

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:)

)

Regular Meeting)

SANTA ANITA PARK RACE TRACK

BALDWIN TERRACE ROOM

285 WEST HUNTINGTON DRIVE

ARCADIA, CALIFORNIA

THURSDAY, MAY 26, 2016

10:00 A.M.

Reported by:

Martha Nelson

APPEARANCES

COMMISSIONERS

Chuck Winner, Chairman

Richard Rosenberg, Vice Chairman

Jesse Choper

Steve Beneto

Madeline Auerbach

STAFF

Rick Baedeker, Executive Director

Robert Miller, General Counsel

Phil Laird, Staff Counsel

Jacqueline Wagner, Assistant Executive Director

Rick Arthur, Equine Medical Director

Mike Marten, Associate Analyst, Policy & Regulations

Darrel McHargue, Chief Steward

ALSO PRESENT

Robert O'Neil, Stronach

John Hindman, TVG

Eric Sindler, Monarch Content Management

Ben Kenney, Watch and Wager

David Israel

Larry Swartzlander, Oak Tree at Pleasanton, Sacramento State
Fair

Jerome Hoban, Alameda County Fair

Sherwood Chillingworth, Oak Tree

APPEARANCESALSO PRESENT

Tom Martinez, California State Fair

Derek Lawson, Jockey Flavien Prat's Agent

Joe Harper, Del Mar Thoroughbred Club

Tom Robbins, Del Mar Thoroughbred Club

David Jenkins, Del Mar Thoroughbred Club

Josh Rubenstein, Del Mar Thoroughbred Club

Craig Dato, Del Mar Thoroughbred Club

Becky Bartling, Sonoma County Fair

Stacy Lapham, Sonoma County Fair

George Haines, SCOTWINC

Denny Kanakaris, Race and Sports Authority, LLC

Darrell Haire, Jockeys' Guild

Scott Chaney, Steward

Gail Matthews, Winning Hands Equine Massage

Greg Avioli, Thoroughbred Owners of California

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- 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).
- 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

9:30 A.M.

(The meeting was called to order at 9:34 a.m.)

ARCADIA, CALIFORNIA, THURSDAY, MAY 26, 2016

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

This is the regular noticed meeting of the California Horse Racing Board on Thursday, May 26, 2016 at Santa Anita Race Track in Arcadia, California.

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

Before we go 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 fashion, I'll strongly enforce the three-minute time limit

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

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

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

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

24 All right, the first item on the agenda is
25 approval of the minutes from the April 21st meeting. Are

1 there any additions, changes to the minutes? All right, is
2 there a motion to approve?

3 COMMISSIONER AUERBACH: So moved.

4 VICE CHAIRMAN ROSENBERG: Yes.

5 CHAIRMAN WINNER: Commissioner Auerbach moves.

6 Commissioner -- Vice Chairman Rosenberg seconds.

7 Do we need a voice vote on this, Bob?

8 MR. MILLER: You should do a roll call vote.

9 CHAIRMAN WINNER: I have to do a roll call vote?

10 Okay.

11 Commissioner Krikorian?

12 COMMISSIONER KRIKORIAN: Yes.

13 CHAIRMAN WINNER: This is for the minutes.

14 Commissioner Solis?

15 COMMISSIONER SOLIS: Yes.

16 CHAIRMAN WINNER: Commissioner Auerbach?

17 COMMISSIONER AUERBACH: Yes.

18 CHAIRMAN WINNER: The Chairman votes yes.

19 Vice Chairman?

20 VICE CHAIRMAN ROSENBERG: Yes.

21 COMMISSIONER CHOPER: Yeah.

22 CHAIRMAN WINNER: Commissioner Beneto?

23 Commissioner Choper?

24 COMMISSIONER CHOPER: Yes.

25 CHAIRMAN WINNER: Okay. The matter passes

1 unanimously.

2 Now for the Executive Director's Report.

3 Before we get to that, let me just make one
4 comments for those of you who didn't have a chance to attend
5 the Walk of Fame event the other night. I had the pleasure
6 of attending. And I have to tell you, it was a really,
7 really nice event. And I want to congratulate Alan and his
8 team for putting on -- Alan Balch and his team for putting
9 on what was really a really nice event. I think everyone
10 enjoyed it. It was here, across the street at the
11 Arboretum. And there was a film that was shown, or a series
12 of films, which kind of gave you goose bumps if you like
13 horse racing.

14 So, Alan, thanks very much. Job well done.

15 Mr. Baedeker?

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

18 If I can, I'd add just one note to that. If you
19 haven't done the Walk of Fame on Huntington Drive, it's a
20 really wonderful experience. And you find yourself standing
21 over each of the stars for quite a while, going back down
22 memory lane. So it's just that it's all good.

23 We had a meeting of the Backstretch Integrity Task
24 Force which we put together, about ten of us, including
25 enforcement and veterinary, and also out stewards and staff.

1 We met ten days ago to analyze CHRB's current enforcement
2 practices to determine ways to become more effective in
3 working with our official vets, stewards and licensees.
4 We're going to have a second meeting on June 14th at the
5 Maddy Lab, and we'll bring together all of our
6 investigators, official vets, safety stewards and other
7 stewards who are able to attend. The goal is to maximize
8 the effectiveness of our integrity efforts with the
9 resources that we have.

10 I don't know if you're aware, but CHRB used to
11 have 21 investigators. We now have 13. And we have just
12 one official vet conducting race day exams, whereas other
13 jurisdictions have as many as four to do the same job. So
14 we're trying to get the job done with what we have, but we
15 may need reinforcements. And that's the purpose of this
16 exercise, to determine what, if anything, we need to come
17 back and ask for, either working with the Commissioners
18 here, or possibly going through the budget change proposal
19 process with the Department of Finance.

20 Staff members of the California Veterinary Medical
21 Board will tour Golden Gate next Friday. We conducted a
22 similar tour last year. It was very helpful for the Vet
23 Board members to understand both the unique context within
24 which our private vets work inside our enclosures, as well
25 as the regulatory procedures that are followed with testing

1 and the chain of custody and so forth.

2 We're also, on the day of the meeting at the Maddy
3 Lab, we're also going to have people from the Consumer
4 Business Services Housing Agency participate in a tour of
5 the lab. And I would suggest to you that if you haven't had
6 a tour of the Maddy Lab, Dr. Scott Stanley and Dr. Rick
7 Arthur are very happy to conduct such a tour for you. And
8 you can contact our office to arrange it. And if there's
9 enough interest, we could come up with a particular date for
10 any of you that might be interested to have a look at the
11 Maddy Lab.

12 We still have three investigator vacancies; two
13 are supervisor positions, one in the north and one in the
14 south, and the other is an investigator position at Golden
15 Gate. If you know of any sworn peace officer who might fit
16 the bill and have an interest, please direct them to our
17 website for more information.

18 The financials for the month are not especially
19 impressive. We had, of course, the switch of dates from
20 Santa Anita to Los Alamitos. And while wagering in the all-
21 in in California was up a little bit, 1.34 percent during
22 the day, almost 14.5 percent at night, an overall lift of
23 over 3 percent, the wagering out of state on California was
24 down significantly, and that led to total decline for the
25 month of 4.4 percent. And for the year the daytime business

1 is down just over 2 percent, nighttime business is up 2.6
2 percent, and everything in, business is down 1.56 percent.
3 Of course, when we get to July when the switch will be in
4 reverse, the out-of-state business on the Santa Anita races
5 in July should be very strong. So we, perhaps, can regain
6 those shortfalls.

7 Also, the Chairman has consolidated some of the
8 committees and revised, as a result, some of the
9 appointments to those committees, and I'll read them for
10 you. We've gone from ten to eight.

11 And the new committees going forward are, for the
12 Pari-Mutuel and Wagering Committee, Vice Chairman Richard
13 Rosenberg is the Chair, Commissioner George Krikorian the
14 Member.

15 The Legislative, Legal and Regulations Committee,
16 Commissioner is Jesse Choper, Vice, and Vice Chairman
17 Richard Rosenberg as the Member.

18 For the Medication, Safety and Welfare Committee,
19 Commissioner Auerbach is the Chair, Commissioner Alex Solis
20 is the Member.

21 For the Jockey and Driver Welfare Committee,
22 Commissioner Alex Solis is the Chair, Commissioner Madeline
23 Auerbach the Member.

24 For the Budget, Finance and Audit Committee,
25 Commissioner Steve Beneto is the Chair, Commissioner Jesse

1 Choper the Member.

2 For the Racing, Breeding and Stabling Initiatives
3 Committee, Commissioner George Krikorian is the Chair,
4 Commissioner Madeline Auerbach the Member.

5 The Race Dates Committees, North and South, have
6 been combined into a single Race Dates Committee with three
7 members, Chairman Chuck Winner is the Chair, Commissioner
8 Steve Beneto, Member, Commissioner George Krikorian, Member.

9 And finally, the Stewards Committee, Chairman
10 Chuck Winner is the Chair, and Vice Chairman Richard
11 Rosenberg the Member.

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

13 CHAIRMAN WINNER: Thank you very much.

14 Moving on then, it's the Public Comment period. I
15 have one card.

16 Are we not going to hear from TVG on that issue?

17 EXECUTIVE DIRECTOR BAEDEKER: Yeah. And John's
18 here.

19 CHAIRMAN WINNER: John, you want to fill out a
20 card?

21 But before you do that, let me call on Dr. Robert
22 O'Neil who did fill out a card, and he'll be first.

23 And if you could identify yourself and your
24 organization?

25 MR. O'NEIL: Yes.

1 CHAIRMAN WINNER: And your title, too, which is
2 impressive.

3 MR. O'NEIL: Good morning, Mr. Chairman, Members
4 of the Commission, I'm Dr. Robert O'Neil. I prefer to be
5 called Bob. I'm Director of Equine Health and Safety for
6 the Stronach Group. I was Director of Equine Health and
7 Safety for Gulfstream Park for almost two years. I've been
8 moved up to corporate now and I am in charge of Equine
9 Health and Safety for the entire Stronach Group, meaning
10 California, Florida, Maryland, and Washington State.

11 A little bit of my history. I practiced in
12 Florida for over 40 years at the race track. I was also
13 Chairman of the Florida Board of Medical Examiners for 16
14 years. And I was interested in your comments about the
15 Veterinary Board touring the track. In Florida, when any
16 veterinarians are disciplined, even on the track, that
17 discipline goes directly to the veterinary board. The
18 veterinary board does the same thing to them that the track
19 did to them. If they got a 30-day suspension, they get a
20 30-more-day suspension from the veterinary board. So that's
21 a pretty good deterrent on our end, on their end.

22 Again, this is a newly created position. I'm just
23 trying to feel my way along here. With the Stronach Group
24 it's all about integrity, health and safety of the horse,
25 and the horse is number one in our book. I also attend RMTC

1 meetings, Racing Commissioners International meetings,
2 Organization of Racing Investigators meetings.

3 It's just we're excited about this at the Stronach
4 Group. We hope we can help you guys any way possible. I'm
5 available anytime. You have my card. Call me if I can help
6 you. If you want me to come out and help you with
7 something, I'd be more than happy to.

8 That's all I've got. Anything -- do you have any
9 questions for me or anything?

10 CHAIRMAN WINNER: Any questions for the doctor?
11 Welcome to California.

12 MR. O'NEIL: Yeah. I know you guys --

13 CHAIRMAN WINNER: Thank you very much.

14 MR. O'NEIL: -- have a very important job. We
15 appreciate it. Thank you.

16 CHAIRMAN WINNER: Thank you.

17 John?

18 MR. HINDMAN: Thank you. Good morning,
19 Commissioners. Rick asked me to come and brief you on the
20 incident that we had with our website on Kentucky Derby Day,
21 and I'm pleased to do so. On behalf of TVG, John Hindman,
22 General Counsel.

23 So over the course of the winter we made some
24 configuration changes to our wagering system to include user
25 performance. Whenever you make those kinds of changes you

1 do load testing where you put it under extreme loads to make
2 sure that it performs well, which we did in this instance.
3 The load tests should have identified that under extreme
4 loads there would be an issue with the firewall of the
5 system. And for whatever reason, it didn't expose that
6 issue that we had. And it was tested to volumes that were
7 far greater than what we expected to have on Kentucky Derby
8 Day. As soon as the incident happened it was easily
9 correctable by fixing the configuration of the firewall.

10 It had a poor user experience for the customer.
11 We have since done everything that we can to address our
12 customers regarding their poor customer experience. And we
13 had not mother lodes this past weekend, but we had previous
14 mother lodes and this system performed probably as well as
15 it ever has on a big day. So we're confident that that's
16 been repaired, and we're looking forward to moving forward.

17 So happy to answer any questions, if you have any.

18 CHAIRMAN WINNER: Does anybody have any questions?

19 John, I know this is an issue that was discussed
20 amongst various Commissioners and others.

21 EXECUTIVE DIRECTOR BAEDEKER: Can I ask one?

22 CHAIRMAN WINNER: No.

23 EXECUTIVE DIRECTOR BAEDEKER: All right.

24 CHAIRMAN WINNER: Yeah, please, go ahead.

25 EXECUTIVE DIRECTOR BAEDEKER: John, I'm just

1 trying to understand. You said that you conducted load
2 tests more than once. And did you say that the loads that
3 comprised the test were greater than what you anticipated on
4 Kentucky Derby Day?

5 MR. HINDMAN: Yes. So they should have identified
6 the problem that came up on Derby Day when it came under a
7 certain level of load; right? So we tried very hard to
8 break it under very, very heavy loads and it didn't break,
9 and it should have the way it was configured. So that was
10 the -- it should have identified the problem that arose on
11 Derby Day with the firewalls, and it didn't. And once we
12 experienced the problem we knew the issue was and were able
13 to fix it. We didn't know we were going to experience that
14 problem.

15 EXECUTIVE DIRECTOR BAEDEKER: In this world of
16 hacking, you know, how safe are your systems? I mean, is
17 there any possibility -- it just seems a little odd that it
18 worked under the heavy load -- the heavier loads, and that
19 it didn't work on Derby Day. Were you guys suspicious of
20 any kind of manipulation?

21 MR. HINDMAN: No. We believe that the reason why
22 that the load testing did not identify the issue is because
23 of two reasons. One was the speed at which the traffic came
24 at our system on Derby Day compared to what was experienced
25 in load tests, number one. And number two is the load test

1 is actually a script a past user behavior. So we said,
2 okay, this was a day that looks like this day is going to
3 look, this is actually how the customers behaved, and you
4 have somebody run that script. And user behavior changed
5 over the course of the last six months say, more than it had
6 before in terms of the devices customers use and how they
7 interact with the system. So that was an error, probably in
8 the test script as well.

9 CHAIRMAN WINNER: John, correct me if I'm wrong.
10 My recollection is that the first email we got, as one who
11 uses TVG wagering, the first email was that the test itself
12 is what broke down the system. And then there was a follow-
13 up email that indicated that it was something else.

14 MR. HINDMAN: Well, so what we actually -- the
15 first email identified that the testing was completed and
16 that there was a change made to the system after the testing
17 was completed. That change which we initially believed
18 could have been the source of the problem actually was not
19 because it was not made to any part of the main system, it
20 was only made to the fail-over (phonetic) part of the
21 system, so it had nothing to do with the original incident.
22 And then upon further examination we found that basically we
23 just didn't know what we should have known about the system
24 before they sent --

25 CHAIRMAN WINNER: So the first email was wrong, in

1 essence --

2 MR. HINDMAN: Well --

3 CHAIRMAN WINNER: -- to the customers?

4 MR. HINDMAN: -- what was identified actually did
5 occur.

6 CHAIRMAN WINNER: Yeah.

7 MR. HINDMAN: But we then did more investigation
8 to find out that it wasn't the actual root cause of the
9 system. We were trying to move very quickly.

