeting of the Medication and Track Safety
16 Committee.

17 After hearing and subsequently accepting
18 recommendations from the CTT, the Committee has approved
19 this amendment to now come before the full Board.

20 Specifically, in addition to making several
21 clarifying changes to the text, the proposed amendment will,
22 one, eliminate the Category D penalties for -- Dr. Arthur,
23 I'll defer to you on -- on violations, to cause medication
24 violations that occur within a specified time period to
25 count as either a prior offense or as an aggravating factor

1 with -- with regards to the determination of penalties for
2 subsequent violations, and three, prohibit licensees who's
3 suspension is for more than 30 days from transferring their
4 horses to any other licensee who has been an employee within
5 the previous year.

6 CHAIR WINNER: Did you want to speak on it?

7 EQUINE MEDICAL DIRECTOR ARTHUR: No. I'll just
8 answer any question. I don't think there's anything --

9 CHAIR WINNER: All right. Move on to cards.

10 Mr. Balch?

11 MR. BALCH: Alan Balch, California Thoroughbred
12 Trainers.

13 Just standing to thank the Committee and this
14 Board for taking our suggestions and including them. We
15 think that there was a lot of progress in Commissioner
16 Auerbach's committee meetings on this. And we're very
17 appreciative that the Board and the staff took such note of
18 them. Thank you.

19 CHAIR WINNER: Thank you. Any questions for Mr.
20 Balch? Any discussion? Any further discussion on this
21 item? Is there a motion?

22 COMMISSIONER AUERBACH: I just -- I have a
23 question if I might --

24 CHAIR WINNER: Yes.

25 COMMISSIONER AUERBACH: -- Mr. Chairman?

1 CHAIR WINNER: Commissioner Auerbach?

2

3 COMMISSIONER AUERBACH: I have problems, and this
4 is -- I'm directing this to Staff. I don't think it's
5 Staff's fault, but what I have difficulties with are when
6 I'm reading something and then I go over to the categories
7 and the penalties, it is difficult to determine -- I'm
8 trying to go from A to Z and they don't always fit.

9 And, for example, when we made this change that we
10 wanted to make in terms of 30 days being the cutoff as
11 opposed to, I didn't see, did that necessarily get written
12 into any of these guidelines that are here? Can you
13 specifically point to where you made those changes?

14 MS. WAGNER: Are you speaking of the suspension
15 for 30 days?

16 CHAIR WINNER: You want to identify yourself,
17 Jackie?

18 MS. WAGNER: Jackie Wagner, CHRB Staff.
19 That is on page 17-12, underneath subsection (k).

20 COMMISSIONER AUERBACH: What I'm talking about,
21 Jackie, is when I go back to look for language like that in
22 the penalties, on the chart itself --

23 MS. WAGNER: Yeah.

24 COMMISSIONER AUERBACH: -- I'm not finding it.

25 MS. WAGNER: It's not noted in the chart itself.

1 EXECUTIVE DIRECTOR BAEDEKER: It's not referenced
2 at all in the chart itself.

3 MS. WAGNER: Not in this -- not in the --

4 COMMISSIONER AUERBACH: Well, that's why I'm
5 struggling with this stuff.

6 MS. WAGNER: But it's in the rule. The rule
7 incorporates the chart and the narrative, as well.

8 COMMISSIONER AUERBACH: So we -- but if the
9 rule -- the chart should incorporate regulation or changes
10 we're making. I should be able to say, oh, we changed this
11 to 30 days. Now let me look at the possible ramifications
12 of a certain action, and I don't see anything in here that
13 resembles the governing rule. Do you know what I'm saying?

14 EQUINE MEDICAL DIRECTOR ARTHUR: Dr. Arthur,
15 Equine Medical Director.

16 I think you're looking at it backwards. I think
17 you're looking at if you get --

18 COMMISSIONER AUERBACH: That wouldn't surprise me.

19 EQUINE MEDICAL DIRECTOR ARTHUR: -- if you get
20 this penalty, then you are subject to (k). It's not if you
21 get (k) then you're subject to this penalty, if that makes
22 sense.

23 COMMISSIONER AUERBACH: No.

24 EQUINE MEDICAL DIRECTOR ARTHUR: You take the
25 penalty -- the chart has the penalty guidelines. And if the

1 stewards see fit to give a 30-day suspension, then you're
2 subject to (k). If they give a 15-day suspension, you're
3 not subject to (k).

4 EXECUTIVE DIRECTOR BAEDEKER: Greater than 30
5 days.

6 EQUINE MEDICAL DIRECTOR ARTHUR: Greater than 30
7 days.

8 EXECUTIVE DIRECTOR BAEDEKER: But if you get
9 one --

10 EQUINE MEDICAL DIRECTOR ARTHUR: So if you get a
11 30-day suspension, you don't get it at -- or less you
12 don't -- you're not subject to (k). If you get over 30
13 days, then you are subject to (k).

14 MR. MILLER: Robert Miller, CHRB Staff Counsel.

15 This is -- this is a result -- the 30 days, the
16 penalty involving 30 days is separate and apart from the
17 penalty guidelines. The penalty guidelines are for the
18 medication violation. And the Board of Stewards, and
19 ultimately the Board in making their decision on a
20 disciplinary matter will come to a resolution as to the
21 medication violation penalty. Then in a separate matter,
22 the penalty that you adopt, if it's greater than 30 days,
23 kicks in an additional penalty which is in the rules.

24 And so it's an add-on. It's like, you know, a
25 charge of murder with special circumstances. I mean, it's

1 an add-on. It's not part of the penalty guidelines. And it
2 should not be a part of the penalty guidelines, in my
3 opinion.

4 CHAIR WINNER: Did you want to say something?

5 VICE CHAIR ROSENBERG: Yes.

6 CHAIR WINNER: Vice Chairman Rosenberg.

7 VICE CHAIR ROSENBERG: I want to say that I'm not
8 clear exactly on Commissioner Auerbach's objection -- not
9 objective, she wasn't saying objective.

10 COMMISSIONER AUERBACH: I'm not objecting.

11 VICE CHAIR ROSENBERG: But I agree with the
12 concept that this is a very complicated -- I read this over
13 four times --

14 COMMISSIONER AUERBACH: Yeah.

15 VICE CHAIR ROSENBERG: -- very complicated,
16 difficult to understand.

17 And my question is, was this specific language
18 drafted after the Medication Committee meeting, the
19 Medication Committee meeting that just was held just prior,
20 last month, result in this new language so that the -- the
21 Committee itself did not have a chance to review this
22 language specifically but were discussing old language,
23 which was subsequently amended after the meeting?

24 MR. LAIRD: Phil Laird, CHRB Staff.

25 My understanding, if I call correctly, and I

1 welcome correction, was that they were minor changes that
2 were suggested by the CTT that the Committee then directed
3 Staff to make those changes and to move forward with that
4 version.

5 MS. WAGNER: Correct.

6 MR. LAIRD: So this possibly is the first time the
7 Committee has seen these changes. But the changes --

8 VICE CHAIR ROSENBERG: Right.

9 MR. LAIRD: -- directly are what -- a result of
10 the direction of that Committee.

11 VICE CHAIR ROSENBERG: Right.

12 COMMISSIONER AUERBACH: They're really not minor.
13 They're really actually --

14 MR. LAIRD: Yeah. Well --

15 COMMISSIONER AUERBACH: When you go from 45
16 days --

17 MR. LAIRD: Right.

18 COMMISSIONER AUERBACH: -- to 30 --

19 MR. LAIRD: Right.

20 COMMISSIONER AUERBACH: -- that's -- that's a
21 major --

22 MR. LAIRD: I guess I'm --

23 COMMISSIONER AUERBACH: -- adjustment in what
24 we're doing --

25 MS. WAGNER: Right.

1 COMMISSIONER AUERBACH: -- in terms of a trainer's
2 life. They're really a lot.

3 CHAIR WINNER: And just to understand, though,
4 Commission Auerbach, we're -- our question of Staff had to
5 do with the mechanics of making it clear --

6 COMMISSIONER AUERBACH: Absolutely.

7 CHAIR WINNER: -- to the Board and not to the
8 specifics of the changes.

9 COMMISSIONER AUERBACH: Absolutely.

10 MS. WAGNER: As I see it, it's kind of a
11 formatting issue in terms of how it's laid out in the rule.

12 CHAIR WINNER: Right.

13 MS. WAGNER: And if there's a better way to lay it
14 out, we can certainly look at -- look at that. But in terms
15 of changing the substance of the rule, the substance of the
16 rule --

17 COMMISSIONER AUERBACH: No, I'm not -- I don't --

18 MS. WAGNER: Yes. Exactly.

19 COMMISSIONER AUERBACH: I'm not struggling with
20 the substance of the rule. The rule is fine and we've
21 adjusted it correctly. I just wish our -- because it's not
22 only just presenting it to us, it's everybody else in the
23 industry. We need to understand these things. And most of
24 us are just laypeople, so we do need it formatted in a way
25 that we -- if we want to find out the potential for a

1 problem, what is it, we could look it up. Hopefully we can
2 figure something out.

3 MS. WAGNER: We'll take a look at that.

4 COMMISSIONER AUERBACH: Thank you.

5 CHAIR WINNER: And make sure at some point as you
6 evaluate it, have a conversation with Commissioner Auerbach
7 to see if you're -- if you're being consistent with what her
8 request is.

9 MR. LAIRD: Great.

10 COMMISSIONER AUERBACH: Okay.

11 CHAIR WINNER: Okay. Is there a motion on the --
12 Commission Auerbach, you're moving to -- to pass this Item
13 Number 17.

14 Is there a second? Vice Chair Rosenberg seconds.
15 Commissioner Beneto?

16 COMMISSIONER BENETO: Yes.

17 CHAIR WINNER: Commission Choper?

18 COMMISSIONER CHOPER: Yeah.

19 CHAIR WINNER: Commissioner Rosenberg?

20 VICE CHAIR ROSENBERG: Yes.

21 CHAIR WINNER: The Chairman votes yes.

22 Commissioner Auerbach?

23 COMMISSIONER AUERBACH: Yes, sir.

24 CHAIR WINNER: Commissioner Solis?

25 COMMISSIONER SOLIS: Yes.

1 CHAIR WINNER: Commissioner Krikorian?

2 COMMISSIONER KRIKORIAN: Yes.

3 CHAIR WINNER: The motion carries unanimously.

4 Thank you very much.

5 We'll move on then to number 18, discussion and
6 action by the Board regarding the proposed addition of CHRB
7 Rule 1846.6, Postmortem Examination Review, to require a
8 postmortem examination review of each equine fatality within
9 a CHRB enclosure.

10 Who's speaking on this? Anyone?

11 MR. LAIRD: I will.

12 CHAIR WINNER: Okay. Mr. Laird.

13 MR. LAIRD: Phil Lair, CHRB Staff.

14 This item is familiar with the Board. It was just
15 before you last month. So I'll really just speak to the
16 changes that have been made since then as a request to this
17 Board.

