

APPEARANCES

COMMISSIONERS

Chuck Winner, Chairman

Steve Beneto

George Krikorian

Alex Solis

STAFF

Rick Baedeker, Executive Director

Robert Miller, General Counsel

Phil Laird, Staff Counsel

Jacqueline Wagner, Assistant Executive Director

Mike Marten, Associate Analyst, Policy & Regulations

ALSO PRESENT

Robert O'Neil, Stronach Group

Dorothy Burt, Arabian Racing Association of California

Scott Daruty, Santa Anita Park Race Track

Mary Forney, Thoroughbred Owners of California

Eric Sindler, Golden Gate Fields

Kip Levin, TVG

John Hindman, TVG

Mark Thurman, CRIMS

Cliff Goodrich, TCHF

Josh Rubenstein, Del Mar Thoroughbred Club

Mike Pegram, Thoroughbred Owners of California

APPEARANCESALSO PRESENT

John Ford, BetAmerica

Rick English, Los Alamitos Quarter Horse Racing Association

Becky Bartling, Sonoma County Fair

Evelyn Call, Arabian Racing Association of California

George Schmidt, Owner

Maureen Morley, Owner

John Valenzuela, Parimutuel Employees Guild, Local 280

Rick Pickering, California Exposition and State Fair

Sherwood Chillingworth, Oak Tree Racing Associations

Alan Balch, California Thoroughbred Trainers

Larry Swartzlander, California Authority of Racing Fairs

Jerome Hoban, Alameda County Fair, Oak Tree at Pleasanton

Joe Morris, Golden Gate Fields

Tony Allevato, NYRA Bets

Nicole Foley, NYRA Bets

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presentations.
4. Discussion and action by the Board regarding the 15
distribution of race day charity proceeds of the
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in the amount of \$39,573 to nine beneficiaries.
5. Discussion and action by the Board regarding the 17
proposed amendments to CHRB Rule 1581, Racing
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secretaries to write medication-based eligibility
conditions as agreed to with the acknowledged
horsemen's organization(s) and approved by the Board
before entries are taken for the race, and CHRB Rule
1843, Medication, Drugs and Other Substances, to

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clarify that medication-based eligibility conditions, with authorized thresholds lower than what is authorized by the Board, are not to be deemed in conflict with the Board's intent and other regulations. (Proposed in response to the Los Angeles Superior Court's Order that the CHRB set Aside approval of Los Alamitos Quarter Horse Racing Association's "house rule.")

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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

9:37 A.M.

ARCADIA, CALIFORNIA, THURSDAY, OCTOBER 20, 2016

CHAIRMAN WINNER: Good morning. My required remarks.

Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats. I'm glad you all have.

This is the regular noticed meeting of the California Horse Racing Board on Thursday, October 20, 2016 at Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California.

Present at today's meeting are: myself, Chuck Winner, Chairman; Steve Beneto, Commissioner; George Krikorian, Commissioner; and Alex Solis, Commissioner. Those not here today are Madeline Auerbach, Commissioner, and Jesse Choper, Commissioner.

Before we go on to the business 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.

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

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

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

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

1 Okay, the first item on the agenda is the approval
2 of the minutes from the meeting of September 22nd. Are
3 there any additions or corrections to the minutes?

4 COMMISSIONER SOLIS: Moved.

5 CHAIR WINNER: Hearing none, Commissioner Solis
6 moves.

7 COMMISSIONER BENETO: Second.

8 CHAIR WINNER: Commissioner Beneto seconds.

9 Commissioner Solis, how do you vote on approval of
10 the minutes?

11 COMMISSIONER SOLIS: Yes.

12 CHAIR WINNER: The Chairman votes yes.

13 Commissioner Krikorian?

14 COMMISSIONER KRIKORIAN: Yes.

15 CHAIR WINNER: Commissioner Beneto?

16 COMMISSIONER BENETO: Yes.

17 CHAIR WINNER: The minutes are adopted.

18 Public -- or Executive Director's Report.

19 Mr. Baedeker?

20 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.

21 Chairman.

22 Dr. Arthur is attending the International
23 Conference of Racing Analysts and Veterinarians. This is an
24 annual event that brings together the finest scientific
25 minds that deal with racing to one place, and a fascinating

1 agenda over a period of three days. He will be making a
2 presentation, along with Dr. Uzal, on the CHRB Necropsy
3 Program in sudden death procedures.

4 Yeah, that's yours.

5 CHAIR WINNER: Okay.

6 EXECUTIVE DIRECTOR BAEDEKER: Dr. Moeller, who you
7 may remember we noted is our new chemist at the Maddy Lab,
8 is also attending a workshop on -- it's a workshop entitled
9 Advanced and Emerging Analytical Approaches in Horse Doping
10 Control. And the focus of the workshop is the biological
11 passport, which will be Dr. Moeller's focus, as well.

12 Dr. Stanley is also there. He will be involved in
13 the International Lab Certification meetings. And the Maddy
14 Lab is likely going to be one of just a handful that are
15 accredited on an international basis.

16 I wanted to give you an update on third-party
17 Lasix. As you know, the Board has passed the new regulatory
18 language. And Staff, in our Policy and Regs. Department,
19 have been working on the daunting task of responding to the
20 more of 100 pages of comments submitted during the 45-day
21 period. Every comment needs to be addressed before
22 submitting to the Office of Administrative Law for review.
23 We're hopeful that the new regulation will be on the books
24 by the first part of next year.

25 Just FYI, we have three full-time Policy and Regs.

1 folks, as well as a retired annuitant, Hal Coburn
2 (phonetic), who was there for many, many years, has come
3 back on a part-time basis, who do this work. This month's
4 agenda gives an idea of their workload. We have four race
5 meet applications, and an ADW application for the Board to
6 consider. The Staff needs to certify that every item within
7 each of them is correct and complete. They also provide the
8 staff analysis for all the items on the agenda under the
9 guidance, of course, of both Jackie Wagner and Phil Laird.
10 And then every month they get to compile this phonebook for
11 the Board. So I hope you can understand why moving
12 regulations through the pipeline just takes time.

13 A note about the Breeders' Cup. CHRB will have
14 additional personnel working at Santa Anita during the
15 Breeders' Cup. In addition to our regular team of stewards
16 and chief steward, we will have three additional safety
17 stewards, six investigators, four license technicians, as
18 well as Dr. Arthur and two of our official vets. In
19 addition, of course, the Breeders' Cup assembles a small
20 army of investigators and veterinarians from around the
21 country that assemble here for the Breeders' Cup. And it's
22 really now, after all of these years, it's a rather well-
23 oiled machine that fires up for the Breeders' Cup.

24 One note about one part of that. When I was
25 helping with the Breeders' Cup in 2008 and 2009, Breeders'

1 Cup worked with Santa Anita to bring in more than 200
2 additional mutuel clerks from out of state in order to have
3 sufficient manpower for the Breeders' Cup days. Most of
4 those folks arrive immediately before the Breeders' Cup.
5 And they all have to be licensed, as well as all of the
6 incoming horsemen that may not be licensed yet in
7 California.

8 And I remember remarking then how incredible the
9 work of the CHRB Licensing Staff was. They handled all of
10 it. There's four people, they handled all of it. They got
11 everybody licensed, you know, backgrounded and licensed on
12 time under Bill Westerman's supervision, and they're
13 hardworking folks. And I wanted to just say it publicly,
14 that we appreciate their hard work.

15 A note about race meet applications. We have four
16 on the agenda today. One of them actually was submitted
17 complete. That was the application for the night quarter
18 horse meet.

19 A year ago the Board put a policy into place that
20 if the application wasn't complete, it wouldn't be heard.
21 It didn't have that much of an effect, apparently, because
22 of the other three applications, there are 58 outstanding
23 items. So it's nice to be taken -- I was going to say taken
24 seriously, but I don't think that's the case here.

25 In any event, we need to do that, out of respect

1 for the process, out of respect for the Commissioners. Many
2 of these -- some of these things, we understand are outside
3 of the applicant's control, things like fire clearances and
4 so forth. Many of them, most of them, can be done on time.

5 Financials for the month, I'm going to punt on
6 that one because, in reviewing them last night, I saw a
7 contradiction in the numbers. I can tell you that the
8 numbers for the month, if the report I was looking at was
9 accurate, were just about level with the previous year.

10 Anybody that would like that information in
11 detail, I'll have it for you, probably a little later in the
12 day. And just email me for it and I'll get it to you.

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

14 CHAIR WINNER: Thank you very much, Mr. Baedeker.

15 Given that we don't have a lot of the material for
16 some of the applications, some of those applications will be
17 taken off the agenda and moved to the next meeting's agenda.

18 We'll talk about those as we go through them. And because
19 of that, I'm going to move some things around on the agenda,
20 and I'll call them up as we go.

21 But for right now, we're at the public comment
22 period, so we'll continue with that. The first person that
23 I have is Dr. Robert O'Neil from the Stronach Group.

24 Dr. O'Neil.

25 DR. O'NEIL: Thank you, Mr. Chairman. I'm Dr.

1 Robert O'Neil, the Director of Equine Health and Safety for
2 the Stronach Group. I'd like to make a brief comment about
3 one of the Commissioners, particularly Mr. Solis.

4 As you all know, I was on the Veterinary Board in
5 Florida for a number of years, chairman for a number of
6 years. And I know what it takes to have a good board
7 member, and I know what it is to have a bad board member. I
8 had several of those, and I asked them to resign because
9 they weren't doing their job.

10 Mr. Solis does an excellent job on this Board, in
11 my opinion. He has skin in the game. He's the only guy on
12 the back of those horses every day that knows what's going
13 on. I think he's an asset to this Board, and I think he
14 does a great job. And I just want to compliment him on
15 that, complement the governor on putting him on there,
16 because we need people that own horses, train horses, ride
17 horses to make comments to make this a lot safer sport and a
18 better sport. And I comment -- and I'd like to say again,
19 Mr. Solis does an excellent job in my opinion.

20 Thank you.

21 CHAIR WINNER: Thank you very much, Doctor. And I
22 very much appreciate that. And I, obviously, strongly
23 support those remarks. Working with Commissioner Solis is a
24 pleasure. And he works very hard at this and I think brings
25 a very, very important perspective. And I appreciate the

1 fact that the governor did appoint him. Thank you very
2 much.

3 Dorothy Burt.

4 MS. BURT: Good morning, Chairman Winner and
5 Board. I spoke to you -- Dorothy Burt from ARAC, which is
6 the Arabian Racing Association of California. And I spoke
7 to you last month about the benefit that the emerging breeds
8 provide to thoroughbred racing due to thoroughbreds having
9 drastically declining numbers of registrations. And I
10 showed where the emerging breeds can really help fill a race
11 card and help the thoroughbreds put more horses in the
12 races, since Mr. Baedeker had told us earlier about the
13 decline, even with that help.

14 Now while you were receptive to my ideas, you
15 asked several questions which I couldn't answer. One was
16 answered by CARF as to the number of horses and mules
17 currently at Pleasanton.

18 The other dealt with the stabling and vanning
19 money. You wanted to know, and many thoroughbred owners
20 felt that they were carrying the Arabian horses, so I had to
21 do some research. I went home and I requested from our
22 secretary this printout. And he sent me -- I said, huh?
23 And so he just sent me the one from Cal Expo. Way down at
24 the bottom of this giant page of figures, in this little
25 item here is off-track stabling. So they are taking money

1 from the Arabians to pay for stabling. Where this money is
2 going, I don't know. But that was an answer to a question
3 asked last month that, yes, we are paying. It isn't a free
4 ride.

5 I'm also speaking against the closure of the
6 Pleasanton track. The Pleasanton Fair starts in mid-June.
7 And they've proposed to close the track -- or reopen it in
8 mid-April. Well, if you have a horse that's already running
9 mid-April, April to May to June, you can maybe get the horse
10 ready to run safely that first week of Pleasanton. But if
11 you have a youngster or a horse that has been out due to
12 injury, 60 days is really not enough to get your gate works
13 because you don't have gate people every day, and to get
14 your time because they don't time every day over there, so
15 that all has to be timed out, shall we say.

16 So I don't feel that opening in mid-April is as
17 good as it could be. You're going to affect the emerging
18 breeds especially.

19 The other thing is, Santa Anita knows that there's
20 \$100,000, which for us in Arabians is a lot, there's
21 \$100,000 race here for Arabian horses on around the 1st of
22 April. We have no place to train Arabians in Northern
23 California, other than Pleasanton. And we have some
24 Northern California stakes' horses that should come down to
25 this race and be competitive. But without the track,

1 because Golden Gate won't take Arabs, we have no place where
2 they can get fit and conditioned.

3 And therefore, what you're doing is you're saying,
4 yes, we're running Santa Anita, we're running this \$100,000
5 race, but it's for the Delaware horses, the Texas horses,
6 maybe whatever horses are here in Southern California, I'm
7 not sure, but you are eliminating the Northern California
8 horses. And so I am against closing -- or not opening it
9 earlier enough to be beneficial.

10 And that's it.

11 CHAIR WINNER: Thank you very much.

12 MS. BURT: Thank you.

13 CHAIR WINNER: Any questions? Are there any
14 questions for Ms. Burt?

15 Thank you, Ms. Burt. Thank you very much.

16 Scott Daruty.

17 MR. DARUTY: Good morning. I'm Scott Daruty on
18 behalf of Santa Anita. And I wanted to just take a moment
19 this morning and give the Board an update on our fantasy
20 sports initiative.

21 Fantasy sports is a topic that's come up several
22 times at these meetings. Commissioner Choper, in
23 particular, who's not here today, has had a big interest in
24 it and has always asked, why can't we somehow or other
25 attract those players or get into that line of business to

1 help support racing.

2 So the Stronach Group agrees. I've said several
3 times at those meetings that we believe fantasy sports is an
4 opportunity for the racing industry. And I just wanted to
5 let you all know that this past weekend we launched, it was
6 a soft launch, but we launched a fantasy sports here at
7 Santa Anita based on NFL football games. It is a system
8 that's run through AmTote. So it's an example of the kind
9 of cooperation we now have with the tote company, and the
10 kind of technology we now have that allows us to do these
11 sorts of different things.

12 The contest we're currently offering is a free-to-
13 play contest, so we're running it as a promotion. We want
14 to do that until we make sure, you know, all the kinks are
15 worked out and the fans are enjoying it. Basically, what it
16 was this past weekend was you can think of it as akin to a
17 Pick 7. So there are seven different categories of players,
18 one of which is quarterback, two are running backs, wide
19 receivers, et cetera. And so a player would pick, for
20 example, out of the group of quarterbacks which quarterback
21 he thinks is going to perform the best this weekend. He
22 does the same thing for the wide receivers and the running
23 backs. And ultimately the goal is to get seven out of seven
24 selections. This past weekend we had 400 entries, which we
25 thought was quite a success given there was zero marketing

1 and zero promotion. Again as a soft launch, we just waited
2 until people were at the track, and then we approached them
3 and sort of described the game. And the reviews the
4 feedback we got were very positive.

5 Out of those entries we had, I believe it was five
6 people who tied with four out of seven correct. Last
7 weekend, with the soft launch, we just put \$1,000 prize.
8 This coming weekend it's going to be a \$5,000 prize. The
9 more we -- you know, as we move forward the idea is to grow
10 the prizes to appeal to more people and ultimately attract
11 people to the track for the purposes of participating in
12 this. And then while they're here, they can enjoy the other
13 amenities, as well as racing.

14 Ultimately the goal, of course, is to get this
15 into a pay-for-play type of product, not any different than
16 what DraftKings and FanDuel are doing every, you know, every
17 weekend here in California and collecting entry fees, so we
18 would like to get to that point. But for our launch, we
19 wanted to keep it simple. And that's why we're offering it
20 on a free-to-play basis, so we don't have to worry about the
21 various, you know, monetary issues when we start collecting
22 entry fees.

23 So that's the update. I'd be happy to answer any
24 questions, if anybody has any.

25 CHAIR WINNER: Thank you, Scott. I'm delighted.

1 Any questions, comments on this? Great.

2 MR. DARUTY: Thank you.

3 CHAIR WINNER: Thank you very much. That's
4 terrific.

5 All right, that's the end of the public comment
6 period.

7 I'm going to move up the -- I'm going to change
8 the agenda, as I said earlier, and we're going to go to item
9 number 14 on the agenda, public hearing and action by the
10 Board regarding the proposed amendment to CHRB Rule 1688,
11 Use of Riding Crop, to prohibit the jockey from using a
12 riding crop more than four times in succession during the
13 last 1/16th of a mile in a thoroughbred race without giving
14 the horse a chance to respond before using the riding crop
15 again. This concludes the 45-day public comment period.
16 The Board may adopt the proposal as presented.

17 Is there any comment on this item?

18 COMMISSIONER SOLIS: I'd like to recuse from
19 voting and opinion.

20 CHAIR WINNER: Okay. Well, I'm going to take a
21 vote on this item.

22 Is there a motion to approve this item? Is there
23 a motion? All right.

24 Hearing no motion to approve, and recognizing that
25 the Board Members that are here, I believe, oppose this

1 motion -- I don't want to speak for you, Commissioner
2 Beneto. Do you -- are you in favor or opposed to this
3 motion?

4 COMMISSIONER BENETO: Oppose it.

5 CHAIR WINNER: Okay. So Commissioner Solis
6 recuses himself and the other Board Members oppose, so this
7 item fails.

8 Let's move on then to item number four, discussion
9 and action by the Board regarding the distribution of race
10 day charity from the Pacific Racing Association dba Golden
11 Gate Fields in the amount of \$39,573 to nine beneficiaries.

12 MR. SINDLER: Eric Sindler on behalf of Golden
13 Gate Fields. Thank you for having me.

14 And as the Chairman said, from the period of
15 August 19th, 2015 through June 14th of this year, we donated
16 \$39,573.66, all of which was to horse-related charities.

17 CHAIR WINNER: Thank you. Any questions?

18 Thank you very much.

19 I think we have to vote on this, do we?

20 MR. SINDLER: Yes.

21 CHAIR WINNER: Yeah. Is there a motion?

22 COMMISSIONER SOLIS: Moved.

23 CHAIR WINNER: Commissioner Solis moves.

24 COMMISSIONER KRIKORIAN: Second.

25 CHAIR WINNER: Commissioner Krikorian seconds.

1 Commissioner Solis?

2 COMMISSIONER SOLIS: Yes.

3 CHAIR WINNER: The Chairman votes yes.

4 Commissioner Krikorian?

5 COMMISSIONER KRIKORIAN: Yes.

6 CHAIR WINNER: And Commissioner Beneto?

7 COMMISSIONER BENETO: Yes.

8 CHAIR WINNER: The measure passes. Thank you very
9 much.

10 MR. SINDLER: Thank you.

11 CHAIR WINNER: Okay. We're going to skip number
12 five, and we're going to -- well, he wanted to -- he's six;
13 right?

14 (Colloquy Between Chairman and Executive Director)

15 EXECUTIVE DIRECTOR BAEDEKER: Mary Forney is here
16 from TOC.

17 I know, Mary, that Mike Pegram is en route. Oh,
18 he's here?

19 CHAIR WINNER: Oh, okay.

20 EXECUTIVE DIRECTOR BAEDEKER: I didn't see him.
21 Okay. Good. Then never mind.

22 CHAIR WINNER: Mike?

23 EXECUTIVE DIRECTOR BAEDEKER: Never mind.

24 COMMISSIONER KRIKORIAN: He's been here.

25 CHAIR WINNER: Yeah. You've lost weight, I think,

1 that's the -- we couldn't see you there. Okay.

2 Then we're going to item five, discussion and
3 action by the Board regarding the proposed amendments to
4 CHRB Rule 1581, Racing Secretary to Establish Conditions, to
5 allow racing secretaries to write medication-based
6 eligibility conditions as agreed to with the acknowledged
7 horsemen's organizations and approved by the Board before
8 entries are taken for the race, and CHRB Rule 1843,
9 Medication, Drugs and Other Substances, to clarify that
10 medication-based eligibility conditions, with authorized
11 thresholds lower than what is authorized by the Board, are
12 not to deemed in conflict with the Board's intent and other
13 regulations. This is proposed in response to the Los
14 Angeles Superior Court's order and the CHRB set-aside
15 approval of Los Alamitos Quarter Horse Racing Association's
16 house rule.