10 CHAIRMAN WINNER: Okay. Thank you.

11 EXECUTIVE DIRECTOR BAEDEKER: And, John, do you --

12 COMMISSIONER AUERBACH: Just --

13 EXECUTIVE DIRECTOR BAEDEKER: Oh, I'm sorry.

14 COMMISSIONER AUERBACH: Sorry, no.

15 EXECUTIVE DIRECTOR BAEDEKER: Go ahead.

16 CHAIRMAN WINNER: Please

17 COMMISSIONER AUERBACH: I just had one quick
18 question.

19 John, do you have any idea how long you were down
20 and how much it cost?

21 MR. HINDMAN: I think we did identify in the
22 correspondence with the Racing Board how long we were down.

23 I believe it was -- don't quote me exactly -- but somewhere
24 in the hour to hour-and-15-minute range.

25 CHAIRMAN WINNER: That's right.

1 MR. HINDMAN: But we did identify it in our
2 correspondence with you. And we, obviously, don't know
3 exactly how much it cost, but we know that it did impact
4 customers trying to interact with the site at that time.

5 The apps were still available at that time, and
6 our phone system was still available at that time, so there
7 was wagering going on. But it did impact significant
8 amounts of customers.

9 CHAIRMAN WINNER: And it impacted the wagering?

10 MR. HINDMAN: Correct.

11 COMMISSIONER AUERBACH: Well, yeah, that's why i8
12 was trying to get a feel if we had any idea.

13 EXECUTIVE DIRECTOR BAEDEKER: I mean, did you have
14 any way to project what you lost? I mean, I'm guessing
15 you'll write it off probably.

16 MR. HINDMAN: Yes. It's lost business. And,
17 obviously, we had to, you know, address the customers who
18 were impacted. But I don't have the exact stuff.

19 (Colloquy)

20 COMMISSIONER AUERBACH: Yeah, that's why I'm
21 asking the question. That's what I care about.

22 EXECUTIVE DIRECTOR BAEDEKER: You didn't put a
23 dollar amount to it? You don't know a dollar amount?

24 MR. HINDMAN: I don't know it off the top of my
25 head. I don't know offhand.

1 EXECUTIVE DIRECTOR BAEDEKER: Okay. And I'm just
2 curious, is all of your IT expertise in-house or do you have
3 outside expertise, as well?

4 MR. HINDMAN: No, it's in-house.

5 CHAIRMAN WINNER: Any other questions for John?
6 Any other suggestions?

7 COMMISSIONER CHOPER: Well, it ought to make you
8 feel better that there are organizations that are even
9 bigger than TVG that experience not the same problem but
10 plenty of problems at greater cost.

11 MR. HINDMAN: It was --

12 CHAIRMAN WINNER: There are organizations bigger
13 than TVG?

14 COMMISSIONER CHOPER: Yeah, I know, that's
15 something.

16 MR. HINDMAN: It was an incident to learn from and
17 take going forward, so --

18 COMMISSIONER CHOPER: Our government is one.

19 CHAIRMAN WINNER: Oh, is it?

20 EXECUTIVE DIRECTOR BAEDEKER: I like the fact,
21 John, that you sent the email, I forget how long afterwards,
22 after the race it was, it wasn't too long.

23 We actually had a family party and I had brothers-
24 in-law who were very frustrated. And at least there was an
25 answer to give them. And it turned out to be there was a

1 second part of the answer, but it showed a responsiveness
2 that was a good move, other than just silence and people
3 thinking that you guys just hadn't planned or something,
4 so --

5 MR. HINDMAN: Thank you.

6 CHAIRMAN WINNER: Thank you.

7 MR. MARTEN: Yeah. Mike Marten, CHRB Staff.

8 You know, over the years when incidents like this
9 occurred the CHRB is contacted by angry customers. And
10 we've had excellent relationships with all ADW companies.
11 And every one of them will take steps to address those
12 concerns, and some will usually with some sort of
13 compensation, some sort of benefit, it varies.

14 TVG went much further on this one. We had one
15 complaint on this. And the person got his bets in fine, but
16 then he noticed he had made an error on one of the bets and
17 wanted to change it, and because of the breakdown he was
18 unable to change it. Now we only had the person's word on
19 that. But TVG refunded all of this person's bets. I
20 thought that was --

21 CHAIRMAN WINNER: That's great.

22 MR. MARTEN: -- a significant step. And so John
23 just said we address concerns. I think he understated it. I
24 think they went all the way on this one.

25 CHAIRMAN WINNER: Thank you, Mike.

1 Thank you, John.

2 Moving on to Item Number 4, discussion and action
3 by the Board regarding the distribution of race day charity
4 proceeds of the Los Angeles Turf Club, dba Santa Anita Park
5 in the amount of \$108,891 to ten beneficiaries.

6 Is somebody representing?

7 MR. SINDLER: Good morning. Eric Sindler on
8 behalf of Santa Anita.

9 As the Chairman said, for the race dates December
10 26th, 2015 through April 10th, 2016 we propose to distribute
11 \$108,891.61, all of which is to horse racing-related
12 charities.

13 CHAIRMAN WINNER: Any discussion with respect to
14 the charities or amounts? Is there a motion to approve?

15 COMMISSIONER CHOPER: So moved.

16 CHAIRMAN WINNER: Commissioner Choper moves.

17 COMMISSIONER BENETO: Second.

18 CHAIRMAN WINNER: Commissioner Beneto seconds.

19 We'll call the roll.

20 Commissioner Beneto?

21 COMMISSIONER BENETO: Yes.

22 CHAIRMAN WINNER: Commissioner Choper?

23 COMMISSIONER CHOPER: Yes.

24 CHAIRMAN WINNER: Vice Chair Rosenberg?

25 VICE CHAIRMAN ROSENBERG: Yes.

1 CHAIRMAN WINNER: The Chairman votes yes.

2 Commissioner Auerbach?

3 COMMISSIONER AUERBACH: Yes.

4 CHAIRMAN WINNER: Commissioner Solis?

5 COMMISSIONER SOLIS: Yes.

6 CHAIRMAN WINNER: Commissioner Krikorian?

7 COMMISSIONER KRIKORIAN: Yes.

8 CHAIRMAN WINNER: The motion carries unanimously.

9 Thank you very much.

10 MR. SINDLER: Thank you.

11 CHAIRMAN WINNER: Moving on them to number five,
12 discussion and action by the Board regarding the
13 distribution of race day charity proceeds from
14 Watchandwager.com in the amount of \$4,700 to six
15 beneficiaries.

16 MR. KENNEY: Good morning, Commissioners. Ben
17 Kenney, Watch and Wager. I'm here to answer any questions
18 you may have about our charities.

19 CHAIRMAN WINNER: Are there any questions?

20 COMMISSIONER AUERBACH: I have one.

21 CHAIRMAN WINNER: Yes, please.

22 COMMISSIONER AUERBACH: Kirk Breed Memorial as a
23 charity?

24 MR. KENNEY: Yeah. Yeah, that's -- Mr. Breed
25 is -- the track at Cal Expo is named after Mr. Breed. They

1 are still doing some work on his behalf at the track. So,
2 yes, Friends of the Fair is the actual charity, but it's on
3 behalf of Mr. Breed's memorial.

4 EXECUTIVE DIRECTOR BAEDEKER: Commissioner, they
5 unveiled a bust of Kirk --

6 CHAIRMAN WINNER: Yeah.

7 EXECUTIVE DIRECTOR BAEDEKER: -- and it's placed
8 prominently at the track. And you probably remember Mrs.
9 Breed --

10 COMMISSIONER AUERBACH: I do.

11 EXECUTIVE DIRECTOR BAEDEKER: -- trying to get
12 help to pay for it. So the industry, north and south,
13 really did step up and got it done, and it was a lovely
14 ceremony at the fair last year.

15 CHAIRMAN WINNER: Any other questions?

16 COMMISSIONER BENETO: Yes.

17 CHAIRMAN WINNER: Is there -- I'm sorry.
18 Commissioner Beneto?

19 COMMISSIONER BENETO: Sacramento Horsemen is
20 \$1,000. I'm involved with that, so I can't vote or I won't
21 vote.

22 CHAIRMAN WINNER: Okay. Commissioner Beneto will
23 abstain.

24 Is there a motion to approve?

25 COMMISSIONER SOLIS: Moved.

1 CHAIRMAN WINNER: Commissioner Solis moves.

2 COMMISSIONER KRIKORIAN: Second.

3 CHAIRMAN WINNER: Commissioner Krikorian seconds.

4 We'll call the roll.

5 Commissioner Krikorian?

6 COMMISSIONER KRIKORIAN: Yes.

7 CHAIRMAN WINNER: Commissioner Solis?

8 COMMISSIONER SOLIS: Yes.

9 CHAIRMAN WINNER: Commissioner Auerbach?

10 COMMISSIONER AUERBACH: Yes.

11 CHAIRMAN WINNER: The Chairman votes yes.

12 Vice Chairman?

13 VICE CHAIRMAN ROSENBERG: Yes.

14 CHAIRMAN WINNER: Commissioner Choper?

15 COMMISSIONER CHOPER: Yes.

16 And Commissioner Beneto abstains.

17 So the matter carries six to nothing with one
18 abstention. Thank you very much.

19 Discussion and action by the Board on the
20 Application to Conduct a Horse Racing Meeting of the Oak
21 Tree Racing Association at the Alameda County Fair, at
22 Pleasanton, race meeting to be called Oak Tree at
23 Pleasanton, commencing June 15, 2016 through July 5th, 2016,
24 inclusive.

25 And as you'll recall, this was on the agenda at

1 the last meeting. And because there were documents that
2 were missing we put it over until this meeting. And I
3 assume, based on the documents here, they are all submitted.

4 So gentleman?

5 Before we start, let me welcome former Chairman,
6 Mr. Israel, who has, I noticed, walked in.

7 MR. ISRAEL: I just missed you so much.

8 CHAIRMAN WINNER: Gentleman?

9 MR. SWARTZLANDER: I'm Larry Swartzlander,
10 Director of Racing, Oak Tree at Pleasanton.

11 MR. HOBAN: Good morning, Commissioners. Jerome
12 Hoban, Alameda County Fair.

13 MR. CHILLINGWORTH: Sherwood Chillingworth, Oak
14 Tree.

15 CHAIRMAN WINNER: Is someone going to lead the
16 discussion?

17 MR. SWARTZLANDER: Yes, Chairman. I'd just like
18 to go over a few things that we're doing on the horse racing
19 side, and then cover some of the items from the marketing
20 that will be conducted this year.

21 Going out there we have \$1.7 million in overnight
22 purses. Overnight purse structure remains the same as it
23 was last year in 2015. We have \$439,500 in stakes, which
24 includes \$80,000 of Arabian stakes' races. Our handle was
25 up last year \$1.5 million. And the horse population is

1 looking very good this year. Unfortunately, Idaho racing is
2 not being conducted this year. And based on our recruitment
3 to this point, we're looking at at least 100 new horses
4 coming into the inventory.

5 We continued our recruitment incentive. If you
6 start five times you get \$500. If you start ten times you
7 get \$1,000. If you ship in from out of state you get \$350
8 the first start and \$150 for the second start.

9 Any questions in that area before I go into
10 marketing?

11 VICE CHAIRMAN ROSENBERG: Yes, I do.

12 CHAIRMAN WINNER: Commissioner Rosenberg?

13 VICE CHAIRMAN ROSENBERG: On page 143 --

14 COMMISSIONER AUERBACH: While Richard is looking
15 for that, who gets that money? That goes to the trainer,
16 the owner? Who gets the money?

17 MR. SWARTZLANDER: It goes to the trainer.

18 CHAIRMAN WINNER: I think it states that in --

19 VICE CHAIRMAN ROSENBERG: Yeah. My question is,
20 page 143 appears to be -- it's a summary of the recruitment
21 program, where the money comes from.

22 MR. SWARTZLANDER: Yes.

23 VICE CHAIRMAN ROSENBERG: Is that -- and I think
24 this is correct, doesn't that -- isn't this really a copy
25 of -- other fairs have the same page they're using?

1 MR. SWARTZLANDER: Basically, yes. Yes.

2 VICE CHAIRMAN ROSENBERG: So this is not really
3 the money you're spending, it's the money --

4 MR. SWARTZLANDER: Well, approximately 40 percent
5 is the fair spending, and 60 percent is CMC money.

6 VICE CHAIRMAN ROSENBERG: Of this total?

7 MR. SWARTZLANDER: Yes.

8 VICE CHAIRMAN ROSENBERG: But what I meant is your
9 fair, though, is part of the CARF group, and that money is
10 for all of the fairs, the total amounts for all of the --

11 MR. SWARTZLANDER: That is correct.

12 VICE CHAIRMAN ROSENBERG: I just wanted to clarify
13 that.

14 The other thing -- well, go ahead, finish your --
15 the rest of your --

16 MR. SWARTZLANDER: In --

17 CHAIRMAN WINNER: I have another question.

18 VICE CHAIRMAN ROSENBERG: I have another question
19 on that.

20 CHAIRMAN WINNER: Okay.

21 VICE CHAIRMAN ROSENBERG: Another question is on
22 the pricing of the fair, but go right ahead, finish.

23 MR. SWARTZLANDER: On the marketing area, we have
24 over \$2 million in cash equivalents; 20 percent is devoted
25 to horse racing. We have \$365,000 in general marketing to

1 include horse racing. We have \$105,000 directed directly to
2 horse racing.

3 We have a contact with TVG where they will cover
4 the Friday, Saturday and Sunday Pick 4s, and our priority is
5 with TVG, not HRTV.

6 We have contracts with ADW sites, TVG and
7 TwinSpires, to where they will highlight our Pick 4, that
8 when you go on the website you'll see that there's a Pick 4
9 at Alameda County Fair. And it's guaranteed \$30,000 on the
10 weekends.

11 We're getting \$50,000 from Oak Tree for marketing.

12 We continue to grow the infield parties, which
13 were very successful last year. We have the Red, White and
14 Blue Brew Fest this year on Friday, July 2nd, which is new.

15 We have the Spin to Win is where you receive a
16 voucher, and then you go into the grandstand and you spin
17 the wheel and you have an opportunity to win racing
18 paraphernalia, a voucher from \$2.00 to \$20.00, or some gift
19 to the Terrace which would include food and the table.

20 We have daily handicapping workshops conducted
21 every day, special guests, and obviously they handicap the
22 races for the day.

23 We will have the Budweiser Clydesdales highlighted
24 this year.

25 And Oak Tree promotions, I'll turn over to

1 Chillie. Charities, Chillie.

2 MR. CHILLINGWORTH: I'm sorry, I didn't hear your
3 introduction.

4 MR. HOBAN: He wants you to speak to the
5 charities.

6 MR. CHILLINGWORTH: Oh, the charities, yeah.

7 We give away \$25,000 each year to charities in
8 that area. And this year we're going to give a special
9 \$5,000 to a charity selected by San Joaquin County Fair
10 because they were very nice about transferring their dates
11 to Pleasanton, and we think they should be rewarded in some
12 manner.

13 The rest of the money will be divided amongst a
14 group of maybe six to nine charities in the Pleasanton area.
15 And we want Pleasanton people to know that we want to be
16 part of their community and do what we can to help out.
17 Thank you.