18 At its September 2015 regular Board meeting the
19 Board expressed concerns about the effect the review panel
20 would have on investigations, as well as potential conflicts
21 in timing between the two processes. The Board has
22 indicated -- also indicated that the regulation should
23 expressly state that documents provided by licensees would
24 not be retained by the Board. Finally, the Board stated
25 that the reports generated by the Postmortem Examination

1 Review Panel should be provided to both the trainer and
2 owner, as opposed to either/or.

3 Staff has amended the text language to address
4 these requests and concerns. And specifically for your
5 benefit we included a second version of the text on page 18-
6 6 through 18-8 which shows the specific additions and
7 changes --

8 CHAIR WINNER: Right.

9 MR. LAIRD: -- since the last Board item.

10 CHAIR WINNER: Right. These are changes to the
11 originally proposed; correct?

12 MR. LAIRD: Exactly.

13 CHAIR WINNER: Okay.

14 MR. LAIRD: Correct. Correct. So what you will
15 notice is the addition of subsection (f) --

16 CHAIR WINNER: Right.

17 MR. LAIRD: -- or new subsection (f), as well as
18 some revisions to subsection (g) and subsection (h).

19 CHAIR WINNER: Yeah. In my reading I believe that
20 they covered the items that we were concerned about, but I
21 don't want to speak for anybody else.

22 COMMISSIONER AUERBACH: Me too.

23 VICE CHAIR ROSENBERG: Me too.

24 CHAIR WINNER: Commissioner Choper?

25 COMMISSIONER SCOTT: You know, there's no language

1 in the world, English or otherwise, that doesn't have
2 ambiguities in it when applied to given situations. I think
3 we had a specific issue here, and that was to keep this as
4 separate as possible from investigations, that we were doing
5 this mainly for statistical purposes and so forth. And it
6 might be that you can make it clear, but I don't think you
7 can make it any clearer. So I think I'd like to move that
8 we put it out for comment.

9 CHAIR WINNER: A motion by Commissioner Choper --

10 COMMISSIONER AUERBACH: Second.

11 CHAIR WINNER: -- seconded by Commissioner
12 Auerbach, that this matter go out for a 45-day public
13 hearing.

14 Commissioner Beneto?

15 COMMISSIONER BENETO: Yes.

16 CHAIR WINNER: Commissioner Choper?

17 COMMISSIONER CHOPER: Yes.

18 CHAIR WINNER: Commissioner Rosenberg?

19 VICE CHAIR ROSENBERG: Yes.

20 CHAIR WINNER: The Chairman votes yes.

21 Commissioner Auerbach?

22 COMMISSIONER AUERBACH: Yes.

23 CHAIR WINNER: Commissioner Solis?

24 COMMISSIONER SOLIS: Yes.

25 CHAIR WINNER: Commissioner Krikorian?

1 COMMISSIONER KRIKORIAN: Yes.

2 CHAIR WINNER: The motion passes unanimously.

3 Thank you very much.

4 Moving on, discussion by the Board regarding the
5 report from Staff explaining the process and science used
6 for maintaining track surface conditions at California
7 racetracks.

8 Staff?

9 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, I
10 asked Safety Steward Jeff Salmon to make this presentation.
11 We had a brief presentation at the Committee level. But I
12 think it's important for all of the Commissioners, as well
13 as the stakeholders, to understand the role of our safety
14 stewards in monitoring the condition of our racing surfaces.
15 It's been a very, in my view, a very constructive, positive
16 exercise to this point, and one which I think was resisted
17 initially by -- by some of the track and course
18 superintendents. But I think now that we've reached --
19 we've reached the point where this is a cooperative effort
20 and everyone understands that we're just trying to achieve
21 the safest possible surfaces for all the participants that
22 compete on it.

23 Jeff?

24 MR. SALMON: Thank you, Rick.

25 Good morning, everyone. I think my assistant is

1 struggling back there. I'm going to be up here for the next
2 two items.

3 CHAIR WINNER: Jeff, if you could identify
4 yourself, I --

5 MR. SALMON: Jeff Salmon, CHRB Staff. I'm going
6 to be up here for the next two items, the first one on our
7 Track Safety Program and the testing we do to monitor racing
8 surface conditions in California, and the second
9 presentation will be on the status of our microchip pilot
10 project that we're conducting in Northern California. And
11 Rita Baker from CHRB Staff will be joining me for that
12 presentation. So we'll do the one on track safety first,
13 and then proceed to the microchip program.

14 Next chart please.

15 We're responding directly in our Track Safety
16 Program to B and P Code section 19841 that requires the
17 Board to establish safety standards to govern the uniformity
18 of the content of the track base and racing surface in order
19 to improve the safety of horses, riders, and workers --
20 workers at the racetrack. This is an existing regulation.

21 Next please.

22 In 2010, we started working on this problem. We
23 started, focused at UC Davis with Dr. Sue Stover. And from
24 that program we learned that fatal injuries on our racing
25 surfaces are due to cumulative damage from repetitive

1 training and racing. It just doesn't. It's not a one-event
2 problem. And these often lead to preexisting conditions in
3 the musculoskeletal system. And depending on the surface
4 hardness and other issues associated with the surface can
5 ultimately result in a fatal breakdown.

6 What we've been focused on is conducting --
7 establishing test techniques and conducting testing that
8 allows us to start to create objective surface operating
9 ranges. And it's been a very, very hard job because every
10 surface is different and every set of maintenance routines
11 is different, and even the equipment is different used --
12 used from track to track and surface to surface.

13 But we are at the point now where pretty much
14 common testing techniques are -- are used throughout our
15 state and across the nation. And Dr. Mick Peterson from
16 Biologically Applied Engineering is proposing a maintenance
17 quality system.

18 So I'm going to show you the kind of testing that
19 we do today, and then end the presentation with a discussion
20 about a proposed system where common data would be entered
21 by racing associations across the nation, which would
22 include maintenance records and surface measurement data,
23 and some day ultimately correlated statistically with equine
24 injury database numbers.

25 Next please.

1 We test all three surfaces in California, dirt,
2 synthetic, and -- and turf. And dirt is by far -- well, it
3 has the greatest variability in performance. And since the
4 return of primarily dirt racing in California, we focused
5 on -- on our own testing and working with the associations,
6 we focused on the cushion and what I'll call the pad.
7 Almost all our racing surfaces in California are maintained
8 such that we end up with a harrowed cushion on top. And a
9 pad that hardens is a function of a maintenance cycle three
10 to four inches below that cushion, and then a base which is
11 essentially fixed.

12 And with regard to measuring the performance of
13 the cushion we focused on moisture content, the composition
14 of that surface, and the -- and the depth of it. And then
15 we also focused on the hardness of the pad that -- that is
16 underneath the dirt surface.

17 Next please.

18 This is just an example of the -- of the science.

19 This -- these particular reports are generated by the
20 Racing Surfaces Testing Laboratory in -- in Maine under Dr.
21 Peterson's direction. And what we're doing is down the left
22 column, using a standard ASTM measurement system to
23 establish particle size distribution for the sand particles
24 in the racetrack. And the reason we look at this is that
25 with time, from mechanical maintenance processes and from

1 racing and training, we get an abrasive breakdown of the
2 surface particles.

3 And we're getting to the point where we can take
4 this kind of laboratory testing and talk to the
5 superintendents about the need for renovation, sand
6 additions, and changes in the racetrack. And they're using
7 similar testing techniques to get to the same conclusions.
8 And it's -- it's becoming objective science slowing, as
9 opposed to subjective science.

10 Next please.

11 The pad sets up as you harrow the surface weekly,
12 and all the mechanical equipment that gets moved over the
13 racetrack. We -- we set up a relatively hard surface three
14 to four inches below the cushion. We then push the cushion
15 away during testing and use a device called a Clegg Impact
16 Tester and evaluate the hardness of that underlying pad.
17 Because as the hoof strikes the dirt, depending on the
18 composition, the moisture and the maintenance that's been
19 applied to the cushion, sometimes you'll get penetration
20 near or to that pad surface and that will affect the limb
21 load.

22 Next please.

23 Most of you have probably seen this device out
24 on -- out on dirt surfaces periodically, also on our
25 synthetic surface at Golden Gate Fields. It's a hoof tester

1 that was designed by Peterson's laboratory in Maine. And it
2 integrates the components, the -- the cushion and -- and the
3 pad and does an overall simulation of the load to the front
4 legs of the horse. And we've been taking data across our
5 surfaces or about four years now and getting enough data at
6 this point where we know whether a track is -- a particular
7 track surface has changed significantly since the last time
8 we tested it.

9 Next please.

10 We're down to one synthetic surface in California
11 at Golden Gate Fields. And we've worked on that surface
12 since -- since we started the program. And at Golden Gate
13 Fields, they've established a regular fiber renovation
14 program. They found that the fiber in the synthetic surface
15 tends to break down fairly rapidly, three or four month
16 cycles. And we've gone in after they've done their
17 renovations and tested and with our mechanical hoof tester
18 and verified the improvement in the surface with the
19 renovative changes that they've applied on a consistent
20 regular basis. It's actually scheduled into their
21 maintenance procedures at this point.

22 And I took a look at their racing record on that
23 synthetic track in the last three years. And we had about
24 1.2 fatalities per 1,000 racing starts for the last three
25 years consistently, which is very low compared to numbers on

1 other surfaces. So I think the synthetic surface is under
2 control.

3 EQUINE MEDICAL DIRECTOR ARTHUR: (Off mike.) If I
4 may add, before synthetic surfaces at Golden Gate Fields is
5 the most problematic dangerous track we had at over 3.5
6 fatalities per 1,000.

7 MR. SALMON: So that's quite a change. Okay.

8 Next please.

9 Of late we've -- in the last two years we've
10 started taking a much more detailed look at -- at turf
11 courses. And turf courses are complicated because not only
12 is -- is the relative hardness of the surface very, very
13 important, but the consistency and the fact that you end up
14 with inconsistencies, divots, uneven areas, areas where
15 grass isn't growing as well as it is in other areas makes it
16 a fairly complicated problem.

17 We focused initially on -- on hardness and
18 consistency. The turf course hardness is effected by
19 moisture content and mechanical aeration. And we're making
20 hardness measurements in -- actually in two plains with a
21 device from England called GoingStick, and also the Clegg
22 Impact Tester. And with the GoingStick -- well, I'll go on
23 to that in a moment here.

24 So we -- we are creating a database for turf at
25 this point. We have data at Santa Anita, Del Mar, and

1 Golden Gate in the north. And we're conducting regular
2 visual inspections to assess divots and uneven areas.

3 Go to the next chart please.

4 So this device actually measures the force
5 necessary to penetrate the turf in the vertical plain, and
6 also in the horizontal plain. You actually rotate it 90
7 degrees as you're holding the handle and it measures the
8 sheer strength or the horizontal plain that would provide
9 resistance to the slip of the horses hoof movement.