17 All right, so that is item number five.

18 I have -- Mike, I don't have a card, but I have
19 Mary's. which of you is going to speak, both or one?

20 Mary.

21 MS. FORNEY: Mary Forney, Thoroughbred Owners of
22 California.

23 CHAIR WINNER: Thank you.

24 MS. FORNEY: TOC continues to object, as we did at
25 your September meeting, to the identification of both TOC

1 and CTT as authorized horsemen associations needing to give
2 consent to the proposed house rule. We especially are
3 concerned over the setting of any precedent that would
4 infringe on the TOC's broader statutory consent rights.
5 It's our position that TOC is the only appropriate
6 authorized horsemen association as defined in the relevant
7 statute, 19613.1, which states,

8 "The owners organization shall generally be
9 responsible for negotiating purse agreements, satellite
10 simulcast agreements, and all other business agreements
11 relating to the conduct of racing that effects the owners."

12 While CHRB Staff analysis refers at one point to
13 consent rights for an eligibility testing program, we
14 believe the actual amendment more clearly centers on the
15 ability of the racing secretary to right medication-based
16 eligibility conditions, in other words, the ability for an
17 association or fair to set race conditions based on the
18 participating horse's use or nonuse of a drug, substance or
19 medication.

20 As such, we do not agree with Staff analysis that
21 consent for medication-based race conditions is a process
22 which is separate and apart from the traditional horsemen's
23 agreements referred to in section 19613.1. Given that
24 amendment seeks to allow racing secretaries to write
25 specific race conditions, we point out that TOC approves all

1 race conditions for stakes and overnight races for each race
2 meet as part of the horsemen's agreement referred to in
3 section 19613.1.

4 For example, TOC must approve the terms and
5 conditions attached to overnight races and purses, including
6 minimum claiming prices, minimum purses for each type of
7 race and level of race, minimum qualifying level for
8 California-bred incentives, timing of entries, number of
9 horses a trainer may enter in certain types of races, and so
10 on.

11 We believe, therefore, that the consent to
12 specific medication-based race eligibility conditions falls
13 squarely under the purview of the TOC as defined in section
14 16913.1.

15 We continue to advocate for the correct resolution
16 at today's meeting, which would name TOC as the appropriate
17 and only horsemen's organization needed to give consent for
18 the proposed house rule, and which would, at the same time,
19 protect our broader statutory consent rights.

20 The staff analysis states,

21 "CHRB Counsel has researched the context and
22 legislative history of the statute and has determined that
23 Business and Professions Code section 19613 does not
24 prohibit the Board from approving the proposed regulation as
25 currently drafted.

1 What is clear, however, is that the Board is not
2 required to approve the proposed regulation as currently
3 drafted, has the discretion to make a decision and could,
4 therefore, determine that the appropriate and only consent
5 should fall at the TOC.

6 If, despite TOC's argument, the Board determines
7 to require CTT authorization, in addition to TOC, we believe
8 that can only be based on the Board's determination that, in
9 addition to the regulation falling under TOC's
10 responsibility for negotiating purse agreements and all
11 other business agreements relating to the conduct of racing
12 that effect the owners, the Board feels that the proposed
13 regulation also would impact backstretch, track safety, and
14 the welfare of backstretch employees as set forth in section
15 19613.1.

16 We respectfully would request that the Board
17 confirm this on the record to avoid any future
18 misinterpretation of the Board action.

19 Thank you very much.

20 CHAIR WINNER: Thank you.

21 Are there any questions? Any comments?

22 Does anyone else want to speak on this before we
23 go to Mr. Laird?

24 CTT, do you want to speak on this? No? Okay.

25 Mr. Laird.

1 MR. LAIRD: Phil Laird, CHRB Staff. Good morning,
2 Commissioners.

3 I really just wanted to make kind of a
4 clarification that I think pairs with what Mary just said,
5 and that is, essentially, at last month's meeting Counsel
6 was asked to determine whether or not CHRB had the statutory
7 authority to require consent from both TOC and CTT for this
8 regulation. And the conclusion that Counsel made was that
9 CHRB does have that authority to require consent from both
10 TOC and CTT for this regulation. However, it is not
11 required and that's not what we're saying at this stage.

12 Accordingly, in fact, essentially I'm going to say
13 that from a legal standpoint, while you have the authority
14 to do whatever you want, we ultimately think this is more of
15 a policy consideration, which I believe is more or less what
16 Mary was saying, as to whether or not the Board wants to
17 require both TOC and CTT consent for this rule or only TOC
18 consent. And the stakeholders have sort of, I think, made
19 their points on either end of this.

20 But if the Board does choose only to require TOC
21 consent, then Staff has prepared alternative language for
22 this regulation, and essentially would be changing Rule 1581
23 on page 55, after the word "horsemen's organization" to
24 say, "which in the case of thoroughbreds shall be the owners
25 organization," as opposed to the language currently in your

1 printed regulation. This would effectuate just TOC consent
2 approval. Alternatively, if you want TOC and CTT consent,
3 then you could stick with the language that's currently in
4 the package.

5 COMMISSIONER KRIKORIAN: I have a question.

6 CHAIR WINNER: Commissioner Krikorian.

7 COMMISSIONER KRIKORIAN: Thank you. Would -- so
8 would TOC be making the final decisions or would the Board
9 still be, you know, would the Board still be --

10 MR. LAIRD: I think I know what you're saying.

11 COMMISSIONER KRIKORIAN: Yeah.

12 MR. LAIRD: The Board still have final authority.

13 The point is --

14 COMMISSIONER KRIKORIAN: Final authority. Yeah.

15 MR. LAIRD: -- the item couldn't even really come
16 to the Board for potential approval unless there's written
17 consent from TOC or however the Board determines.

18 COMMISSIONER KRIKORIAN: So that would give you,
19 in the future, the right to make changes?

20 MR. LAIRD: Absolutely.

21 COMMISSIONER KRIKORIAN: Okay.

22 MR. LAIRD: And again, I want to be clear, the
23 Board is not really foregoing any of its authorities --

24 COMMISSIONER KRIKORIAN: Right.

25 MR. LAIRD: -- over medication regulations.

1 Everything would still have to go through this Board to be
2 approved. And without --

3 COMMISSIONER KRIKORIAN: Okay. That's what I
4 thought. That's fine.

5 CHAIR WINNER: We're not advocating anything.
6 We're simply --

7 COMMISSIONER KRIKORIAN: Yeah.

8 CHAIR WINNER: And if we were to amend this as
9 suggested by TOC, we would be simply amending the horsemen's
10 organization --

11 MR. LAIRD: Who needs to give --

12 CHAIR WINNER: -- responsible for this act?

13 MR. LAIRD: Exactly.

14 CHAIR WINNER: Okay. Is there a motion to amend?

15 COMMISSIONER KRIKORIAN: I'll make the motion.

16 CHAIR WINNER: Commissioner Krikorian moves to
17 amend.

18 COMMISSIONER SOLIS: Second.

19 CHAIR WINNER: Commissioner Solis seconds.

20 Any discussion?

21 Commissioner Solis, how do you vote?

22 COMMISSIONER SOLIS: Yes.

23 CHAIR WINNER: The Chairman votes yes.

24 Commissioner Krikorian?

25 COMMISSIONER KRIKORIAN: Yes.

1 CHAIR WINNER: Commissioner Beneto?

2 COMMISSIONER BENETO: Yes.

3 CHAIR WINNER: Yes. Okay. So the amendment has
4 been adopted as suggested by Mr. Laird and recommended by
5 TOC.

6 Now for a motion on the matter.

7 CHAIR WINNER: Commissioner Solis moves.

8 COMMISSIONER SOLIS: Yes.

9 CHAIR WINNER: Commissioner Beneto seconds?

10 COMMISSIONER BENETO: Yeah.

11 CHAIR WINNER: Okay. Commissioner Beneto, how do
12 you vote?

13 COMMISSIONER BENETO: Yes.

14 CHAIR WINNER: Commissioner Krikorian?

15 COMMISSIONER KRIKORIAN: Yes.

16 CHAIR WINNER: The Chairman votes yes.

17 Commissioner Solis?

18 COMMISSIONER SOLIS: Yes.

19 CHAIR WINNER: Okay. The motion is adopted as
20 amended. Thank you very much.

21 We'll move on to item number six, discussion and
22 action by the Board regarding the proposed addition of CHRB
23 Rule 2073.1, Entities to Geo--Locate California Residents at
24 the Time of Wager, to require Advance Deposit Wagering
25 providers to identify the location of wagers placed through

1 an ADW account of a California resident, and to provide an
2 account of all wagers placed by California residents through
3 an ADW account at a California thoroughbred racing facility
4 on days when live thoroughbred racing is being conducted at
5 that facility.

6 I'm not sure I can read this. Can you read that?

7 EXECUTIVE DIRECTOR BAEDEKER: Oh, Kip Levin.

8 CHAIR WINNER: Oh, Kip Levin. You write like my
9 son.

10 MR. LEVIN: I'm Kip Levin. I'm the CEO of TVG.
11 Thank you, Chairman Winner and Members of the Commission,
12 for the opportunity to speak today regarding the proposed
13 rule.

14 I'll start off by saying that we're actually not
15 opposed to the concept that is attempting to be addressed in
16 the proposed rule. And, in fact, we've had what I think to
17 be positive conversations with some of our track partners
18 with regards to how it should be structured or potentially
19 be structured.

20 What we are opposed to is the fact that it's being
21 put in a rule, a proposed rule here, without our ability to
22 previously have a discussion. And it was out of understanding
23 when it's been discussed prior that the Commission would
24 initiate meetings for stakeholders to get together and
25 discuss the structure. And so I think that is, for us,

1 issue number one.

2 I think more of a philosophical issue, number two,
3 is that the rule itself implies that we as TVG aren't
4 contributing our fair share to California racing. And I
5 would remind everybody that I think when we made the
6 investment, for example, a year-and-a-half ago of acquiring
7 HRTV, I don't think any jurisdiction in the U.S. within the
8 racing industry has benefitted more than California. If you
9 look at -- just to give a statistic for you, if you add up
10 the races that we show live on TVG1 every year across the
11 three biggest racing jurisdictions, if you added between
12 California, Kentucky and New York, over 50 percent of those
13 races are California races that we show.

14 Another statistic for you. If you add up our
15 total contribution from the handle that we drive to the
16 industry, we add, you know, we pay back the industry across
17 the U.S. over \$120 million per year based on our handle.
18 About a third of our handle comes from California, but over
19 50 percent of our contribution back goes to California.

20 So that's more of our philosophical view on it.

21 Some other specifics about the way the proposed
22 rule is being written, something new that we haven't
23 discussed when we've been discussing how to potential
24 structure something with our track partners is the inclusion
25 of satellites and minisatellites in facility wagering, and a

1 potential reduction in rate that we make. And I think, you
2 know, we struggle with that, especially if you look at, you
3 know, the fact that out of our total handle, already two
4 percent is being paid to those entities, and on top of that
5 another 1.9 percent going to -- and I forget the name of the
6 -- where that goes, but the expense fund, I believe.

7 So I think, if you take, for example, the fact
8 that, you know, potentially we accept a rate of one-and-a-
9 half percent for somebody at the track, already somebody on
10 track, you know, satellite facilities would be making more
11 than we are, and we'd be taking on the burden of all the
12 costs in terms of credit card processing, the cost of the
13 technology, and so on.

14 And I think lastly, with the way in which the
15 current rule is structured, it includes laptops, which
16 hadn't been discussed before in any of our previous
17 discussions. And I can speak from experience.

18 So we currently implemented a similar technology
19 for our 4NJBets business in New Jersey. We also have it on
20 our exchange business now in New Jersey based on the
21 regulation there. And I'll tell you that, from our
22 experience, when we implemented it with 4NJBets, it created
23 an immediately ten percent drop in handle because of the
24 burden and how cumbersome the software is that you have to
25 implement for consumers to actually use. So people

1 literally going and trying to watch TVG for an hour and
2 place bets couldn't get through all the hurdles that the
3 geo-technology on a laptop created. It's a little more
4 straightforward on a mobile device.

5 So I think that, again, if we had the opportunity
6 to sit down we could share more details on how that works.
7 But that is a real problem and I think would create across
8 the board a large drag on handle that wouldn't be replaced.

9 So I'll end with we are not -- we believe that
10 there's actually a constructive way that we could come up
11 with how to make this work that would be beneficial to
12 everybody, because I do think that there's an opportunity
13 where -- you know, and it would be different track to track,
14 obviously. Xpressbet might have sort of a different
15 structure for how it would work at Santa Anita. We might
16 have a different structure for how it would work at Del Mar,
17 for example.

18 But I do think that's there a way in which we
19 could work together constructively to come up with a way to
20 do this that would be mutually beneficial and would grow
21 handle in the sport and be beneficial for California racing.

22 Thanks.

23 CHAIR WINNER: Thank you.

24 Any questions for Mr. Levin?

25 I think -- thank you very much.

1 MR. LEVIN: Yup.

2 CHAIR WINNER: I can only say that I think there
3 are maybe -- you brought up your philosophical point of
4 view. There may be differing philosophical points of view -
5 -

6 MR. LEVIN: I understand.

7 CHAIR WINNER: -- for yours by some of our Board
8 Members.

9 MR. HINDMAN: Good morning, Commissioners. Thank
10 you, Chairman Winner.

11 CHAIR WINNER: Good morning.

12 MR. HINDMAN: John Hindman, General Counsel for
13 TVG.

14 Kip obviously did a fine job covering a lot of our
15 philosophical and commercial issues. I'm just going to
16 raise a couple more, you know, items.

17 I think if you look at the ADW law, 19604, it's
18 crafted in such a way that already the way that the finances
19 work for ADW are subject to agreement amongst the parties.
20 And the parties are free, within certain bounds and subject
21 to certain limitations, to make whatever financial
22 arrangements that they all agree to. So adding an
23 additional rule here, I don't know whether it's appropriate
24 or necessary to even go there.

25 And I think doing so, from a regulatory

1 standpoint, you know, adds a couple of layers, I think as
2 Kip pointed out, treating all the different technologies
3 potentially the same could be very problematic, based on our
4 experience.

5 And also, defining what this is for, whether it's
6 for live racing or other sorts of things that are already
7 receiving mitigation, is also something that we're concerned
8 about. So --

9 CHAIR WINNER: Is that it?

10 MR. HINDMAN: Yeah.

11 CHAIR WINNER: Any questions or comments?

12 COMMISSIONER KRIKORIAN: So you're saying it's --

13 CHAIR WINNER: Commissioner Krikorian.

14 COMMISSIONER KRIKORIAN: -- it's burdensome?

15 MR. HINDMAN: It is burdensome. And also, I would
16 point out that under the current 19604 as written, you know,
17 the parties have the ability to make arrangements as set
18 forth in there, again, within certain restrictions and
19 within certain limits. So I'm not sure what the additional
20 regulation could do, other than perhaps take technology and
21 treat it in a uniform way that may not be effecatiuous for
22 the industry as a whole, and certainly not for the ADW
23 providers. So we would welcome and opportunity to discuss
24 that more.

25 CHAIR WINNER: Go ahead.

1 COMMISSIONER KRIKORIAN: So are you saying that
2 the stakeholders haven't had an opportunity to discuss these
3 issues amongst themselves already or --

4 MR. HINDMAN: We've had some discussions. I would
5 say, as I think Kip pointed out, that we had not previously
6 reviewed this language. And I think that some of the items
7 in this language, we'd like an opportunity to speak on in a
8 more detailed setting where we can do that with the
9 stakeholders, as well.

10 COMMISSIONER KRIKORIAN: Okay. Thank you.

11 CHAIR WINNER: Thank you, John.

12 MR. HINDMAN: Thank you.

13 CHAIR WINNER: Mark Thurman.

14 MR. THURMAN: Mark Thurman with CRIMS.

15 I have no -- I'm neutral on whether this moves
16 forward or not. But I just want the Board to understand
17 that there will be technical issues that we'll have to deal
18 with as far as the distributions and the gathering of the
19 data because we're going to have to actually split the data
20 apart. And ADW calculations are one of the most complicated
21 ones that we have. And so we'll have to go to the industry
22 to have them -- we have what we fall standard settlement
23 files. We'll have to go out to the industry to actually ask
24 them to add new fields to it. I know that's kind of
25 complicated.

1 But technology-wise, it's more than doable. But
2 there is -- you know, nothing on this is going to be easy
3 for either CRIMS or the ADW companies.

4 CHAIR WINNER: Any questions for Mr. Thurman?

5 EXECUTIVE DIRECTOR BAEDEKER: Can I ask a
6 question?

7 CHAIR WINNER: Yes, please, Mr. Baedeker.

8 EXECUTIVE DIRECTOR BAEDEKER: Mark, I'm just
9 curious, on the technical part of it, once you get the
10 protocols in place will it cease to be burdensome, or is
11 this some kind of daily accounting --

12 MR. THURMAN: No.

13 EXECUTIVE DIRECTOR BAEDEKER: -- reconciliation?

14 MR. THURMAN: Once we get everything rolling, it
15 will cease to be, you know?

16 EXECUTIVE DIRECTOR BAEDEKER: Okay.

17 MR. THURMAN: But ADW is already burdensome as far
18 as like how we process the data, so it will add to that.

19 CHAIR WINNER: Thank you.

20 Cliff Goodrich.

21 MR. GOODRICH: I, Chairman, Commissioners.

22 CHAIR WINNER: Hi.

23 MR. GOODRICH: Cliff Goodrich, Executive Director
24 of the TCHF which is the healthcare program for backstretch
25 workers.

1 We do have a bias in this. First of all, we
2 support the proposal.

3 To give you a little bit of background, and I just
4 looked today, half of our income is dependent on uncashed
5 winning outs tickets. Twenty years ago we got \$1.8 million
6 from that source. Today as I speak to you, that number is
7 now \$800,000. We've lost \$1 million tied to that formula.

8 The only offset to that, and has been a godsend,
9 has been ADW. That has helped us at least get somewhat more
10 close to where we used to be. And I remind you, this is in
11 the area of healthcare where, as you know, costs have gone
12 up, pick a number, 5 percent a year for the last 20 years.
13 Our costs have not gone up one dime in 20 years. That's the
14 kind of job that has been done on our expense side of the
15 ledger.

16 We have a bias in this because we don't get
17 anything from the ADW providers. We are dependent on the
18 tracks and the horsemen, who right now almost totally
19 support our revenue stream. And if there is the prospect of
20 the tracks and horsemen getting a little more out of this
21 through more commission and purse money, we support that
22 because it gives us some kind of a chance to maybe get a
23 piece of that.

24 To us, this is a concept of fairness. I think
25 there's a recognition that as we speak today, Breeders' Cup

1 day, pick a day, there are people sitting in their box
2 seats, sitting at satellites, instead of getting up and
3 going to the window, they are using their electronic device
4 to make a wager through an ADW account. When they do that,
5 that hurts the tracks and the horsemen. They get less purse
6 money and less commission.

7 So as a matter of fairness, we hope that a
8 negotiation takes place or that this rule goes through that
9 recognize we have people sitting at the track, not getting
10 out of their seat, making an ADW wager. And if this rule
11 goes through the tracks and the horsemen will get more,
12 instead of having to take less.

13 And as Mr. Hindman says, there have been
14 discussions. We hope those bear fruit. And we hope there's
15 a realization that in fairness in the big picture, horsemen
16 and tracks are taking a haircut from people at the track
17 making wagers through their ADW account.

18 Thank you.

19 CHAIR WINNER: You said that the ADWs don't
20 contribute at all.

21 MR. GOODRICH: Oh, no, I didn't say that.

22 CHAIR WINNER: Could you say that?

23 MR. GOODRICH: I said they were godsend. Without
24 ADW money, with the \$1 million we had lost, we'd be out of
25 business. So it has helped a lot. The providers don't

1 directly contribute to the CTHF. That's what I said.

2 CHAIR WINNER: Yeah. That's what I'm asking.

3 MR. GOODRICH: What remains, the tracks and
4 horsemen, we get a piece of that.

5 CHAIR WINNER: Got it.

6 MR. GOODRICH: Right.

7 CHAIR WINNER: But again, there's no direct
8 contribution?

9 MR. GOODRICH: No direct contribution.

10 CHAIR WINNER: Okay.

11 MR. GOODRICH: That's what I meant by that.

12 CHAIR WINNER: What happens -- maybe Mr. Levin or
13 Mr. Hindman can answer this, but what happens when funds
14 that are deposited at ADWs are not collected? People die,
15 people forget, whatever. Do you have any idea what happens
16 to those funds?

17 MR. GOODRICH: I can't answer that. I can tell
18 you, whatever interest money is born from that account in an
19 annual period of time, we in the CTT get a small piece of
20 that. What they do with funds once people die, he'd have to
21 answer that. I don't know.