18 CHAIRMAN WINNER: Any questions?

19 COMMISSIONER CHOPER: How about the Arabians, they
20 stopped doing that?

21 CHAIRMAN WINNER: No, he's -- I think that's
22 included, \$80,000.

23 MR. SWARTZLANDER: \$83,000, two stakes' races.

24 COMMISSIONER CHOPER: And are they all showing up
25 for this?

1 MR. SWARTZLANDER: Oh, yes, we'll have full
2 fields.

3 COMMISSIONER SOLIS: I have a question.

4 CHAIRMAN WINNER: Please, Commissioner Solis.

5 COMMISSIONER SOLIS: In the stakes' schedule they
6 have two three-year-old races, one, the Juan Gonzalez
7 Memorial and the Everett's, and they both say three-year-old
8 fillies. Shouldn't that be like a colt race? There's one
9 Saturday, July the 2nd, and July the 3rd, Sunday. I think
10 that's --

11 MR. SWARTZLANDER: There may be an error there,
12 Commissioner. Alameda, you've got a three-year-old filly,
13 three-year-old up, boys, two-year-old fillies --

14 COMMISSIONER SOLIS: I cannot see it. There we
15 go.

16 MR. SWARTZLANDER: Two-year-old boys and three and
17 up.

18 COMMISSIONER AUERBACH: No. What Commissioner
19 Solis is looking at is the Juan Gonzalez.

20 COMMISSIONER SOLIS: The Juan Gonzalez.

21 MR. SWARTZLANDER: That should be a two-year-old
22 filly race.

23 COMMISSIONER SOLIS: And the very next day is
24 another three-year-old filly, too?

25 EXECUTIVE DIRECTOR BAEDEKER: What's the name of

1 that race?

2 COMMISSIONER AUERBACH: The Everett Nevin.

3 COMMISSIONER SOLIS: That's wrong.

4 MR. SWARTZLANDER: Everett Nevin is a two-year-old
5 boy race.

6 COMMISSIONER SOLIS: Yeah, but here in my paper it
7 says that they're both filly races.

8 COMMISSIONER AUERBACH: Yeah, it does.

9 MR. SWARTZLANDER: That's a mistake.

10 COMMISSIONER SOLIS: Yes, that's -- okay. I just
11 wanted to clarify that.

12 CHAIRMAN WINNER: Thank you. Good catch.

13 Any other questions or comments? Is there a
14 motion to approve?

15 COMMISSIONER BENETO: Moved.

16 CHAIRMAN WINNER: Commissioner Beneto moves to
17 approve.

18 COMMISSIONER CHOPER: Second.

19 CHAIRMAN WINNER: Commissioner Choper seconds.

20 We'll call the roll.

21 Commissioner Beneto?

22 COMMISSIONER BENETO: Yes.

23 CHAIRMAN WINNER: Commissioner Choper?

24 COMMISSIONER CHOPER: Yes.

25 CHAIRMAN WINNER: Commissioner Rosenberg?

1 VICE CHAIRMAN ROSENBERG: Yes.

2 CHAIRMAN WINNER: The Chairman votes yes.

3 Commissioner Auerbach?

4 COMMISSIONER AUERBACH: Yes.

5 CHAIRMAN WINNER: Commissioner Solis?

6 COMMISSIONER SOLIS: Yes.

7 CHAIRMAN WINNER: And Commissioner Krikorian?

8 COMMISSIONER KRIKORIAN: Yes.

9 CHAIRMAN WINNER: Have a wonderful meet, folks.

10 MR. SWARTZLANDER: Thank you very much.

11 CHAIRMAN WINNER: It passes unanimously. Thank
12 you very much.

13 COMMISSIONER AUERBACH: Are you going to be giving
14 us all invitations? That's also our Board meeting day down
15 at Los Alamitos.

16 MR. HOBAN: Well, we'll have to do our best to the
17 Board meeting up to Pleasanton for everybody, huh?

18 COMMISSIONER AUERBACH: Just thought I'd let you
19 know.

20 (Colloquy between Board Members)

21 MR. HOBAN: Thank you for letting us know. I also
22 have some other promotional material that I'll give the
23 staff about the concert lineup and everything else.

24 CHAIRMAN WINNER: It's here and it's, yeah, June
25 16th here.

1 COMMISSIONER AUERBACH: June 16th. It's here.

2 CHAIRMAN WINNER: It's here.

3 COMMISSIONER AUERBACH: I'm sorry, it's at Santa
4 Anita.

5 CHAIRMAN WINNER: Yes, the meeting is here --

6 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

7 CHAIRMAN WINNER: -- on the 16th.

8 EXECUTIVE DIRECTOR BAEDEKER: Let's make a point
9 of that. We've changed the meeting that had been scheduled
10 for next month at Los Alamitos to here. So it's June 16th,
11 same time, same room, but here at Santa Anita.

12 COMMISSIONER AUERBACH: I'm the one who made a
13 fuss about it, and I forgot we moved here.

14 MR. CHILLINGWORTH: (Off mike.) I'm sorry you won't
15 be there, but it will cut down on our food.

16 MR. HOBAN: (Off mike.) I'll eat what you don't.

17 CHAIRMAN WINNER: All right, let's move along to
18 Item Number 7, discussion and action by the Board on the
19 Application to Conduct a Horse Racing Meeting of the
20 California Exposition and State Fair at Sacramento,
21 commencing July 6th through 26th, inclusive.

22 Gentlemen.

23 MR. SWARTZLANDER: Larry Swartzlander, Director of
24 Racing at Sacramento State Fair. I'd also like to introduce
25 Tom Martinez. He's the Chief Deputy General Manager of the

1 State Fair, to my left. Rick Pickering sends his regards.

2 He's at previous engagements and could not make it today.

3 Again, I'd like to cover the racing aspects first,
4 and then conclude with going over the marketing initiatives
5 that we've doing at the State Fair.

6 The one outstanding item you'll see in our packet
7 is the fire clearance. At Cal Expo we have the harness
8 meet, and they had until the 16th of May to vacate the
9 backside. This particular fire clearance or inspection we
10 had was conducted while it was still there. So we had
11 several issues with multiple electrical connections and
12 items that should not be in tack rooms. This is all being
13 cleaned up. There's no major issues as far as the tack
14 rooms and who's in them and what should be in them, and that
15 will be taken care of. It should be completed by the middle
16 of next week.

17 VICE CHAIRMAN ROSENBERG: Any questions? I have a
18 question.

19 MR. SWARTZLANDER: Yes, sir.

20 VICE CHAIRMAN ROSENBERG: You may be the wrong
21 person to ask, Larry, but this -- last year was the first
22 year that the State Fair was three weeks in Sacramento;
23 correct?

24 MR. SWARTZLANDER: Yes.

25 VICE CHAIRMAN ROSENBERG: It's hard to get a

1 handle on comparing the handle when you had --

2 MR. SWARTZLANDER: Correct, yes.

3 VICE CHAIRMAN ROSENBERG: -- for this. What's the
4 analysis that the fair came up with as to how much benefit
5 there was? I know the attendance was way up because you had
6 more dates, and your handle was up. But what about the per-
7 daily averages and --

8 MR. SWARTZLANDER: The only two statistics that I
9 looked at, the attendance at the fair was up five percent.
10 You know, we're still trying to work with attendance at the
11 race meet itself. We used to use the old programs method.
12 That doesn't work anymore, so I have to go on the attendance
13 of the fair. It drove the fair attendance up, so we had
14 better attendance at the meet.

15 I looked at the ADW handle, for example, against
16 Pleasanton, how did we do with like TVG coverage versus what
17 they did? We were up about \$300,000 more at the State Fair
18 than Pleasanton was. So, you know, from those two things I
19 considered it very successful. I did not sit down to do a
20 day-per-day, you know, handle to see if it was significantly
21 changed. And we did well. We were up slightly in
22 commissions and in handle, and I was satisfied with that.

23 VICE CHAIRMAN ROSENBERG: But theoretically, you
24 should have been a lot more than a little bit. I mean,
25 theoretically, if you had more days --

1 MR. SWARTZLANDER: Well, when you look at the
2 difference --

3 VICE CHAIRMAN ROSENBERG: -- that many more days
4 proportionately --

5 MR. SWARTZLANDER: -- in that light then, yes, we
6 were up significantly, if you looked at the 12-day meet
7 versus the 8-day meet, yeah.

8 VICE CHAIRMAN ROSENBERG: But the significant
9 increase was because of three weeks versus two weeks;
10 correct?

11 MR. SWARTZLANDER: Correct.

12 VICE CHAIRMAN ROSENBERG: So how many days was
13 there involved here? You had extra X days of racing.

14 MR. SWARTZLANDER: It went from 8 to 12.

15 VICE CHAIRMAN ROSENBERG: So it would be nice to
16 know that statistic, if you'd do that calculation.

17 MR. SWARTZLANDER: I would say it was good,
18 because we -- anytime we go up in commissions on a day rate
19 versus expenses. I do the pro formas, also, you know, and
20 we made money just on the racing versus, you know, what the
21 costs were. And that's --

22 VICE CHAIRMAN ROSENBERG: Right.

23 MR. SWARTZLANDER: -- that's the first key
24 indicator to me.

25 VICE CHAIRMAN ROSENBERG: Thanks.

1 MR. SWARTZLANDER: You're welcome, sir.

2 Other areas I'd like to cover is that we'll
3 distribute over \$1.2 million in purses. And the statistic
4 that is in the license, the handle at State Fair was \$25
5 million. We'll have the Governor's Handicap this year which
6 is for three-year-olds up, going six furlongs. We did
7 eliminate the Sacramento Golden Bear Sprint.

8 The recruitment program, again, the same comments
9 I made on the fair. The one addition to the State Fair will
10 be that we will -- every horse that comes in from Golden
11 Gate or Pleasanton will get \$150 for shipping. The initial
12 amount of \$30,000 comes from the Vanning and Stabling Fund.
13 And anything which exceeds that would be covered by the
14 fair. So we will cover all horsemen who ship in from Golden
15 Gate and Pleasanton. And out-of-state horses get the same
16 as I mentioned before.

17 Any other questions in the horse racing area?

18 On to marketing. Some of the significant things,
19 flyers have been distributed, community events and insurgent
20 programs for all the Derby, Preakness and Belmont events --
21 they have a very significant turnout in the grandstand for
22 these events -- television ads, radio ads, billboards,
23 digital, social media.

24 Specific promotions I'd like to point out again is
25 the win, place and show. We do it a little bit different at

1 the State Fair. When people come through the two main
2 entrances there's an information booth and they're given a,
3 you know, win, place and show ticket that says you take this
4 to the grandstands, so they have to go to the grandstand.
5 And we have the spinning located in the grandstand. Now
6 when they go to the spinning wheel I have four people who
7 man the station; two of them are dedicated to take care of
8 the spinning wheel, two of them are to make sure of, you
9 know, customer service if we have problems.

10 And it works very good because people flock to
11 this location, you know, if they have questions on how to
12 bet on other things. And then, of course, you'll see the
13 line to Spin to Win out the door. It's become a State
14 Fair -- you'll see this online. And again, they'd like the
15 vouchers, \$2.00 to \$20.00. You know, a table for two in the
16 clubhouse, some of the significant gifts, but everybody gets
17 something, a program or something.

18 Again, daily workings -- handicapping workshops
19 every day, special guests.

20 We have the Miller Lite Race of the Day which is
21 generally the seventh race, where as the director of racing
22 I'll say to the fans, okay, if any odd horse wins we have
23 dollar beers, so for the next 30 minutes before the next
24 race you'll see long lines of people getting dollar beers.

25 We have a Brew Fest. And then the Brew Fest, we

1 use this also as a tool to get to the fans. It's down in a
2 grassy area in the left front of the grandstand. We'll put
3 up a tent. We have terminals out there. We have a
4 walkabout terminal. And I have a gentleman who mans the
5 booth to explain to people how to wager and what they can
6 do. And then with the walkabout, they can wager down there.
7 They don't have to go running back up to the grandstand.

8 One of the first new ones this year is the
9 California State Corn Hole Beanbag Toss Championships on
10 Saturday July 23rd. So if you're in to corn holes, you
11 know, come on down.

12 And also we have Sam Spear on the radio show, TVG
13 coverage similar to Pleasanton and, again, ADW coverage.

14 And that's it, pretty much, on marketing.

15 CHAIRMAN WINNER: Any comments or questions?

16 COMMISSIONER AUERBACH: I would just like to hear
17 this gentleman speak, just so we can hear your voice.

18 MR. MARTINEZ: He lost me. I'm sorry. I'm still
19 trying to catch up myself.

20 COMMISSIONER AUERBACH: I agree.

21 MR. MARTINEZ: I thought we had changed that, but
22 he didn't -- it didn't make it into his notes.

23 Thank you for allowing me to be here. This is my
24 first Horse Racing Board meeting. My name, again, is Tom
25 Martinez. Governor Brown just appointed me to the State

1 Fair to help.

2 COMMISSIONER AUERBACH: Well, good luck.

3 MR. MARTINEZ: Thank you. And I've been on the
4 job for less than a month, so thank you for having me here.
5 And sorry if I'm being quiet. I'm just learning right now,
6 to be honest with you.

7 EXECUTIVE DIRECTOR BAEDEKER: What were you doing
8 before this appointment?

9 MR. MARTINEZ: I had worked in the legislature for
10 different members, different legislative leaders for the
11 past 14 years.

12 COMMISSIONER AUERBACH: We just wanted to make
13 sure you were paying attention.

14 MR. MARTINEZ: I am. Thank you very much.

15 CHAIRMAN WINNER: Thank you for being here.

16 Any other questions? Any comments? Is there a
17 motion to approve?

18 COMMISSIONER AUERBACH: So moved.

19 CHAIRMAN WINNER: Commissioner Auerbach moves.

20 COMMISSIONER KRIKORIAN: Second.

21 CHAIRMAN WINNER: Commissioner Krikorian seconds.

22 We'll go this way.

23 Commissioner Krikorian?

24 COMMISSIONER KRIKORIAN: Yes.

25 CHAIRMAN WINNER: Commissioner Solis?

1 COMMISSIONER SOLIS: Yes.

2 CHAIRMAN WINNER: Commissioner Auerbach?

3 COMMISSIONER AUERBACH: Yes.

4 CHAIRMAN WINNER: The Chairman votes yes.

5 Vice Chairman?

6 VICE CHAIRMAN ROSENBERG: Yes.

7 CHAIRMAN WINNER: Commissioner Choper?

8 COMMISSIONER CHOPER: Yeah.

9 CHAIRMAN WINNER: Commissioner Beneto?

10 COMMISSIONER BENETO: Yes.

11 CHAIRMAN WINNER: It carries unanimously. Thank
12 you, gentlemen, and welcome.

13 MR. MARTINEZ: Thank you, sir.

14 MR. SWARTZLANDER: Thank you very much.

15 CHAIRMAN WINNER: I'm going to take a moment to go
16 back to Item Number 3, the Public Comment period.

17 Derek Lawson who's a jockeys' agent was unable to
18 get here in time, and he had a comment he wanted to make, so
19 I'm going to call on Mr. Lawson. And then we'll go back to
20 Item Number 8.

21 Derek, introduce yourself and who you represent?

22 MR. LAWSON: Yes. Good afternoon,
23 Commissioners -- or good morning, Commissioners. My name is
24 Derek Lawson. I work with Jockey Flavien Prat. And the
25 reason I'm addressing you this morning is I'd just like to

1 find out if possibly this is an item that could be brought
2 in front of you throughout the -- through the rest of the
3 year.

4 I'd like to find out if there was a chance that
5 the jockeys who ride in stakes' races would be able to get
6 an increase from when they win a race, when they win a stake
7 they get ten percent, then it drops down to five percent for
8 second and third in stakes' races, and then down the road it
9 works to where we just get a jock's mount fee. I was
10 just -- you know, just considering the fact that stakes'
11 races are important for not only the riders but the owners
12 and the trainers themselves, that an added boost in that
13 particular spot might be something beneficial for, well,
14 primarily for the riders themselves. It would be a good
15 chance to make more money.