10 Next please.

11 And then we also use the Clegg Impact Tester on --
12 on turf. And we've been able to correlate the results
13 between these two instruments and start to understand what
14 relative hardness levels we -- we think are favorable for
15 turf courses in California.

16 Next please.

17 I'm going to end the discussion with just a
18 reference to this maintenance quality system that Dr.
19 Peterson is proposing. We're evaluating it right now. What
20 he'd like to do is have member associations and the CHRB
21 commonly share data in a database that they're putting
22 together, and that would include our pre-meet measurements
23 and those measurements taken on a daily basis. And then
24 there would be basically a culture for sharing that data.
25 And I think it's -- it's a positive idea. We're taking a

1 look at it now in terms of whether we're going to get the
2 kind of regulatory control that we want. And I think
3 it's -- it's for consideration in the future.

4 And I don't think this chart is quite complete.
5 Is there a second -- yeah. There you go.

6 And at this point he's got the New York
7 (inaudible) tracks, Churchill Downs, Arlington in -- in
8 Illinois, I believe Woodbine, Keene land, and I know he's
9 talked to representatives from Santa Anita and Del Mar with
10 regard to this maintenance quality system. And again, I
11 think that's where we're heading in terms of a common
12 database where we can start to see across all different
13 kinds of surfaces the impact of these maintenance and
14 material performance issues, on-track performance, and we
15 can quantify it and perhaps get to the point where we can
16 correlate with injury rates.

17 So that's the status of the program in terms of
18 our Track Safety Group.

19 EXECUTIVE DIRECTOR BAEDEKER: I might point out
20 that this work has been particularly helpful on the fair
21 circuit. Everybody knows those surfaces are -- are used for
22 a short period of time and then they lay dormant, or they
23 may be used for other activities during the course of a year
24 and they have to be gotten back into optimal shape for a
25 short meet. We inspect all of the -- all of the surfaces.

1 Well, we inspect the entire facility for safety issues like
2 rails and those kinds of things. And then we -- once the
3 track is set up by the track superintendent, we go out
4 and -- and gather the data that Jeff talked about.

5 I'll give you a case in point. This actually
6 wasn't a short fair meet that we had an issue, but it was --
7 it was prior to the fair meet last year at Pleasanton. And
8 we had received several complaints that there was a dramatic
9 difference in the cushion in the pad on the turns, as
10 opposed to the main track. The track man insisted that
11 wasn't the case and we got into kind of this tug of war that
12 was happening there, and it was getting close to the -- to
13 the meet. We were even being told that, as a matter of
14 fact, the -- the condition of the course of the dirt track
15 was unsafe.

16 And so we were able to send Jeff Salmon and Tom
17 McCarthy over to Pleasanton. They took the measurements
18 that -- that Jeff described. And as a matter of fact, we
19 found out that there was a dramatic difference between the
20 main track and -- I'm sorry, between the -- the stretch
21 runs, the backstretch run and the turns. And the track man
22 fixed the problem and we had a safe racing surface for the
23 meet.

24 So rather than guessing at -- at these things by,
25 you know, some kind of visual inspection, we actually have

1 data, reliable data to which we can refer and work with the
2 track superintendents with recommended changes.

3 COMMISSIONER BENETO: How could that happen when
4 they train there year-round? I mean, that track should be
5 in perfect shape on a year-round basis. I mean, that's --
6 I'd like to know what -- what caused the problem, or is
7 somebody overlooking the track on the off season? Because I
8 train horses there. And that's very concerning to me to
9 have something like that ten-and-a-half -- or actually 11
10 months a year.

11 EXECUTIVE DIRECTOR BAEDEKER: We -- Commissioner,
12 that's a great point. And I should note that, you know, we
13 don't just test when we're -- when we have a problem. We do
14 it on a regular basis. We've done it particular at
15 Pleasanton since then to make sure that the -- that the
16 problem doesn't occur again. Honestly, I think that the
17 maintenance techniques used by the track superintendent
18 prior to this time that I've described needed to be changed.
19 To their credit, they have changed the way they were taking
20 care of the track. And it's been -- I think it's been
21 pretty good since, hasn't it, Jeff?

22 MR. FORD: I think it mostly had to do with the --
23 a lack of frequency with regard to checking their own work.
24 It requires follow-up to know exactly where the surface is
25 at any point in time. It's very weather dependent, very

1 humidity dependent, moisture dependent. And you
2 constantly -- you have to develop of a routine of constant
3 checking and follow-up. And I think it was just an
4 awareness issue, I think, more than anything. And that's
5 been resolved.

6 COMMISSIONER BENETO: Well, when you go back in
7 history, trainers always complained about Pleasanton. I
8 mean, that's just a fact.

9 MR. SALMON: It's -- we've spent a lot of time
10 down there. And I think the track is in good shape at this
11 point.

12 COMMISSIONER BENETO: Good. Thank you.

13 CHAIR WINNER: Are there any other questions?

14 Thank you very much. I think you're going to do
15 the next, are you?

16 MR. SALMON: Yeah. Yeah. We're going to stay up
17 here.

18 CHAIR WINNER: Okay. So let's move on to the next
19 item, discussion by the Board regarding a report from Staff
20 regarding the status of the microchip pilot project.

21 MR. SALMON: Jeff Salmon again, CHRB Staff. I've
22 been joined by Rita Baker who is working with me on this
23 project. And Rita will be doing a demonstration about
24 halfway through, but I'll start out the discussion. What
25 we're going to do today on this subject is give you a

1 summary of where we're at on this project.

2 Next please.

3 Give me -- I don't know if we've talked directly
4 to the -- to the Board on our project since we started.
5 We've talked to Committees. The agenda today, what we'll
6 cover is a background of their microchip pilot project, the
7 progress we've made to date, do a show and tell on how the
8 hardware and the software work together and create the data
9 that -- that we will use to track horse movement and verify
10 identification and do other operations we think more
11 efficiently, a schedule for implementation of this program,
12 and comments with regard with to potential regulation.

13 Next please.

14 We're going to talk about -- in the background
15 section we'll talk about our objectives, show you who's
16 involved in the project, it's a pretty impressive group of
17 organizations, talk about the recent announcement from the
18 Jockey Club that they're going to require microchipping of
19 all foals, registered foals in 2017, and what that means to
20 us in California, show the details of our operating system,
21 and the approach we're taking on the pilot program.

22 Next please.

23 We really have -- I have two objectives up here.
24 We really have three. Microchips are state of the art now
25 and the risk has been taken out of the problem for horses.

1 So the first issue is enhancing racehorse identification and
2 just making it easier and more efficient.

3 Secondly, and maybe most importantly for us, we
4 want to develop a standard process that can be uniformly
5 adopted at all of our racing and training facilities so that
6 everyone does inventory reporting the same way and we have a
7 way of accurately tracking horse movement within the state.
8 And we think we can do this in a paperless, fast, accurate,
9 and verifiable process. And we're going to take you through
10 how we propose to do that today.

11 Next. Next please.

12 These are the team members that we've assembled,
13 and I'll talk a little bit about the role of each of these.
14 The Jockey Club has put up the money through their InCompass
15 subsidiary. InCompass is the IT arm, information technology
16 arm of -- of the Jockey Club. And they have developed a
17 software module called the Microchip Module for their
18 racetrack operations software that the associations in
19 California use where they have a database of every horse
20 that's registered in training in -- in the United States.
21 And InCompass has -- Jockey Club and InCompass have put up
22 the funds to develop this software module to use microchips.

23 The CHRB is managing the pilot project in Northern
24 California. We've involved the California Department of
25 Food and Agriculture. And their interest in the project is

1 that they're responsible for disease control management in
2 California for the equine population. And they have a lot
3 of experience with -- with solving this problem. And
4 they've been advising us and actually donated some
5 equipment. And they have a lot of experience with Allflex
6 USA who is our corporate partner. And Allflex -- and Rita
7 will show you this equipment a little later here -- Allflex
8 is the company that makes the microchips and makes the
9 scanners that you read the microchips with.

10 And then lastly, our racing associations and
11 training facilities are working with Golden Gate Fields and
12 Alameda County Fairgrounds, Pleasanton in the -- in the
13 north. And they've been invaluable with regard to their
14 advice with regard to how this system should work. And
15 they've been supporting us in our efforts to get the horses
16 shipped in Northern California and start testing our
17 operating system.

18 Next please.

19 I think most of you are aware of what's happened,
20 but we'll just go over it real quickly.

21 In August the Jockey Club announced that
22 microchips will be required for registration of foals
23 starting in 2017. But -- but they also said that owners
24 have the option to request free microchips starting in 2016.

25 So that says that in -- when those 2016 foals become two-

1 year-olds, that they will actually be reaching California
2 racetracks in 2018. So we have less than two-and-a-half
3 years.

4 What we'd like to recommend is that we have our
5 system checked out, operating, and implemented at our
6 training and racing facilities in California by early 2018
7 when the two-year-olds start arriving with chips from --
8 from the Jockey Club. And we -- we work quite closely with
9 Chris Dobbins at the -- at the Jockey Club. And they are
10 really committed to making this happen. They put money into
11 the software. And they're -- this regulation has already
12 passed their board.

13 Okay. Next.

14 So I'll just show you the equipment real quickly
15 and kind of hold it up in the air, if you could spin around
16 and take a look. But the -- the microchips are included in
17 a prepackaged syringe. And these are sterilized. And this
18 is the applicator and the chip. And I'll pass it around.
19 If you look real closer at the end of the -- end of the
20 needle you'll see a little -- a small little dark piece that
21 looks like a piece of rice or something, real small. That's
22 the microchip. And when it -- so that gets -- that gets
23 implanted in the horse.

24 Rita, why don't you describe how that works
25 exactly?

1 MS. BAKER: Rita, CHRB Staff.

2 The vet injects it into the nuchal ligament of the
3 neck which is located between the poll and the withers on
4 the horse. And when it's injected in that ligament it won't
5 move. So it's done quickly, easily, within seconds.

6 COMMISSIONER BENETO: It goes, where, in the neck?

7

8 MS. BAKER: Yes, in the neck.

9 VICE CHAIR ROSENBERG: The ligament.

10 MS. BAKER: So it's right below where the mane is
11 and the muscling starts.

12 And maybe Dr. Arthur can explain it better.

13 EQUINE MEDICAL DIRECTOR ARTHUR: The ligamentum
14 nuchae is a large ligament that the horse -- it holds up its
15 head. It is a very large ligament. You insert the
16 microchip into that ligament and it stays very stable.
17 There's very little migration at all.

18 You don't have -- it doesn't have to be done by a
19 veterinarian. We've used veterinarians up to this point.
20 The Veterinary Medical Board has recognized that it doesn't
21 have to be a veterinary practice. We can train technicians
22 to do it. We can hire RVTs. There's a lot of ways to do
23 it. A very simple procedure.