22 CHAIR WINNER: Thank you.

23 Mr. Rubenstein. Josh.

24 MR. RUBENSTEIN: Good morning. Josh Rubenstein,
25 Del Mar.

1 To follow up on what Kip Levin said earlier, we
2 have had positive conversations with the ADWs on this
3 matter. And the hope is that we will be able to come to an
4 agreement before the regulatory process between, you know,
5 the tracks and the ADWs, we will be able to work something
6 out.

7 But, you know, the bottom line is it is very
8 convenient, and that's a good thing, for customers to access
9 their ADW account. Cell phone technology has, you know,
10 increased substantially over the last three, four or five
11 years. But an unintended consequence is, you know, as Cliff
12 mentioned, folks are accessing their ADW accounts on track.

13 And from the customer standpoint, that's a very good thing
14 because it's convenient. They don't have to carry cash.
15 But from the racetracks and the horsemen, it's about a 50
16 percent haircut when a wager is made at the track via an ADW
17 account, as opposed to a true on-track bet.

18 And from Del Mar's standpoint, we are spending as
19 much per customer in terms of marketing. We are trying to
20 maintain purse levels, which are the highest in California.

21 And when you're taking this haircut, it's difficult to
22 maintain those things with the cost of operating a track.

23 CHAIR WINNER: Any questions for Josh?

24 Thanks.

25 COMMISSIONER KRIKORIAN: Josh, is there any way to

1 --

2 CHAIR WINNER: Oh.

3 COMMISSIONER KRIKORIAN: Have you been able to
4 quantify, you know, what's lost here, what the haircut is,
5 so to speak?

6 MR. RUBENSTEIN: Well, we won't know until we
7 track it. You know, we have some anecdotal evidence. But,
8 you know, until we truly track it, you know, we don't know
9 what percentage of on-track handle it actually is.

10 COMMISSIONER KRIKORIAN: Thank you.

11 CHAIR WINNER: Thank you, Josh.

12 Mike Pegram, TOC.

13 MR. PEGRAM: Mike Pegram, TOC.

14 I think Mr. Goodrich said it best, this is about
15 fairness. No one really can quantify what is happening
16 here.

17 As far as giving you a little bit of history, this
18 came on the TOC radar screen in 2014, is when we first
19 started having these discussions with the racetracks and
20 with the ADW providers, and nothing has evolved. I think it
21 came with the Board in November of last year. So this is
22 something that has been before us. And it just -- to be
23 honest with you, I think we've just been stonewalled all the
24 way through here.

25 But to kind of set the record straight here,

1 again, it's been before this Board since November. We
2 started talking with TVG and the tracks back in 2014. You
3 heard today, we need to have time to negotiate this thing.
4 We have been negotiating this thing. This has been brought
5 before all the stakeholders for all this time, up until
6 right now. The last two months there has been many a face-
7 to-face meeting of trying to get this thing resolved. It
8 has not been resolved.

9 We heard today that it's going to be difficult and
10 expensive. Well, we all know what the smart phones have
11 done. The state of Nevada has been geo-locating sports bets
12 and race bets for several years now. The technology is
13 there.

14 The Chairman -- or the CEO of Woodbine, Nick
15 Eaves, is involved. He said it's cheap, it's easy.

16 I'm not an expert on this, but I know what's being
17 done other places. So when we come back and say this stuff
18 is not -- or is cumbersome to do, it is not.

19 You know, we have heard, this is going to infringe
20 on the privacy. And it would be something I'd like to ask
21 TVG now, because it's my understanding, right now they do
22 have, in order to make a wager, you've got to have a geo-
23 locator. So all it amounts to is coming back and putting it
24 on the tracks. So this technology is laying there.

25 What we're talking about is California residents

1 betting in California with this reg, so it should not effect
2 our customers. And we're not opening up a big regulatory
3 bag of worms.

4 So I think there's a whole lot of reasons to do
5 this. We have tried to negotiate it out with the tracks and
6 with the ADW providers, and we've had no luck up to this
7 point in time. And I think it's time for the Board to take
8 action.

9 CHAIR WINNER: Thank you, Mike.

10 Any questions?

11 COMMISSIONER BENETO: No.

12 CHAIR WINNER: Thank you, Mike.

13 John. John Ford.

14 MR. FORD: Members of the Board, Mr. Chairman,
15 John Ford with BetAmerica. I did want to make a few
16 additional points with regard to the consideration of this
17 rule.

18 The first is, is that we've never been addressed
19 or contacted by anybody with regard to this concept. So the
20 idea that this has been -- negotiations failed is simply not
21 true, at least with regard to BetAmerica.

22 And don't think this is a time that we really
23 should be placing impediments in front of our customers in
24 order to wager. As Kip mentioned with regard to TVG's exp
25 in New Jersey, and which is true with regard to casino

1 wagering online in New Jersey, one of the biggest
2 impediments they've had to adoption is the geo-location
3 requirements that New Jersey imposed. And it has clearly
4 negatively effected the amount of wagering.

5 I would like to take just a few moments to address
6 some of the particular issues in the rule, which is that it
7 only addresses California residents when they're wagering
8 within 100 meters of a facility, which is a bit of cherry
9 picking. Because what it doesn't address is California
10 residents when they're not in California.

11 Right now we're paying the same rate for resident
12 wagering when they're outside of California as when they're
13 inside California. And if we're trying to make this more
14 fair, then we might consider including a provision which
15 deals with California resident wagering when they're not in
16 California.

17 The proposed rule also requires that the ADW shall
18 collect accurately geo-location information within 100
19 meters, that's a football field, of a minisatellite, a fair,
20 or a racetrack. A couple of points on that.

21 One is goe-location has its limits with regard to
22 the accuracy of geo-locating something, so that if you're in
23 an adjacent property, if you were at the mall next door to
24 Santa Anita, you know, how are we going to address that, is
25 one issue to be considered.

1 The other consideration with regard to geo-
2 location is in the app. We do a good bit of our wagering
3 through the IOS app. And customers need to accept geo-
4 location personal information with regard to wagering. And
5 so from a privacy standpoint there are some folks, and I'm
6 sure some Members of the Board do this, that where your app
7 asks you to give them your physical location, if that
8 customer doesn't want to do that, then we're going to
9 permanently eliminate that opportunity for wagering, whether
10 they're at the track or whether they're away from the track.

11 So there's just numbers of ramifications that I
12 think the Board should take with regard to this rule.

13 The other provision of this rule requires that the
14 ADWs negotiate and agree to a separate rate for wagering at
15 the facility as opposed to wagering outside of the facility.

16 I would suggest that that is rather unprecedented for the
17 Board to mandate the rates that an ADW receives for a
18 different wager, as opposed to leaving it to the negotiation
19 of the parties.

20 But in sum, what I would suggest is that the Board
21 give at least us an opportunity, which we have not had an
22 opportunity, to negotiate and discuss what's appropriate and
23 what's appropriate in connection with geo--location.

24 CHAIR WINNER: Mr. Ford, first of all, this has
25 been heard in Committee. And it has been discussed by the

1 Board, even in the public comment period now for several
2 months. So it certainly has been before the various
3 parties, the stakeholders involved.

4 What we're voting on here, if there's a motion and
5 a second, what we would be voting on is to send this out for
6 a 45-day public comment. During that 45-day public comment,
7 of course, that's ample time for the various stakeholders to
8 continue to negotiate or to begin negotiations in your case
9 or maybe in others who haven't been a part of the
10 negotiations. That's what the 45-day comment period would
11 allow. It also allows for all stakeholders and others in
12 the public to comment so that when it comes back before the
13 Board, which would be at least 60 days from now, there would
14 be plenty of time for that kind of input.

15 MR. FORD: I understand that, Mr. Chairman. But I
16 should would make one additional point, that it does seem to
17 be the goal of this Board for stakeholders to agree and
18 negotiate on issues of concern to different members of --

19 CHAIR WINNER: We try to do that every time we
20 can. Sometimes we're successful. And as we'll see during
21 one of the items on this agenda, sometimes we're not.

22 MR. FORD: Right. And so what I would just
23 encourage the Board is to let us have that opportunity.

24 CHAIR WINNER: Well, that's what the 45 days will
25 give you, if we pass it. That doesn't mean we're going to

1 pass it. But if we were to pass it, you would have probably
2 60 days, because the 45-day comment period, we're not
3 probably going to have a meeting in exactly 45 days. So you
4 would have plenty of time to have those discussions and
5 negotiate, and hopefully come back with a plan that is
6 acceptable to the participants and to the Board.

7 MR. FORD: Thank you for your time.

8 CHAIR WINNER: Thank you very much.

9 That's all the comments I have.

10 Is there a motion or discussion on this item? Is
11 there a motion to pass item number six and send it out to a
12 45-day public comment period?

13 COMMISSIONER KRIKORIAN: I was just going to say
14 that --

15 CHAIR WINNER: Please.

16 COMMISSIONER KRIKORIAN: -- I think that, in order
17 to move things along, you know, the suggestion that we
18 approve it and move forward for 45 days would be
19 appropriate, unless they can convince us right now that we
20 should give them another opportunity to come back in 30 days
21 and talk about it again if they think they can get something
22 done between themselves.

23 But otherwise, I think we should move it along.

24 CHAIR WINNER: All right. There's a motion. Is
25 there a second?

1 COMMISSIONER SOLIS: Second.

2 CHAIR WINNER: Commissioner Solis seconds. So
3 there's a motion and a second to move this out to a 45-day
4 public comment period.

5 Commissioner Solis?

6 COMMISSIONER SOLIS: Yes.

7 CHAIR WINNER: The Chairman votes yes.

8 Commissioner Krikorian?

9 COMMISSIONER KRIKORIAN: Yes.

10 CHAIR WINNER: Commissioner Beneto?

11 COMMISSIONER BENETO: Yes.

12 CHAIR WINNER: The motion carries. The item is m
13 moved out for 45 days. Thank you.

14 Moving right along.

15 (Colloquy Between Chairman and Executive Director)

16 CHAIR WINNER: We're going to move to item number
17 13, item number 13, discussion and action by the Board on
18 the Application for License to Conduct a Horse Racing
19 Meeting of the Los Angeles Quarter Horse Racing Association
20 at Los Alamitos Race Course, commencing December 30th, 2016
21 through December 17th, 2017, inclusive.

22 Go ahead, please.

23 MR. ENGLISH: Good morning, Commissioners. Rick
24 English for Los Alamitos Quarter Horse Racing Association.

25 You have our application for our 2017 meeting in

1 front of you. We propose to race 149 days versus -- that's
2 4 days less than this year. The reduction is due primarily
3 to the calendar. We only have one day in December this
4 year.

5 I'd be happy to try to answer any questions you
6 have about our application.

7 CHAIR WINNER: Right, I'm going to ask you to hold
8 off just a second because Commissioner Krikorian had to step
9 out. And that --

10 MR. ENGLISH: Okay.

11 CHAIR WINNER: -- would not give us a quorum to
12 consider this item, so we'll take a few minute break until
13 Commissioner Krikorian comes back.

14 (Off the record at 10:36 a.m.)

15 (On the record at 10:38 a.m.)

16 CHAIR WINNER: We can continue. Okay, so the
17 Application for the Los Alamitos License to Conduct a Horse
18 Racing Meeting of the Quarter Horse Racing Association at
19 Los Alamitos, December 30th, 2016 through December 17th,
20 2017.

21 Is there a motion to approve?

22 COMMISSIONER BENETO: Move.

23 CHAIR WINNER: Commissioner Beneto moves to
24 approve. The Chairman seconds.

25 Commissioner Solis?

1 COMMISSIONER SOLIS: Yes.

2 CHAIR WINNER: The Chairman votes yes.

3 Commissioner Krikorian?

4 COMMISSIONER KRIKORIAN: Yes.

5 CHAIR WINNER: And Commissioner Beneto?

6 COMMISSIONER BENETO: Yes, again.

7 CHAIR WINNER: The motion carries.

8 Congratulations. Have a great meet.

9 MR. ENGLISH: Thank you very much.

10 CHAIR WINNER: Thank you.

11 All right, now we're going to go to the race
12 dates. Well, let's see, item number 12 --

13 (Colloquy Between Chairman and Executive Director)

14 CHAIR WINNER: We're going to go to the Race Dates
15 Committee. And then I'm going to combine the Race Dates
16 Committee report with the discussion and action by the Board
17 regarding the allocation of Northern California race dates.

18 I'm going to let Mr. Baedeker give a report on the Race
19 Dates Committee. And then we'll move to the, hopefully,
20 possibility of resolving something, for a change, on this.

21 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.
22 Chairman.

23 Before I repeat the motion that was made by the
24 Race Dates Committee, I would like to define what is going
25 to be referred to as CARF Proposal A. This was one of many

1 proposals that was submitted during the five or six month
2 period where these dates were considered, it was CARF
3 Proposal A which, in a nutshell, moved the start of the fair
4 season back one week in order for Pleasanton to capture the
5 July 4th holiday within its third week. So the rest of the
6 fairs then also started a week later. It had Golden Gate
7 and Ferndale overlapped, as they were this year.

8 The Race Dates Committee considered all of the
9 different proposals and was hopeful, as the Chairman just
10 indicated, that stakeholders would be able to reach an
11 agreement, but that was not the case.

12 And so the Race Dates Committee made a motion.
13 And I'm going to read from the transcript from that meeting
14 so that we make sure we get it right.

15 Chairman winner said he was moving that the
16 Committee adopt the CARF Plan A, with the caveat that the
17 Stockton-Pleasanton-Oak Tree meet dates would be left open.

18 He said, "leaving that open to be determined at the full
19 Board meeting, and that it is understood that this is only a
20 recommendation to the Board, contingent on an agreement on
21 stabling by the various parties."

22 Then there was discussion among the Committee
23 Members, which led to a proposed amendment, proposed from
24 Commissioner Krikorian. And he said the amendment is to
25 amend his original proposal, which was on the floor, and the

1 amendment is to have one week of Humboldt with a overlap and
2 one week of Humboldt with no overlap. That amendment was
3 adopted.

4 And then Chairman Winner made the following
5 motion: "The motion on the floor with the amendment is that
6 we accept the CARF calendar with the amendment without a
7 determination of the Stockton dates, and with the
8 understanding that this is a recommendation to the Board,
9 pending a resolution by the parties in hopes they can make a
10 recommendation that they all agree to," and that referred to
11 stabling, "or at least the majority." And that motion
12 passed.

13 So let me recap what is the proposal from the
14 Dates Committee.

15 It is the CARF Proposal A which has Pleasanton
16 starting on June 21st and running until July 11th, that's a
17 three-week meet, Cal Expo beginning on July 12th -- and by
18 the way, these dates that I'm giving are the Wednesday prior
19 to opening day and the Tuesday following closing day. Once
20 again, Cal Expo from July 12th to August 1st, three weeks,
21 Sonoma three weeks, from August 2nd to August 22nd. Then
22 this was part of the motion that related to the overlap,
23 Ferndale running from August 23rd to September 5th, Golden
24 Gate running from August 30th to September 19th. The window
25 for the former Stockton dates is left open, that's September

1 20th to October 3rd. Then the Fresno meet, October 4th to
2 17th. Going back to Golden Gate, from October 18th through
3 the balance of the 2017 calendar.

4 CHAIR WINNER: Thank you very much, Rick.

5 A couple of points that I'd like to make.

6 First of all, most of you know that we've been
7 trying for some time to encourage the stakeholders to reach
8 an agreement on the Northern California race dates,
9 including the stabling issue. We've had a number of
10 Committee meetings. We've even taken a recess during those
11 Committee meetings, at which time we asked the stakeholders
12 to meet and those of us who were not stakeholders would step
13 out of, I think it was this room, so that the stakeholders
14 could reach an agreement. They were unable to do so.

15 We then put the matter over one more month during
16 our last Board meeting, which was, I think, the second or
17 third time we've put it over, and asked the stakeholders to
18 try to reach an agreement. They were not able to do so.

19 We then had a Committee meeting again, as Mr.
20 Baedeker noted, in order to at least get something out of
21 Committee and on to the Board for the purposes of adoption.

22 I should parenthetically say that the amendment to
23 the motion, I didn't vote for but it did pass and is a part
24 of the motion.

25 The fact of the matter is that the stakeholders,

1 unfortunately, and this is really unfortunate because it
2 would have saved everybody a lot of time and aggravation.
3 And perhaps if everybody would have been able to give a
4 little, as the Southern California stakeholders did when
5 they reached an agreement now several months ago, a very
6 difficult agreement between all of the stakeholders, and
7 they did reach an agreement because of negotiation and
8 because of an understanding between the parties that it was
9 in the best interest of horse racing to reach an agreement,
10 even though they all had to give a little.

11 Unfortunately, that has not been the case in
12 Northern California. And we can all point fingers one way
13 or the other way as to who is to blame or who is not willing
14 to give, but the fact of the matter is it hasn't happened.

15 Which is why, in fact, a motion was passed. None
16 of us were necessarily in favor of that particular schedule.

17 But nonetheless, we felt we had to pass something out of
18 Committee, and we did.

19 Since that time, all of the stakeholders or many
20 of the stakeholders have been in touch with myself and other
21 Members of the Board and Staff, complaining about the dates
22 that the Committee recommended. So I can tell you that I,
23 for one, have heard from TOC, CTT, Del Mar, the Stronach
24 Group, various members of the legislature, various members
25 of boards of supervisors, various fair organizations, and

1 other individual horse owners, trainers, et cetera. And I
2 probably could go on and on from there.

3 Frankly, it's quite disconcerting. It's difficult
4 because no matter what we do, they are going to be unhappy
5 players here. And it's too bad because it would have been a
6 lot better had the various stakeholders reached an
7 agreement. Within CARF itself there are disagreements.
8 CARF and other stakeholders have disagreements.

9 So we have a number of cards here. I hope that
10 those people -- I don't see cards, for instance, from some
11 of the people who called or wrote letters or sent emails.
12 Those of you who are here and have talked to me
13 individually, or other Board Members individually, I hope
14 you'll make -- you'll come up and make your points so that
15 everybody can hear what your points are, one way or the
16 other. And then we'll take a vote on what the Committee
17 recommended and/or an alternative.

18 So with that, I'm going to call on -- and I'll
19 just take them in order as I have them here -- Becky
20 Bartling from the Sonoma County Fair.

21 MS. BARTLING: Thank you, Chairman and
22 Commissioners. Becky Bartling, Sonoma County Fair.

23 I just want to make a little statement here from
24 our Fair Board, from the Sonoma County Fair Board of
25 Directors, our FFA and 4-H families and the residents of

1 Sonoma County, and of California Horsemen who love to be at
2 Sonoma.

3 "I'm requesting that you reconsider the
4 recommendation of the Dates Committee to accept the
5 California Association of Racing Fairs dates proposal. As
6 lined out in numerous letters, the dates assigned to the
7 Sonoma County Fair are disastrous to the fair's 4-H and FFA
8 programs as kids will be back in school and unable to
9 participate, losing the vital opportunity to raise funds for
10 college education.

11 "It has been stated by other fairs whose desires
12 are to increase their revenues at the expense of the Sonoma
13 County Fair that these programs can continue, even though
14 school are in sessions. This is categorically untrue.

15 "We have expressed at numerous Dates meetings that
16 the CARF proposal, which pushes the Sonoma County Fair into
17 the school year, that these dates would eliminate our
18 ability to have a carnival. Proof of this is the result of
19 a letter of interest sent out to 16 carnivals who operate in
20 California. Of the 16 queried, only two responded, and
21 neither of them could operate the dates proposed by CARF and
22 approved by the Dates Committee.

23 "Additionally, as the word is out regarding the
24 recommended race dates, we are now hearing from
25 concessionaires who say they will not be able to participate

1 at the Sonoma County Fair due to their other commitments.

2 "As a reminder, while other fairs pontificate
3 about wanting to install a turf track, the Sonoma County
4 Fair is the only one that has made the huge financial
5 commitment. We run great stakes' races. We pay
6 significantly more purses than Cal Expo, and as the fair
7 that created these dates' issues, and we are the favorite of
8 the horsemen.

9 "To relegate us to the least desirable summer
10 dates is not only destructive to the Sonoma County Fair, but
11 to horse racing in general. The Sonoma County Fair wants to
12 grow race fans and help stave off the decline of interest in
13 horse racing. However, by allocating the least desirable
14 summer dates to the fair, you are eliminating our ability to
15 help grow race attendance.

16 "I'm new to this fair racing business, and I'm
17 surprised that the real interest around these race dates
18 seems to be about obtaining the simulcast monies.