16 COMMISSIONER AUERBACH: Derek, I'm sure you're
17 aware that many jockeys bill for second and third --

18 MR. LAWSON: Right.

19 COMMISSIONER AUERBACH: -- for five percent.

20 MR. LAWSON: I understand that.

21 COMMISSIONER AUERBACH: And if your jockey is that
22 talented and that warranted, I think most owners would be --

23 MR. LAWSON: But this isn't -- the reason I'm
24 addressing you is to forgo that extra billing. Because most
25 of the time we have to make an arrangement before the race

1 with the trainer and the owner to be able to bill them. We
2 don't -- we can do it automatically, the owners, they don't
3 have to pay it if they don't want to, okay? But the fact of
4 the matter is, is this is a way of, A, eliminating the
5 billing. B, the owners, they make -- when your jockey
6 finishes in the top three spots they are making added
7 benefits because if it's a graded stake's race, if it's a
8 mare, they're getting black type (phonetic), same thing with
9 a stallion. You know, the jockeys, they ride the race and
10 it's over with, so --

11 CHAIRMAN WINNER: What I'm going to do on this,
12 Derek, is I'm going to refer it to Alex's committee which is
13 Jockey and Driver Welfare Committee.

14 MR. LAWSON: Okay.

15 CHAIRMAN WINNER: And then it will be on the
16 agenda for the next meeting of that committee, because I do
17 think it's definitely worth that discussion.

18 MR. LAWSON: Great. Thank you very much.
19 Appreciate it.

20 CHAIRMAN WINNER: Thank you very much.

21 Let's move on then.

22 Jackie, will you remember to put that on
23 the agenda for that committee meeting?

24 MS. WAGNER: Yes.

25 CHAIRMAN WINNER: Thank you.

1 Discussion and action by the Board on the
2 Application to Conduct a Horse Racing Meeting of the Del Mar
3 Thoroughbred Club at Del Mar, commencing July 13th, 2016
4 through September 6th, 2016, inclusive.

5 Gentlemen, good morning to the Del Mar contingent.
6 Joe?

7 MR. HARPER: Good morning, Commissioners. I'm Joe
8 Harper, President of Del Mar Race Track. And all the folks
9 up here will have something to say, so I'll be very brief
10 and just give you a little overview of what we see the meet
11 coming up, actually, I think it's very positive.

12 Our preseason sells are very strong, they're up
13 ten percent. Opening day, when we opened the computers up
14 it actually worked this year, which was interesting. And,
15 yeah, that was different than TVGs computers, but we -- I
16 shouldn't have. We love TVG. But, yeah, the opening day
17 usually sells out in about three, three or four days. It
18 sold out in a matter of hours, so I think it probably has
19 something to do with the Friday opening, which we'll discuss
20 a little bit here. And Tommy Robbins can talk about why we
21 switched to a Friday for a couple of reasons.

22 But we have a lot of things going on. Obviously,
23 we have had some capital improvements over the winter that
24 Josh is going to talk about.

25 You know, we've also done extensive marketing

1 research, thanks to your Chairman, Mr. Winner, and he's been
2 very helpful in that regard. And Craig Dato will certainly
3 go over that and discuss their results of that and what our
4 reaction to it and action items that we have to it.

5 So, Tommy, you want to share?

6 MR. ROBBINS: Sure. Tom Robbins, Del Mar.

7 As Joe mentioned, we are opening for the
8 first time on a Friday this year. And the reason for that
9 is the San Diego County Fair is actually ending on a Monday.
10 Last year it ended on a Sunday and we opened our meet on a
11 Thursday. It's a heck of an effort to transition from the
12 fair to getting back to making it look like a race track
13 again. So we felt that it was a prudent thing to do.
14 Again, we want to be able to have sufficient time to prepare
15 the barn area and all three tracks, to have them ready for
16 what seems to be about 2,000 horses arriving overnight. So
17 that's the reason. We're excited. We think Friday is going
18 to be a strong opening.

19 The horse population, as Larry mentioned earlier,
20 in Southern California we are, at this point in time, levels
21 comparable to where we were last year, and we're happy about
22 that. We continue with Del Mar. We are offering again the
23 Ship and Win Program which has proven successful in the
24 past. It not only is an effort to try to attract stables
25 and horses from outside California, but equally as

1 important, we are trying to get our local owners and
2 trainers who have actually done a very good job representing
3 about 70 percent of the qualified Ship and Win horses. We
4 want to offer them financial incentives to find horses
5 outside California, and it's proven to be successful.

6 We want to continue to keep our field size
7 averages up. We've been consistent for the last three
8 years. And, of course, want to offer good programs five
9 days a week, as we have.

10 One of the changes you're going to see this summer
11 that we haven't been doing in the last several summers is as
12 we have our traditional four-o'clock Fridays, the last two
13 Fridays of the meet where we normally would be running seven
14 race cards, because of the loss of daylight we are going to
15 go to 3:30 posts and run eight race cards throughout the
16 meet, so you won't see any seven race cards, we hope.

17 One other item, the Barretts Paddock Sale will be
18 held again this year. It will be held after the races the
19 second Saturday, July 23rd after the races. And not only is
20 this an effort to educate the fans, people out there, to
21 show how horses are bought and sold throughout the country,
22 but again it's another attempt on Barretts part, on Del Mar
23 Thoroughbred Club, to try to bring horses that normally
24 wouldn't be in California, bring them to California and
25 hopefully be purchased by local owners and trainers and

1 remain in California to race.

2 I would like to, at this point in time, turn the
3 mike over to David Jerkens who is going to talk a little bit
4 about our stakes' schedule. And after David is done, if you
5 have any other or any racing-related questions, we'd be
6 happy to answer them. Thank you.

7 CHAIRMAN WINNER: David?

8 MR. JERKENS: Good morning. David Jerkens, Del
9 Mar. I just want to give a brief overview of our stakes'
10 schedule for the upcoming season. We're presenting 43
11 stakes' races, once again, this summer, a lucrative program
12 that we're excited about totaling over \$7.5 million in
13 purses.

14 In our discussions with the TOC, we felt it was
15 important, both of us, to maintain the same number of
16 stakes' races that we've run the last few years with the 33
17 guaranteed stakes and the 10 overnight stakes. And we
18 really put an emphasis on, you know, continuing that. And
19 we were able to execute that in cooperation with the TOC.

20 We worked with the Santa Anita Racing Office and
21 the Los Alamitos Office, as well, when we were putting our
22 stakes' schedule together, recognizing the Santa Anita
23 situation with the installation of a new turf course. You
24 may notice we tweaked a few of our stakes' races that were
25 traditionally run later in the meet for our grass races. We

1 wanted to give horsemen as many opportunities as possible
2 early in the meet, given the situation at Santa Anita. So
3 we just tweaked a few things in conjunction with working
4 with the Santa Anita Racing Office. We met probably monthly
5 just to go over those items.

6 Once again our feature race, the TVG Pacific
7 Classic, will be run on Saturday, August 20th.

8 We shifted the Santa Anita Oaks to that same day,
9 just to add another Grade 1 stake's race on that day. So
10 we're looking to strengthen the card for Pacific Classic
11 Day.

12 And finally, we're hosting five Breeders' Cup
13 Challenge races again this year. We've done that the last
14 few years and we're going to continue with that again this
15 year.

16 CHAIRMAN WINNER: Thank you.

17 Craig, who's next?

18 Josh?

19 MR. RUBENSTEIN: I want to touch on just some
20 facility improvements.

21 As Joe mentioned -- Josh Rubenstein, Del Mar -- as
22 we prepare for the Breeders' Cup in '17 we've got some shiny
23 new toys at Del Mar this summer. We have a brand new
24 restaurant in the clubhouse, third level, called the First
25 Turn Restaurant, which we're excited about. Brand new LCD

1 TVs in the turf club, which we think folks will like. And
2 the majority of the boxes have been refurbished. So
3 horsemen who in the trackside boxes will see a nice new
4 shiny box when they're here this summer.

5 We also have significant food and beverage
6 specials, and I'll let Craig handle those in the overall
7 marketing plan.

8 MR. DATO: So as -- Craig Dato, Del Mar.

9 As Joe alluded to, we did an extensive research
10 project in the off season. And Chairman Winner assisted
11 with the development of that project, so we thank you very
12 much for that. It helped quite a bit.

13 We surveyed both our current fans and the general
14 market in San Diego County. And the research project gave
15 us some insights that led to some changes in the marketing
16 plan this year. First and foremost, it was loud and clear
17 in the research, and we asked the question many different
18 ways, but our fans want food and beverage discounts.
19 They're not really calling for discounts on anything else
20 related to admission or parking or anything else. It's food
21 and beverage discounts that they want.

22 So 2016 will be the season of food and beverage
23 discounts. We've actually come up with a dozen different
24 discount offers for the season. Three of the highlighted
25 ones I'll take you through are Free and Easy Wednesdays that

1 are back this year. In addition to admission and seating
2 you get, every Wednesday of the meet, half on beers, sodas
3 and hot dogs. That's a very popular promotion.

4 A new promotion is called Happy Hour Fridays. And
5 this is intended to get people to come to the races earlier
6 on Fridays and not just come late for the concerts. And
7 basically, all of our signature drinks, Del Margaritas, Del
8 Martinis and seven other signature drinks will all be half
9 price until 6:00 p.m. on every Friday. So we think that's
10 going to be a very popular one.

11 And then we have a new one called \$30.00 for
12 \$20.00 that we tested last fall, and now we're bringing it
13 in full scale. This one is for our regulars. When people
14 come for our third visit, and we're able to track that via
15 our Diamond Club when they scan at the gate, on their third
16 visit, when people give us \$20.00 we will give them \$30.00
17 in food scrip that can be used virtually anywhere in the
18 plant [sic]. So, basically, people will get, after their
19 third visit, 50 percent more for their money that they can
20 use anywhere for anything food and beverage related.

21 That offer is also available for horsemen. They
22 don't have to come three times. That's available through
23 the racing office. Horsemen, any day they come, for \$20.00
24 they will get \$30.00 worth of food. So we're taking care of
25 the horsemen, we're taking care of our regulars. And again,

1 there's nine other discounted food items, food and beverage-
2 related offers that we're offering, so we expect that to be
3 very popular.

4 Question, Richard?

5 VICE CHAIRMAN ROSENBERG: Are those coupons good
6 only for the day?

7 MR. DATO: No. You can horde them and spend them
8 all on closing day if you want, so you can only take
9 advantage of it every day but you can spend them whenever.

10 The other thing that came out loud and clear in
11 the research is that people want events. That's what's
12 getting them out to the track, much more so than giveaways,
13 much more so, even, than big horses. They want events. So
14 this year, in addition to our 11-day concert series which
15 are events in their own, we have added an event, basically,
16 to every weekend day. Some new ones were added since your
17 packet -- since the packets went out, even. And we've got
18 Barbeque Fest, family days, craft beer festivals, chili
19 competitions, food trucks, donut days, Tacotobia, Pizza
20 Fest, a classic car show. My staff is going to be really
21 busy this summer. But, you know, the research was really
22 loud and clear that when you host special events to
23 complement the racing, they will come out.

24 So then the next step, of course, is to turn these
25 event goers into racing fans, so then it's all about fan

1 education. And as I think I've told you guys basically
2 every year, one of the best things we do for fan education
3 is everybody gets a free program. You walk in, you get a
4 program. We also do all kinds of newcomer seminars. We
5 have kind of a dumbed down version of the Racing Form we
6 pass out at these events. We do everything we can to turn
7 event goers into racing fans.

8 So the research also touched on a lot of other
9 topics, the way we buy our media, our advertising, the
10 creative associated with it, perceptions of horse injuries
11 and care of horses in the industry, and even the supply and
12 demand of racing dates. And I'd be happy to walk anybody
13 through this, the long version of this. I don't think today
14 is the time or place to take you through this in detail.
15 But I'd love to talk about this stuff all day long. If
16 anybody wants to contact me, I'm happy to take you through
17 it.

18 So in general, we will continue to reach our core
19 fans via database marketing techniques. And then market to
20 our occasional and new fans with an aggressive marketing,
21 advertising, PR, social media campaigns that emphasizes our
22 events, fashion, style, and the social event that is Del
23 Mar.

24 We are opening on a Friday, as Tommy and Joe
25 alluded to. We have not opened on a Friday since 1970. And

1 we expect Friday to lead to a big opening. As Joe said, we
2 sold out at opening day virtually the first day we opened up
3 sales, so we're gearing up for a big opening day. And we
4 think it will lead to a very strong opening weekend in
5 general.

6 Overall, we believe we have a strong meet in front
7 of us. And we very much expect to be up in on-track
8 attendance, as well as on-track handle.

9 So if there's any questions about marketing or
10 anything else, we'll be happy to take them.

11 COMMISSIONER AUERBACH: I have a question.

12 CHAIRMAN WINNER: Please, Commissioner Auerbach.

13 COMMISSIONER AUERBACH: Can you do something about
14 the weather opening weekend?

15 MR. DATO: That's Josh's fault from last year.

16 COMMISSIONER AUERBACH: No, seriously, I did want
17 to call everybody's attention to that fact that we had
18 some -- the last couple of years have been kind of perfect
19 storms of things to help us not accomplish our goals with
20 the meet, I understand that. And I think it's only fair to
21 point that out.

22 MR. DATO: Yeah. Opening weekend last year was
23 essentially rained out. So if we have a strong opening and
24 sunny Saturday and Sunday --

25 COMMISSIONER AUERBACH: And a brand new dirt

1 course --

2 MR. DATO: Yeah.

3 COMMISSIONER AUERBACH: -- that we knew nothing
4 about.

5 MR. DATO: Yeah.

6 COMMISSIONER AUERBACH: And a turf course that we
7 weren't sure we knew anything about, we thought we did. So
8 it was not pretty.

9 MR. DATO: You know, so often when you look back
10 historically, you need to get off to a good start. And when
11 you don't it's awfully hard to come back.

12 COMMISSIONER AUERBACH: Yeah.

13 MR. DATO: If the weather cooperates and the
14 Friday opening, we expect to get off to a great start.

15 COMMISSIONER SOLIS: Well, I might do my
16 Panamanian rain dance.

17 COMMISSIONER AUERBACH: Is that for rain or
18 against rain?

19 COMMISSIONER SOLIS: Against rain.

20 COMMISSIONER AUERBACH: Oh, okay.

21 CHAIRMAN WINNER: Can I just say, first of all,
22 thank you very much, gentlemen. I think that I commend you
23 for the research project, I commend you for everything that
24 you're doing, but the research project. And a lot of the
25 questions are Del Mar specific, but a lot of them can be

1 used by others, the results can be used by others to learn
2 something about fans and why they go to race tracks, et
3 cetera. So if anybody has an interest, as Craig said, it
4 would be worth giving him a call or sitting down with him
5 and taking a look at it.

6 COMMISSIONER CHOPER: I have a question.

7 CHAIRMAN WINNER: Yes, please, Commissioner
8 Choper.

9 COMMISSIONER CHOPER: Do you have any way of
10 measuring whether all of the promotion to get new people
11 in -- I mean, you said it yourself. You said the trick is
12 to get them to start being interested in betting the horses.
13 In a word, do you have any way of measuring that, the
14 accomplishment of that goal?

15 MR. DATO: Only anecdotally. We've got a number
16 of Turf Club members who said they first started coming to
17 Del Mar because of the concerts. The fact that our
18 demographics in general, even on non-event days, are very
19 young and very female I think speaks to the fact that those
20 people were introduced because of some of the events that
21 are non-racing related.

22 The only thing I can really measure is when it's
23 part of our loyalty club, the Diamond Club. They scan every
24 time they come. We know what they wager. But if you just
25 come for a concern, chances are you're not going to join

1 that club and then, again, it's all anecdotal.

2 COMMISSIONER CHOPER: What if you were to give
3 them a \$2.00 ticket, to use it some other day? Have you
4 ever tried something -- I mean, that's just off the top of
5 my head.

6 MR. DATO: No, that's -- we've done bounce backs
7 and such and the redemption rates are okay.

8 But I tell you what, one of the other things that
9 came out in the research was people say I come to Del Mar
10 twice a year, and whether you're running 6 weeks or 52
11 weeks, I'm coming twice a year, and what do you want from
12 me? And, you know, that's -- when you come to Del Mar you
13 see we have a lot of newcomers. And, you know, horse racing
14 is not their life, but it's something they want to do a
15 couple times a year.