24 We did a pilot project for, actually, Homeland
25 Security. When I first came onboard it was already in

1 place. We placed over 2,700 microchips and without any --
2 any complications at all.

3 The -- this is routine procedure in many other
4 countries already. Most of the horses who come over from
5 the Breeders' Cup are not tattooed. They are microchipped.
6 It's a very good way to identify horses. And you can
7 correlate it to other identification procedures as well.
8 Even though it's a political hot potato, simply because
9 certain entities don't want to give up tattooing, the common
10 sense ultimate solution is to eliminate tattooing in
11 thoroughbreds or racehorses the way it has been eliminated
12 in horses in other countries.

13 COMMISSIONER BENETO: You can't make a mistake
14 injecting that, huh? I mean, is it -- there's no critical
15 spot that --

16 EQUINE MEDICAL DIRECTOR ARTHUR: No. The
17 ligamentum nuchae -- ligamentum nuchae is -- you take a
18 point halfway between the withers and the poll. It doesn't
19 matter, you can be an inch off, inch or two off, three
20 inches off, and you'd still be able to pick it up with a
21 scanner. It's a very big ligament that has no blood
22 supplies, no nerves or anything. So it's -- it's a very
23 inert part of the body.

24 COMMISSIONER BENETO: So that -- when you inject
25 that, then the Jockey Club has a number on file on the

1 papers?

2 MR. SALMON: Right.

3 EQUINE MEDICAL DIRECTOR ARTHUR: Right.

4 MR. SALMON: We'll go over that. But there's
5 actually going to be an automatic operating system that will
6 upload the data within seconds from when we scan a horse in
7 California. It will be incorporated in the database in
8 Kentucky within less than 30 seconds.

9 EQUINE MEDICAL DIRECTOR ARTHUR: Yeah.

10 MR. SALMON: And so it's -- it's paperless.
11 It's -- it's uploaded via the internet, and the record on
12 the horse is changed at that point.

13 EQUINE MEDICAL DIRECTOR ARTHUR: As is already
14 done internationally, when blood is taken for DNA testing
15 when the foal is on the ground still suckling the mare, the
16 blood tube that goes with the horse and the registration
17 papers is actually accompanied by a microchip that's
18 inserted simultaneously as the blood draw. So you'll have
19 the microchip tied to the DNA of the horse, the ID of the
20 horse. Everything is all tied together.

21 It's a very simple system. And the only -- the
22 only surprise is it hasn't been done already. And I have to
23 give Rick credit for moving this along because it's really
24 stimulated the Jockey Club to finally take this step and
25 require it for all foals going forward. It's going to --

1 it's going to make our lives a lot easier.

2 COMMISSIONER BENETO: Sounds good to me.

3 CHAIR WINNER: And, Jeff, I'm sorry, did you want
4 to continue?

5 MR. SALMON: Yeah, we're going to --

6 CHAIR WINNER: Okay.

7 MR. SALMON: -- continue.

8 So I want to -- I want to show the scanner. And
9 you place the scanner next to the horse once it's implanted,
10 and then that's transferred -- the chip reading is
11 transferred to a handheld computer. And then it's, via the
12 internet, it's uploaded to the operating system in Kentucky.
13 So that's how the data is handled. It's very quick.

14 COMMISSIONER AUERBACH: Jeff --

15 MR. SALMON: Yes?

16 COMMISSIONER AUERBACH: -- you indicated in the
17 chart you showed us that the Jockey Club will provide the
18 chips in 2016 --

19 MR. SALMON: Yeah.

20 COMMISSIONER AUERBACH: -- if you request them.
21 Did they tell you what vehicle they wanted -- how they
22 wanted them requested so we could pass that information
23 along to people?

24 MR. SALMON: We -- we certainly can find that out.
25 It comes with -- I think it's a matter of contacting them

1 before you get the registration kit.

2 COMMISSIONER AUERBACH: Okay. Well, I was
3 wondering if we could find out what methodology they're
4 using and get the word out so we could maybe push it along a
5 little bit.

6 MR. SALMON: Yeah, we'd like to do that. We'd
7 like to push it along. We'll -- we'll find out exactly what
8 the --

9 COMMISSIONER AUERBACH: Okay.

10 MR. SALMON: -- the arrangement would be to get on
11 the list, yeah.

12 COMMISSIONER AUERBACH: Thank you.

13 MR. SALMON: Okay. Next chart please.

14 So I wanted to talk quickly about our pilot
15 project. And we're doing an operating system demonstration
16 at Golden Gate Fields and -- and Pleasanton for three
17 reasons, it's close to headquarters, we had a relatively
18 small horse population there, and we have significant back
19 and forth shipping between Golden Gate and Alameda County
20 Fairgrounds so that we can implement this software and track
21 horse movement and convince ourselves that it's accurate.
22 And the record keeping in Kentucky is accurate.

23 Okay. Next.

24 So here's a summary of the progress that we've
25 made to date. The module for the RTO software, the

1 InCompass work is complete. The scanner and tablet hardware
2 that I'm showing you here is in place. We've selected that.
3 CHRB has tested hardware and software and upload in the
4 microchip records for the horses we've chipped to date.
5 We've purchased 1,700 microchips for the pilot project at
6 Golden Gate and Pleasanton. We have 20 trainers signed up
7 and we've chipped 124 horses. And we anticipate initiating
8 the pilot demonstration of the software before the end of
9 this year, in the next couple of months.

10 Next please.

11 This is a nine-year-old, you might remember him,
12 running at Santa Anita. His name is Compari. He was a
13 pretty good mile turfer. And he is now nine. He's a
14 gelding, of course, and he's still in the claiming ranks at
15 Golden Gate Fields. And he -- he received his -- his chip
16 from Dr. Franklin.

17 Of the 124 horses we've done to date we haven't
18 had one piece of feedback with regard to a
19 problem with a horse. Every once in a while we'll get a
20 small amount of bleeding. They compress the wound and it
21 resolves itself within a day or so. So a horse of any age
22 can do this, from -- from a foal up to a horse that's
23 retired.

24 Okay. Next.

25 At this point I'm going to have Rita take over for

1 a moment. And she's going to take you through how this
2 software system works so you just get a feeling for what --
3 what the Jockey Club and InCompass is putting into this
4 project. And then we'll end with a summary.

5 Rita?

6 MS. BAKER: Rita Baker, CHRB Staff.

7 Next slide please. Next slide.

8 So this program works by using microchip
9 technology, a tool to accurately identify horses, track
10 horse movement, and quickly account for all horse within the
11 enclosure. It can be used by veterinarians, racing
12 secretaries, horse identifiers, and stable gate staff.

13 So to get started, the InCompass microchip module
14 here, you would click on the Menu button and that would
15 bring you the drop-down box, and first we'll go to settings.

16 Next slide.

17 Here is where you want to select the track on
18 which you're located, and in this case it's going to be
19 Pleasanton. So we'll click "Save."

20 And next slide.

21 So this is the microchip home page, and it does
22 four functions. You can search. There's a batch scan,
23 individual scan, and identification. So I'm going to show
24 you the scan function first. And here you can assign a
25 microchip to an individual horse, or you can record a

1 shipping transaction. So first it's going to ask you to
2 scan a microchip, so we do that.

3 And we see -- oh, next slide.

4 We scan the microchip and it brings up -- records
5 the microchip number and it bring up -- and it -- I mean, it
6 asks you how -- asks you to assign it to a horse. So I'm
7 going to select a horse and I'm going to do that by using
8 the tattoo number. That way I won't have any errors.

9 Next slide.

10 So the tattoo number I've typed in brings up the
11 horse Tahoe Blues. And it asks me if I want to match this
12 microchip number to the horse, and I select "Yes." And also
13 on the screen you can see the owner, trainer, the
14 identification markings, and the tattoo number, oh, and the
15 shipping transaction below.

16 So once I click "Yes" it takes me to the next
17 screen. And here we can do a shipping transaction. But
18 since I just microchipped the horse, that's all I want to
19 do. So I'm going to click "Clear" and I'm going to get out
20 of this screen.

21 Next slide.

22 It's going to take me back to the Scan tab, and I
23 will show you how to do a shipping transaction. So I have
24 the horse who has already been injected with a microchip, so
25 I'll scan his neck with the wand.

1 And next slide.

2 It brings up the horse I've just scanned. And up
3 above the horse information there's a white box, and this is
4 where you put in the date. It's already populated with the
5 trainer and the owner. But what I'm interested in doing is
6 signing the horse out at Pleasanton because that's what he's
7 going to do. So it defaults to "Out" since the horse is
8 already in.

9 Next there is a drop-down box. I'm going to
10 select "Other" because he's going out. And if know what
11 track he's going to I can put in the comment box, say it was
12 Golden Gate or Santa Anita, I can put that there, and then I
13 click "Save."

14 Next slide.

15 This takes you back to the microchip home page.
16 And now I'll show you what the Identification tab does.

17 Next slide

18 So first it's going to ask me for a microchip, and
19 I would wand the horse's neck at this point.

20 Next slide.

21 And the horse I had just scanned is Really a
22 Princess, and it shows me all of her details, all of her
23 shipping transactions, her identification markings, tattoo
24 number, chip number, owner, trainer. So this is a read-only
25 function and you can't alter the information.

1 So we'll click "Exit" out of here, go back to the
2 home page.

3 So the Batch tab is where the stable gate staff
4 are going to do the majority of their work. And you can
5 scan multiple horses at a time, and you can edit their
6 information all at once.

7 Next slide.

8 So I'm going to create a scenario. I'm going to
9 be a stable superintendent, and I have five horses ready to
10 ship out of Pleasanton. And they're right in front of me,
11 they're ready to get on the van, and I want to do this fast.

12 So I'm going to scan the first horse -- next slide
13 please -- and it's going to bring up the first horse. And
14 now I have four more to go, so I'm going to scan them really
15 quickly. And within seconds I've scanned them all and they
16 all appear. To the right-hand side you can see the Edit
17 tab. And that's where I'm going to go in and individually
18 create a shipping transaction for them. So I will do Really
19 a Princess. And it has today's date. It has her at
20 Pleasanton going out. And I'm going to select a track from
21 the drop-down box. And if I know what track she's going to,
22 say it's Golden Gate, I'm going to put "To Golden Gate" in
23 the comment section.

24 Next slide.

25 The last function I'm going to explain is the

1 Search tab. This is where you perform -- or this is where
2 you will scan -- this is where you can search on horses that
3 have been scanned on a previous day. So you can see
4 previously entered information or it can serve as an audit
5 function.

6 So today -- or I'm selecting October 15th because
7 on that day I scanned three horses and I can't remember what
8 I did. So it shows me that I did indeed assign a microchip
9 to Tahoe Blues. And I scanned two other microchips that I
10 did nothing with. So once I'm done looking at that I click
11 "Exit" and it takes me back to the home page.

12 So this microchip module is used to ensure
13 consistent and accurate identification of horses for its
14 users. I want to encourage trainers to sign up and have
15 their horses microchipped. And you can contact me at CHRB
16 headquarters if you're interested.