19 "The Sonoma County Fair is committed to helping
20 maintain and grow interest in and fans for the California
21 racing industry. However, we can not succeed in this with
22 the dates contemplated.

23 "For this reason, as well as the fact that we
24 would not have a carnival, the desimation of our 4-H and FFA
25 programs, and the financial impact to our operation and our

1 fair partners, I am again reminding you that the only dates
2 that the Sonoma County Fair can run a horse race meet are
3 the 2016 dates."

4 Thank you.

5 CHAIR WINNER: Thank you. Becky, have you had any
6 conversations with the CARF people since the Committee
7 meeting? And first of all, have you had any conversations?

8 MS. BARTLING: No.

9 CHAIR WINNER: No. Okay. So there have been no
10 continuing dialogue? There's been no continuing dialogue
11 between CARF and the Sonoma County Fair?

12 MS. BARTLING: There has not been.

13 CHAIR WINNER: Okay. What was the cost to Sonoma
14 County of putting in the turf track?

15 MS. BARTLING: Well, at today's dollars, I know
16 it's around \$5 million. I think we spent \$2 to \$3 million
17 at that time.

18 CHAIR WINNER: But that included other things;
19 correct? It included water?

20 MS. BARTLING: Oh, sure. You have the entire
21 infrastructure that goes to it.

22 CHAIR WINNER: It was about -- wasn't it about
23 \$1.5 million for the turf track at that time?

24 MS. BARTLING: You know, honestly, I can't speak
25 to that.

1 CHAIR WINNER: I think it was. And your position
2 is that we should do what, move -- who would -- if you had
3 your druthers, what would move in order to satisfy the needs
4 of Sonoma County, the Santa Rosa meet?

5 MS. BARTLING: Well, I think what's reasonable at
6 this point is to take what we did in 2016. And my
7 suggestion would be to have Cal Expo open on a Saturday,
8 which gives the same transition period that it had this year
9 from the carnival. And I know that that's been a concern,
10 about safety. And if we did that, then we would have the
11 same race dates that we did last year and not push us into
12 the school year.

13 CHAIR WINNER: Are there any other questions for
14 Becky before we move on?

15 COMMISSIONER BENETO: Yeah, I got a question.

16 CHAIR WINNER: Please, Commissioner Beneto.

17 COMMISSIONER BENETO: You never did move your fair
18 dates. You raced last year without a fair your last week.

19 MS. BARTLING: That's correct, the bonus week.

20 COMMISSIONER BENETO: So don't quite understand
21 what you're proposing. Are you trying to run three weeks
22 with the fair or still run two weeks and one week dark?

23 MS. BARTLING: We would still have to run two
24 weeks, and then one week as a bonus week. The --

25 CHAIR WINNER: Under your proposal?

1 MS. BARTLING: Under what we're proposing now,
2 what we're asking for --

3 COMMISSIONER BENETO: So you would overlap --

4 MS. BARTLING: -- our recommendation.

5 COMMISSIONER BENETO: You'd overlap your fair with
6 Cal Expo?

7 MS. BARTLING: Yes, that first week.

8 CHAIR WINNER: And what about under the plan that
9 was adopted by the Committee, would you run three weeks, two
10 weeks, no weeks? What would you run?

11 MS. BARTLING: Well, we would only be able to
12 really run two weeks. We'd end up with two -- one week of
13 fair racing, and then two bonus weeks. And one of that, the
14 last week would be when kids were completely back in school.
15 So that's a big consideration. I don't believe that my
16 board would support running that last week.

17 CHAIR WINNER: So there would be one week that you
18 would not run that would be available to run someplace else?

19 MS. BARTLING: Correct.

20 CHAIR WINNER: Is that your --

21 MS. BARTLING: Yeah. And also, it would be
22 devastating because we'd only have one week with the fair.

23 CHAIR WINNER: Yeah. You'd have one week with the
24 fair, one week as a bonus week. I think last year -- or
25 this year there was a wine festival or something of that

1 nature.

2 MS. BARTLING: Yeah.

3 CHAIR WINNER: Okay.

4 MS. BARTLING: We did multiple things.

5 CHAIR WINNER: Any other questions?

6 COMMISSIONER BENETO: Yeah.

7 CHAIR WINNER: Please.

8 COMMISSIONER BENETO: Are you running three weeks
9 or two weeks?

10 MS. BARTLING: Well, I think it would only be
11 feasible for us to run two weeks. That last week, we
12 couldn't -- everybody is back in school. They've lost
13 focus.

14 COMMISSIONER BENETO: But kids don't bet on
15 horses.

16 MS. BARTLING: Kids -- no, but parents are back.
17 They're taking care of their kids. There's a lot of
18 activity with parents, you know, taking kids back to school
19 and being at home with their kids.

20 COMMISSIONER BENETO: I think you're overplaying
21 these dates, Becky. As far as the 4-H and FFA, that's part
22 of school projects. And they go to different fairs during
23 school and show their animals. They just don't do it in the
24 summer, so scratch that one off.

25 MS. BARTLING: Well, I have to, you know,

1 respectfully disagree with you on that. I understand that
2 there are fairs that run during the school year, but ours do
3 not. Ours do not, and the programs do not. They're all
4 designed to be prior to school back in session and have the
5 kids there every day. I mean, you can't drop your lamb off
6 on Sunday and come back the next Friday or Saturday to take
7 care of it. They're there every day.

8 We also have, just as an example --

9 COMMISSIONER BENETO: But they're only there --

10 MS. BARTLING: -- one of the largest livestock
11 show -- auctions in the state of California. We do --

12 CHAIR WINNER: And how does this --

13 MS. BARTLING: -- 1.5 million.

14 CHAIR WINNER: How does this -- I'm very
15 sympathetic and absolutely support the kids and 4-H and all
16 of the issues that you're raising, but I have to continue to
17 remind everyone that our role is to do what's in the best
18 interest of horse racing. And there are other people who do
19 what's in the best interest of carnivals and fairs and 4-H
20 and everything else. That's not our role.

21 So explain to us, if you will please, and I think
22 there are good reasons, but maybe you can articulate why all
23 of that is important for horse racing?

24 MS. BARTLING: Sure. Absolutely. And I
25 understand exactly what you're saying. But the importance

1 of that is that you're bringing people to the fair and
2 you're exposing them to horse racing. You have families
3 that are there with the kids, their parents are there.
4 You're having an opportunity to grow race attendance. You
5 have the older kids that are graduating that are, you know,
6 sitting, standing down at the apron with their parents that
7 are watching horse racing.

8 So if you want to create and grow a market, you
9 need to start --

10 CHAIR WINNER: Okay.

11 MS. BARTLING: -- early.

12 CHAIR WINNER: I understand that and I think
13 that's a valid point that you're making. But I have to tell
14 you that since I've been on the Board, every time an issue
15 comes up having to do with fair racing, I keep hearing this
16 argument that you're creating new fans, and yet the fan base
17 is going down every single year.

18 COMMISSIONER SOLIS: Can I ask a question?

19 Out of the two weeks of racing that you have, or
20 three, how many days do you have racing?

21 CHAIR WINNER: A week.

22 MS. BARTLING: Well, we had 11.

23 COMMISSIONER SOLIS: Oh.

24 MS. BARTLING: Oh, how many per week?

25 COMMISSIONER SOLIS: How many days a week?

1 MS. BARTLING: Well, this last year we had 11.

2 COMMISSIONER SOLIS: Compared with the other

3 fairs.

4 MS. BARTLING: We had 11 this year --

5 COMMISSIONER SOLIS: But I'm saying --

6 MS. BARTLING: -- 11 days.

7

8 COMMISSIONER SOLIS: -- during the weeks, you have

9 four days, three days?

10 MS. BARTLING: We had four, four and three.

11 COMMISSIONER SOLIS: And compared with the other

12 fairs, what's the difference?

13 MS. BARTLING: And I know Cal Expo was ten.

14 CHAIR WINNER: No. How many a week --

15 COMMISSIONER SOLIS: Yeah, a week? A week?

16 CHAIR WINNER: -- is what Commissioner Solis is

17 asking.

18 MS. BARTLING: Four --

19 COMMISSIONER SOLIS: Four?

20 MS. BARTLING: -- four and three.

21 COMMISSIONER SOLIS: And three?

22 MS. BARTLING: So we have Thursday through Friday,

23 Thursday through Friday, and then Friday, Saturday, Sunday.

24 CHAIR WINNER: And what does Cal Expo, for

25 instance, have?

1 MS. BARTLING: Well, I know they had ten dates.

2 And Rick would --

3 CHAIR WINNER: No. How many per week? Well,
4 we'll let him answer.

5 MS. BARTLING: I don't know.

6 CHAIR WINNER: We'll let him answer.

7 MS. BARTLING: I'm not sure the math --

8 CHAIR WINNER: Okay.

9 MS. BARTLING: -- of what they did.

10 CHAIR WINNER: We'll let him answer.

11 COMMISSIONER SOLIS: Well, my point with this --
12 my point with this is, again, 1985 when I came here, we used
13 to race in Pomona. It was six days a week and it was fun,
14 you'd see so many fans. And one of the things that I do
15 appreciate for what you're saying is bringing more fans. The
16 more days that we have racing, I think the more revenue
17 we're going to bring to the state of California and to the
18 horsemen.

19 So I'm leaning more of having more racing dates
20 during the fairs --

21 MS. BARTLING: Uh-huh.

22 COMMISSIONER SOLIS: -- because the fair keeps
23 going six days a week, seven days a week.

24 MS. BARTLING: Well, I think, I mean, if you look
25 at, to take an example, Del Mar, you know, they've cut their

1 racing days because, you know, of the horses, you know, and
2 attendance.

3 And to address your comment about, Chairman
4 Winner, about what has that done for us, well, what if we
5 hadn't had those attendees? I mean, racing is declining. I
6 think that's very clear. And if we don't take every
7 opportunity to grow it I think we're missing the boat.

8 CHAIR WINNER: How many -- Becky, just to follow
9 up on Commissioner Solis's question, how many grass races do
10 you have during your meet?

11 MS. BARTLING: About a third of our races are turf
12 races.

13 CHAIR WINNER: Okay. That's very helpful.

14 COMMISSIONER SOLIS: One of the things --

15 CHAIR WINNER: Go ahead, please.

16 COMMISSIONER SOLIS: -- that I appreciate about
17 Sonoma, I know it has to be a lot of fun because you have
18 all the wineries participating. And you have a lot of
19 people that come on vacation to your fair. And to me, you
20 know, that's a potential, to be somebody that never saw
21 racing and they loved it and to be a potential owner, that
22 would benefit horse racing, too.

23 CHAIR WINNER: Okay. Any other questions for --

24 COMMISSIONER SOLIS: So that's my comment.

25 CHAIR WINNER: Yes, Commissioner Beneto?

1 COMMISSIONER BENETO: Alex, I got to -- the fairs
2 used to run six days a week in the old when there was a big
3 inventory of horses. In Northern California, and probably
4 just like maybe down here, not as bad, but the inventory is
5 pretty lean. And if you look at the race card every day,
6 Golden Gate on Thursdays is only running seven races because
7 they just don't have the horses.

8 So that's the biggest problem with racing today,
9 as we all know in this room, we need more inventory. We
10 don't have it.

11 CHAIR WINNER: Thank you very much.

12 COMMISSIONER KRIKORIAN: Just a quick --

13 CHAIR WINNER: Go ahead. I'm sorry.

14 COMMISSIONER KRIKORIAN: -- quick comment.

15 CHAIR WINNER: Commissioner Krikorian --

16 COMMISSIONER KRIKORIAN: Just a last comment.

17 CHAIR WINNER: -- I'm sorry.

18 COMMISSIONER KRIKORIAN: I'm not trying to digress
19 here, but when you think about it, since you do run horses
20 on the grass, the other meets don't, you'd think that with
21 the added inventory you would have the best opportunity to
22 run additional days at your meet.

23 MS. BARTLING: Well, I think we'd certainly
24 consider that if we're granted the dates that are
25 appropriate with our fair.

1 CHAIR WINNER: Becky, one other question. At the
2 Committee meeting, I specifically asked you, under the plan
3 were you -- because I said I had heard rumors or we had
4 heard rumors that if that plan was adopted you were only
5 going to run two weeks and not three. And at the meeting
6 you said, no, you were planning to run three weeks, even
7 under the plan. Now you're saying maybe not?

8 MS. BARTLING: Well, when we had discussions, when
9 we entered negotiations about whether Sonoma should do two
10 weeks, then after those discussions I had a lot of
11 conversations and calls from individuals in the racing
12 industry that said they really wanted us to race three
13 weeks. So that's where that comment came from.

14 But I also made a comment after that meeting that
15 given the dates that were recommended, I didn't believe that
16 we could race three weeks.

17 CHAIR WINNER: Okay. So at this point it is two
18 weeks, if this measure passes?

19 MS. BARTLING: Yes.

20 CHAIR WINNER: Okay.

21 MS. BARTLING: Yes.

22 CHAIR WINNER: Thank you very, very much.

23 Evelyn Call, Arabian Racing Association.

24 MS. CALL: Thank you for the opportunity to speak.

25 I'm a board member and representative of the Arabian Racing

1 Association of California.

2 MR. MILLER: Your name please.

3 MS. CALL: Evelyn Call, C-A-L-L.

4 MR. MILLER: Thank you.

5 MS. CALL: Okay. Our association met this past
6 Saturday and they approved the following statement to your
7 Board, if I may read this.

8 "To the California Horse Racing Board regarding,
9 number one, assignment of the Stockton racing dates for 2017
10 and, number two, possible winter closing of the Pleasanton
11 track for training and stabling.

12 "It is noted that during the recent fall meet at
13 Pleasanton, in 6 days of racing there were 14 races for the
14 Arabians, mules and quarter horses, with a total of 74
15 entrants. These races for these emerging breeds would be
16 lost if those dates were given to Golden Gate Fields. These
17 breeds have already lost dates when Bay Meadows closed and
18 the San Mateo County Fair dates went to Golden Gate Fields.

19 "The fall Pleasanton meet was successful, bringing
20 in a portion of the general public that is new to racing.
21 And the Pleasanton management proved that they can handle
22 the event.

23 "Racing for the emerging breeds starts in Northern
24 California with the Alameda County Fair-Pleasanton in mid-
25 June. While experienced horses might be able to prepare for

1 those races in 60 days before opening, young horses,
2 including first-time starters, often need much more time.
3 The emerging breeds have no other facility in Northern
4 California suited to this kind of training. Golden Gate
5 Fields is not open to them.

6 "There are some early races for Arabians and
7 others in the spring in Southern California. These races
8 would be conceded to Southern California and out-of-state
9 horses if our northern horses have no facilities where they
10 can train from the start of the year.

11 "At the recent meetings at Pleasanton of trainers
12 and owners, a majority of those attending being thoroughbred
13 trainers, there was complete agreement that Pleasanton needs
14 to stay open year-round for training of all the breeds.
15 Many of the trainers who would be tracing -- training --
16 would be racing at both the fairs and at Golden Gate Fields
17 indicated they would not train their two-year-olds on the
18 artificial racing surface. Some indicated they would have
19 to consider closing down or moving out of Northern
20 California. This would effect the ability of all the
21 tracks, including Golden Gate Fields, to fill races.

22 "For the above reasons the Arabian Racing
23 Association of California supports, number one, keeping the
24 Pleasanton track open year-round for all breeds for training
25 and, number two, assigning the Stockton race dates for 2017,

1 and perhaps the future, to Pleasanton for the fall meet.

2 "Approved by the Board of Directors of ARAC on
3 10/15/16."

4 CHAIR WINNER: Thank you, Ms. Call.

5 MS. CALL: Thank you.

6 CHAIR WINNER: I'd like to ask you a question, and
7 maybe some of the other Commissioners would.

8 One of the recommendations that has been made as
9 we've gone through this process is to move those Stockton
10 dates to a different time, possibly in the spring, and let
11 Pleasanton have that meet, but not at the same -- during
12 those same dates. Would that satisfy your needs?

13 MS. CALL: You know, we really hadn't given it a
14 lot of thought. It might, I don't know. We haven't really
15 talked about that particular thing.

16 CHAIR WINNER: Thank you.

17 MS. CALL: I think probably speak to -- the people
18 from the Pleasanton track would be able to answer that a
19 little better.

20 CHAIR WINNER: Well, I know what their position
21 is.

22 MS. CALL: Yeah.

23 CHAIR WINNER: But I'm asking you what your
24 position is?

25 MS. CALL: Yeah, well, we didn't really talk about

1 that --

2 CHAIR WINNER: Okay. Thank you.

3 MS. CALL: -- particularly. Thank you.

4 CHAIR WINNER: Any other questions for Ms. Call?

5 Okay, we're going to move along. George Schmidt.

6 MR. SCHMIDT: Thank you, Mr. Chairman and
7 Commissioners, for allowing me a few minutes to speak today.

8 I spoke last spring when we were together at
9 Golden Gate Fields when we first discussed the Stockton
10 dates with the Board and recommended that we needed, at that
11 time, to find out if Pleasanton could really handle a meet
12 and have it be successful without it being part of the
13 Alameda County Fair. You agreed kindly to allow Pleasanton
14 to have those six days of racing this year, and I believe it
15 was a tremendous success from every point of view.

16 First of all, our attendance was higher than it
17 was during similar days at Golden Gate Fields. The handle
18 was competitive. Anybody can look at numbers and make them
19 come up with any answer they want to. But I believe that
20 the handle was plenty appropriate for the days that we were
21 there.

22 And most important of all, I was there every day
23 at Pleasanton during the meet. I raced horses, I don't
24 know, five or six of them during that period of time. The
25 average age of the people that were there and were betting

1 was about half of what we see at most racetracks. They were
2 young people. They had their families there. And they were
3 betting, and the lines at the windows were long, long enough
4 so that they had to open more windows later. Because people
5 who are new to racing don't know how to use all the
6 machines. So I think that is a big, big step forward.

7 Now I also will say, I feel for Golden Gate
8 Fields. I believe that Golden Gate Fields probably loses
9 money with their two-week meet, because they've got to open
10 everything up and shut it down for six or eight weeks and do
11 something else. But there's another solution to that. They
12 got those days years ago when Bay Meadows and the San Mateo
13 County Fair closed. If they're really losing money during
14 that period of time, then other people should take those
15 dates up, in my opinion.

16 And lastly, I am concerned about horse racing
17 across the country, people trying to become monopolies
18 again. We've seen that in Florida. We've seen it in
19 Maryland. And we're only a few steps away from that
20 happening here in California. So I would strongly urge you
21 to allow racing, the old Stockton Fair dates, to be assigned
22 to Pleasanton again and to run that meet for as long as
23 we're able to. And if the support goes away, I'll listen --
24 I mean, I'll support what has to happen for the good of
25 racing. I don't own 150 race horses just for fun. And we

1 do need to do the right thing for the industry. And I
2 believe the right thing is to give those Stockton dates to
3 Pleasanton.

4 Thank you very much.

5 CHAIR WINNER: Mr. Schmidt, of the 150 horses, do
6 you have grass horses, I assume

7 MR. SCHMIDT: Some of them are, sure.

8 CHAIR WINNER: And --

9 MR. SCHMIDT: And some can run on both and --

10 CHAIR WINNER: Okay. So the question I have is if
11 you -- what you -- I think what you said is, well, if Golden
12 Gate doesn't want to run that two-week meet and give it to
13 somebody else, of course, then we would -- unless it went to
14 Santa Rosa, then we would again have two more weeks without
15 grass racing.

16 MR. SCHMIDT: That is absolutely correct.
17 However, if those dates are a problem, you'd probably solve
18 two or three different issues that you're having to deal
19 with right now at one time.

20 CHAIR WINNER: And create another one.

21 MR. SCHMIDT: Well, you will create -- yes, you
22 will.

23 CHAIR WINNER: Right.

24 MR. SCHMIDT: But you'll also prevent a monopoly
25 from ending up happening in this state --

1 CHAIR WINNER: Okay.

2 MR. SCHMIDT: -- I think.

3 CHAIR WINNER: Thank you very much.

4 MR. SCHMIDT: Thank you.

5 CHAIR WINNER: Any other questions for Mr.

6 Schmidt?

7 MR. SCHMIDT: Thank you very much.

8 CHAIR WINNER: Thank you very much.

9 Maureen Morley.

10 MS. MORLEY: Hello. I'm Maureen Morley.

11 With the goal of generating revenue and growing

12 the --

13 CHAIR WINNER: Ms. Morley --

14 MS. MORLEY: Yes?

15 CHAIR WINNER: -- are you representing an

16 organization?