16 MR. HARPER: I think what we have seen is the
17 mutuels down by the concert area have increased. So we've
18 seen some increases over the years --

19 COMMISSIONER CHOPER: Uh-huh.

20 MR. HARPER: -- of the Friday -- late Friday
21 betting down in that area. So I think we're making a few
22 new betting fans with our concerts that wouldn't normally --

23 COMMISSIONER CHOPER: Well, I think that sounds
24 like a good measure.

25 MR. HARPER: I think so, yeah, and we'll keep

1 working on it.

2 MR. DATO: And to Joe's point, the last two races
3 where we have Friday concerts, which is every Friday, the
4 last two races on Fridays on-track are our second two
5 highest wagering races of the week, so Saturday the feature
6 race and the race before the feature race. But if you look
7 at the rest of the week, those last two races on Friday when
8 the concert folks are streaming in, that's the highest on-
9 track handle.

10 CHAIRMAN WINNER: The other thing is -- and you
11 can correct me on this, Craig -- but when you look at the
12 crosstabs of the research that was done, you can compare
13 people who are interested in the various non-racing events
14 and activities that Craig mentioned and cross that against
15 people who are actual players. And what you find is that
16 the kinds of things that Craig talked about are exactly what
17 they want. So by reversing that you can reach certain
18 conclusions.

19 MR. DATO: I would agree with that. In addition,
20 because we have a lot of, let's call them non-core fans in
21 the house on a daily basis, it's fun to win at Del Mar as a
22 horse owner. You got a full grandstand. There's a lot of
23 people there. A lot of our big players see those -- see our
24 newcomers as kind of dumb money. They like to clean up on
25 it. So there's a lot of ancillary benefits from having this

1 new crowd there. And again, it's on us to turn them into
2 race fans, though.

3 VICE CHAIRMAN ROSENBERG: Craig, how successful
4 have you been in increasing the number of Diamond Club
5 members, and with this new discount you're offering,
6 especially for the Friday for these young people that get
7 there earlier, or people in general to stay later maybe, to
8 have the drink discount? How are you going to advertise
9 that? How do you get them? Two questions. Have you been
10 successful in increasing Diamond Club membership
11 proportionately over the years? And how do you do this --
12 advertising this new deal?

13 MR. DATO: We've been extremely successful growing
14 the Diamond Club. We're up to over 220,000 members, so
15 those are people that have been given cards. And a lot of
16 that is in order to take advantage of the Free and Easy
17 Wednesdays and some of the other discounts we give, you have
18 to sign up. We've made it fairly painless. It's about a
19 two-minute process to sign up. You can even just do it on
20 your phone now and carry around an app and scan your phone.
21 So every year we are adding 20,000, 30,000 new people to the
22 club. Sometimes, unfortunately, that's the last time we see
23 them. We know they come on a Free and Easy Wednesday, and
24 we look at the data and we didn't see them again. But at
25 least we know their name and their email address and we can

1 market directly to them.

2 So to answer your question, how do we market to
3 these people? Well, once we have their email address and
4 their home address, we can go directly to them. How do we
5 get non-Diamond Club members? Well, from traditional
6 advertising: television, digital media and radio. We say
7 come for this offer, must join the Diamond Club, the Diamond
8 Club is free, et cetera, et cetera.

9 CHAIRMAN WINNER: Do you purge the list through
10 your email kickbacks?

11 MR. DATO: Absolutely, we do, yes.

12 COMMISSIONER AUERBACH: I have one more quick
13 question --

14 CHAIRMAN WINNER: Please.

15 COMMISSIONER AUERBACH: -- before you let them go.
16 How's your prep going for the Breeders' Cup?

17 MR. HARPER: What? Breeders' Cup? I'm sorry.

18 COMMISSIONER AUERBACH: I mean, no, because, you
19 know, really, I know how long it takes to get this stuff
20 going --

21 MR. HARPER: Yeah. I think that --

22 COMMISSIONER AUERBACH: -- so I'm just interested.

23 MR. HARPER: I think what you're seeing, when Josh
24 talked about some of these capital improvements, really,
25 we've been thinking about Breeders' Cup for a long time,

1 probably as long as Breeders' Cup has been around. It was a
2 pipedream when it first started, but expanding the turf
3 course, all of a sudden we realized it's going to happen.

4 So I think every year we go into, look, what can
5 we do? Breeders' Cup has always been in our mind. No
6 matter what improvement we make, it's kind of like Breeders'
7 Cup is the goal that we're trying to hit. And I think that
8 the capital improvements are showing that with the new
9 restaurant and those type of things, new television
10 coverage.

11 But there's an interesting thing happening in our
12 market area, in our local market area. Never before, and
13 I've lived in Del Mar for 40 years, have I seen so much
14 infrastructure of the city itself being changed, and paving
15 of new roads, new pipes, sidewalks going in, people putting
16 new roofs on a lot of the commercial buildings in town.
17 This is all because of Breeders' Cup, I really believe it,
18 or at least it had a pretty good, oh my god, we've got to
19 make this place look better.

20 So, you know, Breeders' Cup, sure it's a great two
21 days and it will be great for us, but I think it's been
22 really good for people to think about a Breeders' Cup coming
23 to their area and starting to make these kind of
24 improvements, and these are people that probably never go to
25 the races. So I think it's -- yeah, we're --

1 COMMISSIONER AUERBACH: That's a fascinating
2 perspective.

3 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

4 COMMISSIONER AUERBACH: Very interesting. Thanks,
5 Joe.

6 CHAIRMAN WINNER: Any other questions? Any
7 comments? Is there a motion to approve the race dates?

8 COMMISSIONER AUERBACH: So moved.

9 CHAIRMAN WINNER: Moved by Commission Auerbach.

10 COMMISSIONER KRIKORIAN: Second.

11 CHAIRMAN WINNER: Seconded by Commissioner
12 Krikorian.

13 Commissioner Beneto?

14 COMMISSIONER BENETO: Yes.

15 CHAIRMAN WINNER: Commissioner Choper?

16 COMMISSIONER CHOPER: Yes.

17 CHAIRMAN WINNER: Vice Chair Rosenberg?

18 VICE CHAIRMAN ROSENBERG: Yes.

19 CHAIRMAN WINNER: The Chairman votes yes.

20 Commissioner Auerbach?

21 COMMISSIONER AUERBACH: Yes.

22 CHAIRMAN WINNER: Commissioner Solis?

23 COMMISSIONER SOLIS: Yes.

24 CHAIRMAN WINNER: Commissioner Krikorian?

25 COMMISSIONER KRIKORIAN: Yes.

1 CHAIRMAN WINNER: The matter passes unanimously.
2 Thank you very much. Have a great meet and we'll all look
3 forward to it.

4 MR. HARPER: Thank you.

5 CHAIRMAN WINNER: Moving on then to Item Number 9,
6 discussion and action by the Board on the Application to
7 Conduct a Horse Racing Meeting of the Sonoma County Fair at
8 Santa Rosa, commencing July 27, 2016 through August 16th,
9 2016.

10 COMMISSIONER AUERBACH: Yay, ladies.

11 MS. BARTLING: Yahoo. Thank you. My name is
12 Becky Bartling. I'm the new CEO with the Sonoma County Fair
13 and Event Center. And today with me is Stacy Lapham who is
14 our new Director of Racing. Stacy has been with us
15 before -- or quite a while, actually, as our Assistant
16 Director of Racing. So very excited to be here today, and
17 for your consideration of our application. We're really
18 looking forward to a great race meet. I only have one
19 request, and that is next year could we go before Del Mar?

20 COMMISSIONER AUERBACH: No.

21 EXECUTIVE DIRECTOR BAEDEKER: You mean on the
22 agenda?

23 MS. BARTLING: On the agenda.

24 EXECUTIVE DIRECTOR BAEDEKER: Oh, yeah, we could
25 probably do that.

1 MS. BARTLING: No, I don't know if you all know
2 that I actually was the COO at the Del Mar Fairgrounds for
3 quite a while.

4 CHAIRMAN WINNER: Yeah.

5 MS. BARTLING: I was there 22 years, so I know all
6 the guys, great guys. And when you talk about marketing,
7 they have really been the leaders. And we have a lot of
8 great marketing things that we have done in the past and
9 that we don't want to do in the future. But you're
10 absolutely right, the way to increase attendance, I believe,
11 at races is to appeal to a new and a younger demographic.
12 So in the future we're going to be looking at that.

13 We are adding concerts back to the fair.
14 Commissioner Rosenberg can appreciate that. We had cut
15 those back in the years, and I'm not quite sure why. But we
16 are going to free concerts at the fair. We didn't have a
17 lot of a budget this year, but in the future we'll be adding
18 more and more concerts, an event every night at the fair so
19 to draw more people to the fair, a younger demographic, get
20 them exposed to our racing operation and move forward with
21 that kind of thing.

22 So, you know, we do the same -- I am very new, and
23 Stacy can answer a lot of the technical questions, but we do
24 a lot of the traditional giveaways and, you know, t-shirt
25 tosses and Spin and Win and all those kinds of things. But

1 I think in the future where we really need to go is to copy
2 a model that Del Mar has been so successful with and
3 concerts and appealing to that younger demographic. So
4 we'll be looking forward to that kind of thing.

5 A couple great pieces of information. We have
6 seven stakes' races this year, the most run at any fair, any
7 racing fair. Five are going to be on the turf, two on the
8 dirt. Purses paid last year were \$1.6 million. We
9 generated \$1.7 million. Total handle was up 5.7 percent on-
10 track, up 4 -- excuse me, 14.3 percent. Don't want to mess
11 that one up.

12 So a couple operational things. The turf course
13 was over seeded six months earlier than normal. And after a
14 pre-inspection performed just a few days ago, the root
15 system looks to be stronger and deeper than it was last
16 year, which is a good thing.

17 And as you remember, we entered 2015 with a
18 \$240,000 overpayment. And we have worked with the TOC to
19 work on recouping that over a three-year period so there's
20 not, you know, any kind of large impact.

21 We've also added a new -- I like to look at
22 facilities and I won't say steal but maybe borrow really
23 good ideas. And one of them is the new gourmet buffet meal
24 that Alameda has done and been very successful with. We
25 have a track-side dining area that we started, I believe

1 last year or a few years ago. And so we're going to be
2 incorporating that into our track-side dining this year,
3 very successful.

4 We have again our very popular Hat Day. That's
5 going to be on July 30th. And we also had a great meeting
6 with Dennis Miller the other day on increasing his handicap
7 seminars in our VIP tents and our group sales and that kind
8 of thing, so to help people really get a better feel of how
9 to bet and understanding, you know, the exotic bets and that
10 kind of thing.

11 So with that said, that's a little bit about us.
12 If you have any technical questions, Stacy is here, or
13 anything else for me.

14 COMMISSIONER BENETO: Yes, I have a question.

15 You're going to -- you race -- what day are you
16 going to open, on Friday?

17 MS. BARTLING: Thursday.

18 COMMISSIONER BENETO: Oh, you're going to open on
19 Thursday? Okay.

20 And the last week are you going to be running the
21 fair, or what are you going to do the last week of your --

22 MS. BARTLING: No, unfortunately we're not running
23 the fair. We start on July -- the fair starts on July 22nd.
24 And so then the race meet will start, the dates will start
25 that following week for racing and we'll end up the last

1 week without the fair, what's being referred to as the bonus
2 week. So that's the week that we're looking at doing some
3 special promotions that we haven't, you know, typically done
4 in the past. We're working on a beer festival, concerts,
5 food trucks, you know, various type of things to attract
6 attendance.

7 COMMISSIONER BENETO: Would you ever -- would you
8 think about moving your fair one week so you're running
9 racing with the fair --

10 MS. BARTLING: You know --

11 COMMISSIONER BENETO: -- for the future?

12 MS. BARTLING: -- I'm kind of new to this, this
13 controversy that happened last year, and I think we're
14 analyzing that. And the challenge, from what I understand,
15 is that we lose a lot of our employees because of the
16 school, you know, the school schedule. So, you know, I'm
17 looking at that to see if that's a possibility in the
18 future --

19 COMMISSIONER BENETO: I'd like to --

20 MS. BARTLING: -- with the school schedule.

21 COMMISSIONER BENETO: I'd like to talk to you more
22 about that --

23 MS. BARTLING: Sure. Absolutely.

24 COMMISSIONER BENETO: -- but not today. I've lost
25 your card and I need to get it.

1 MS. BARTLING: I'll give you another one.

2 COMMISSIONER BENETO: Okay. Thanks.

3 MS. BARTLING: Yeah. No, you know, we want to do
4 whatever we can to, you know, increase attendance. We
5 actually did really well last year, even without not having
6 a fair that last week.

7 COMMISSIONER BENETO: Well, your handle was up
8 tremendously. And you raced two less days than the year
9 before, too.

10 MS. BARTLING: Right, 11 versus 13.

11 COMMISSIONER BENETO: So you're going to run 13
12 this year?

13 MS. BARTLING: No, 11. It will be 11 again.

14 COMMISSIONER CHOPER: How does the third week
15 compare to the other two, down one?

16 MS. BARTLING: Well, you know, honestly, the third
17 week did well but it was really simulcast. The attendance
18 was not as strong, so that's what really held us there. We
19 are going to do some stronger promotions this year to
20 encourage more attendance. But, you know, honestly, we're a
21 racing fair, and we should have a fair during the races.

22 COMMISSIONER CHOPER: I ask the same question I
23 asked of Del Mar. Giving them a \$2.00 bet or whatever
24 you're going to give them, if they're there the first two
25 weeks it can be used only in the third week.

1 MS. BARTLING: Right. Yeah, we'll --

2 COMMISSIONER CHOPER: Have you ever tried that?

3 MS. BARTLING: Actually, we did that last week.

4 COMMISSIONER CHOPER: You did, huh?

5 MS. BARTLING: I don't know how. It was --

6 COMMISSIONER CHOPER: I'm sure it's not --

7 MS. BARTLING: -- somewhat successful, but not as
8 much as you would imagine.

9 COMMISSIONER CHOPER: Uh-huh.

10 MS. BARTLING: And I think we really need to
11 create something that will draw people to that third week.
12 And whether they -- the question with me always with the
13 betting voucher is are they actually using it? I know that
14 we put out, I think, around \$10,000 worth of vouchers, and
15 what was actually redeemed was probably around \$5,000 or
16 \$6,000.

17 CHAIRMAN WINNER: Any other questions, comments?

18 MR. MILLER: I have a question.

19 CHAIRMAN WINNER: Please, Mr. Miller.

20 MR. MILLER: Is the Hall of Flowers theme going to
21 be movies made in Sonoma County?

22 MS. BARTLING: Yes. How did you know that?

23 MR. MILLER: I'm from Sonoma County.

24 MS. BARTLING: Yes, it is. It's going -- that's
25 the theme of the Hall of Flowers. And if you've never been

1 to it, it's pretty spectacular. But it's -- our theme this
2 year is Lights, Camera, Fair. And the Hall of Flowers is
3 Sonoma cinema, highlighting films filmed in Sonoma County.

4 CHAIRMAN WINNER: Was that a legal question?

5 MR. MILLER: My first job was being an usher at
6 the Sonoma County Fair.

7 MS. BARTLING: No kidding?

8 MR. MILLER: So --

9 CHAIRMAN WINNER: And you've gone down ever since.

10 MR. MILLER: It was the highlight of my life.

11 MS. BARTLING: Well, I got to tell you, Sonoma
12 County is a beautiful place. You know, I went from Del Mar,
13 which is another beautiful place. And some people would say
14 to me, well, how could you leave Del Mar? And I said, "Look
15 where I am? You know, you're right in the middle of wine
16 country. It's pretty darn beautiful."