17 I also wanted to thank Patrick Mackey and his
18 staff at Golden Gate Fields for -- and Jeanne Wasserman and
19 her staff at Pleasanton for working with us and giving us
20 their support.

21 And I invite anyone that wants to see me do a live
22 demonstration with the equipment here to come and see me
23 after the meeting.

24 And I'd like to turn it over to Jeff and he'll
25 close the presentation.

1 EXECUTIVE DIRECTOR BAEDEKER: And -- but just to
2 clarify, Rita, trainers that would like to have their horses
3 microchipped at Pleasanton --

4 MS. BAKER: Yes, at Pleasanton or Golden Gate.

5 EXECUTIVE DIRECTOR BAEDEKER: Pleasanton or Golden
6 Gate?

7 MS. BAKER: Yes.

8 EXECUTIVE DIRECTOR BAEDEKER: We're not ready to
9 come down here yet?

10 MR. SALMON: That's right.

11 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

12 MR. SALMON: We just have two more charts. I want
13 to make a point about our schedule, and then a
14 recommendation to the Board, if I may.

15 So we're on schedule to complete this pilot
16 project in Northern California in 2016. And if we can put a
17 microchip regulation in place by the beginning of 2017, then
18 we'd be in a position to microchip all the horses in
19 California during 2017, and also implement and train staff
20 at all of our operating facilities in California. That
21 would be -- put us in a position to seamlessly receive two-
22 year-olds in 2018 that will be arriving based on the
23 requirements by the Jockey Club to start chipping foals in
24 '17, and as early as 2016. So we're only, right now, today
25 probably two-and-a-half years from the ability to implement

1 this kind of automatic system across California.

2 COMMISSIONER BENETO: What's the -- what rule are
3 you going to have on this as far as do they need to be
4 chipped before they come into the track or --

5 MR. SALMON: Next chart. Let's talk about that.
6 Yeah. This is the final chart. And that's what we want to
7 do, is start talking about that, Mr. Beneto, is to address
8 that issue.

9 Now, if we -- if we initiate the regulatory
10 process now and it takes about a year, that would put us in
11 a position to implement the requirement January of 2017, and
12 then we'd have about a year. And we would actually do,
13 for -- for horses that are in training at either a licensed
14 training facility or a track, we would do the implantation
15 at the racetrack. So it would be a matter of identifying
16 what horses had chips and didn't have chips, and then
17 addressing those that had chips right at the facility
18 itself.

19 COMMISSIONER BENETO: So they would check the
20 horse in at the -- at the gate as they come into the track?
21 In other words --

22 MR. SALMON: That's right.

23 COMMISSIONER BENETO: So -- so the racetrack has
24 good control of what horses are here and who's not here?

25 MR. SALMON: Yeah. The whole -- the whole key --

1 key development of this program is to establish procedures
2 at the racetrack where either at the gate or at a designated
3 on-loading and offloading point, or follow up after they
4 pass through and a gate card has been established. But
5 there has to be some regular process that's followed in
6 order to scan every horse.

7 So if you know if the horse is chipped or not
8 chipped, it's the first thing we find out. And if it's not
9 chipped, then we arrange with the owner and the trainer to
10 chip the horse, so that eventually every horse on the
11 grounds would be chipped by the end of 2017. That's where
12 we want to get to.

13 COMMISSIONER BENETO: So when that happens the
14 racetrack will have control every horse on the grounds by --
15 they can pull it up, or when it hits the gate coming into
16 the track will the gate man scan the horse at that point?

17 MR. SALMON: Either at that point, or maybe at an
18 offload point. It depends on -- that's going to be resolved
19 during our pilot project. We're looking at all different
20 ways of doing that. But probably not at the gate because
21 you can get vans stacked up, and they can come in at strange
22 hours of the night. So we -- we're looking at things like a
23 common point and -- and that kind of thing. But there will
24 be some sort of process that's routinely followed such that
25 we know that every horse is scanned. And that needs to be

1 established. That's part of the program that we're working
2 on right now.

3 COMMISSIONER BENETO: How about he goes to the
4 paddock fields, the steward would scan him again?

5 MR. SALMON: He could. That hasn't been
6 established yet. What we're trying to do now is just prove
7 the feasibility of this and get everything checked out, you
8 know, get a set a lessons learned so we know how to
9 implement it. And then we can talk about the details of the
10 rule which regard to using it.

11 COMMISSIONER BENETO: Well, right now they look at
12 the lip; right?

13 MR. SALMON: Right.

14 COMMISSIONER BENETO: And they roll the lip --

15 MR. SALMON: And that --

16 COMMISSIONER BENETO: -- before the race.

17 MR. SALMON: Yes.

18 COMMISSIONER BENETO: Well, the scanning agent
19 could scan every horse in that race.

20 MR. SALMON: That's true. That could be done.

21 CHAIR WINNER: Okay. This is --

22 COMMISSIONER BENETO: So that's going to eliminate
23 tattooing completely?

24 CHAIR WINNER: Yeah.

25 MR. SALMON: Not at this point. We see it as an

1 enhancement. But, you know, that's -- that's probably down
2 the road.

3 CHAIR WINNER: Yeah. At some point --

4 MR. SALMON: Yeah, at some point.

5 CHAIR WINNER: -- the objective would be to
6 eliminate the tattooing; is that correct?

7 MR. SALMON: At some point. Once this is a proven
8 process, everyone is comfortable with it, we have -- we have
9 the information and the data and we know the system is
10 working, that's a possibility.

11 CHAIR WINNER: Okay. So, first of all, thank you
12 very much for -- for your work. And thank Rick for -- for
13 the work that he's done on this.

14 MR. SALMON: We tried to go fast. I know there's
15 a lot of information here.

16 COMMISSIONER BENETO: But the goal -- but the goal
17 is to eliminate tattooing, is that --

18 MR. SALMON: No. Our goal -- our goal is to
19 create an accurate inventory system in California and be
20 able to track horse movements. It's -- we don't have a way
21 of tracking horse movements in this state. And when we
22 talked to the California Department of Food and Agriculture,
23 they really have a charter to make that happen. So we're
24 most interested about accurate inventory, repeatable process
25 at each facility, and being able to know where a horse is.

1 EXECUTIVE DIRECTOR BAEDEKER: There is another big
2 benefit here, too, Commissioners. You just saw kind of
3 the -- the software that's been developed specifically for
4 the chip tracking. But through InCompass you can take all
5 of that data and you can interface with other software, like
6 is used in the racing offices. So a racing secretary can
7 know today exactly who is on the backstretch, what
8 conditions they fit, all the information relative to the
9 racehorse. So you can see how this thing can just continue
10 to grow and make us more efficient over the next few years.

11 COMMISSIONER KRIKORIAN: Yeah. Riding races ought
12 to become a lot easier because you have the horses records,
13 you can do reports on how many \$12,500 claimers you have on
14 the grounds and that kind of thing, you know? You could --
15 it automates the process of understanding what your
16 inventory looks like.

17 CHAIR WINNER: Okay.

18 COMMISSIONER KRIKORIAN: I have one question.

19 CHAIR WINNER: Obviously this is going to require
20 regulatory changes. So what I'm going to do is assign the
21 whole matter to the Legislative, Legal and Regulations
22 Committee, which is Chairman Choper and Vice Chairman of the
23 Board Rosenberg, to work with Jeff, Rita, Rick, and Staff,
24 etcetera, to begin to go to go through the process of
25 regulatory implementation.

1 Any other discussion on this item?

2 COMMISSIONER KRIKORIAN: I just had -- just for --

3 CHAIR WINNER: Please.

4 COMMISSIONER KRIKORIAN: Just for clarification,
5 when you say you can track horses, can they be tracked --
6 will it be such that horses can be tracked anywhere, just
7 like your -- your cell phones?

8 MR. SALMON: Oh. That's down the road also. The
9 device and the -- the application that's used to connect the
10 scanner signal to the database in Kentucky, the company that
11 we're working with is developing a new version already. And
12 someday it will be as simple as using your -- your cell
13 phone. Right now it isn't. They're developing a light-
14 weight robust tool for us that connects via Bluetooth signal
15 from the scanner to the tablet computer, and so we're
16 eliminating all wires and things. But someday, yeah, it
17 will be -- it will be that simple.

18 COMMISSIONER KRIKORIAN: But the technology will
19 be put into chips starting now?

20 MR. SALMON: Yes. The chips -- the chips are ISO
21 compliant to an international standard, actually. To you
22 can read it with any handheld device at this point.

23 COMMISSIONER KRIKORIAN: So you can track horses
24 wherever they -- wherever they go. So even to end of life,
25 you can track horses.

1 MR. SALMON: Absolutely. And -- yeah. It will be
2 a big help to those issues associated with retired horses
3 and knowing where they're at and where they're going and
4 that.

5 CHAIR WINNER: And auctions, etcetera.

6 MR. SALMON: Yeah, and auctions. Yeah.

7 COMMISSIONER AUERBACH: It will be end of pictures
8 of horses on milk cartons --

9 COMMISSIONER KRIKORIAN: Yeah.

10 COMMISSIONER AUERBACH: -- right?

11 MR. SALMON: No, the applications are -- are very
12 broad. There's -- there's much we can do with this in the
13 future. We want to make sure it's feasible at this point.

14 COMMISSIONER KRIKORIAN: Thank you.

15 CHAIR WINNER: Okay. Thank you very, very, very
16 much.

17 Moving on the, a report from Pari-Mutuel/ADW,
18 Satellite and Simulcast Committee.

19 I assume Vice Chair Rosenberg, you're going to
20 give that report?

21 VICE CHAIR ROSENBERG: No. Chairman Krikorian.

22 CHAIR WINNER: I'm sorry, Chairman Krikorian, I
23 apologize, is going to give that report.

24 COMMISSIONER KRIKORIAN: Okay. Thank you.

25 Well, Commissioner Rosenberg and I held a meeting

1 here yesterday which was very well attended by all of the
2 California racetracks, and most of the ADWs. We discussed
3 fantasy sports which is a hot topic nowadays. And Scott
4 Daruty pointed out that he thought fantasy sports, he looked
5 at them as both a threat and an opportunity for horse
6 racing.

7 Our counsel informed us that sometimes the fantasy
8 sports are authorized by federal law, though some forums
9 might be overstepping what's allowed. Individual states are
10 wrestling with this issue, some permitting fantasy sports,
11 others banning them. Legislation of some kind might be
12 introduced in California next year. In the meantime, the
13 CHRB does not have authority to specifically license fantasy
14 sports at this time, but that does not prevent private
15 racetracks from offering promotions of their brand utilizing
16 fantasy sports in some way, as long as the customers don't
17 have to pay anything.

18 The discussion focused both on fantasy sports in
19 general and on fantasy horse racing which involves selecting
20 a team of horses or jockeys and trainers, with the winner
21 determined by the most purse winnings for a certain period.