17 MS. MORLEY: I'm an owner.

18 CHAIR WINNER: Oh, you're an owner. Okay.

19 MS. MORLEY: Thank you.

20 CHAIR WINNER: Thank you.

21 MS. MORLEY: With the goal of generating revenue

22 and growing the customer base for the future generation of

23 revenue, I ask the Board to approve the CARF proposed

24 calendar. Of note, the calendar first leverages the Fourth

25 of July, a proven revenue-generating date. At least one

1 proposal before the Race Dates Committee has no racing on
2 the Fourth.

3 And second, to continue the former Stockton dates
4 at Pleasanton. At past meetings there was a wait-and-see
5 approach to the Pleasanton meet. We now know Pleasanton ran
6 an excellent meet, far exceeding the handle generated at the
7 former Stockton meet, and approaching on-track and brick-
8 and-mortar off-track handles at Golden Gate Fields.

9 With a historic first meet, Pleasanton hosted
10 events drawing over 1,000 and up to 3,000 a day of what I
11 would characterize as a new, a young, an affluent market to
12 grow. With Pleasanton's three-year marketing plan, this
13 meet can be readily grown to generate increasing interest in
14 the sport and increasing revenue. This new exciting meet
15 can be part of a vision to grow into the future, not
16 contract into more of the same.

17 I ask you to look to the future. Grow this meet
18 as part of a robust racing circuit in Northern California
19 and approve the CARF proposed calendar with former Stockton
20 dates run at Pleasanton.

21 Thank you.

22 CHAIR WINNER: Any questions?

23 Thank you very, very much.

24 Scott Daruty. Scott, are you here? Yeah.

25 MR. DARUTY: Scott Daruty on behalf of Golden Gate

1 Fields. And I'm not going to talk about carnival rides or
2 cotton candy vendors or school schedules or any of that, I'm
3 going to talk about racing and what we at Golden Gate Fields
4 believe is the right thing for racing.

5 I know people in the room will disagree with this,
6 but I believe it, you know, with all of my being, the best
7 thing for racing is to run more at Golden Gate Fields. From
8 a nationwide standpoint, the appeal of the Golden Gate
9 Fields product is much greater. From -- you see it in the
10 handle numbers. We always hear CARF quote handle numbers.
11 But by and large, what they're quoting is total handle in
12 Northern California, which includes all the import handle,
13 as well as the handle on their live race. When you strip
14 the import out, because that's basically a constant, it's
15 crystal clear that there's much more handle generated on
16 Golden Gate Fields than on CARF.

17 Again, I know people are going to disagree with
18 that. There's a whole lot of reason why racing at the fairs
19 is important, and we understand that and support racing at
20 the fairs. We're not saying don't race at the fairs. We're
21 simply saying let's not lose sight of the need for a healthy
22 Golden Gate Fields and the need for a healthy racing
23 schedule overall.

24 So again, there's a lot of politics involved. I
25 realize that every one of you gets letters and phone calls

1 from legislators in each given district saying help my fair
2 out, to the expense of others. So it's not an easy decision
3 that you guys have to make. And there's really no way to
4 solve this puzzle in a way that's going to make everybody
5 happy. We get that. We understand the politics.

6 I think there are very few times when we can come
7 to you and say CTT, TOC and a racetrack are all on exactly
8 the same page, but that's the case here. They would all
9 stand here and tell you that racing at Golden Gate Fields
10 generates more and is better for their constituents. But
11 again, because of the importance of the fairs and because of
12 the political issues, we realize there's a place for the
13 fairs. And so we understand that that's going to factor
14 into your decision.

15 And with that understanding, you know, we had
16 largely stood aside in a lot of the debate that's gone on
17 over these dates. We largely stood aside because we believe
18 very strongly that the Stockton dates are better run at
19 Golden Gate Fields. We believe that's better for purses.
20 We believe that's better for racing overall. We stated our
21 case, and then we left it to you all because, again, we know
22 there are politics involved. And I don't say that in a
23 derogatory way.

24 Commissioner Beneto, you've been -- we've been at
25 this for a long time. I stand here year after year, and

1 you're very supportive of the fairs. That's where your
2 heart is and that's fine. The governor appointed you to
3 this Board to exercise your views and your discretion and
4 come to the right decision that you believe is the right
5 thing for racing. So we understand, you know, you're going
6 to be inclined to give the Stockton dates to Pleasanton. We
7 disagree, but we understand where you're coming from.

8
9 So as I've said, we've largely kind of stood by,
10 tried to help, made some proposals. But that really changed
11 in our opinion with Commissioner Krikorian's amendment at
12 the last Dates Committee meeting, which would take an
13 additional week away from Golden Gate Fields. And, look, we
14 understand -- I don't want to speak for you, but I think I
15 understand why you did that. I think you did that to try to
16 force a negotiation between us and Humboldt, try to force an
17 agreement to make a nonstatutory payment.

18 But, you know, we look at it a little bit
19 differently. We look at it as though our summer dates have
20 been under seige for the last five or six years. We have
21 expressed to this Board on a number of occasions that while,
22 again, we understand the fairs, we understand the importance
23 they play, we understand the role they have and it's an
24 important role, and we do want it to continue, but we would
25 like it to continue within a schedule that does allow us

1 some summer racing. Because summer racing is important at
2 Golden Gate Fields, we believe, for the health of Golden
3 Gate Fields.

4 Now I had a handout, and I don't know if the
5 Commissioners have reach received that or not? They have.
6 Okay. So if I could turn your attention to the handout,
7 it's only a two-page, I promise it's short. If you flip the
8 cover page and you get to the second page, this is a chart
9 of the last six years of race dates at Golden Gate Fields.
10 And we've tried to distill it down to its most pure form.

11 And what this is, is the number of weeks Golden
12 Gate Fields ran each year between June 1 and the end of the
13 Fresno Fair. Okay, in our mind we define that as the
14 summer, between June 1 and the end of the Fresno Fair,
15 that's the summer. That's when the weather is nice in
16 Northern California. That's when kids are out of school and
17 people want to come to the track and enjoy the day. I broke
18 my own rule, I mentioned kids and school. Sorry.

19 But in any event, you can see in 2011, Golden Gate
20 Fields ran nine weeks in that period, one of which was
21 overlapped. Then in 2012 and in --

22 COMMISSIONER BENETO: Scott --

23 MR. DARUTY: Yes?

24 COMMISSIONER BENETO: -- I'm going to stop you
25 right there.

1 MR. DARUTY: Okay.

2 COMMISSIONER BENETO: 2011 you ran nine weeks.
3 What weeks did you run?

4 MR. DARUTY: You know what, I don't have that at
5 my fingertips, because what I was trying to do was come up
6 with the total number of weeks we ran in the summer period.

7 So in 2011, I don't know the answer. I mean, obviously, I
8 can get it --

9 COMMISSIONER BENETO: Because --

10 MR. DARUTY: -- but I don't have it as I stand
11 here.

12 COMMISSIONER BENETO: Because for years and years
13 and years, I'm a native of California, a native to Northern
14 California, Golden Gate has always, since 1966 when I
15 started hanging around the racetrack, has always shut down
16 the 15th or 16th of June, and never ran back until the
17 winter meet because Bay Meadows ran that. Right after Cal
18 Expo, Bay Meadows would kick in. And I've never seen Golden
19 Gate running around.

20 MR. DARUTY: I understand. That is, you know,
21 historical. If we go back to the, you know, long enough
22 period of time, what I'm talking about is in the recent
23 past, the last six years, in 2011 we ran nine weeks. In
24 2012 and '13 we ran eight weeks, so we lost a week. And by
25 the way, our overlap went up, so it was eight weeks, two of

1 which were overlapped. Then for the preceding three years,
2 in 2014, '15 and '16, we lost another week. So we're down
3 to seven weeks, two of which are overlapped. And under the
4 Krikorian amendment that was offered at the Dates Committee
5 meeting, you now see in 2017, we're down to six weeks, one
6 of which is overlapped.

7 So our summer period has continued to contract.
8 We, you know, from our, you know, admittedly self-interested
9 position, the less we run in the summer the harder it is for
10 us to keep the business, to sustain the business, and that's
11 what we're trying to do. Again, people in this room may
12 disagree, but we believe the health of Golden Gate Fields
13 ultimately is very important for the health of Northern
14 California racing.

15 We are very fortunate in the fact that our
16 facilities are owned by, you know, a benevolent owner, an
17 owner who is more concerned about seeing the longevity of
18 horse racing than earning a true return on his investment.
19 He would like to, obviously, make some return, and not in
20 the case of Northern California as we have continued to lose
21 money.

22 So as we've been struggling to right the economic
23 ship in Golden Gate, we've been battling against this
24 continued loss of summer race dates.

25 And then let me just turn you to the next page,

1 and as I said, it's only a two-page slide.

2 COMMISSIONER BENETO: Wait a minute. Wait a
3 minute, I'm not happy here.

4 MR. DARUTY: Okay.

5 COMMISSIONER BENETO: 2017 you got six weeks of
6 racing.

7 MR. DARUTY: That is the --

8 COMMISSIONER BENETO: Where's the six weeks?

9 MR. DARUTY: That is the proposal that is on the
10 table right now.

11 COMMISSIONER BENETO: You've got --

12 MR. DARUTY: Yes.

13 COMMISSIONER BENETO: Wait a minute now.

14 MR. DARUTY: If you look at the handout, if you --

15 COMMISSIONER BENETO: Wait a minute now. You got
16 Pleasanton starting on the 21st. Are you counting from June
17 -- or from May 30th?

18 MR. DARUTY: June 1. As I said, the summer, we've
19 tried to define the summer racing period --

20 COMMISSIONER BENETO: The ones you've always had.

21 MR. DARUTY: -- as June 1 through --

22 COMMISSIONER BENETO: You've always had two weeks
23 in there. That's part of your winter meet.

24 MR. DARUTY: Well, so from June 1 until the end of
25 the Fresno Fair, this year we'll be running six weeks; three

1 of them are part of our June week. If I pick up your
2 argument I would say, oh my gosh, we're now down to three
3 weeks of summer racing --

4 COMMISSIONER BENETO: No.

5 MR. DARUTY: -- one of which is overlap.

6 COMMISSIONER BENETO: You've got part of sept.

7 MR. DARUTY: Three weeks. We're getting three
8 weeks. Under the proposal that you all voted at the Dates
9 Committee meeting, we would have three weeks between the
10 opening of Pleasanton and the end of the Fresno Fair. We'd
11 have six weeks if you count the time period from June 1 to
12 the end of the Fresno Fair.

13 Now if you look at the economics that's going
14 along with the contraction of race dates, so turn the page,
15 the second page, the second to the last page of my handout,
16 you will see the deficit created for summer stabling at the
17 fairs, the deficit that's created each year for the last six
18 years. And what I mean by that is if you look in the
19 expense column for each year, that's the expenses of
20 stabling for the summer fairs because each fair doesn't have
21 enough stalls on its own facility to take care of all the
22 horses. So there are other stables that are needed in
23 Northern California. In 2011, for example, that expense was
24 \$1.1 million. You can go down the chart and see what it is
25 for each year.

1 The point is, if you look at the revenue column
2 the revenue generated by the fair for stabling and vanning,
3 and when I say the fairs, I mean every single fair from
4 Sonoma to CARF, all of the fairs carry much more expense for
5 stabling than they do generate revenue

6 Now what does this mean?

7 If you look at the bottom line, the total, it
8 means over the last six years it has cost the fairs and cost
9 Northern California racing \$2.8 million more to stable
10 horses while the fairs are running than the fairs generated
11 to pay for their stabling. And does anybody have a guess
12 where that \$2.8 million came from? It came from Golden Gate
13 Fields' commissions and purses.

14 And so our feeling -- and again, we understand the
15 politics. Fairs are important. We're not saying get rid of
16 fairs. We're just saying in analyzing what the right racing
17 calendar is, our perspective is that as our dates have
18 gotten trimmed and trimmed and trimmed in the summer, the
19 expense we're asked to pay has gone up and up and up. And,
20 one, we don't think it's fair. But, two, more importantly,
21 it's just not sustainable. We can't continue to carry that
22 financial burden.

23 And so I don't know what you're going to do with
24 dates. Again, I don't envy the position you're in because
25 you have an impossible decision to make. I would ask that

1 if you're going to give the CARF, I forget what we called
2 it, Proposal A, that it be CARF Proposal A without the
3 Krikorian amendment, because that would at least allow us to
4 maintain the seven weeks we've had for the last four years.

5 But whatever you do, you know, again, I don't envy
6 you. You have a difficult decision. All I can say is we
7 feel like we've tried to be team players in Northern
8 California for a long time, and it seems like it's gotten us
9 nowhere.

10 We've voluntarily made payments to Humboldt, which
11 in our opinion were sort of intended to wean them, you know,
12 into self-sufficiency. And yet, after four or five years,
13 we're expected now to do that forever. So we've tried to be
14 players, that hasn't worked.

15 I mean, all we can do is, you know, look at the
16 dates you guys decide to give out. And we'll make rational
17 business decisions on how we can operate our meet in our
18 facility to try to make money.

19 COMMISSIONER BENETO: Didn't you get all of Bay
20 Meadows dates when they closed up?

21 MR. DARUTY: We got a significant amount of them
22 and --

23 COMMISSIONER BENETO: Who else --

24 MR. DARUTY: -- some of them went to the fairs,
25 also. I mean, each of the fairs --

1 COMMISSIONER BENETO: The fairs didn't get it.
2 The fairs, they lost dates. They lost Stockton. They've
3 lost --

4 MR. DARUTY: Well, each of the existing fairs --

5 COMMISSIONER BENETO: -- Vallejo.

6 MR. DARUTY: -- is running three weeks versus two
7 weeks. So they --

8 COMMISSIONER BENETO: The fairs have gone
9 downhill.

10 MR. DARUTY: They've gone up 50 percent.

11 I mean, again, we can, you know, we can spin this
12 all. I understand where you're coming from --

13 COMMISSIONER BENETO: Well, but you --

14 MR. DARUTY: -- and we'll respect whatever
15 decision you make.

16 COMMISSIONER BENETO: You're --

17 MR. DARUTY: But I just wanted to say my peace.

18 COMMISSIONER BENETO: Well, it ain't all true --

19 MR. DARUTY: Well, it is true.

20 COMMISSIONER BENETO: -- and it bothers me.

21 MR. DARUTY: It is true. If there's a specific
22 item you think is incorrect, let's talk about it.

23 COMMISSIONER BENETO: Well, let's talk.

24 MR. DARUTY: Because I've said repeatedly, we can
25 disagree with each other on what the right philosophy is,

1 but don't stand here and tell me that I'm saying something
2 that is untrue unless you can back it up.

3 COMMISSIONER BENETO: It's untrue because you got
4 more dates than you've always had.

5 MR. DARUTY: I agree, yes.

6 COMMISSIONER BENETO: Okay.

7 MR. DARUTY: We do. But the fairs --

8 COMMISSIONER BENETO: End of conversation.

9 MR. DARUTY: The fairs, which have historically
10 run two weeks, are now running three weeks. So they've had
11 a 50 percent increase.

12 CHAIR WINNER: Scott, looking at your numbers
13 here, 2016, \$1.03 million to stabling and vanning deficit,
14 that means that the purses are down \$500,000?

15 MR. DARUTY: Correct. And Golden Gate commissions
16 are down \$500,000.

17 CHAIR WINNER: Right. So the purses are down
18 \$500,000 in 2016. They've been down every year up until
19 that point, but they're down that much.

20 What would happen, Scott, if the plan that's on
21 the table here, what we're calling as CARF Plan A as
22 amended, was adopted, what would that do to what Golden Gate
23 would do in terms of stabling or continuing to race for that
24 two-week period, or what would you do?

25 MR. DARUTY: Well, first of all, you know, we

1 would race for the two weeks, or the three. It's actually
2 three weeks --

3 CHAIR WINNER: Yeah.

4 MR. DARUTY: -- in fairness. It's two weeks
5 unoverlapped and one overlapped.

6 CHAIR WINNER: Right. Correct. Yes.

7 MR. DARUTY: Would we race? Of course we'd race.
8 We wouldn't shoot ourselves in the foot or, you know, stomp
9 out of the room and say we're not going to race. But, you
10 know, we're looking at a year; right? We're looking at a
11 calendar. I know we're only talking about the summer here,
12 but we have a year-round operation.

13 We have a chairman who has, pick a number, it's a
14 nine-figure number, I mean, \$100 million, \$200 million, \$300
15 million, you pick the number of what's invested in the real
16 estate there and the property. And what we can't do is go
17 back to him continual and say, yeah, we lost \$2 million
18 again this year. We're trying to get to a reasonable, you
19 know, breakeven or slightly positive position.

20 So, you know, I know this isn't exactly your question
21 and it may be more information than you want, but we went
22 from, you know, a minus \$2 million loss, which we've
23 publicly stated a couple years ago. We were moving in the
24 right direction this year. We've talked about restructuring
25 stabling, and we'll get to that on another item as to

1 whether we, you know, pay for Pleasanton or not.

2 But what's happened is as we were moving in the
3 right direction, we now look at the amendment that's on the
4 table. And to answer your question, what would happen? It
5 drives us back to the negative again. And I realize it's
6 not, you know, your alls job to make sure that Golden Gate
7 makes money, it's our job. But I'm just suggesting that
8 some of the decisions you're making are making our job much,
9 much harder. And I would like you to take that into account
10 and consideration when you make your decision.

11 CHAIR WINNER: Scott, it's another item on the
12 agenda that we may not hear because the documents aren't
13 here, so we may not even discuss that. And since we've all
14 discussed the relationship between stabling and racing and
15 race dates, could you enlighten us a little bit on what
16 you're thinking of with respect to the other agenda item?

17 MR. DARUTY: Well, there's -- yes, I'd be happy
18 to. There's two components, you know, two open items, I
19 guess, as to stabling. One is whether Golden Gate Fields,
20 during its live meet, pays to have Pleasanton open as a
21 training facility. That's item one. Item two is whether
22 the fairs, during the summer season, choose to use their
23 money to pay to have Golden Gate Fields open for stabling to
24 support their meets. I can't, you know, speak with
25 certainty as to the second item because it depends on what

1 another party, CARF, is going to do.

2 But with respect to the first item, I can tell you
3 that we are well on our way to the construction of the
4 additional stalls that we told you we would have ready by
5 December that would make 1,500 stalls available at Golden
6 Gate Fields.

7 Now, when I say we're well on our way, what I mean
8 is we already have a number of stalls built and ready for
9 occupancy that gets us up to 1,455 stalls at Golden Gate
10 Fields. There's another 45 stalls that have already been
11 paid for and delivered to the site and are in the process of
12 being installed as we speak. So by December, we will have
13 1,500 stalls available at Golden Gate Fields for occupancy.

14 We believe that's more than enough to stable all horses
15 that are available in Northern California to support our
16 meet.

17 So whether Pleasanton stays open for stabling or
18 not, you know, ultimately that decision is up to other
19 people. What I can say is we do not intend to pay for
20 Pleasanton to be open for stabling. We do not intend, as
21 part of our race meet application, to specify that we'll
22 have an auxiliary facility, because we believe we have
23 enough stalls on our facility to take care of the meet.

24 There was a point at which we had said we would
25 probably open Pleasanton back up at our expense in the late

1 spring, you know, call it mid-April, call it early May,
2 somewhere in that time frame. We had said that. But the
3 more we're hearing on the second issues I raised, which is
4 what is CARF going to do next summer, the more we're hearing
5 on that is that CARF probably does not intend to use its
6 funds to pay to keep Golden Gate Fields open next summer,
7 and that's their prerogative. We'll be open if they want
8 us, we'll close if they don't, that's fine.

9 But it does not seem to us to make any sense for
10 us to open up auxiliary stables in, again, let's call it
11 mid-April or early May to allow two-year-olds to come in,
12 which by the way are horses that aren't really going to run
13 at our meet, they're going to run during the summer --
14 again, we were trying to be a team player. But if we're
15 going to end up closing Golden Gate Fields for stabling in
16 the summer anyhow, those horses are going to scatter. And
17 it seems to us to be waste of money for us to pay for them
18 to have somewhere to be for six weeks when there's not going
19 to be anywhere for them to be after the six weeks.

20 So right now we submitted a modification letter to
21 our License Application that just clarified, as things stand
22 today, we do not intend to pay for Pleasanton at all during
23 the upcoming Golden Gate meet.