17 CHAIRMAN WINNER: Is there a motion?

18 COMMISSIONER BENETO: I'll make a motion.

19 CHAIRMAN WINNER: Commissioner Beneto moves.

20 COMMISSIONER AUERBACH: Second.

21 CHAIRMAN WINNER: Commissioner Auerbach seconds.

22 We'll start down here.

23 Commissioner Krikorian?

24 COMMISSIONER KRIKORIAN: Yes.

25 CHAIRMAN WINNER: Commissioner Solis?

1 COMMISSIONER SOLIS: Yes.

2 CHAIRMAN WINNER: Commissioner Auerbach?

3 COMMISSIONER AUERBACH: Yeah.

4 CHAIRMAN WINNER: Chairman votes yes.

5 Vice Chair?

6 VICE CHAIRMAN ROSENBERG: Yes.

7 CHAIRMAN WINNER: Commissioner Choper?

8 COMMISSIONER CHOPER: Yes.

9 CHAIRMAN WINNER: Commissioner Beneto?

10 COMMISSIONER BENETO: Yes.

11 CHAIRMAN WINNER: Thank you very much. Have a
12 wonderful meet and a wonderful fair.

13 MS. BARTLING: Thank you. I hope you all --

14 CHAIRMAN WINNER: Thank you.

15 MS. BARTLING: -- can come visit us.

16 MS. LAPHAM: Thank you.

17 CHAIRMAN WINNER: Let's move on then to Item
18 Number 10, discussion and action by the Board on the
19 Application for License to Operate a Minisatellite Wagering
20 Facility at the Race and Sports Authority LLC in Bonita,
21 California.

22 MS. WAGNER: Jackie Wagner, CHRB Staff.

23 Before the representatives make their
24 presentation, I just wanted to let the Commissioners know
25 the Staff analysis indicates that there was an outstanding

1 item on the application. We have received that outstanding
2 item, so the application is now complete.

3 CHAIRMAN WINNER: Thank you very much, Jackie.

4 CHAIRMAN WINNER: Gentlemen.

5 MR. HAINES: Good morning.

6 CHAIRMAN WINNER: Who's going? You want to just?

7 MR. HAINES: George Haines, SCOTWINC. We're
8 applying for a minisatellite license at a location in
9 Bonita, California, which is right outside of Chula Vista,
10 to be operated by Denny Kanakaris who is sitting to my left.
11 He'll take you through the operation that we would like
12 start in July. It's an area that we've lost a couple of
13 satellites at Barona and Sycuan and led to our capacity down
14 in the San Diego area, so we think it's a very viable site.

15 And we have a very anxious and enthusiastic owner
16 of the business, and I think he'll be a great benefit to the
17 horse racing industry.

18 CHAIRMAN WINNER: Please go ahead. Introduce
19 yourself please.

20 MR. KANAKARIS: My name is Denny Kanakaris, member
21 of Race and Sports Authority, LLC.

22 As George mentioned, I am really excited about
23 this opportunity. We found a great location which -- as me
24 being a horse player and horse owner for many years, some of
25 the challenges are parking, admission, as some of the other

1 items that were mentioned earlier, promos marketing, those
2 are really key important factors in the success of a
3 location. So we think we found -- not think, I am confident
4 we have found a location that will provide, which is
5 adequate parking. We're going to have free admission. And
6 it's going to be able to support an area that as George, Mr.
7 Haines, just mentioned, the closing of Sycuan and Barona,
8 right now in San Diego there really is just, as you all may
9 know, there's Viejas which is Alpine which is pretty far
10 from the local San Diego area, there's Striders downtown,
11 and then there's the Del Mar Surfside. There is completely
12 nothing in the South Bay, anything south of 805, and nothing
13 servicing East County. So we feel this is going to be a
14 tremendous opportunity for everybody.

15 We're very hopeful and we're pretty confident that
16 we're going to probably need more space really soon once we
17 open. The space is appropriate 4,000 square feet. It does
18 have a very nice interior. We're doing a complete remodel.
19 It's going to be a first-class facility. It's going to have
20 a nice VIP room. It's going to have a nice seating area.
21 It's going to have a large patio area. Again, as I
22 mentioned earlier, adequate parking.

23 And we are going to also -- we're in the process
24 of doing -- kind of going through some various options on
25 promos and marketing. We're thinking of doing some free

1 programs when people sign up. We're thinking about doing
2 \$1.00 beers, and use some of those opportunities to attract
3 some of the people that are now -- I believe they're very
4 frustrated with having to pay for parking, pay for
5 admission. And we're losing some betters with the fact that
6 people cannot go to a facility now that will have parking
7 and free admission.

8 CHAIRMAN WINNER: Thank you. What is the -- how
9 many tribes now have -- southern tribes like Barona and
10 Sycuan going out, George?

11 MR. HAINES: We have two left. We have --

12 CHAIRMAN WINNER: Viejas?

13 MR. HAINES: -- Fantasy Springs in Indio, and they
14 we have Viejas --

15 CHAIRMAN WINNER: Right.

16 MR. HAINES: -- in Alpine.

17 CHAIRMAN WINNER: Alpine. Yeah. Okay.

18 MR. HAINES: And Viejas is expanding to
19 accommodate the increase in attendance that they've
20 experienced since the closure of the other two sites.

21 CHAIRMAN WINNER: Thank you. Any questions?

22 COMMISSIONER AUERBACH: How big is this going to
23 be, Denny?

24 CHAIRMAN WINNER: 4,000.

25 MR. KANAKARIS: Approximately 4,000 square feet.

1 COMMISSIONER AUERBACH: So how many people? Talk
2 to me about the number of people you can accommodate.

3 MR. KANAKARIS: We have interior, it's
4 approximately -- the capacity is 116, and then we have the
5 patio. So potentially could reach approximately 150 to 160.

6 But also I want to mention, we've already talked
7 to the landlord. There's an adjacent building, a vacant
8 space that we can add 1,200 square feet, and then up to
9 2,400 square feet that's available, and the landlord is
10 pretty excited, really want us to take that. He's
11 interested in actually even adding a brewery to that space
12 to bring, which is now very popular in San Diego, the craft
13 beers and stuff like that.

14 COMMISSIONER AUERBACH: Uh-huh.

15 MR. KANAKARIS: So we're already considering the
16 possibility of adding additional space.

17 COMMISSIONER AUERBACH: Great.

18 CHAIRMAN WINNER: Any other questions, comments?
19 Is there a motion?

20 COMMISSIONER BENETO: Moved.

21 CHAIRMAN WINNER: Commissioner Beneto moves.

22 COMMISSIONER CHOPER: Second.

23 CHAIRMAN WINNER: Commissioner Choper seconds.
24 We'll start on that side of the room.

25 Commissioner Beneto?

1 COMMISSIONER BENETO: Yes.

2 CHAIRMAN WINNER: Commissioner Choper?

3 COMMISSIONER CHOPER: Yes.

4 CHAIRMAN WINNER: Vice Chair Rosenberg?

5 VICE CHAIRMAN ROSENBERG: Yes.

6 CHAIRMAN WINNER: The Chairman votes yes.

7 Commissioner Auerbach?

8 COMMISSIONER AUERBACH: Yes.

9 CHAIRMAN WINNER: Commissioner Solis?

10 COMMISSIONER SOLIS: Yes.

11 CHAIRMAN WINNER: Commissioner Krikorian?

12 COMMISSIONER KRIKORIAN: Yes.

13 CHAIRMAN WINNER: Good luck, gentlemen.

14 MR. KANAKARIS: Thank you very much.

15 MR. HAINES: Thank you.

16 CHAIRMAN WINNER: The matter passes by a seven to
17 nothing vote.

18 MR. KANAKARIS: Thanks again.

19 CHAIRMAN WINNER: Thank you.

20 We'll move on then to Item Number 11, discussion
21 and action by the Board regarding --

22 EXECUTIVE DIRECTOR BAEDEKER: It's postponed.
23 It's postponed. I'm sorry, I didn't tell you.

24 CHAIRMAN WINNER: Oh, Item Number 11 has been
25 postponed, I've just been informed.

1 Item Number 12, discussion and action by the Board
2 regarding the proposed amendment to CHRB Rule 1988, Use of
3 Riding Crop, to allow a jockey to use the riding crop four
4 times in succession, allowing the horse to respond before
5 using the riding crop again, during the last 16th of a mile
6 in a thoroughbred race.

7 Do you want to -- who's going to speak about this,
8 at least to start with, Darrel or Rick?

9 EXECUTIVE DIRECTOR BAEDEKER: Well, I can start
10 with the non-technical part of it.

11 We were approached at the last meeting of the
12 Stewards Committee in November by the Jockeys' Guild with a
13 request to consider modifying the current crop rule. And
14 after a series of telephone conferences with jockeys,
15 stewards and staff, we came up with a compromise proposal
16 which, Commissioners, you see before you today which will
17 allow a jockey in a thoroughbred race to use the crop four
18 times in succession before giving the horse a chance to
19 respond. So again, it pertains to the final 16th of a mile
20 in a thoroughbred race.

21 CHAIRMAN WINNER: Can I -- I know, Darrel,
22 you're -- I'll turn it over to you in a second. But let me
23 just say that this comes after a number of conversations,
24 meeting, et cetera, with the Guild. If you'll all recall,
25 the rule in the first place was established in cooperation

1 with the Guild after, I can't tell you how many meetings and
2 conference calls, et cetera, both on a state and national
3 level. And this -- at that time we said that the rule, the
4 three times in succession, was certainly open to change if
5 it was warranted. And this is at the recommendation of the
6 Guild. This is another look at it.

7 We can also mention that the Pacific Coast Quarter
8 Horse Racing Association has sent us a letter requesting
9 that quarter horses be included. That's an item that we can
10 talk about after we get through the discussion of this.
11 Depending on how this goes, then the question is whether we
12 want to add quarter horses or not to the change in the crop
13 rule.

14 So having --

15 COMMISSIONER AUERBACH: I was going to actually --
16 before I even saw that letter, that was going to be the
17 first thing I was going to ask, and maybe you can address
18 it, Darrel, as to why it did not pertain to quarter horses.

19 CHAIRMAN WINNER: Yeah. Only we can approve it.

20 COMMISSIONER AUERBACH: Yeah. But I thought maybe
21 they had already talked about it and there was a reason.

22 CHAIRMAN WINNER: They have talked about it.

23 COMMISSIONER AUERBACH: Oh, okay.

24 CHAIRMAN WINNER: Go ahead, Darrel.

25 COMMISSIONER AUERBACH: Good.

1 MR. MCHARGUE: Darrel McHargue, Chief Steward for
2 the California Horse Racing Board.

3 As, Commissioner Winner, you mentioned, it
4 pertains to the last 16th of a mile of the race. And a lot
5 of thought and a lot of people had input when they approved
6 the rule in the first place as three strikes, and there's
7 been benefits to that. You know, the stewards, as a former
8 jockey, I see where, you know, jockeys are keeping the
9 horses straight ahead. As a steward, you see them staying
10 out of trouble to where they're not whipping horses to going
11 in, so there's been benefits to where there's been, you
12 know, three strikes versus just indiscriminant hitting the
13 horse.

14 The proposal of four strikes when you figure it
15 out and you do it by rule, three strikes is about 16 strides
16 a horse takes the last 16th of a mile. And during that
17 time, if you go by the rule of three strikes you can hit
18 your horse anywhere from about nine to ten times. That's a
19 lot of times for a 16th of a mile for a horse to get hit.
20 You go to four strikes and it ends up being about 11 or 12
21 times, so you're really only adding 2 more times to hit a
22 horse by wanting to make this change.

23 And I see that the Jockey Guild, they are for
24 this. But the Jockey Guild actually had input for the three
25 strikes here. They actually, the Guild members were the

1 ones that were instrumental when the Board voted to make the
2 three strikes rule. So there was input at the point in
3 time, too.

4 So if a rule is broken, I would say make changes,
5 but in my opinion, the three strikes has worked well.
6 They've had it a year now of this rule to be enforced, and
7 they're still, and as in all jurisdictions that had had a
8 restricted whip rule, and this is internationally, too,
9 Europe, Australia, and now California. And I think
10 California is progressive in what they've done. And I think
11 it's more appealing to the people. And I know the horses
12 like it.

13 When you're talking about making a change, you're
14 only talking about allowing a rider to hit a horse two more
15 times the last 16th of a mile.

16 As far as Commissioner Auerbach was talking about,
17 the quarter horses, there hasn't been much discussion yet on
18 that.

19 EXECUTIVE DIRECTOR BAEDEKER: I might add,
20 Commissioners, that the genesis of this thing, in addition
21 to what I mentioned earlier, was that the Guild had a desire
22 to achieve a modified rule in California which then could be
23 used as a model rule through RCI for the country. And I
24 know that the members of the committee thought that that
25 would be a positive thing for the rest of the country. And

1 there was kind of an additional motivation to work with the
2 Guild.

3 Since then the Guild has decided, and of course we
4 have Darrell here who can speak for the Guild, but at least
5 at this point the Guild has decided not to pursue a model
6 rule based on the modification that's before you.

7 Regardless, as the Chairman has pointed out on the
8 conference calls, we're focused on California, what's good
9 for California racing. So that's why Staff continued to
10 work on to get to this point where we have the proposed
11 language for your consideration.

12 VICE CHAIRMAN ROSENBERG: As far as the Jockeys'
13 Guild, are they no longer in favor of this change at all or
14 they're no longer in favor --

15 CHAIRMAN WINNER: They were -- well, no,
16 they're --

17 VICE CHAIRMAN ROSENBERG: They were, in fact, no,
18 they were in favor of it?

19 CHAIRMAN WINNER: They're in favor -- my
20 understanding is they're in favor of the change, but they're
21 not in favor of a universal rule or using this --

22 VICE CHAIRMAN ROSENBERG: That's what I wanted to
23 clarify. So they're okay with the rule?

24 CHAIRMAN WINNER: -- as the universal rule;
25 correct?

1 VICE CHAIRMAN ROSENBERG: That's correct? Okay.
2 Thank you.

3 CHAIRMAN WINNER: Darrell, you should probably
4 fill out a card, and we'd like to hear, obviously, from the
5 Jockeys' Guild since this actually was stimulated by the
6 Guild and we put it on because of the discussions we had the
7 Stewards Committee meeting, and because of the many
8 discussions we had the Guild, so it's important to hear from
9 the Guild.

10 COMMISSIONER AUERBACH: I'd like to hear from
11 Commissioner Solis.

12 COMMISSIONER SOLIS: I think it's a good change.
13 I mean, just for experience, the last 16th of a mile is when
14 you really need more help, more help with your horse and
15 using your crop. Horses are getting tired. And, you know,
16 you try to encourage them without getting anybody in danger.
17 And I think that the four whipping rule, it will really
18 help.

19 COMMISSIONER BENETO: Alex, so what you're saying
20 is a horse gets tired, so you need four cracks instead of
21 three?

22 COMMISSIONER SOLIS: I have to be very honest,
23 I've been in trouble a month ago because at a 16th of a mile
24 my horse got very tired, and that was the first race back.
25 And if I, to be honest, if I wouldn't hit it that last -- I

1 hit it three times, and then I hit it one more time right at
2 the wire and she just won by a nose. And I know if I would
3 have done that --

4 CHAIRMAN WINNER: And it would cost you the
5 winner.

6 COMMISSIONER SOLIS: And it would have cost me the
7 winner.

8 COMMISSIONER BENETO: That's what upsets me is the
9 horse is tired and he's giving out and we're sitting there
10 encouraging him with a whip, and I think that's cruel. I'd
11 rather lose the race than have somebody abuse the horse.