22 Scott Daruty who represents both Stronach and Monarch sees
23 fantasy horse racing as a threat to our industry if the
24 service offering net product does not contribute to its
25 commissions and purses.

1 We're told that there could be more than 50
2 million participants in fantasy sports who invest more than
3 \$20 billion a year today. To me that's a lot of money on
4 the table. And perhaps our industry should be in that game,
5 provided, of course, that's it legal.

6 We didn't resolve anything at the meeting. But
7 fantasy sports is definitely something we should all be
8 watching and thinking about as we move forward.

9 We discussed the ongoing problem caused by not all
10 of the wagering outlets around the country and
11 internationally instantly providing the details of their
12 wagers to California hosts via the Thoroughbred -- the TRPB.
13 We're told that we have transaction details on only about 60
14 percent of the wagers at the Santa Anita meet. If we want
15 details on the other 40 percent it will involve a time-
16 consuming process of requesting those details from those
17 outlets that are not providing them to the TRPB.

18 We know that our racetracks, Monarch and TRPB are
19 all working together to persuade that 40 percent to get with
20 it and start providing their transaction files automatically
21 to the TRPB, which would give our staff 100 percent and
22 access to the details of all wagers on California races.
23 And we hope to receive a favorable report from them at our
24 next meeting, possibly in December.

25 Our staff has looked at three specific promotions

1 offered by TVG and BetAmerica offering guaranteed payoffs in
2 excess of those actually being paid out at the track. For
3 example, TVG guaranteed a five-to-two return on win bets on
4 Shared Belief on wagers up to \$20.00. Our analysis is that
5 those were more promotions, not affecting the pari-mutuel
6 polls -- pools, excuse me, so they're perfectly legal.

7 We'll continue looking at promotions of this type
8 on a case-by-case basis to make sure that they continue to
9 be legal.

10 GPS tracking of wagers placed on mobile devices
11 through ADW outlets by patrons of brick-and-mortar locations
12 in California remain something we strive for but have not
13 yet accomplished. GPS tracking or some alternative is
14 needed because the industry loses out when a customer opts
15 to wager through some other location while enjoying the
16 social interaction and the other benefits of the brick-and-
17 mortar facility due to differences in takeout.

18 Joe Morris indicated that this issue would be
19 shortly going onto the front burner. And Jeff True of
20 AmTote reported that they will be introducing new technology
21 that could partly resolve this problem. We'll be asking for
22 updates when our Committee meets again on this issue.

23 The statute authorizing up to 45 mini-satellites
24 in California was passed in 2007. And we completed our
25 rules in 2008. And yet seven years later there are only

1 nine mini-satellites operating the state, eight in the
2 south, one in the north. A 10th will be opening in Downtown
3 San Diego, I believe, next week, and the 11th early next
4 year in the City of Norco. But still that will be only 11,
5 where 45 are authorized.

6 So it means we aren't doing something right.
7 We've got to do better. Whether that means rethinking a
8 commission structure, reducing the 25-mile protective
9 radius, more resources devoted to this endeavor, or whatever
10 we've got to do better.

11 We received assurances from SCOTWINC and NCOTWINC
12 that this is a high priority for them, and we hope to see
13 better results in the future. And I believe we've made some
14 headway in the meeting earlier this past week. And the
15 results of -- that came out of that meeting will be announce
16 shortly, after the parties have an opportunity to look at
17 the -- you know, to put this thing to pencil.

18 Our -- our rules allow that those who wager on
19 Pick 4s to Pick 5 and the Pick 6 and other wagers involving
20 four or more horses -- four or more races, excuse me, need
21 an alternative if one of their horses is scratched. Patrons
22 of brick-and-mortar facilities in California can name
23 alternatives by using paper index cards and running them
24 through the tote machine. But ADW companies, and probably
25 all of those customers out of state, do not have this

1 option.

2 So we've asked some of our ADW licensees to look
3 into the cost of adding this option on their sites. And our
4 staff will be trying to determine just how popular alternate
5 selections are among those who place wagers at a brick-and-
6 mortar facilities. And we'll also be reviewing this matter
7 again at our next -- next meeting.

8 Optimum takeout is another hot topic, which was
9 discussed earlier today again. And we at CHRB are
10 constantly being asked about reducing takeout rates. While
11 CHRB does not have any direct authority over takeout, some
12 of us do see a benefit in keeping our industry leaders
13 focused on this issue. Del Mar reported that an experiment
14 with a reduce takeout Daily Double had mixed results. The
15 increasing popularity of the high-takeout Pick 4 also
16 confuses the issue, though that might be due to it being
17 offered as a 50 cent wager. Takeout -- takeout and wagering
18 denominations go hand in hand.

19 We had the -- had a lengthy discussion about the
20 possibility of conducting a serious study of takeout which
21 industry leaders on both sides -- with the industry leaders
22 on both sides of the issue. We welcomed and offer from Alan
23 Balch to further investigate this matter, principally by
24 contacting universities to determine their level of interest
25 in such a study, and we're hoping for a favorable update at

1 our next meeting.

2 And by the way, I was given an email just this
3 morning. Alan had been in touch with USC.

4 And I'd like him to, if you don't mind, Alan, just
5 giving us an update of what you found already since
6 yesterday?

7 CHAIR WINNER: Is that -- George, is that the
8 completion of your report, or do you want to complete your
9 report and then have Alan --

10 COMMISSIONER KRIKORIAN: Well, the last thing we
11 talked -- well, we put on hold was the possibility of
12 talking about a possible merger for NCOTWINC and SCOTWINC.
13 But that's been put on hold until our next meeting.

14 CHAIR WINNER: Okay.

15 COMMISSIONER KRIKORIAN: That's it.

16 CHAIR WINNER: Thank you.

17 Alan?

18 MR. BALCH: Alan Balch, California Thoroughbred
19 Trainers.

20 Commissioner Krikorian is correct. I did reach
21 out immediately after the meeting to Professor Caroline
22 Betts at the University of Southern California who is every
23 interested in this proposition. In the email that I shared
24 with Commissioner Krikorian and Commissioner Rosenberg, she
25 told me the status of the work that she's been doing with

1 the data provided by New York Racing Association. She also
2 made it clear, however, that what she's been doing has been
3 complimentary. In other words, she hasn't been compensated
4 for this. So naturally, it has to be behind her other
5 projects.

6 I did meet with Professor Betts a couple of year
7 ago down a SC to talk about this entire project, which she
8 is very interested in. She has international experience
9 with racing. And having somebody from the academy working
10 with us on this to begin with an understanding of racing and
11 takeout and international aspects of it would be extremely
12 important. I don't think the answer lies with any one
13 person.

14 I think what we need to do, and I've already
15 talked to Mr. Dado Del Mar here who has contacts at
16 Stanford, I have some contact back east and elsewhere, I
17 think if we could put together a group, a working group, I
18 believe that CTT would certainly make a contribution toward
19 this. And I think we need to try to raise the necessary
20 funding to do this properly.

21 I think there's a lot of resources in the graduate
22 schools of business as a project. We've done, really
23 beginning about 45 years ago, we did a great deal of work at
24 Santa Anita in econometrics and marketing, mutuels and so
25 forth, by working with the UCLA Graduate School of Business

1 field study teams because they -- this is a very interesting
2 proposition. Everything related to racing is usually very
3 interesting to business schools because we generate so much
4 data. And that's what Professor Betts is interested in
5 because, of course, she needs access to the data. We
6 generate just a tremendous amount of data every race, every
7 day. And that's what the economics like is objective data.

8 And then we would, in order to take it to the
9 next, we would have to really get some great minds together
10 and try to develop a plan to study it and to experiment with
11 it. And I'm certainly willing to do our part, and I know
12 others in the industry are too.

13 So thank you.

14 CHAIR WINNER: Great. Thank you very much.

15 And thank -- thank you to the Committee.

16 Obviously they have an enormous amount of -- a very heavy
17 workload, and they've done a terrific job. Some of these
18 issues are just very complex. And fortunately we have a
19 terrific Committee that -- that these matters can go before.

20 The next item -- is there any discussion, any
21 other discussion for either Commissioner Krikorian or Vice
22 Chair Rosenberg about what was -- was reported? Okay.

23 The next item on the agenda is one that
24 Commissioner Krikorian has already discussed, and that is a
25 discussion by the Board regarding fantasy sports games and

1 the potential impact on the horse racing industry in
2 general.

3 Obviously this is a huge issue now. Fantasy
4 sports is not -- is not just something that we are very
5 concerned about for a variety of reasons, but everybody is
6 concerned about it. As we know, there are various
7 investigations going on by the U.S. Attorney and the various
8 attorney generals and a number of states to determine the
9 legality of their current fantasy sports platforms, as well
10 as a number of other companies and individuals who are
11 attempting to get into fantasy sports, whether it involves
12 racing or not.

13 Our concern, of course, is that if there's going
14 to be fantasy sports and it's legal it's very important for
15 racing to participate and get a share of the fantasy sports'
16 dollars.

17 Is there any further discussion, other than what
18 was said at Committee? Commissioner Krikorian?

19 COMMISSIONER KRIKORIAN: Well, I'd just like to
20 point out, I just kind of found it interesting this morning,
21 I was looking at the USA Today Newspaper. And you go to
22 page -- you go to page two and there's -- there's a little
23 note in here that says, "American Pharaoh is going to be
24 running in a Breeders' Cup this week." That's the horse --
25 the horse racing news for the day.

1 COMMISSIONER AUERBACH: That much, huh?

2 CHAIR WINNER: Yeah.

3 COMMISSIONER KRIKORIAN: And then you come in here
4 and you've got a whole -- a whole page on fantasy sports,
5 stats, everything that's coming up on the weekend and so
6 forth. It's the, you know, national news. So that's where
7 we stand in relationship as an industry to fantasy sports.

8 CHAIR WINNER: You know, the fantasy sports today
9 is the largest television advertiser, number one --

10 COMMISSIONER KRIKORIAN: Yeah.

11 CHAIR WINNER: -- over car manufacturers and --

12 COMMISSIONER AUERBACH: (Inaudible) had
13 abandoned --

14 CHAIR WINNER: Yeah.

15 COMMISSIONER AUERBACH: -- advertising
16 (inaudible)?

17 CHAIR WINNER: Yeah. NCAA has, yes. But you
18 don't find that yet with the NFL who benefits greatly.

19 COMMISSIONER AUERBACH: Too many dollars.

20 CHAIR WINNER: Right.

21 COMMISSIONER CHOPER: Chuck?

22 CHAIR WINNER: Yes, Commissioner Choper?

23 COMMISSIONER CHOPER: On the fantasy sports, is
24 that what we're talking about?

25 CHAIR WINNER: Yes.

1 COMMISSIONER CHOPER: I'd like to take a couple of
2 minutes on the fantasy sports thing from a slightly
3 different perspective. For me, I read an article in a
4 recent issues of Sports Illustrated about a fellow who has
5 been making hundreds of thousands of dollars in fantasy
6 sports. So, you know, a fascinating article. And then I
7 took a look at what the Committee looked at yesterday.