24 So, sorry, very long-winded, but I hope that
25 answer your question.

1 CHAIR WINNER: It does. I have two questions.

2 COMMISSIONER BENETO: So you'd close down?

3 CHAIR WINNER: Let me ask two questions, Steve,
4 and then you can ask yours.

5 Number one, you've heard the discussion about
6 Arabians today. And that Golden Gate doesn't stable
7 Arabians and other breeds. And yet, you have the big race
8 down here, the \$100,000 Arabian race.

9 Has there been -- have you given any thought to
10 that issue and whether or not Golden Gate would be willing
11 to stable other breeds?

12 MR. DARUTY: Well, we are supportive of Arabian
13 racing, as evidenced by the \$100,000 race we put on here, so
14 we're supportive of it. It's not something we are
15 statutorily allowed to do at Golden Gate, with the exception
16 of, you know, a couple, one or two big races we could do.
17 But we couldn't have Arabian racing or other breeds on a
18 sustained basis. And given that fact --

19 CHAIR WINNER: You couldn't have them stabled or
20 you couldn't have them racing?

21 MR. DARUTY: We couldn't have them race.

22 CHAIR WINNER: Right.

23 MR. DARUTY: We couldn't have them racing.

24 CHAIR WINNER: Right. But you could have them
25 stabled?

1 MR. DARUTY: We could have any number of different
2 animals stabled at our facility --

3 CHAIR WINNER: Right. Right.

4 MR. DARUTY: -- if we had unlimited stalls.

5 But again, we feel as though, I know others will
6 disagree, we feel as though we've tried to be team players
7 all along, and we've tried to support with \$2.8 summer
8 stabling. We try to do other things, and it doesn't feel
9 like we've gotten a lot of love back.

10 And so when we look at it from our own self-
11 interested perspective, running a business and trying to
12 keep racing alive in Northern California, when we look at it
13 we say it doesn't make sense for us to pay for stalls for
14 people to keep horses that aren't legally permitted to run
15 at our race meet.

16 CHAIR WINNER: Okay. Second; my second question,
17 and then I'll turn it over to Commissioner Beneto, if you
18 were to not keep the stalls open during the fair meets,
19 during that fair meet, what happens to all the employees?
20 What happens to everybody who lives there?

21 MR. DARUTY: Well --

22 CHAIR WINNER: What would happen?

23 MR. DARUTY: I can say briefly. And then if you
24 want to dig into more detail, I'd have to turn it over to
25 Joe Morris, who obviously is more involved in the operations

1 than I am. But those people would be out of work. We'd
2 have a large number of layoffs at Golden Gate Fields if
3 we're not open during the summer.

4 Now, again, we don't want to see that happen, but
5 it's really the fairs calls. Because if we stay open for
6 summer stabling, we're going to want to be reimbursed for
7 our expenses. In other words, we're not going to want to
8 support this \$2.8 million anymore at our cost to allow the
9 fairs to have a place to stable.

10 CHAIR WINNER: So the people who live on the
11 backstretch?

12 MR. DARUTY: Well, we'd close the backstretch. I
13 mean, in other words, if we're not getting reimbursed by the
14 Stabling and Vanning Fund -- and not to digress, but you
15 have to kind of remember, the way the fund has historically
16 worked is, yes, we were getting reimbursed, but we were
17 getting reimbursed by a fund in which we were the major
18 contributor. So we were kind of just putting the money
19 around in a big circle and paying ourselves our own money.
20 And under the new statute, we have put in place a mechanism
21 to fix that problem.

22 But if we are not reimbursed, you know, with other
23 people's money, then we wouldn't be open for summer
24 stabling. And that means the facility would be completely
25 shut down.

1 CHAIR WINNER: Okay. Thank you.

2 Mr. Beneto?

3 COMMISSIONER BENETO: You have 4,000 stalls or
4 better in Northern California. And it looks like about
5 2,500 are of them are not being used. Why do you -- I don't
6 even know, why do you open in the summertime when they can
7 go to Cal Expo and run, Santa Rosa and run, Pleasanton and
8 run, and they do their stabling there? That's -- that was -
9 - years ago, that's the way it was done.

10 MR. DARUTY: Understood. And again, we are open
11 as a stabling facility at the pleasure of the fairs. So if
12 they want us to be open and they reimburse us our cost,
13 we'll be open.

14 COMMISSIONER BENETO: Do they give you the -- do
15 they reimburse you?

16 MR. DARUTY: Well, historically we've been
17 reimbursed with our own money.

18 COMMISSIONER BENETO: Oh, tell me about it.

19 MR. DARUTY: Yeah. So going forward, you know, if
20 we are going to be open it would be our expectation that
21 we're reimbursed with somebody else's money, not our own
22 money.

23 COMMISSIONER BENETO: So if you closed down you're
24 going to save all this money that's going for stabling and
25 vanning; is that what you're telling me?

1 MR. DARUTY: Well, I suppose the fairs are going
2 to have to pay somebody. In other words, if we're talking
3 about the un-overlapped week that might be run at Humboldt
4 and Humboldt doesn't have enough stalls to stable all its
5 horses, I suppose Humboldt will have to pay Pleasanton and
6 Sacramento, or wherever they all work out they're going to
7 stable the horses. But wherever it takes place it's going
8 to cost money. Somebody is going to have to pay for it.

9 CHAIR WINNER: Commissioner --

10 COMMISSIONER BENETO: It's a can of worms.

11 MR. DARUTY: Yes.

12 CHAIR WINNER: It's a can of worms.

13 Commissioner Krikorian?

14 COMMISSIONER KRIKORIAN: Well, your comment about
15 Ferndale, there is no -- not trying to -- I was not trying
16 to suggest anything that was to force Golden Gate to do
17 anything, so let's be clear about that.

18 Ferndale is a community that has had a fair for I
19 don't know how many years. And there are a lot of people
20 associated with that fair, that work there. They depend on
21 that for their income, for their pleasure, for their
22 community, for their pride and everything, and they only get
23 one week a year, okay?

24 Now let me ask you a question. This year, this
25 next year it's proposed that Del Mar closes and runs one

1 week less; correct?

2 MR. DARUTY: Golden Gate Fields would close and
3 run one week less.

4 COMMISSIONER KRIKORIAN: No, no, no.

5 MR. DARUTY: I'm sorry, I didn't get the question.

6 COMMISSIONER KRIKORIAN: Del Mar Race Track will
7 close next summer. They'll run one week less next summer;
8 correct?

9 COMMISSIONER BENETO: Yes.

10 MR. DARUTY: Yes, based on the calendar.

11 COMMISSIONER KRIKORIAN: They're going to open a
12 week later than they opened this last year, okay?

13 MR. DARUTY: Yes.

14 COMMISSIONER KRIKORIAN: And then that week is
15 going to be run at Los Alamitos; correct?

16 MR. DARUTY: Well, yes, that given week it the
17 calendar.

18 COMMISSIONER KRIKORIAN: Okay.

19 MR. DARUTY: Yes.

20 COMMISSIONER KRIKORIAN: Now how much money you
21 think the difference is that Los Alamitos is going to make
22 that week versus what Del Mar would have made?

23 MR. DARUTY: A lot less.

24 COMMISSIONER KRIKORIAN: Okay. But you want to
25 step on Ferndale. They're only open for one week.

1 MR. DARUTY: But they're --

2 COMMISSIONER KRIKORIAN: And what you lose there
3 is not 25 percent of what you lose by --

4 MR. DARUTY: Well, you --

5 COMMISSIONER KRIKORIAN: -- running a week at the
6 other tracks.

7 MR. DARUTY: You raise a --

8 COMMISSIONER KRIKORIAN: So --

9 MR. DARUTY: I'm sorry, I didn't mean to
10 interrupt.

11 COMMISSIONER KRIKORIAN: So I'm just trying to
12 make a point here.

13 MR. DARUTY: Yes, sir. Yeah, you make a very good
14 point. And that's why if you go back to the proposals we
15 have made all along, we have said we think we should get the
16 Stockton dates to run at Golden Gate Fields. And we think
17 whoever gets the Stockton dates should help out Humboldt.
18 And we said we would step out of one of the overlap weeks
19 and let Humboldt run overlapped if we get the Stockton
20 dates. And then if we don't and those dates go to
21 Pleasanton, we feel, and it doesn't mean we're right, it
22 just means it's our view, that then Pleasanton should help
23 out Humboldt because Pleasanton is the one who's picking up
24 two new weeks of racing.

25 COMMISSIONER KRIKORIAN: Okay. It's a

1 negotiation, and we're trying to, you know, have some give
2 and take here.

3 But the bottom line is all I'm talking about is
4 preserving Ferndale as a facility, that they have their fair
5 in the summer, just like all the other fairs are open.

6 MR. DARUTY: Understood.

7 COMMISSIONER KRIKORIAN: So these economics are
8 very important, there's no question about it, economics for
9 survival and everything.

10 But my question is: Do you want the Board to
11 start shutting the fairs down so that Golden Gate can stay
12 open, or try to come up with a plan that keeps the fairs
13 alive and all the people that depend on those fairs for
14 their living and so forth, or do we want to start shutting
15 them down? That's the decision that has to be made.

16 MR. DARUTY: And I hope I said, I think I said,
17 and I didn't, let me make it clear, we are supportive of the
18 fairs. We understand the role they play. And we understand
19 that they have a long history in California racing and a
20 long history with the local, you know, communities in which
21 they're involved, and so that is an important factor, but
22 it's not the only factor. A week of un-overlapped racing at
23 Humboldt is going to impact jockeys, for example, because
24 the vast majority of jockeys, and even most or many of the
25 horses that run at Humboldt aren't coming from California,

1 they're coming from other states.

2 So, yeah, it's a difficult decision. As I've
3 said, I don't envy you. There's no way you can make
4 everybody happy.

5 COMMISSIONER KRIKORIAN: I just wanted make the
6 point.

7 COMMISSIONER BENETO: I heard --

8 CHAIR WINNER: So Humboldt actually gets two
9 weeks, but one is under this plan, is un-overlapped?

10 MR. DARUTY: Correct.

11 CHAIR WINNER: Okay. Go ahead, Commissioner
12 Beneto.

13 COMMISSIONER BENETO: I was told this morning
14 those out-of-state horses, when Ferndale is over with they
15 move into Golden Gate. Is that true or is that false?

16 MR. DARUTY: I'd prefer to let Joe answer the
17 question as to --

18 CHAIR WINNER: I have Joe's card.

19 MR. DARUTY: Okay.

20 CHAIR WINNER: So he'll come up after a while.

21 MR. DARUTY: Yeah.

22 COMMISSIONER SOLIS: I have a question, Scott.

23 CHAIR WINNER: Please, Commissioner Solis.

24 COMMISSIONER SOLIS: Going back to the Arabians,
25 with the 1,500 stalls, is there any way that there could be

1 one more day of racing to have those two breeds,
2 thoroughbred and the Arabians, to let's take like a Monday,
3 something like that, where the industry would benefit from
4 the simulcast and more revenue. Could that have enough
5 horses to have -- support one more day of racing? That's my
6 point.

7 MR. DARUTY: Well, I --

8 CHAIR WINNER: But you'd have to have a statutory
9 change for that, Alex.

10 COMMISSIONER SOLIS: Oh, yeah?

11 CHAIR WINNER: That's in the legislation. They're
12 limited to thoroughbreds for their --

13 COMMISSIONER SOLIS: Okay.

14 CHAIR WINNER: So, we -- I mean, I don't know
15 whether they'd support statutory change, but it would
16 require that.

17 COMMISSIONER SOLIS: Okay.

18 COMMISSIONER BENETO: The biggest problem we have
19 today, to go back to square one, we have a shortage of
20 horses. If you were running five days a week, filling your
21 card at Golden Gate and Santa Anita, you'd be a fat cat,
22 wouldn't you?

23 MR. DARUTY: Yes, we would. And the irony to me
24 is that we all recognize the problem is a shortage of
25 horses. And yet when we say we don't want to spend \$2

1 million next year to pay for extra stables at Pleasanton
2 because we don't have enough horses to fill all these
3 stalls, then there's a backlash of people saying, no, you've
4 got make Golden Gate pay to keep Pleasanton open because
5 Pleasanton is where I like to be. And if were all making
6 money, you know, maybe that wouldn't matter, but we're not.
7 And so we've got to be economical in how we pay for and
8 choose what stalls to keep open.

9 CHAIR WINNER: Mr. Baedeker has a question.

10 EXECUTIVE DIRECTOR BAEDEKER: Scott, I'd just like
11 to go back to your amending your application to remove the
12 provision that you would use Pleasanton as an offsite
13 training facility beginning around mid-April. You that you
14 made the determination that you don't need to do that.

15 You're also going to be asking the Board, as part
16 of your application process, to certify, if you will, that
17 you have sufficient stall space for your long meet that goes
18 through June.

19 If you reach a point in late spring where the two-
20 year-olds are coming in you said, you know, they don't run
21 at your place. So apparently you don't need to accommodate
22 them.

23 MR. DARUTY: Well --

24 EXECUTIVE DIRECTOR BAEDEKER: And yet, isn't that
25 kind of cutting off your nose despite your face? That's one

1 issue that I'd like to address.

2 And the other issue is aren't you kind of putting
3 the Board in a difficult position where if they were to say
4 you have sufficient stall space right now, which you're
5 asking them to do, I mean, right now, real time for your
6 meet that's coming up, might they not want to take the risk
7 that when you get into April and early May, that you don't
8 have sufficient stall space to accommodate the two-year-
9 olds? And yet, you would be under no obligation to use an
10 off-track facility at that point --

11 MR. DARUTY: Right.

12 EXECUTIVE DIRECTOR BAEDEKER: -- an offsite
13 facility.

14 MR. DARUTY: Yeah, it is a difficult issue. And I
15 think that I guess I would -- there were a couple different
16 questions in there, so I'm going to try to hit them all.

17 I think that we are willing to do is participate
18 as a member of the industry in a rational stabling plan in
19 Northern California. Now Commissioner Beneto is going to
20 disagree with me, but we happen to think a rational plan
21 probably needs Golden Gate Fields open for some part -- all
22 or part of the summer. That's our view. We've talked with
23 the TOC and we've talked with the CTT, we know they agree.
24 It doesn't mean we're all right, but it means that's one
25 area where CTT, TOC and us are all on the same page.

1 So if we believe a rational plan requires some
2 stabling at Golden Gate Fields next summer, and a rational
3 plan also requires some stabling to be available in mid-
4 April for the two-year-olds, then we'll participate in that.

5 On the other hand, if CARF says no way are we
6 going to have Golden Gate Fields open in the summer because
7 we don't want to pay for it, and that's their right to say
8 it, but if they say that, then we don't have a rational plan
9 for stabling in Northern California. So whether we have six
10 weeks that we spend money or not to keep Pleasanton open
11 isn't really going to help it. And so our view is that
12 would be kind of a waste of money, to be perfectly honest.

13 EXECUTIVE DIRECTOR BAEDEKER: Okay. I guess
14 stated more simply, if I'm an owner with a number of two-
15 year-olds that I want to get ready to race in Northern
16 California, even though perhaps their first start will be at
17 a fair but subsequent starts would be at Golden Gate, I may
18 be faced with a situation where I have no place to put them
19 in mid-April, which means I'm going to have to choose
20 Southern California or another state; isn't that accurate?

21 MR. DARUTY: Yes. But you -- what decision are
22 you going to face if we're open in mid-April, and then we're
23 closed in the summer? You're going to say, okay, I'm going
24 to go to Golden Gate for six weeks, then I'm going to go to
25 Sacramento for two weeks, then I'm going to go over here for

1 a couple weeks, then maybe I'll -- I mean, it's -- I don't
2 really --

3 EXECUTIVE DIRECTOR BAEDEKER: But you -- I don't
4 mean to argue the point. But that owner has the ability to
5 get his horse into training, to start running them at the
6 fairs and move with the stabling. If it's going to go from
7 Pleasanton/Golden Gate to Pleasanton/Cal Expo under their
8 apparent proposed plan, at least I have a place to put my
9 two-year-old. But if Pleasanton isn't open and you're full
10 in mid-April, I've got no place to go.

11 MR. DARUTY: Well, yes, and I understand the
12 point. But what we're being told by the TOC and the CTT,
13 and I don't want to put words in their mouth, so they can
14 get up and speak for themselves, but that even if we do pay
15 for Pleasanton in April and May, that if Golden Gate Fields
16 is closed in the summer, all those horses are going to
17 scatter anyhow and won't likely be in California. Now, that
18 could be right, that could be wrong. That's the view that
19 we've been convinced of in discussions with people.

20 And so again, it doesn't -- it seems like a big
21 expense for a very short-term window. That's the problem,
22 you're just pushing the problem six weeks down the road.

23 CHAIR WINNER: All right. Thank you very much,
24 Mr. Daruty.

25 MR. DARUTY: Thank you.

1 CHAIR WINNER: John Valenzuela.

2 (Colloquy Between Chairman and Executive Director)

3 MR. VALENZUELA: Hello. My name is John -- oh,
4 first of all, good afternoon, Chairman, Commissioners, and
5 Executive Directors. My name is John Valenzuela, Local 280
6 -- or Parimutuel Employees Guild of Local 280. I'm the
7 president.

8 Anyway, the reason why I speak on this particular
9 race dates is that I truly believe that the traditional
10 dates concurrent with racing and the fair is a lot better
11 because of the attendance that it draws, new customers, and
12 the people that come to the fair. The handle are better.
13 The employment is higher.

14 For instance, with Santa Rosa last year, the first
15 two weeks we were using 34 clerks, the first two weeks. We
16 lost a third in the third week. When there was no fair, we
17 lost one-third of our employment. So when the attendance is
18 there, we have employment.

19 Now I know you have a tough situation here, to
20 make a decision. But the bottom line is we need to address
21 the fact that we need to introduce new customers to our
22 declining industry. And the only way we're going to do that
23 is to have foot traffic on track at the brick and mortars.
24 Again, this indirectly effects the employment. When there
25 is no attendance we have a smaller workforce.

1 And again, such as like Fresno, at Fresno we had
2 such a great meet that we had on the average Friday 60-plus
3 clerks. And then on the Saturday and Sunday we had over 60
4 clerks working. And we did a great job, both at Fresno --
5 Ferndale is another one that when they overlap it doesn't
6 really help because to man the plant there, it is so huge,
7 the crowds are bell to bell, they're long lines. And we're
8 able to barely get 15 clerks there to work there because of
9 the overlap.

10 But anyway, that's just my comments.

11 CHAIR WINNER: Thank you.

12 COMMISSIONER BENETO: Mr. Valenzuela --

13 CHAIR WINNER: Go ahead.

14 MR. VALENZUELA: Yes, sir?

15 COMMISSIONER BENETO: We're not telling Santa Rosa
16 not to race three weeks. We gave them -- the Committee gave
17 them dates to run their fair, three weeks, and racing three
18 weeks.

19 MR. VALENZUELA: Uh-huh.

20 COMMISSIONER BENETO: If they make the decision
21 not to do that, that's not our fault.

22 MR. VALENZUELA: Understandable.

23 COMMISSIONER BENETO: Yeah.

24 MR. VALENZUELA: Like I said, you know, we've
25 already lost Fairplex here. And what a -- it breaks my

1 heart to see the L.A. County Fair to just disappear like it
2 has. I mean, it was a great place for the small horsemen to
3 race at a large venue. We also had where the larger
4 trainers here at Santa Anita or Golden Gate were able to
5 send their horses at a lower class, where they could send
6 them to the fairs and they would run. And then after that,
7 they would run at the other fairs. And we would have larger
8 horse inventory that way.

9 But now, how do you compete when you've got only a
10 certain amount of horses that are going around as inventory.

11 You know, you're overlapping races and we're spreading the
12 dates and giving more days, then you have less inventory.
13 So that's why you're having shorter fields. You want larger
14 fields, don't overlap, don't compete against each other, you
15 know?

16 But anyway, I know it's a tough decision on your
17 part. I just -- like I just said, I'm just more of a
18 traditionalist. And I'm looking for foot traffic on brick
19 and mortar.

20 Thank you.

21 CHAIR WINNER: Thank you, John.

22 Rick Pickering.

23 MR. PICKERING: Rick Pickering, the CEO of
24 California Exposition and your State Fair.

25 Honorable Chairman Winner, distinguished

1 Commissioners, and talented Executive Staff, the California
2 State Fair supports the race date proposal as submitted by
3 and approved by the CHRB Race Dates Committee.