12 COMMISSIONER SOLIS: Yeah. But I don't know if
13 the better is going to feel that way.

14 COMMISSIONER AUERBACH: Yeah.

15 COMMISSIONER SOLIS: So, I mean, we are there to
16 do a job.

17 COMMISSIONER BENETO: Well, to hell with the
18 betters.

19 COMMISSIONER SOLIS: Yes, and I agree with you 100
20 percent. I mean, I'm one of the first one, if my horse is
21 tiring at the eight pole, I'm saving it. I'm saving it
22 because he's out of the race.

23 COMMISSIONER BENETO: That's how we break horses
24 down when they -- is encourage them. When they're giving
25 out on you and you're sitting there cracking a whip on them,

1 that's a sign of a breakdown going to happen.

2 COMMISSIONER SOLIS: Well, I disagree on that.

3 Because if --

4 COMMISSIONER BENETO: I don't.

5 COMMISSIONER SOLIS: -- a horse isn't sound, and
6 then I will scratch him. If it don't belong in the race, I
7 don't think the whip is going to break him down. It might,
8 just like Mr. Darrel McHargue said, yes, it really helps in
9 preventing horses from bouncing around where you're
10 getting -- horses are getting hit and swerving to in or out
11 and bouncing against each other, that's dangerous. And
12 that's one of the things that I really praise California for
13 this rule.

14 CHAIRMAN WINNER: Well, I think it's fair to say
15 that there's pretty much unanimous, I don't want to say
16 unanimous, there's heavy agreement on the part of the riders
17 and the stewards that the rule that we instituted has been
18 helpful in terms of the safety of the horse and in terms of
19 actually encouraging better riding, especially with young
20 riders. I think at least everyone I've talked to has
21 agreed, all the jockeys that I've talked to have agreed that
22 this has actually made riding safer for the horse and safer
23 for the jockeys.

24 So we're now talking about changing from three to
25 four in the last 16th of a mile. We're not talking about

1 throwing the rule out. We're not talking about a
2 significant increase. We're talking about three to -- going
3 from three to four in the last 16th of a mile.

4 I know I have a card from Scott.

5 Darrell, did you want to -- since this is a Guild
6 issue essentially, do you want to give us the Guild's
7 position?

8 COMMISSIONER SOLIS: One more thing --

9 CHAIRMAN WINNER: Yes, please.

10 COMMISSIONER SOLIS: -- I just wanted to add to
11 that. You know, again from experience, riding around the
12 country, you know, I am so proud to be a California jockey
13 because we take so much pride, as all of us together, in
14 keeping the horses safe. I've got a lot of complaints from
15 my peers from back east, you guys are too strict over there.
16 And I say, yeah, we are, and we have to be that way because,
17 you know, we're responsible for these horses. And every time
18 you get a horse bouncing around that you -- to me, they call
19 it back east base riding. To me that's not base riding
20 where you bounce a horse out of the way. Why? Because I
21 have come back to a born after the horse gets bounced around
22 and you go back to the barn and this poor horse is all cut
23 up. And I'm so proud to say this because we do really care
24 about our horses.

25 CHAIRMAN WINNER: Thank you.

1 Darrell?

2 MR. HAIRE: Darrell Haire, Jockeys' Guild.

3 We feel that this rule has worked quite well in
4 that four times in the last 16th of a mile is reasonable,
5 because a lot of times you have to get after them a little
6 bit more. And that one stride, like Alex -- what happened
7 to Alex, it happens. So it's not abuse.

8 And Chairman Beneto [sic], there's no excuse for
9 abusing a horse, we know that. And it's up to the stewards,
10 if they see that, anything that looks close to that, then
11 the rider should be called in, fined or suspended, because
12 there's no excuse for that. What we're asking for is just a
13 little -- just for the jockeys to get the most out of their
14 mounts, and the betters, too, that they get a fair chance.
15 And four times, we feel, is reasonable.

16 COMMISSIONER AUERBACH: You know, it's
17 interesting.

18 COMMISSIONER BENETO: You say two more. You say
19 two more times you're going to hit a horse, it's going to
20 make a different?

21 COMMISSIONER AUERBACH: Yes.

22 COMMISSIONER BENETO: No.

23 COMMISSIONER AUERBACH: Yes.

24 CHAIRMAN WINNER: We're talking about one more
25 time.

1 MR. HAIRE: No, it's once.

2 COMMISSIONER AUERBACH: One more time.

3 MR. HAIRE: It's one time.

4 VICE CHAIRMAN ROSENBERG: It's one more time.

5 COMMISSIONER AUERBACH: You know, Steve, I think
6 you have to remember --

7 COMMISSIONER BENETO: So you're going to put
8 marbles in a jockey's mouth and so he can start spitting it
9 out every time he hits the horse, and then when he runs out
10 of marbles he quits?

11 COMMISSIONER AUERBACH: Steve, I think --

12 CHAIRMAN WINNER: Although we have -- we can try
13 that, but first of all, Steve, already there are three, so
14 they have to count to three. Now we're asking them to count
15 to four, so probably they can do that without marbles.

16 COMMISSIONER AUERBACH: Darrell, I wanted to point
17 out that when we put this in I think we all knew that we
18 would have a learning curve, and we had to see how well it
19 worked. And I'm really actually somewhat surprised that we
20 have been able to make it work as well as we have, which I
21 think speaks well.

22 But I also think it speaks well to recognize the
23 fact that we need a slight tweaking. We're not talking
24 about abusing our horses in any way, shape or form. But the
25 incident that Commissioner Solis just spoke about, and in a

1 lot of the racing that I have watched, there are times when
2 these horses are neck and neck and you know that the jockeys
3 really have this taken out of their hands. The important
4 thing is they're thinking about it. They know they have to
5 be careful and judicious in how they use the whip, and
6 that's really the lesson of this.

7 We've always been able to give people days or
8 whatever for abusing horses. This rule had nothing to do
9 with it. It's always been within the purview of the
10 stewards to call the jockeys in if they are acting
11 improperly towards a horse. And I think what this small
12 amendment would do, and I don't think we're degrading the
13 rule at all, would allow an accommodation for race riding
14 which would benefit -- the gamblers are going to feel better
15 about it because they're not going to feel that the jockey
16 is stiffing their horse or not giving full effort.

17 So we're at a crossroads here. We have to protect
18 the horse and always protect the horse, but we also have to
19 make sure that the end result is fair. And I think this is
20 a very small accommodation to help do that. That's the way
21 I see it. I wasn't at any of the meetings, I don't know
22 what was said, but that's the way I see it.

23 CHAIRMAN WINNER: Thank you. Darrell, do you want
24 to --

25 MR. HAIRE: Well, what Madeline is saying, when a

1 rider puts a horse into a drive and they get after them
2 inside the 16th pole, they're getting down to the money, a
3 lot of times they're in rhythm with them and the horse is
4 responding. And maybe he's going to win the race if they
5 keep doing what they're doing. And that one other time,
6 that one extra time means an awful lot. It's only four
7 times the last 16th of a mile, and I think it's just
8 reasonable that we're asking for this.

9 COMMISSIONER AUERBACH: That's the word I was
10 looking for, reasonable.

11 CHAIRMAN WINNER: There are -- it should be noted,
12 and all of you who have been involved in these conversations
13 can correct me if I'm wrong, but most of the riders who were
14 involved in helping to craft the original rule, the Hall of
15 Fame riders, the senior riders, et cetera, most of them in
16 these discussions supported this concept of going to four
17 strikes in the last 16th of a mile.

18 And I can also say that a number of the riders
19 that I've spoken to who actually opposed the rule early on
20 fought it and thought it was a bad thing, most of them, at
21 least the ones I've talked to, and maybe because it's me
22 that's talking to them, they have been very positive about
23 the rule as it currently exists, not specifically about the
24 four rather than the three.

25 But the change, I think, you can correct me if I'm

1 wrong, guys, but the change in rider attitudes from some of
2 those riders who didn't like the rule to start with has been
3 rather significant, I think.

4 COMMISSIONER BENETO: I've got a question.

5 CHAIRMAN WINNER: Please.

6 COMMISSIONER BENETO: You want to go to the four
7 whacks instead of the three; right?

8 MR. HAIRE: Inside the 16th.

9 COMMISSIONER BENETO: Well, then everybody is
10 going to have four whacks. So how if --

11 CHAIRMAN WINNER: I don't think we should call
12 them whacks.

13 COMMISSIONER BENETO: So it puts everybody on
14 equal ground; right?

15 CHAIRMAN WINNER: Yeah.

16 COMMISSIONER BENETO: So if your horse wins you
17 can say -- you're going to say, well, the reason why I won
18 is because I got the fourth whack; right?

19 COMMISSIONER AUERBACH: No, you're not going to
20 say that.

21 COMMISSIONER SOLIS: No, not really. I mean, it
22 helps. Maybe the fourth one made him win, but --

23 COMMISSIONER BENETO: But it's going to help the
24 other guy, too.

25 COMMISSIONER SOLIS: It's fair for everybody.

1 COMMISSIONER BENETO: I mean, yeah.

2 COMMISSIONER SOLIS: They have an opportunity --

3 COMMISSIONER BENETO: I mean, it's not going to
4 only just help one person, it's going to help everybody. So
5 consequently, what have you gained?

6 COMMISSIONER SOLIS: You gain getting a little bit
7 more out of that mount.

8 COMMISSIONER BENETO: Well, yeah, but the other
9 guy is going to get a little bit more out of his mount, too.

10

11 COMMISSIONER SOLIS: Sure. Absolutely.

12 COMMISSIONER BENETO: So everything --

13 COMMISSIONER SOLIS: So it's a win-win for
14 everybody.

15 COMMISSIONER BENETO: So everything comes back
16 equal. So instead of us going four, stay with three and
17 then everything is equal at that point.

18 I'm totally against going to four whacks.

19 CHAIRMAN WINNER: Okay. Any other questions for
20 Darrell?

21 All right, Scott. Thanks.

22 MR. CHANEY: Hi, Scott Chaney. I'm one of the --
23 I'm a practicing Steward here in California at Santa Anita,
24 Del Mar mostly, a little bit at Los Al. I've prepared some
25 longwinded remarks which I will spare you and sort of

1 just --

2 CHAIRMAN WINNER: Good idea, because you only have
3 three minutes.

4 MR. CHANEY: Well, they were in three -- they were
5 three minutes, but this might get a little longer once you
6 start asking questions. But I wanted to give you kind of a
7 steward's perspective.

8 I can't say that every steward in California was
9 in favor of changing the rule in July. What I can say with
10 fair confidence is that every steward is not in support of
11 this change right now.

12 We, as stewards, have found this to be a
13 resounding success, a little rocky at the beginning. In
14 fact, we even -- we've already made one accommodation to the
15 Jockeys' Guild, and that was in November-ish, and actually
16 decreased the penalty structure.

17 We like it because we find it's more work for us;
18 right? We have to review every race a little bit more
19 closely, but we're all happy to do it. We like it because,
20 as everybody has acknowledged in this room, it's safer
21 riding, it's cleaner. And from my perspective it's a
22 better, you know, perception with the racing public. But
23 for us, the safety factor should be the overriding thing.
24 Yes, it might only be one or two more strikes, but it's in
25 the last 16th of a mile, which is kind of the most critical,

1 most dangerous part of the race. And basically Commissioner
2 Beneto is correct, it's when horses are getting tired.

3 American racing is different than European racing;
4 right? We go fast at the beginning and we go slow at the
5 end. So what happens when you hit a horse is you just --
6 you're just preventing the horse from slowing down; right?
7 Our last quarter is generally the slowest one. So for me it
8 is complete animal abuse to use the stick more often when a
9 horse is getting tired.

10 From the stewards' perspective, we love the three
11 strikes. You know, we'd actually like to see it decrease.
12 But certainly four is not an option for us.

13 I had an interesting kind of experience in
14 February. On two successive weekends I got to lecture to
15 one group. The first group was stewards in the southwest.
16 So it was basically stewards doing a continuing education
17 class in Texas, New Mexico, places like that. Let's just
18 say I was one of the younger guys in the room, but I gave
19 them the California perspective on what our rule was. They
20 looked at me like I was an alien. They were super polite,
21 but they didn't understand why you couldn't just hit a horse
22 as much as you wanted to.

23 The following week I went to the University of
24 Arizona and talked to their Race Track Industry Program
25 students, basically, a lot of the future, you know, of

1 racing here in the U.S. They had two basic comments. One
2 was three is way too many, and why are the penalty
3 structures so small? For me, this is just the past and
4 future of racing.

5 It was interesting to listen to Del Mar and their
6 marketing and their demographic.

7 At the end of the day it's really a simple thing:
8 Are we for more whipping or are we for less whipping? I
9 think, at least from the stewards' perspective, we're for
10 less whipping.

11 COMMISSIONER BENETO: Thank you.

12 CHAIRMAN WINNER: Any questions for Scott? Any
13 other questions for -- I want to raise the issue of the
14 quarter horse before we move on this motion. We have a
15 recommendation or a request from the president of the
16 Pacific Coast Quarter Horse Racing Association that we
17 amend, and I guess we can do that, but that we amend this
18 motion to include quarter horses, if we choose to do that.
19 And I think you all have the letter in front of you.

20 Is there a motion to amend what is -- I guess
21 we --

22 EXECUTIVE DIRECTOR BAEDEKER: May I say something?

23 CHAIRMAN WINNER: Yeah, please go. You can say
24 anything you like.

25 EXECUTIVE DIRECTOR BAEDEKER: Anything I like?

1 CHAIRMAN WINNER: Well, almost.

2 EXECUTIVE DIRECTOR BAEDEKER: You don't want to go
3 there, trust me.

4 No, having been a part of this process, really
5 since the first day I started in the job a couple of years
6 ago when this issue was at the committee level until now, as
7 just an old timer now in the sport and having watched a
8 million different races, during the course of this
9 consideration of going from three strikes to four in the
10 final 16th, I went to Cal Racing and looked at as many races
11 as I had time for to try to count the maximum number of
12 strikes that were occurring in the final 16th of a mile.
13 And it's not something I do every day because I don't have
14 time to look at races anymore.

15 But I can tell you that in my opinion this rule
16 change has made the biggest change in California racing in
17 many, many years. I couldn't find very many examples of a
18 rider using the crop three times. It's generally twice,
19 ride, twice, ride. Sometimes you get down to the final 16th
20 and it goes to three. It's made a big, big difference.

21 Now I have trouble recalling, and I talked to the
22 Chairman about this yesterday and we can't recall
23 specifically about the quarter horse conversation when this
24 proposal for four was brought up. But I went and just
25 yesterday did some quick research and I looked at the month

1 so far at Los Alamitos, nine racing days. I took the
2 quarter horse races only. And 87 percent of the races are
3 at 350 yards, 330 yards, or 300 yards. The final 16th is
4 110 yards. The equivalent effect in a six-furlong
5 thoroughbred race would be making the change from three to
6 four approaching the quarter pole. And I don't think it was
7 the intent of the original committee that considered this
8 change, and I know I don't think it was really discussed in
9 those terms by the committee that was considering this
10 modification, but this would change the effect of this rule
11 on quarter horse racing dramatically.

12 And I see Mr. English here. I know that Los
13 Alamitos management has expressed I'm the past strong
14 support for the new crop rule and has stated, as have our
15 stewards at Los Alamitos, that it has made a big difference
16 there. Horses are staying straight longer and more
17 consistently.