8 And I want to -- it seems to me that this presents
9 the most promising opportunity for horse racing that I have
10 seen, and that is of attracting new players, gamblers. So
11 we're told that this is a group of 34- to 37-year-old
12 people. That is a -- should be a prime target for -- for
13 us.

14 If you -- if you read the article and you -- in
15 Sports Illustrated, at least, which I got a lot of
16 information from, describing what they do, you know what
17 they do is engaging in handicapping. That is precisely what
18 they're doing, except, and I'll be brief with this, it was
19 easier, at least quicker, to handicap a horse race than it
20 is -- I don't know about whole card, but I would say a whole
21 as well. These people spent hours and hours, even more than
22 I'm doing, trying to figure out how to -- how to win this --
23 you know, win these races.

24 So I think the great opportunity for us is to get
25 to these people who are into fantasy sports and tell them

1 that they ought to start handicapping the horses because
2 there are great opportunities there for them with less
3 effort than doing what I understand they have to do to -- to
4 handle the breadth of maybe you bet on the -- you're playing
5 the fantasy sports thing. You've got to have a much wider
6 access to information and so forth.

7 I guess I'd finish by -- maybe if I'm not clear
8 I'm happy to answer any questions. But one of the issues as
9 it also relates to my other favorite issue of the maximum
10 takeout, because they take out ten percent in the -- from
11 the, I read, from the fantasy sports thing. That presents
12 an additional challenge for us to get these people.

13 But if we want people, apart from, you know,
14 these -- these -- what do you call them, the robot players
15 or the robotic players, if we want ordinary people but big
16 gamblers to come into this, this is just the best
17 opportunity that I have seen, a group of people that are
18 really into handicapping. I think that's one of the great
19 difficulties. The younger generation is not so much, they
20 don't to work, do all that work. But these characters are
21 doing that kind of work and they're doing more work than
22 they would have to if they wanted to handicap a horse racing
23 card. Thank you.

24 CHAIR WINNER: Thank you. All good points. I
25 think there are a couple of points that I would make.

1 One is legality. I think there is a big question
2 as to if what they are doing is legal.

3 COMMISSIONER CHOPER: Exactly. And they're exempt
4 from the federal statute.

5 CHAIR WINNER: That is correct.

6 COMMISSIONER CHOPER: I got that down.

7 CHAIR WINNER: Now the second -- the second issue
8 is the reason that they are -- one of the reasons they're
9 attracting, first of all, aside from the ten percent takeout
10 which is probably illegal, they are attracting huge numbers
11 of people because they're spending hundreds and millions of
12 dollars on marketing, probably a billion dollars on
13 marketing. We spend nothing on marketing. So the problem
14 is to try to educate the people that you're talking about,
15 these young people in their 30s, early 40s, etcetera,
16 educating them about horse racing, and they know nothing
17 about horse racing but it's easy to follow what's going on
18 with the fantasy sports because they're spending so much
19 money attracting them. It's like a magnet pulling them in.
20 We're not a magnet that pulls them in.

21 I think your point is very well taken. I'm not
22 sure how to best implement it.

23 COMMISSIONER CHOPER: Oh, neither do I.

24 CHAIR WINNER: Yes, sir, can you come on up, John?

25 MR. VALENZUELA: Excuse me. I don't have a card.

1 John Valenzuela, President of Local 280.

2 You know, I was looking at this issue with -- with
3 fantasy sports. I think what makes it so attractive to
4 newcomers, and especially the younger generation, is because
5 the information they get when they interact on these
6 particular websites is the information they get for stats is
7 free. They don't pay for it. They look up on their
8 internet, they're doing their things, and they get all this
9 information free, where in horse racing you have to pay for
10 everything, past performance. If you're doing the research
11 from stats and everything else, you've got to pay out of the
12 nose.

13 The reason that I believe that fantasy sports is
14 so exciting, because all you have to do is sign up and it
15 costs you nothing, and all the information is free. You get
16 introduced to a sport, whatever it may be, and you learn.
17 That gives you a chance to learn the concept, and I think
18 that's very important for horse racing. If you were allowed
19 to give them the information and the stats free, like we
20 used to do, in the paper you used to get the results, you
21 would -- you would know the date of the entries and
22 everything else, that helped people in the past to keep
23 their own stats and look at the horses that they would
24 follow up on.

25 But I really think that that would be very

1 important to -- to look at.

2 CHAIR WINNER: Thank you, John.

3 MR. VALENZUELA: Thank you.

4 CHAIR WINNER: A very good point.

5 COMMISSIONER CHOPER: But, see, you know, you do a
6 lot of putting that information online too. You don't have
7 to buy -- buy stuff either.

8 CHAIR WINNER: I mean, you have to buy it -- most
9 of it you have to buy online now --

10 COMMISSIONER CHOPER: Yeah.

11 CHAIR WINNER: -- as John was saying.

12 Did you want to make -- we have a card.

13 And then I think Commissioner Auerbach wanted to
14 raise an issue about AmTote.

15 COMMISSIONER AUERBACH: I do.

16 CHAIR WINNER: OkTy.

17 John Ford?

18 CHAIR WINNER: Chairman, Commissioners, I'm John
19 Ford with BetAmerica and BAM Software. And I wanted to
20 explain our experience with fantasy sports and the
21 opportunity that I believe it presents for horse racing.

22 As Commissioner Choper explained, the demographic
23 of fantasy players are a target-rich audience for horse
24 racing. They're highly educated; 50 percent have a college
25 degree. Their household income is about \$91,000. But the

1 important thing is the average age is 37. 56 million people
2 played fantasy sports this year.

3 Under the UEGA (phonetic) which set up a
4 regulatory structure for permitting fantasy sports at the
5 federal level, there are certainly requirements that have to
6 be met. The prize has to be set in advance. The prize is
7 not dependent upon the number of players. The outcome is
8 dependent upon statistical data. The winners have to
9 reflect the knowledge and skill of the participants. And
10 contests can't occur on any single event. It has to be
11 multiple events, the participation of individuals, athletes
12 in multiple events.

13 At the state level you look to gambling laws to
14 see whether there's any prohibition on fantasy sports.
15 Most -- the vast majority of state gambling laws defined
16 gambling as wagering on the outcome of a sporting event or
17 contest. And so with fantasy sports you're not -- you don't
18 care really about the outcome of the contest, you're looking
19 at the performance of individuals in a contest, so a jockey
20 in a particular race or a quarterback in a particular game
21 or a running back in a particular game, and you're combining
22 those players from different events and seeing how they
23 perform in different events.

24 Some state laws have -- are sufficiently vague
25 that most of the fantasy operators don't accept entries from

1 those states. And some states have gone to specifically
2 prohibit fantasy entries. Some states have gone to
3 specifically sanction fantasy entries.

4 The Department of Gaming Enforcement in New Jersey
5 concluded that fantasy was just not a gambling game and
6 permits its licensees to do it without any regulatory
7 oversight as well. The Massachusetts' Attorney General
8 concluded that fantasy sports is not violative of
9 Massachusetts' law. Nevada recently concluded that fantasy
10 sports entries are violative of Nevada law without having
11 obtained a license to conduct those activities for
12 individuals in that state.

13 We, obviously, as a regulated company in the
14 racing industry take regulation, compliance, legality
15 extremely important. And we continue to monitoring the
16 situation. We don't accept entries from nine states
17 currently, which is about twice the amount that the big
18 fantasy players restrict. And we continue to monitor that
19 situation.

20 In 2013 we offered -- began offering traditional
21 fantasy sports at our sites, football, basketball, baseball.
22 And the goal of -- of our participation in fantasy sports is
23 to bring new participants to pari-mutuel wagering on racing.
24 And we think that this target-rich audience is a valuable
25 demographic to pursue, so we offered traditional fantasy

1 sports. We don't pretend to compete with, as Chairman said,
2 literally the hundreds of millions of dollars that have been
3 spent on advertising by FanDuel and DraftKing. But we do --
4 we do advertise and we do pursue it.

5 And what we found is that even with traditional
6 fantasy sports, that we can convert some of those players
7 into pari-mutuel betters. And what we thought would be an
8 even better tool than traditional fantasy -- of traditional
9 fantasy sports was to do fantasy on horse racing or what we
10 commonly think of as handicapping contests. Handicapping
11 contests have been operated by the NTRA with the National
12 Handicapping Championship since 1999. I think we all accept
13 the proposition that handicapping contests can contribute to
14 traditional handle. If I do the work to enter a contest
15 it's likely that I'm going to put additional monies into the
16 pool. And I think that's true with -- with horse players
17 generally.

18 What we're focused on is using handicapping
19 contests, fantasy horse racing, as an additional marketing
20 tool to drive new players to pari-mutuel wagering. So if I
21 start with traditional fantasy of basketball, baseball,
22 football, and then I can migrate them to fantasy horse
23 racing where they might be able to pick two quarterbacks and
24 a jockey, or they might be able to enter a game that's a lot
25 simpler than pari-mutuel wagering, keeping in mind that on

1 the fantasy side of things for horse racing you know the
2 prize in advance, you know how many people you're competing
3 against, you know the rules, and so in our view it's a
4 simpler entry into pari-mutuel wagering.

5 And so what we're focused on is bringing those
6 fantasy players into pari-mutuel wagering. And we believe
7 that fantasy horse racing is a great way to do that.

8 One final point is that I -- we do believe that
9 having fantasy racing connected to pari-mutuel wagering is
10 critical for that conversion. And that's why we do it on
11 the same site. At BetAmerica we've got fantasy traditional
12 sports, fantasy horse racing right next to pari-mutuel
13 wagering. And, in fact, when you finish entering your
14 fantasy horse racing contest you can click on a button, use
15 the same account, and have a simple way, a seamless way of
16 entering a pari-mutuel wagering on the selections that
17 you've made for your fantasy contest.

18 VICE CHAIR ROSENBERG: On that point, does the
19 person who plays a fantasy sports game on your -- on your
20 site, it's identical to an ADW setup, do they, or do they?

21 MR. FORD: We do at BetAmerica. So all players,
22 whether they're fantasy or pari-mutuel betters, are going
23 through age verification, identity verification, like we do
24 for our ADWs.

25 VICE CHAIR ROSENBERG: Okay. So it's really

1 simple then to just push that button because they're already
2 approved?

3 MR. FORD: There's no further --

4 VICE CHAIR ROSENBERG: That's interesting.

5 MR. FORD: -- requirement. You've --

6 VICE CHAIR ROSENBERG: Yeah.

7 MR. FORD: You've been registered. Your ID has
8 been verified. You've made a deposit into your wallet. You
9 now make your fantasy entry and you can seamlessly make a
10 pari-mutuel wager.