4 In answering to the question of why is it good for
5 racing, we'd like to submit the following.

6 The concept of customer and player development,
7 reaching broader audiences, the California State Fair draws
8 participants statewide. In the 2016 state fair there were
9 participants from 57 of California's 58 fairs, very
10 significant.

11 Next year is not only the 164th Anniversary of
12 your State Fair, it's the 50th Anniversary of the State Fair
13 being conducted on the Cal Expo premises, which were built
14 and opened by Governor Pat Brown in 1965. So we'll have
15 additional outreach and cheerleading associated with that.

16 Why is it good for racing? Cal Expo generate,
17 according to CHRB's annual report, in 2015 the Cal Expo
18 facilities generated more than \$110,000 in handle, compared
19 to the \$44,000 in handle at the Santa Rosa Fair. So Cal
20 Expo generated 149 percent more annual handle.

21 Cal Expo has invested more than \$5 million in its
22 racing capital improvements in recent years. Those capital
23 improvements in 2015, according to CHRB's reports, Cal Expo
24 supported 5,971 horse starts, a combination of
25 thoroughbreds, mixed breeds and harness horses, more than

1 seven to ten times the other fairs in Northern California.

2 Cal Expo's racing barns and track facilities are
3 located not only across the street from the CHRB offices,
4 but Cal Expo's racing barn and track is used on a year-round
5 basis. It's not a two- or three-week facility. It's a
6 year-round facility, benefitting the industry.

7 Cal Expo's satellite wagering facility, as far as
8 producing jobs and generating handle, produces twice the
9 amount of annual handle as the Santa Rosa satellite.

10 State Fair as a source of players and customers is
11 the largest attended fair in Northern California, more than
12 double the attendance of the Santa Rosa Fair.

13 In 2013 this Board granted State Fair three weeks
14 of racing. We were asked to wait until 2015 so that Santa
15 Anita Rosa had an opportunity to make adjustments. In 2015
16 we went from two weeks to three weeks, and the all-source
17 handle increased 63 percent. We went from 8 days to 12 days
18 and the handle -- or excuse me. We had a 50 percent
19 increase in days, and the handle went up 63 percent, all
20 source.

21 In 2016, Commissioner Solis, we ran one less day
22 than we did in 2015, and that had to do with Del Mar opening
23 on a Friday instead of a Thursday. Northern California and
24 Southern California have tried before to have racing in the
25 north without the south or racing in the south without the

1 north, and it's been a financial challenge, if not an utter
2 disaster. So the Northern California fairs try to run as
3 closely as possible with the Southern California racetracks.

4 So State Fair, even though we went from 11 days in
5 2015 down to 10 days to coincide with the opening of Del Mar
6 on Friday instead of Thursday, our average daily attendance
7 at the track was up 11.5 percent, and our average daily
8 handle was up 11 percent. So with the one less day of
9 racing, we were still able to get people out and people were
10 able to wager on that. Those are significant numbers from
11 our point of view.

12 The California State Fair respects the ongoing
13 contributions of Golden Gate Fields role. And we're
14 disappointed we didn't have the opportunity to see the
15 material that the Commissioner received today on a six-year
16 look back. But I was at the Alameda County Fair when Bay
17 Meadows closed in 2008. At that point in time, 22 weeks of
18 racing from Bay Meadows became available to be redistributed
19 in Northern California. The largest recipient of those
20 weeks was Golden Gate Fields. And they've worked very hard
21 to do the best they can with the largest portion of those 22
22 weeks.

23 What did go away when those 22 weeks became
24 available in 2008, overlap with the fairs. Another thing
25 that went away, the San Mateo Fair's two weeks of racing

1 went away to Golden Gate Fields because Bay Meadows closed.

2 Vallejo Fairgrounds stopped racing in Solano. Those two
3 weeks were divided between Pleasanton and Santa Rose. So
4 there's been shifts in the calendar over time. And if that
5 report went back to 2007 and 2008, I'm certain the numbers
6 would look significantly different.

7 Regarding the fair's contribution to racing, yes,
8 we run in the summer. There are other tracks that have the
9 Triple Crown Races and the Breeders' Cup. And they generate
10 an awful lot of handle from the satellite wagering brick-
11 and-mortar facilities that are on California's fairgrounds.

12 Another contribution that the fairs have made over
13 the last seven years, license fees, roughly \$30 million in
14 annual horse racing license fees is no longer distributed to
15 the Network of California Fairs. Those funds not being
16 collected as fees go back to track committee, which I benefit
17 from at the State Fair, as well as purses, which all the
18 horsemen benefit from.

19 On the issue of vanning and stabling in Northern
20 California, up until the most current legislation which is
21 now in place, the Vanning and Stabling Committee basically
22 used to consist of four votes, Bay Meadows, Golden Gate,
23 CARF and TOC. When Bay Meadows closed we went from four
24 votes down to three votes, TOC, Golden Gate and CARF. So
25 since 2008 there are three votes, and it takes two votes to

1 get anything done. And I will guarantee you that Golden
2 Gate Fields has been on the winning of those two votes since
3 that period of time. And they've done a very good job with
4 what they've been able to work with.

5 So in closing, I'm not here to address this new
6 alternate proposal because I wasn't aware this would be on
7 the agenda. But if there's further discussion on that
8 proposal, then I would like to come back and have another
9 crack at it.

10 May we answer any questions for you?

11 CHAIR WINNER: Are there any other questions? All
12 right.

13 So what we're going to do -- thank you very much,
14 Rick -- what we're going to do is we're going to take a
15 break here for the Court Reporter and the rest of us to take
16 about a ten-minute break, and then we'll come back. I still
17 have a number, maybe ten more people who want to speak on
18 this item. So we're going to take a break and we'll be back
19 in ten minutes.

20 (Off the record at 11:59 a.m.)

21 (On the record at 12:24 p.m.)

22 CHAIR WINNER: We'll come back to order please.

23 I've been asked to give the order in which people
24 will be speaking on this issue going forward. So we'll
25 start with Sherwood Chillingworth, then Alan Balch, then

1 Larry -- no, I'm sorry, then Mike Pegram, then Larry
2 Swartzlander, Jerome Hoban, Joe Morris, Josh Rubenstein, in
3 that order.

4 So Chillie? Chillie, are you here?

5 If Chillie is not here, we'll move on.

6 EXECUTIVE DIRECTOR BAEDEKER: He's here. He's
7 here.

8 CHAIR WINNER: Oh, there he is.

9 Hi, Chillie.

10 MR. CHILLINGWORTH: Good afternoon.

11 CHAIR WINNER: Sorry to wake you, Chillie.

12 MR. CHILLINGWORTH: Mr. Commissioner [sic] and
13 Commissioners and Staff, my message today is what's gone
14 wrong with the industry? When I started --

15 MR. MILLER: Please state your name for the
16 record.

17 MR. CHILLINGWORTH: Sorry. Sherwood
18 Chillingworth, Oak Tree Racing.

19 MR. MILLER: Thank you.

20 MR. CHILLINGWORTH: When I started in this
21 business back in 1970, everybody was friendly. I mean, the
22 tracks got along. If you had a starting gate that didn't
23 work, you called and somebody brought one that worked. Now
24 you call them of a starting gate, they tell you where to go.

25 So anyway, to me, maybe this is the problem with

1 the whole industry. We used to get along so well and do
2 favors for each other. And that whole -- it's now become
3 competitive, competitive as to where you get the last buck,
4 and it's not sporting anymore.

5 I remember when I sat next to -- Alfred Gwynne
6 Vanderbilt was to my left, Cecilia Harper, who was in front
7 of me, and so forth, and it was group that you could talk to
8 and there weren't any hard feels.

9 Anyway, one of the things I'd like to point out is
10 that I think that the staff at Pleasanton did a marvelous
11 job in getting us ready for the opening of the fall meet.
12 They did it in a big hurry and it was very effective.

13 What was, as you know, a two-week with three days
14 in each week. And the first day was Friday and we had a
15 terrible card. And our total handle was \$830,000. And I
16 thought, oh god, what happened here? The next day it was
17 over \$1 million. It went up \$200,000 every day. And the
18 last day, which was a Sunday which you would expect to be
19 not a good day, the total handle was \$1,683,000. And our
20 total handle for the meet was \$7.5 million, all.

21 So you can do this. And we took a chance. We
22 went without a fair structure built around us, and people
23 were there. I was surprised how many people showed up, and
24 it was really like back in the old times.

25 But the trouble is what you have to do is keep

1 feeding that. We found out a couple of things, like giving
2 beer busts and \$2.00 beers, and strawberry ice cream, and
3 wine-tasting ceremonies, and that sort of thing, and people
4 really enjoyed that. And they enjoyed racing, once they got
5 there.

6 One fellow said to me on my first Sunday there, he
7 said, "When did you decide to put this thing on?"

8 "I said, it was about a couple months ago."

9 He said, "I never heard of it. I'd come to the
10 track every day. I'm coming every day from now on."

11 So you can get people excited and stimulated, just
12 by horse racing. You don't have to do a whole lot extra.
13 You do have to do some entertainment sort of things to
14 bolster the interests.

15 Anyway, I'm thinking in the future, the reason we
16 selected and worked out a problem with -- worked out an
17 agreement with Pleasanton was they have a great location.
18 They're like 20 miles from Oakland. They're a 40-minute
19 tram ride from San Francisco, and 25 miles from San Jose,
20 now the second largest city in the city. So it's a great
21 location for the future, and that's what we were looking at.

22 And I understand why Santa Anita -- or Golden Gate
23 would like more dates. I guess we all would. But I think
24 you have to look back at the history of California racing.
25 It started in Northern California racing, and it has

1 continued now for 100 years. And if you bought Golden Gate,
2 you had to do some research and know that the dates for fair
3 races were sacrosanct. That's the thing they did every year
4 and nobody ever thought about changing that. And I think we
5 have to give some credence to that philosophy.

6 At any rate, I know this is a very difficult job
7 for you. I slept about two hours last night, I usually
8 sleep very well, thinking about what was going to happen
9 today. And I'm sure that we'll come up with some solution
10 eventually, and hopefully today.

11

12 Thank you.

13 CHAIR WINNER: Thank you.

14 Any questions for Chillie?

15 COMMISSIONER SOLIS: I do.

16 CHAIR WINNER: Chillie, come back. Commissioner
17 Solis has a question.

18 MR. CHILLINGWORTH: Yes?

19 COMMISSIONER SOLIS: If this meet keeps you
20 sitting for the future, will Oak Tree and Pleasanton
21 consider to put a grass course in at Pleasanton?

22 MR. CHILLINGWORTH: To do what? I'm sorry, I
23 couldn't understand.

24 COMMISSIONER SOLIS: If these dates of this meet
25 that you have --

1 MR. CHILLINGWORTH: Yeah.

2 COMMISSIONER SOLIS: -- will keep you sitting,
3 like it is, will you consider -- Oak Tree and Pleasanton
4 will consider to add a grass course?

5 MR. CHILLINGWORTH: Yes. We have -- right now we
6 have no agreement with Pleasanton, and we're looking to the
7 future. Our agreement with them expired. And we would like
8 to continue. Was that your point, that we could continue in
9 that operation?

10 CHAIR WINNER: No. The question was --

11 MR. CHILLINGWORTH: I couldn't hear the question.

12 CHAIR WINNER: Chillie, first of all, that's news
13 to me. What you just said is news to me --

14 MR. CHILLINGWORTH: Yeah.

15 CHAIR WINNER: -- that you don't have an agreement
16 with Pleasanton going forward.

17 MR. CHILLINGWORTH: Right.

18 CHAIR WINNER: But I think Commissioner Solis was
19 asking, if Pleasanton was given the dates that the --
20 Stockton dates, and if you were a part of that, would you
21 commit to putting in a grass course?

22 Is that correct?

23 COMMISSIONER SOLIS: Yes, correct.

24 MR. CHILLINGWORTH: One of the things we -- I'm
25 saying we don't have an agreement with Pleasanton, but we

1 talk all the time about a grass course. And I think there's
2 some way we can put that grass course in.

3 I was talking with a friend of mine about how we
4 get financing on that. And Del Mar did a great job getting
5 corporate -- public bonds to build the stadium. And I think
6 we can do it. But, you know, you cannot invest that kind of
7 money unless you know you're going to be there a while to
8 recover the investment, so --

9 CHAIR WINNER: Well, you said at meeting after
10 meeting after meeting, we've asked Pleasanton, if we gave --
11 this is when we were talking about a three-year commitment.

12 MR. CHILLINGWORTH: Right.

13 CHAIR WINNER: If we gave them a three-year
14 commitment, would they be willing to put in a grass course?
15 And we've never gotten an answer in terms of a commitment.
16 What we've gotten is, well, it's a chicken and egg.

17 MR. CHILLINGWORTH: That's the problem.

18 CHAIR WINNER: Well --

19 MR. CHILLINGWORTH: You know, if you go to get
20 financing the financing says, well, where's you're
21 agreement?

22 CHAIR WINNER: Right.

23 MR. CHILLINGWORTH: And --

24 CHAIR WINNER: Okay. So let me come back to the
25 point you just made that was news to me, and I apologize if

1 I should have known it. You're saying you do not have an
2 agreement with Pleasanton going forward?

3 How much did Oak Tree put into this successful
4 meet that just took place?

5 MR. CHILLINGWORTH: Well, for the last three years
6 we've put in something like, say about \$750,000 in capital
7 improvements and operating costs. We put \$150,000 in
8 additional purses for the first two weeks -- first two
9 months to the meet. And, you know, that's rather
10 significant, and we did it on the come, you know, hoping to
11 get the other.

12 CHAIR WINNER: Obviously, what I'm getting at,
13 Chillie, if you don't have an agreement with Pleasanton
14 going forward, that could have a negative impact on their
15 ability to continue to be as successful as they were if
16 you're not involved; is that correct?

17 MR. CHILLINGWORTH: You know, that would be self-
18 serving if I say, yeah, that's correct. I think they're
19 very capable of doing things themselves, but we would like
20 to be part of the activity. But we haven't because this
21 whole thing about where we're going to run the fall dates
22 this year was up in the air. And we haven't even figured
23 out the profitability so far of the last two meets. So it's
24 a little early to make that statement.

25 We would like to do it, but it has to be on some

1 basis that Pleasanton will accept.

2 CHAIR WINNER: Okay. Thank you very much.

3 MR. CHILLINGWORTH: Okay.

4 Mr. Baedeker, do you have the numbers that -- one
5 of the things that we did at the Committee was we said we'd
6 put off making a decision on the Stockton dates until after
7 the meet was run, until after we had the numbers to look at.
8 Do you have those numbers?

9 EXECUTIVE DIRECTOR BAEDEKER: I do, Mr. Chairman.
10 What I did is I asked Staff to do a comparison between the
11 actual dates that were run at Pleasanton this year versus
12 similar dates that were run at Golden Gate Fields. And we
13 took the dates at Golden Gate Fields that were run following
14 the Stockton meet, and we took Friday, Saturday, Sunday so
15 that we'd be comparing six days at Pleasanton this year
16 versus those six days. If you do actual, you go six versus
17 eight and it's a difficult thing to analyze. So we're
18 looking, we think, at apples and apples, six days at
19 Pleasanton and six days with the comparison dates.

20 Everything in, total handle, Pleasanton was down
21 3.67 percent from those comparison days at Golden Gate
22 Fields. But when you break it down by origin of wager, it's
23 interesting. On-track numbers were significant down at
24 Pleasanton. But numbers in the ITW network were significant
25 up. ADW numbers were significant up at Pleasanton. But

1 out-of-state wagering on those races was significant down
2 compared to Golden Gate Fields. So the line graph would
3 look like this. But at the end of the day, everything in,
4 Pleasanton came within 3.67 percent of the comparison
5 numbers at Golden Gate Fields.

6 The field sizes -- by the way, I should point out,
7 I think everybody agrees that the meet at Pleasanton kind of
8 blew the numbers out of the water from Stockton the previous
9 year. Total handle was up 27 percent. Total on-track
10 handle was up 99 percent. Even out-of-state wagering was up
11 65 percent. So the Pleasanton -- Stockton at Pleasanton
12 dates versus Stockton the previous year, I don't think
13 anybody would argue that it was a huge success by
14 comparison.

15 Field sizes at Pleasanton this year versus
16 Stockton last year, Pleasanton was 7.22, Stockton was 6.3.
17 However, field sizes at Pleasanton this year versus the
18 comparison dates at Golden Gate Fields, Pleasanton was at
19 7.22, Golden Gate in a comparable period was 7.9. You might
20 put an asterisk next to that, because those dates that we
21 used for comparison at Golden Gate were the first set of
22 dates following the fair season. So we know that there are
23 some horsemen that lie in wait for the racing to return to
24 Golden Gate Fields.

25 Simply stated, from a handle standpoint, it was

1 close, 3.67 percent; Golden Gate did 3.67 percent better on
2 the comparison days than Pleasanton did this year.

3 CHAIR WINNER: Thank you very much.

4 Mr. Balch.

5 MR. BALCH: Alan Balch, California Thoroughbred
6 Trainers.

7 MR. LAIRD: I think you turned it off. You just
8 turned it off.

9 MR. BALCH: Green light on?

10 First of all, just an opening comment on the
11 numbers we just heard. Clearly, that's six days against six
12 days. But one of the advantages of Golden Gate is that they
13 would race eight days in the same period, and have a turf
14 course. So I think those things need to be said because it
15 is a whole different situation. I'm not denying, and in
16 fact we're very pleased to see how well Pleasanton did. But
17 from our standpoint the comparison is about raising
18 opportunities, number of races to be run, use of the turf
19 course, and total handle.

20 One reason the handle, of course, at Pleasanton is
21 as good as it was when you talk about the satellites is
22 because Golden Gate is a great satellite when a fair or a
23 fair location is racing, as opposed to when Golden Gate is
24 racing it just has the fair satellites. Golden Gate's
25 satellite made Pleasanton's numbers look very good.

1 I'm not going to try to give you a lengthy
2 presentation. I have submitted a letter to the Board, dated
3 October 18th, yesterday. It is very lengthy. There's no
4 reason for me to read it. I hope the Commission takes note
5 of it. I've tried to circulate it to others that are
6 involved. I know that because it was just finished
7 yesterday, many of them have not had the chance to read it.

8 I won't repeat many of the comments that have been
9 made before but I do want to -- by other speakers, but I do
10 want to emphasize a couple of things.

11 First of all, we do believe, as we have
12 consistently stated to this Board and its Committees, that
13 Sonoma County, Santa Rosa, we believe by the proposal of the
14 Committee is being disadvantaged. We don't think it's fair.
15 We don't think it's wise. They have done the investment in
16 the turf course. There were these same types of
17 conversation, of course, back when, when they did do it.
18 They made the investment. We believe their position in the
19 calendar, which was historical, was extremely important and
20 should be respected.

21 It is not Santa Rosa's Fair that has moved. It
22 has been Cal Expo's Fair and fair dates that have moved.
23 There were a couple of years or more that Cal Expo did not
24 race thoroughbreds. Cal Expo's dates have changed. And by
25 inserting Cal Expo into that position in the calendar after

1 Pleasanton is really one of the main reasons we're here
2 today. We don't think that's fair. We don't think it's
3 wise. And we think the objective figures speak for
4 themselves on a daily average basis and on a total basis of
5 how much more productive the racing is at Santa Rosa for
6 many, many reasons.

7 With all due respect to Mr. Pickering, who quotes
8 the gross figures at Cal Expo, I don't deny that the figures
9 he cites are accurate. But let's look at facility
10 utilization. There's a great deal more racing, because they
11 do include harness racing, there's a great deal more racing
12 at Cal Expo than Santa Rosa. So there's all kinds of ways
13 for Cal Expo to justify its investment in the racing
14 facility, whereas Santa Rosa has two weeks and two weeks or
15 three weeks only of racing.

16 CHAIR WINNER: Mr. Balch, let me interrupt you for
17 just one second.

18 MR. BALCH: Sure.

19 CHAIR WINNER: I don't want to speak for Santa
20 Rosa, but my understanding is that Santa Rosa cannot support
21 flipping those dates to what is called the Alternate
22 Proposal, which would give Santa Rosa -- would flip,
23 basically flip Cal Expo and Santa Rosa, which is, I think,
24 what you're advocating. Santa Rosa is not in favor of that.

25 MR. BALCH: No, that's not what we're advocating

1 in our letter. I did notice this. I did double check with
2 Ms. Bartling, and I understand the point. But we have to
3 recognize that given the move of Cal Expo, that part of the
4 problem is that the fairs, the fairs themselves overlap by
5 one week. The last week of Cal Expo and the first week of
6 Santa Rosa are fair dates, meaning for the fair activities,
7 and they overlap.