18 I guess that's an opinion that I probably
19 shouldn't be expressing but it just --

20 CHAIRMAN WINNER: Why not?

21 EXECUTIVE DIRECTOR BAEDEKER: Well --

22 VICE CHAIRMAN ROSENBERG: Rick, could you explain
23 that again, and the number of races, how many, what
24 percentage and --

25 EXECUTIVE DIRECTOR BAEDEKER: Yeah. What I looked

1 at is --

2 VICE CHAIRMAN ROSENBERG: -- how many yards?

3 CHAIRMAN WINNER: Eighty percent of the quarter
4 horse races are 350 yards or less.

5 EXECUTIVE DIRECTOR BAEDEKER: Yeah, almost 90
6 percent.

7 VICE CHAIRMAN ROSENBERG: Well, what is it, a 16th
8 of a mile?

9 EXECUTIVE DIRECTOR BAEDEKER: It's 110 yards.

10 VICE CHAIRMAN ROSENBERG: It's 110?

11 EXECUTIVE DIRECTOR BAEDEKER: Yeah. So if --

12 COMMISSIONER AUERBACH: That's a bigger percentage
13 of the ride, basically.

14 EXECUTIVE DIRECTOR BAEDEKER: Yeah. It's a 330-
15 yard race. Obviously, it's one-third of the race. So it --

16 VICE CHAIRMAN ROSENBERG: Well, what's your
17 conclusion? You didn't draw a conclusion in my mind when
18 you said it.

19 COMMISSIONER AUERBACH: That's up to you --

20 EXECUTIVE DIRECTOR BAEDEKER: My --

21 COMMISSIONER AUERBACH: You draw conclusions.

22 VICE CHAIRMAN ROSENBERG: Oh, I thought he was
23 drawing a conclusion.

24 EXECUTIVE DIRECTOR BAEDEKER: Well, if invited to
25 draw a conclusion, I will. My conclusion is that if this

1 change from three to four is applied to quarter horses
2 racing it will change the original intent of the rule.

3 COMMISSIONER AUERBACH: Of the rule. That makes
4 sense.

5 CHAIRMAN WINNER: As a matter of fact I will say
6 that during the conversations that we had, and I can't
7 remember exactly who but I think I know, I don't want to be
8 specific --

9 VICE CHAIRMAN ROSENBERG: Yeah.

10 CHAIRMAN WINNER: -- it was stated by a jockey
11 who -- I think it was Gary -- a jockey who was a former
12 quarter horse jockey, that this wouldn't work or that we
13 weren't talking about quarter horse racing, we were only
14 talking about thoroughbred racing.

15 COMMISSIONER AUERBACH: So why don't we just stick
16 to what's in front of us --

17 CHAIRMAN WINNER: Well, we can, but --

18 COMMISSIONER AUERBACH: -- without amending it --

19 CHAIRMAN WINNER: -- I'm giving --

20 COMMISSIONER AUERBACH: -- I should say, to see if
21 there's --

22 CHAIRMAN WINNER: First of all, you'd have to have
23 a motion. We need a motion for what's in front of us --

24 COMMISSIONER AUERBACH: Right.

25 CHAIRMAN WINNER: -- so let's start with that.

1 VICE CHAIRMAN ROSENBERG: I'll make a motion.

2 CHAIRMAN WINNER: Okay. Vice Chair Rosenberg
3 moves adoption, moving from three to four. Is there a
4 second?

5 COMMISSIONER SOLIS: Second.

6 COMMISSIONER AUERBACH: For thoroughbreds?

7 CHAIRMAN WINNER: Commissioner Solis seconds.

8 Now if anyone would like to move an amendment to
9 that motion to include quarter horses, I'll accept that
10 motion. Is there a motion to amend quarter horses? Hearing
11 none, we will not include quarter horses and we will only
12 vote on the measure that is before us, which is moving from
13 three to four in the last 16th of a mile.

14 Is there any further discussion on that?

15 COMMISSIONER CHOPER: That doesn't mean that we
16 can't start from fresh on the quarter horses; right?

17 VICE CHAIRMAN ROSENBERG: Later on.

18 CHAIRMAN WINNER: At later time?

19 COMMISSIONER CHOPER: A later time?

20 CHAIRMAN WINNER: Yeah, of course.

21 COMMISSIONER CHOPER: Yeah. Yeah. Sure.

22 COMMISSIONER AUERBACH: I do have something --

23 COMMISSIONER CHOPER: Yeah, I think people should
24 understand.

25 COMMISSIONER AUERBACH: -- I'd like to say before

1 we move on.

2 CHAIRMAN WINNER: Yes, please.

3 COMMISSIONER AUERBACH: I take umbrage of
4 something that you said, Scott, and I want this on the
5 record, we do not abuse our horses. And I take umbrage. We
6 are so careful with our horses, and I speak from the high
7 ground here. I rescue a lot of horses. I save horse. I
8 love horses. And any characterization that there is any
9 kind of abuse going on I think is not fair.

10 Do I like whipping? No. Would I be much happier
11 if you don't have to touch them? Absolutely. But the
12 reality is the reality. And unless and until we are not
13 only careful with our horses but careful with all parts of
14 our community that want to feel that they're getting the
15 best shake, yeah, if you've got two guys coming down the
16 lane and they both give their horses an extra pop, you would
17 think, well, you know, that's a great equalizer, except
18 sometimes it isn't, except sometimes one horse is stronger
19 than another or one jockey is not going to do the same thing
20 as another. I don't want us to do anything which interferes
21 with the outcome of the race or which hurts the horse.

22 So I just want to go on record that no matter how
23 anybody votes here, either for this or against this, I don't
24 think any of us have the intent of anything that resembles
25 animal abuse. I just, I don't want to hear that.

1 CHAIRMAN WINNER: I appreciate that. I'd like to
2 just add to that. And this is also with reference to the
3 stewards. The fact is if the stewards believe that a jockey
4 is abusing the horse, this rule has nothing to do with that.

5 COMMISSIONER AUERBACH: Exactly.

6 CHAIRMAN WINNER: That rule has been in place for
7 a long time. That's your job as stewards, to determine if a
8 horse is being abused. And there isn't anybody on this
9 Board or anybody in this room or anybody in racing, to my
10 knowledge, that wouldn't want you to come down really hard
11 on a jockey if you believe that jockey is abusing a horse.

12 I do have to apologize, Gail. I know that you had
13 turned in a card and I did not call on you before we turned
14 to the Board for a motion. So let me call on you at this
15 point.

16 MS. MATTHEWS: Thank you. It's Gail Matthews,
17 Winning Hands Equine Massage.

18 I would not recommend an absence of whipping
19 because it's for the safety of the jockey and the horse.
20 Horses can start veering off. You need to be able to
21 control them.

22 But for the Board, with all you've been doing in
23 the past two years for the safety and integrity of the
24 horse, you've been moving forward consistently in this area.
25 For you to vote for an extra strike on the horse, to me it's

1 sending out a message of a compromise that I don't think we
2 in horse racing can afford to make. It's going to be
3 perceived by the public in an exaggerated way, but it will
4 be perceived as a step in the wrong direction.

5 And I just hope that more of you vote no than vote
6 yes.

7 CHAIRMAN WINNER: Thank you, Gail.

8 Any questions for Gail?

9 All right, now there is a motion on the floor, and
10 there is a second. Any further discussion?

11 COMMISSIONER BENETO: Now this is for four instead
12 of three; right?

13 CHAIRMAN WINNER: This is for four instead of
14 three in the last 16th of a mile for thoroughbreds only.

15 I'll start with you, Commissioner Krikorian?

16 COMMISSIONER KRIKORIAN: Well, let me say this
17 first, is that I think that whether the rule is for four or
18 for three, you know, the playing field is equal. And the
19 spirit of what was created here previously was to further
20 ensure the safety of the horses. You know, and that being
21 the situation, I'm going to vote that we don't go to four.

22 CHAIRMAN WINNER: So you're voting no?

23 COMMISSIONER KRIKORIAN: That's correct.

24 CHAIRMAN WINNER: Commissioner Solis?

25 COMMISSIONER SOLIS: Yes.

1 CHAIRMAN WINNER: Commissioner Solis votes yes.

2 Commissioner Auerbach?

3 COMMISSIONER AUERBACH: Yes.

4 CHAIRMAN WINNER: The Chairman votes yes.

5 Vice Chair Rosenberg?

6 VICE CHAIRMAN ROSENBERG: Yes.

7 CHAIRMAN WINNER: Commissioner Choper?

8 COMMISSIONER CHOPER: No.

9 COMMISSIONER BENETO: No.

10 CHAIRMAN WINNER: Commissioner Beneto?

11 COMMISSIONER BENETO: No.

12 CHAIRMAN WINNER: No. The motion carries by a

13 four to three vote.

14 Moving on to Item Number 13, report from the Pari-
15 Mutuel/ADW, Satellite and Simulcast Committee.

16 Who's doing that?

17 VICE CHAIRMAN ROSENBERG: George.

18 CHAIRMAN WINNER: George?

19 COMMISSIONER KRIKORIAN: Save the best for last.

20 We had a Pari-Mutuel/ADW meeting on May 11th at
21 Los Alamitos. And I just wanted to start my comments by
22 saying that Bernie Thurman for CRIMS and their own auditing
23 team led by Francisco Gonzalez had put together a very
24 comprehensive report covering the statutes and distributions
25 of funds generated by pari-mutuel wagering in California.

1 Rick Baedeker expanded on that report with his own showing
2 that because the multiple distributions required by law are
3 based on a percentage of total handle rather than takeout, a
4 reduction in takeout would have a significant and
5 disproportionate impact on purses and track commissions.

6 The reports are about 13 pages with all of the
7 details for all of the deductions that come off of the top
8 of the purse revenues. And I recommend that everybody take
9 the opportunity to go online at the CHRB website and take a
10 look at the way these distributions work. There are a lot
11 of hands in the pot, so to speak.

12 The next thing that we did is we reviewed the
13 players' pools which involved two or more people pulling
14 their number to wager on Pick 6s and other major pools.
15 These are usually done through ADW accounts. And our
16 counsel reviewed California laws and determined that while
17 our state -- while our statutes prohibit California players
18 from participating in player pools, they do not apply to
19 betters in other states. Therefore, players located
20 elsewhere can legally pull their money on California races
21 if the bet is placed and accepted in a jurisdiction where
22 such pooling is lawful. The next step being contemplated by
23 the industry is to try to get California law changed so that
24 players could legally participate in players' pools moving
25 forward.

1 A third item involved players physically located
2 at one of our race tracks or simulcast outlets who use their
3 laptops or phones or some other mobile device to make bets
4 to ADW accounts instead of betting through the windows.
5 Bets made through ADW accounts result in less revenue for
6 purses and commissions and wagers made through the window.
7 So the industry wants their fair share of ADW wages placed
8 at a brick-and-mortar facility. This could be accomplished
9 by what they call geolocating with some websites,
10 determining a user's specific location. This method would
11 require a new CHRB rule.

12 And an alternate proposal is for horsemen, tracks
13 and ADW companies to take their best guess at how much
14 purses and commissions might increase if this were
15 implemented, and then for the ADW companies to just pay that
16 much more into purses and commissions without implementing
17 the geolocating process. In other words, compromise the ADW
18 take.

19 Those discussions are continuing and we should be
20 hearing back from those stakeholders in time for our next
21 meeting.

22 These next two matters that we dealt with, and I
23 mean, they don't happen very often, but when they do they
24 have a significant impact. One involves tracks taking races
25 off the turf due to inclement weather. Rick Hammerle, the

1 Racing Secretary at Santa Anita, addressed this matter
2 because they recently decided on three separate occasions to
3 move a race from turf to dirt after the first race had been
4 run. The Pick 5 and the other multiple race bets already
5 were in play when those decisions were announced.

6 To protect betters we amended our Pick rule five
7 years ago so that when there's a surface change after the
8 pool is closed, all selections in that race were considered
9 winners. That helps somewhat, but there are other wagers
10 and wagering strategies that can be adversely affected by a
11 change in the surface. So any decision to change surfaces
12 after the first race has been run can have serious
13 consequences.

14 Hammerle explained that Santa Anita utilizes
15 multiple weather reporting systems and take races off the
16 turf whenever rain is expected. But he said weather
17 predictions are not always reliable, and sometimes rain
18 comes unexpectedly, so this decision cannot always be made
19 before the first race. Some would argue that if there was a
20 chance of rain the decision should be made before the first
21 race. But Hammerle pointed out that Santa Anita has an
22 obligation to run races as they're written in the condition
23 book. So they need pretty good evidence that it's going to
24 rain before taking a race off the turf.

25 Once it does rain, safety becomes a major concern

1 so races are moved off the turf. We appreciated Hammerle's
2 explanation, and now we have a better understanding of the
3 complexity. All agree that this is a rare occurrence, aside
4 from the last few weeks, and we're thankful for that.

5 Finally, we looked at the ARCI pentafecta model
6 rule, or as Santa Anita calls it, the Super High 5, which
7 requires the selection of the first five finishes. Back
8 east they ran a race in which only four horses finished due
9 to an accident. Technically, no one had the first five
10 finishes, so management carried over the pool to the next
11 permit as permitted by one of the options in the ARCI Model
12 Rule. At a meeting we pointed out that the ARCI Model Rule
13 also provides an option to pay part of the pool to those
14 tickets with the first four finishes if no one has five.

15 We said it was an option that tracks might wish to
16 consider when they file their license applications, as
17 California tracks are required to designate which option
18 they choose in the license applications.

19 I don't know, Richard, if you have any other
20 comments on this?

21 VICE CHAIRMAN ROSENBERG: No.

22 COMMISSIONER KRIKORIAN: Okay. That's our report.
23 Thank you.

24 VICE CHAIRMAN ROSENBERG: Thank you.

25 EXECUTIVE DIRECTOR BAEDEKER: And, Commissioners,

1 Commissioner Krikorian was talking about the report that was
2 prepared for the Committee by Francisco Gonzalez and our
3 auditing staff with the help of Bernie Thurman. And it's a
4 thorough analysis of the 17 distributions, statutory
5 distributions that are derived from the handle. And I
6 intended to put it in the Board book for all of you and I
7 forgot, so I'll email it to you. And, of course, we can
8 answer any questions that you might have.

9 But the key point is that all of those
10 distributions are a percentage of total handle. They are
11 not a slice of the takeout pie. So if you reduce the
12 takeout pie, that percentage going to all of those
13 distributions is still calculated off total handle. So in
14 any event, we'll send that to you here, if I remember.

15 CHAIRMAN WINNER: It's really very interesting
16 to --

17 VICE CHAIRMAN ROSENBERG: It is.

18 CHAIRMAN WINNER: I think it's one of the best
19 breakouts that I've seen of how that works.

20 EXECUTIVE DIRECTOR BAEDEKER: Me, too, yeah.

21 VICE CHAIRMAN ROSENBERG: Yeah, it is.

22 EXECUTIVE DIRECTOR BAEDEKER: It's really good
23 work.

24 CHAIRMAN WINNER: Greg?

25 MR. AVIOLI: Greg Avioli on behalf of the TOC. I

1 just wanted to elaborate a little on Mr. Krikorian's
2 comments on the on-track ADW. We have been pushing this
3 initiative. It's actually been around now, I think it's
4 going on three years that we've been trying to do something
5 about this. The technology is there to track betters when
6 they're on track. It happens. Any of us who use Uber,
7 we're tracked every day. We believe this is a relatively
8 easy fix and we would ask the Board to move forward with the
9 reg and begin the comment period as soon as possible.

10 CHAIRMAN WINNER: Thank you.

11 MR. AVIOLI: Thank you.

12 CHAIRMAN WINNER: Will do. Thank you.

13 Any other discussion on any other item? Is there
14 a motion to adjourn?

15 COMMISSIONER KRIKORIAN: So moved.

16 CHAIRMAN WINNER: Commissioner Krikorian moves to
17 adjourn.

18 COMMISSIONER AUERBACH: Second.

19 CHAIRMAN WINNER: Commissioner Auerbach seconds.

20 We will go I -- all in favor?

21 ALL COMMISSIONERS: Aye.

22 CHAIRMAN WINNER: We will go into Executive
23 Session. Thank you all for coming.

24 (Whereupon the Regular Meeting of the California Horse
25 Racing Board adjourned into Closed Session at 11:35 a.m.)

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 1st day of June 2016.



MARTHA L. NELSON

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

June 1, 2016