11 VICE CHAIR ROSENBERG: What did you think of the
12 comment that Scott Daruty made yesterday when we were
13 discussing this subject when he was saying in some respects
14 he's in favor of the marketing aspect of getting new
15 players, but in terms of actually having a horse racing
16 fantasy game, as I understood his point, was he was -- he
17 was told there might be a threat because no money was going
18 to -- back to horse racing --

19 MR. FORD: And I --

20 VICE CHAIR ROSENBERG: -- for playing that game?

21 MR. FORD: I wouldn't want to speak to -- for Mr.
22 Daruty. But I believe what he's talking about is that
23 there -- there are sites out there that do contests only,
24 not associated with the industry, you know, don't have
25 contracts with racetracks like BetAmerica does.

1 VICE CHAIR ROSENBERG: Like DerbyWars? Like
2 DerbyWars?

3 MR. FORD: Yes.

4 VICE CHAIR ROSENBERG: Yeah.

5 MR. FORD: And so we do -- we do think it's
6 critical that they're side by side and that, you know, we
7 have the ability -- and this is actually an area we're
8 working on continuously, we have a team of 20 engineers that
9 continue to refine and build -- build out the system, is
10 that making that connection between fantasy and pari-mutuel
11 as seamless and easy as possible is in our vest interest.
12 We live and breathe off of pari-mutuel wagering. And so
13 what we're -- the investment that were making in fantasy is
14 to drive those folks into pari-mutuel.

15 COMMISSIONER CHOPER: Do you have any numbers on
16 the --

17 MR. FORD: I don't have -- so I don't have numbers
18 on --

19 COMMISSIONER CHOPER: You don't have to be
20 specific.

21 MR. FORD: No, but I will provide some numbers.
22 So on fantasy horse racing, which we beta launched about
23 literally three weeks ago, it's a little early for numbers.
24 On -- on traditional fantasy horse racing, baseball,
25 basketball, football, of those customers that come in we're

1 able to convert about 15 to 20 percent of those folks who
2 come in for fantasy to make pari-mutuel wagers. And what we
3 think is, is that with fantasy horse racing as an additional
4 bridge into pari-mutuel, that we'll be able to increase
5 those numbers significantly. Because what it does do is
6 that easier contest entry -- you know, like when we make a
7 pari-mutuel wager we have no idea what we're going to win.

8 And one of the benefits of fantasy is you know
9 exactly what you're going to win. You know how many people
10 you're competing against. And so it's kind of, you know,
11 training wheels for a pari-mutuel to be able to understand
12 how the races work and understand how winning works as an
13 entry point to get into pari-mutuel wagering.

14 COMMISSIONER CHOPER: Well, I just think that what
15 you're doing is terrific.

16 COMMISSIONER AUERBACH: Interesting.

17 COMMISSIONER CHOPER: And I would say that
18 anything that, you know, you can do to -- or need any
19 collaboration or assistance from the -- the industry, we
20 certainly want to do anything we can to accommodate that.

21 MR. FORD: Well, thank you.

22 And one -- one final point I would say is that
23 because in account wagering we have all data, right, we have
24 every fantasy entry, every deposit, every pari-mutuel wager,
25 what we'll have after having launched fantasy horse racing,

1 give us six months or a year, we'll have a lot of data that
2 we can look at to see exactly what the impact is of fantasy
3 horse racing on pari-mutuel wagering.

4 CHAIR WINNER: Terrific.

5 MR. FORD: So thank you for your time.

6 CHAIR WINNER: Thank you, John, very, very much.
7 Madeline?

8 COMMISSIONER AUERBACH: Yes. This isn't on the
9 agenda, but because we are starting a whole new betting
10 system next week, I would -- I wanted to hear from AmTote.
11 I wanted an update on how successful they're going to be,
12 let's put it that way, especially considering --

13 MR. MILLER: Robert Miller, CHRB Counsel.

14 This will be part of a public comment section of
15 the --

16 COMMISSIONER AUERBACH: Just --

17 MR. MILLER: -- agenda.

18 COMMISSIONER AUERBACH: Yeah. I just want it for
19 information purposes. And my specific concern is you're
20 getting started right before the Breeders' Cup, which
21 typically is big handle. So we want to hear how you're
22 doing.

23 MR. FORD: Yes, ma'am. Thank you.

24 MR. TRUE: Jeff True, Senior Vice President of
25 AmTote International.

1 I made a few notes. I'll go through and talk
2 about our deployment. I'm not sure how much of this you
3 actually want. Deployment started back in April, as you
4 know. Since then we've spent literally tens or thousands of
5 man hours in preparation, manufacturing, software
6 development and testing. Terminal wiring was installed
7 starting back in April, and we've installed more than 3,500
8 IP drops for these new terminals throughout the state.

9 The tote system software deployment was completed
10 in -- (cell phone rings).

11 Sorry. Things are a little busy, as you might
12 expect.

13 The software was deployed in the DOS Data Center
14 in Portland, Oregon. The system has been up since October
15 6th. We've been running tests, deploying software, updating
16 things since that time. The -- those outputs have been
17 going to all the California stakeholders during that time,
18 as well. So people have been getting familiar with the
19 system, looking at reports. We've been refining those
20 reports during this whole time.

21 Terminal deployment was started in August and has
22 been happening as the opportunity arises at tracks that
23 aren't currently running. We moved into Del Mar during
24 their -- their recent hiatus. We've got a very good run at
25 Del Mar. We have about 500 terminals live as of today.

1 Those continue to be deployed until we get the full
2 complement for it next week.

3 The -- the terminal deployment next Monday through
4 Wednesday will be accomplished by a group of 14 different
5 teams. We have 14 vans with 2 to 3 people in each, full of
6 equipment. They will deploy on Monday morning. They'll go
7 to each of two or three prescribed locations, install
8 equipment, install admins, go through any final preparations
9 with the management of those facilities at that time.

10 The -- the system has gone through a lot of
11 testing internally. And we started last week doing a price
12 test and have completed that price test, with the exception
13 of one Pick 6 pool peculiarity at Golden Gate. And all
14 those tests have been reviewed by the California
15 stakeholders, by (inaudible) and by the state auditors.

16 The -- tomorrow at Del Mar, in fact, we'll have a
17 practical test of the race-day control system. We'll go
18 through a start-of-day procedure. We'll demonstrate how
19 things are done in the tote system with respect to opening
20 and closing races, making scratches, replacing runners and
21 doing things of that nature. It's really about making sure
22 that the procedures for each individual mutuel department
23 are followed and that the reports land in the right hands,
24 that procedures follow California rules.

25 We've got a bit of a marketing campaign going on

1 as well. Starting last week from the Santa Anita broadcast
2 studio they've been -- they've been running a commercial
3 three times a day on their live card that talks about the
4 fact that this transition is coming, talks about how to use
5 the terminals. And we've got a thing called Fund, Find and
6 Finish as a way to use the self-service terminals. That
7 theme is carried through the broadcast commercial, as well
8 as handbills that have been printed by the CMC that are
9 going out to all the OTB locations, as well as handbills
10 that will be handled by AmTote staff on track.

11 AmTote is going to have about 20, what we call
12 blue shirt people, the blue shirt team, deployed at live
13 racetracks. And those people are there to help customers
14 with the use of the user interface on the self-service
15 terminal. They'll be very prominent. We'll have a physical
16 position on the racetracks with, you know, a booth, some
17 signage, some handbills and chachkies and things like that
18 to get people, you know, aware that the change is coming, to
19 assist them if they need it, and to try to get them
20 interested in using self-service terminals.

21 We've also participated with Del Mar in their
22 Mystery Mutuel Voucher Promotion that was mailed out a
23 couple of weeks ago as part of Del Mar's opening promotion.
24 We're participating in that and we'll be handing out
25 vouchers in return for some of those handbills.

1 In closing, we've got about 80 people on the
2 ground next week; 38 of them are permanent people. The rest
3 are people from around the country. Some of our top
4 operators from Gulfstream and Woodbine are here and they're
5 stationed around the racetracks in order to spread our
6 talent as evenly as we can. Some of our top guys in
7 Northern California and at Los Alamitos, of course, at Del
8 Mar, as well, we'll have a full complement of people.

9 Through no intentional action, I think we're
10 fortunate to have a schedule next week, even though it's
11 Breeders' Cup, that enables us to kind of ramp up. We'll
12 have two complete dark days Monday and Tuesday. Wednesday
13 will be a simulcast-only day. Thursday we'll add live
14 racing at Del Mar and Golden Gate. Friday we'll add live
15 racing at Santa Anita -- I mean at -- at Los Alamitos.
16 We'll actually have Breeders' Cup day one on that Friday, so
17 it's a continual ramp-up. And then on Saturday we'll have
18 four live tracks, plus day two of the Breeders' Cup.
19 Sunday it backs off a little bit.

20 But my point is we're kind of ramping up during
21 that week. We've got a lot of people. We've had a lot of
22 preparation. We have great cooperation with all of the
23 stakeholders in California, from Del Mar mutual office to
24 CRIMS to SCOTWINC and NCOTWINC, we've had a lot of good
25 cooperation. I think we're working very well as a team

1 together. The -- you know, six or eight months ago I think
2 somebody said, maybe it was me, that we don't really want to
3 start on Breeders' Cup weekend, but that's the way the
4 calendar fell. That's the way the contract fell.

5 And candidly, you know, as I sit here today I'm
6 not afraid of next week, primarily because of that ramp-up,
7 primarily because of the great cooperation we've had and
8 the -- the investment that we've made in human and physical
9 resources. There's, you know, there's a lot going on right
10 now as we speak. And those teams, I should have mentioned,
11 those teams that are going out on Monday are actually going
12 out today to do some prep work for Monday.

13 So the final things that will happen involved
14 importing files from Sportech, getting final balances on
15 accounts, creating the -- the final touches on reports, and
16 we have meetings going on right now and through the weekend.

17 And I feel very good about it.

18 VICE CHAIR ROSENBERG: Okay. Thank you.

19 CHAIR WINNER: Any questions?

20 VICE CHAIR ROSENBERG: Thank you.

21 COMMISSIONER AUERBACH: No.

22 CHAIR WINNER: Thank you very much.

23 MR. TRUE: Okay. Thank you.

24 COMMISSIONER AUERBACH: Thank you. That's what we
25 wanted to hear.

1 CHAIR WINNER: Bob, do we need a roll call vote on
2 adjournment?

3 (Colloquy)

4 CHAIR WINNER: Is there a motion to adjourn?

5 COMMISSIONER AUERBACH: So moved.

6 CHAIR WINNER: Any opposed?

7 COMMISSIONER CHOPER: Yes.

8 CHAIR WINNER: The meeting is adjourned. Thank
9 you all very much.

10 (Whereupon, Regular Meeting of the California Horse
11 Racing Board concluded at 12:36 p.m.)

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CERTIFICATE OF REPORTER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of October, 2015.

PAMELA STEELE

CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

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.



MARTHA L. NELSON, CERT**367

October 29, 2015