8 So the only way that that can be accommodated is
9 to recognize that that's there and award that conflicted
10 week to Sonoma County, Santa Rosa.

11 Now Santa Rosa, with a two-week period, could, I
12 think, probably run as many or maybe one shy of the number
13 of race dates that it would run if it had a three-week
14 meeting, and very productively because they have a turf
15 course.

16 CHAIR WINNER: So what you're recommending is that
17 Santa Rosa get three weeks and Cal Expo get two weeks?

18 MR. BALCH: No.

19 CHAIR WINNER: Is that what you're --

20 MR. BALCH: Two for each.

21 CHAIR WINNER: Explain what -- okay, two for each.

22 MR. BALCH: Two for each.

23 CHAIR WINNER: Moving Santa Rosa?

24 MR. BALCH: Moving Santa Rosa, correct. And I
25 grant you, as everybody up here has said, you have an

1 extremely difficult thing. Not everyone is going to be
2 happy, et cetera, et cetera, and that certainly applies to
3 that.

4 I think the critically important point, well one
5 point that hasn't been made yet that I think should be made
6 is that we believe that California breeding is disadvantaged
7 by the proposed schedule. When you analyze how the breeding
8 industry has changed in California over the decades, it's
9 shifted more and more toward the north. I provided the
10 figures in my letter.

11 The largest breeding zone, Zone 5, is from the San
12 Francisco-Bay Area north, which has 36 breeding farms; 35
13 percent are in the south. And I think that's extremely
14 important because Golden Gate Fields as sort of the home of
15 racing in California, I would echo Mr. Daruty's points, is
16 exceptionally important to keep not just viable but
17 productive. We think that they are being disadvantaged.
18 Mr. Daruty has provided you the figures over the last
19 several years.

20 The Racing Board, in its wisdom, provided approval
21 of its license applications to gain the number of dates and
22 interests that they have in California, in accordance with
23 the law. And to subtract racing weeks from Golden Gate, we
24 think is not in the interest of the state of California or
25 racing. We think it's critically important that they

1 continue to do the best they can and to have additional
2 racing opportunities, frankly, including the Stockton dates.

3 We think that's the only way that we're going to generation
4 the funding that is required for the stabling that we need
5 in Northern California is to have racing -- optimize racing
6 dates at Golden Gate.

7 I could go on and on, but I better take a breath.

8 CHAIR WINNER: Let me ask you a question, and then
9 I'll turn it over to my fellow Board Members.

10 What would your position -- what would CTT's
11 position be about -- with respect to giving Pleasanton two
12 other weeks in the spring, for instance.

13 MR. BALCH: We do note that in our letter. We
14 think that's something that Mr. Daruty has mentioned before.

15 Clearly, it is possible for Pleasanton to do a very good
16 job conducting a meeting without fair activities. We don't
17 understand why they wouldn't want to avail themselves of
18 that opportunity in the spring. People say Golden Gate has
19 too much racing. Well, Golden Gate has suggested that
20 Pleasanton look at a spring meeting. It's been discussed
21 many, many times.

22 I do want to make a minor correction but an
23 important correction to one thing that Mr. Daruty said. And
24 I think when Joe Morris gets up here, he would touch on
25 this, too, and that is that two-year-olds do start racing in

1 April, not at the end of the -- not just beginning with the
2 fairs, but we need two-year-olds early in the year to be
3 training so that they can be ready to race in April. So we
4 would endorse looking at a situation like that, absolutely.

5 CHAIR WINNER: Any other questions for Mr. Balch?
6 Alex?

7 Thank you, sir.

8 MR. BALCH: Thank you. Thank you.

9 CHAIR WINNER: Next, Mike Pegram.

10 MR. PEGRAM: Mike Pegram, TOC. I want to spend my
11 time talking about the stabling situation up in Northern
12 California.

13 One of the reasons that we got in this situation
14 that we're in right now is in the past the horsemen only had
15 a one-third vote in the north. With the new legislation,
16 that has now changed. So with this new opt-out situation
17 that we're in now, the horsemen have always voted no on
18 this. The TOC has voted no with this. And we have
19 consulted with the CTT and they were not in favor of ever
20 having an opt-out with the stabling situation.

21 So the new legislation is passed. The TOC is
22 willing to up the rate from one-and-a-quarter percent to two
23 percent. That will have an impact of purses of \$765,000 to
24 the purses, and we think that's money well spent.

25 What will it do?

1 Number one, it will give us the money to wipe out
2 our deficit that we're sitting at right now, which is
3 considerable.

4 Number two, it's going to give us -- and there's a
5 whole lot of conversation going on, on how many stalls we
6 need. I know Golden Gate feels in their heart that they can
7 get by with 1,500. We are still very concerned, as you've
8 heard other people talk about right now, when these two-
9 year-olds start coming in, 1,500 very well may not be the
10 number. And how do you end up doing this without
11 Pleasanton?

12 So we've got a lot of concerns going that
13 direction with this stabling and vanning with the opt-out.

14 Also, we have very big concerns if CARF opts out
15 and closes Golden Gate during the summer. I mean, if I was
16 a trainer up north and thinking I'm going to bounce from
17 fair to fair to fair, I don't know how, economically, that's
18 going to happen, and how we don't run out owners of
19 California. We all know that we do not have enough owners
20 in California now. We don't have enough horses.

21 So if we make this more difficult for everybody up
22 in the north, I just think we can have some consequences
23 that we're not going to be happy with.

24 As far as the race dates go, you've heard our
25 position all along, so I don't want to beat a dead horse

1 there. You guys know the issues. You know where the TOC
2 stands on it, and we'll accept your decision.

3 But please, on this stabling thing, I think we can
4 be walking into a trap here that can have some unintended
5 consequences.

6 Any questions?

7 CHAIR WINNER: Mike, when you talk about this
8 stabling issue, I mean, obviously if Pleasanton -- it seems
9 to me the issue may be who's going to pay for Pleasanton
10 staying open and Golden Gate staying open. Scott was
11 talking about if Golden Gate is going to stay open, then
12 obviously CARF ought to be helping to pay for that or paying
13 for that additionally.

14 MR. PEGRAM: Here's where, with us, our position
15 is, we will take up to two percent, as long as is the
16 racetracks. Now, were not going to throw in purse money if
17 the racetrack is not throwing in their commission money.

18 But our position is right now we will take the
19 extra three-quarters of a percent going from one-and-a-
20 quarter up to two to keep both facilities open. That will
21 be enough to pay and take care of the deficit, as I
22 understand the numbers.

23 CHAIR WINNER: Thank you.

24 Questions?

25 COMMISSIONER SOLIS: I just wanted --

1 CHAIR WINNER: Yes, please, Alex.

2 COMMISSIONER SOLIS: I just wanted to add
3 something that Mike just mentioned, and that's it's so
4 important for two-year-olds to be in an environment of -- a
5 good environment. If you send a two-year-old to an
6 environment where you have 1,500 horses going around there,
7 it could be a disaster. It could cause a lot of accidents,
8 because a lot of these babies, they're just green. So being
9 in an environment like Pleasanton, it would bring a lot of
10 benefit to all of us.

11 MR. PEGRAM: Okay. Thank you.

12 CHAIR WINNER: Thank you.

13 Okay. Larry Swartzlander.

14 MR. SWARTZLANDER: Chairman, Commissioners, Larry
15 Swartzlander, Chief Operating Officer for CARF. On the
16 dates, I'll talk to the dates, then I'll briefly talk about
17 stabling at the end.

18 In 1999, when I came to California and joined
19 CARF, we had 93 racing dates. In 2015 we had 43. The
20 calendar we put before the Committee increases that to 48.
21 It's a consensus of the fairs that are in CARF. It
22 solidifies the Pleasanton position to capture the July 4th
23 period. It keeps the State Fair with their third week. It
24 gives Humboldt the opportunity to run overlapped and secure
25 a future. And the Pleasanton dates are self-explanatory.

1 The fairs are looking to the future. When you use
2 the term fair, sometimes if you look at a fair it's the
3 ultimate in marketing, because we have the luxury of having
4 a fair. It draws people. It draws families.

5 What we've done with Pleasanton is take the next
6 step. We understand that we're going to have to run dates
7 without fairs, so we had to put a marketing plan in place,
8 similar to what we did at Pleasanton, you know, a wine fest,
9 a beer fest, and I think it was very successful. We heard
10 the numbers and we could beat it to death. That's gives us
11 the days, gives the numbers. It gives it a chance to start
12 to reinvest in racing, put a turf course in at Pleasanton
13 and/or State Fair. Everything we're looking at in the
14 calendar we've given you is the opportunity to move forward.

15 On the dates' situation, CARF's position is quite
16 clear, we're willing to support a fiscally responsible
17 position. Now the history of this fund, it's always been a
18 pool. CARF was always outvoted, whether it was Bay Meadows,
19 TOC, Golden Gate, we just sat in the back. Did we want to
20 pay \$15,000-\$20,000 a day for stabling the summer? No, why
21 should you? We've got 4,000 empty stalls.

22 So as the things go forward here, if we raise it
23 to two percent the first one standing in line is Golden
24 Gate, and Golden Gate says they will opt out. CARF is not
25 driving this train.

1 That's all I have to say.

2 CHAIR WINNER: Any questions?

3 Yes, Commissioner Beneto.

4 COMMISSIONER BENETO: Larry, are you speaking for
5 the trainers and owners on the stabling? I mean, what I'm
6 trying to ask, the question I'm trying to ask is are you in
7 favor of the fair horses move out of Golden Gate in June and
8 stable at the fairs, is that what you're -- I kind of picked
9 that up.

10 MR. SWARTZLANDER: Well, right now with the
11 numbers that are thrown out to you, we would have to pay
12 \$16,900 plus \$7,000, you're looking at \$24,000, you know, a
13 day for an auxiliary stabling facility. And if you want to
14 look back up, then CARF contributes 30 percent, Golden Gate
15 70 percent, we're going to have to pay out of pocket and we
16 can't afford it. And why should be afford it? Because
17 we've got Sacramento sitting open, Santa Rosa sitting open
18 that we would use.

19 COMMISSIONER BENETO: I agree with you on that. I
20 think Golden Gate should shut down in the summer and let the
21 fairs move -- the horses move from fair to fair, like it
22 used to be.

23 MR. SWARTZLANDER: Well, and --

24 COMMISSIONER BENETO: And in those days we had
25 full barns of stabling. We weren't short of horses. In

1 those days every race was a 10-12 head card. So with the
2 shortage of horses we've got now and the number of stalls
3 we've got, we don't really need Golden Gate during the
4 fairs.

5 MR. SWARTZLANDER: Well, and I wouldn't certainly
6 wouldn't back off --

7 COMMISSIONER BENETO: They should --

8 MR. SWARTZLANDER: -- from an offer from Golden
9 Gate if they said that, well, we'll stay open for \$7,900 a
10 day, which we would pay Pleasanton or Sacramento.

11 COMMISSIONER BENETO: Yeah. But we got empty
12 stalls in all the tracks.

13 MR. SWARTZLANDER: Yes.

14 COMMISSIONER BENETO: They're not being used.

15 MR. SWARTZLANDER: Yes.

16 COMMISSIONER BENETO: They should be used.

17 MR. SWARTZLANDER: It's an option.

18 CHAIR WINNER: So you're suggesting, as I
19 understand it, correct me if I'm wrong, Larry, that you're
20 okay with Golden Gate closing during that period,
21 recognizing that it's putting a lot of people out of work --

22 MR. SWARTZLANDER: It's a --

23 CHAIR WINNER: -- and out of housing?

24 COMMISSIONER BENETO: No, you're not putting them
25 out of work. They travel with their --

1 CHAIR WINNER: Well, they don't.

2 COMMISSIONER BENETO: They do.

3 CHAIR WINNER: But go ahead.

4 MR. SWARTZLANDER: There's an argument on both
5 sides to that, you know, the two-year-olds, people, putting
6 them out of work, the transition. And one of the arguments
7 I had at the last meeting was that we're taking a negative
8 approach here when we start saying we want to close this, we
9 want to close that. We want to take a positive approach.

10 Do we want to close Pleasanton? No, we don't.
11 Does Jerome Hoban want to close Pleasanton? No, he does
12 not. But if somebody wants to step up to the table and make
13 sure that we get the money for that stabling, it was brought
14 up by the TOC about going back to stall rent, \$5.00 a day,
15 they would have done it. They've refused to do that, said
16 it's not palatable, so now we're back to the two percent.

17 CHAIR WINNER: Okay. Any other questions?

18 COMMISSIONER SOLIS: Yes, I do.

19 CHAIR WINNER: Commissioner Solis.

20 COMMISSIONER SOLIS: Just trying to, as senator --
21 Steve Beneto say, in the past they used to -- all the barns
22 used to travel from fair to fair. And I just wanted to have
23 an idea how they did it. Because nowadays I see moving from
24 here to Del Mar, being on the backside is a big mess. And
25 how are we going to get the help to go to all these places

1 with their family and spending all their money? I just -- I
2 don't see it done. Because I've been in the barn, helping
3 people move to other -- to Del Mar, let's say Del Mar, and
4 it's not that easy.

5 CHAIR WINNER: Or moving from Golden Gate to
6 Ferndale.

7 COMMISSIONER BENETO: It's not easy, but --

8 COMMISSIONER SOLIS: It's awful.

9 COMMISSIONER BENETO: -- that's the way it was
10 done.

11 COMMISSIONER SOLIS: Exactly, that's how it was
12 done.

13 COMMISSIONER BENETO: And --

14 COMMISSIONER SOLIS: But now things are different.
15 I mean, it's --

16 COMMISSIONER BENETO: I don't know, a horse is a
17 horse and a jock's a jock and --

18 CHAIR WINNER: Yeah, but the costs --

19 COMMISSIONER SOLIS: Yeah. But you don't --

20 CHAIR WINNER: -- are different.

21 COMMISSIONER SOLIS: You don't grab your groom.

22 COMMISSIONER BENETO: And a groom is a groom.

23 COMMISSIONER SOLIS: You don't grab your groom and
24 you put him in a suitcase and let's go, and put him in the
25 backside of where they don't have a place. Let's be honest.

1 If you had a place like Stronach has at, let's say,
2 Gulfstream Park, and a place like they have at Palmetto,
3 those are a wonderful place. If I'm a groom, I'm going
4 there, of course. But as you throw them where they live,
5 that's not fair either.

6 So we have to do something right for these people.
7 I feel like, yeah, people used to live that way. Now it's
8 different. Now they have family that live close by. And
9 let's be honest, the industry is -- I mean, the economy is
10 not like it used to be, so it's hard.

11 COMMISSIONER BENETO: But, Alex, I agree with you,
12 things have changed, but we're talking dinero, money.

13 COMMISSIONER SOLIS: Exactly.

14 COMMISSIONER BENETO: And when we --

15 COMMISSIONER SOLIS: Well, let's get -- let's put
16 some dinero into this groom to find him a place to live when
17 they go to those fairs.

18 CHAIR WINNER: All right. Thank you, Larry.

19 MR. SWARTZLANDER: Thank you.

20 CHAIR WINNER: Jerome Hoban.

21 MR. HOBAN: Good afternoon. Jerome Hoban, Alameda
22 County Fair, Oak Tree at Pleasanton. I just want to put a
23 positive spin on this.

24 Thank you. Thank you for supporting Alameda
25 County Fair in your recommendation so far. Thank you for

1 supporting the Stockton fall race meet, whatever we want to
2 call it. It was a blockbuster. We put our best foot
3 forward. We've shown that it can be done.

4 Our intent is to grow racing in Northern
5 California. That's what we're here for. That's what my
6 board is here for. We are a flagship of Northern California
7 fair racing. We believe we can be more, and that's what
8 we're here to do.

9 So I put myself up here to make sure that you have
10 the opportunity to put me on the hot seat. I know I've
11 answered every question three or four times, but I am here
12 if, Commissioner Solis, you have other questions. I do know
13 that it was brought up in the Stockton meet, would we race
14 four and four? Absolutely. We just didn't do it this year
15 because we wanted to mirror the event of the Stockton race
16 meet. So next year, absolutely. Now we know it can be
17 done.

18 CHAIR WINNER: Are you -- first of all,
19 congratulations on a very successful meet --

20 MR. HOBAN: Thank you.

21 CHAIR WINNER: -- and the job that you did in
22 marketing it and promoting it. I thought you did a terrific
23 job.

24 Are you in negotiations with Oak Tree?

25 MR. HOBAN: Oh, absolutely. It's not much of a

1 negotiation. The only reason we don't have an agreement at
2 the moment was we just finished the race meet. It was a
3 three-year deal that we extended one more year. That's not
4 going to be a problem. Our organizations work very well
5 together, and we will come to a conclusion.

6 In answer, you know, basically the Stockton race
7 meet that we ran, we were 50-50 partners. If we're going to
8 lose money, we're losing it together. If we're going to
9 make money, we're going to make it together. So far we're
10 not really making much money, but we are trying to make a
11 difference together. We made this partnership to grow
12 racing, not to shut somebody out, which Oak Tree has been
13 shut out in the past. So easy question.

14 CHAIR WINNER: Any other questions with respect to
15 --

16 COMMISSIONER SOLIS: What about --

17 CHAIR WINNER: Go ahead.

18 COMMISSIONER SOLIS: -- the same question that I
19 asked before, if this meets keeps you sitting, will you
20 consider putting in a grass course?

21 MR. HOBAN: Absolutely. The success of race meets
22 are what is going to drive this. As I have addressed the
23 Committee in the past, we have multiple documents that show
24 a turf course in our future. It's always been part of our
25 vision plan, since 2010. There's an updated vision plan on

1 our website, as well, that was adopted in 2014 that, again,
2 shows a turf course. It is a chicken and the egg kind of
3 argument. But I would say that two-week race meets doesn't
4 get that done. We know that. We hear that from Golden Gate
5 Fields that it's very difficult for them to make it in three
6 weeks. We're putting our best foot forward at two weeks for
7 the Stockton meet to maintain those dates as CARF dates.

8 I should reiterate that CARF is a co-op. We share
9 expenses. And the only reason that we can have this many
10 tracks viable in California is because we are a co-op and we
11 share those expenses.

12 So absolutely, that is in our future. That is in
13 our vision. It's always been there.

14 CHAIR WINNER: You actually got five weeks of
15 racing, if you add the Stockton meet; right?

16 MR. HOBAN: Correct. Yes. Yeah. But --

17 COMMISSIONER SOLIS: And that's one of the main
18 things that the horsemen worry about, you know, they're
19 missing those grass races. They're going to keep their --
20 they're losing races because they have to keep their horses.

21 If they cannot run on the grass, I mean run on the turf,
22 they're going to keep them in the barn.

23 With Golden Gate, you know, if you have horses
24 that don't run on the grass, they can adjust to synthetic a
25 lot easier. So let's keep that in mind.

1 MR. HOBAN: Absolutely. I'm on the same page.

2 COMMISSIONER BENETO: Jerome --

3 MR. HOBAN: We want to grow horse racing. That's
4 the game plan.

5 COMMISSIONER BENETO: Jerome, I'm hearing so much
6 about turf racing, I'm getting sick.

7 But anyway, did you ever run the numbers, what it
8 costs and how many days of racing you need to make a
9 breakeven?

10 MR. HOBAN: I think we'd be putting a dent in this
11 kind of thing. Are you talking about for one race meet or
12 for a turf course?

13 COMMISSIONER BENETO: No. I'm talking about --
14 the question goes to you about putting a turf course in?

15 MR. HOBAN: I would venture to say, and, you know,
16 this is all a crap shoot, but we know what it costs in our
17 estimates from 2010. We' have to escalate those numbers.
18 To put in a turf course, we're probably looking at \$7
19 million. You know, now we're talking three race meets, a
20 spring, a summer and a fall, but not two-week race meets.
21 Then you have to be competitive to start to create a second
22 hub of racing so that Golden Gate and Pleasanton are hubs of
23 racing in Northern California.

24 COMMISSIONER BENETO: But did you run the numbers
25 to say I've got to have 20 days or 30 days of racing a year?

1 MR. HOBAN: No. I don't have an analysis like
2 that.

3 COMMISSIONER BENETO: Because I'd like, if you've
4 got time, to run an analysis on it.

5 MR. HOBAN: I would love to do that. I think
6 that's a good idea.

7 COMMISSIONER BENETO: And also what the upkeep is
8 going to cost you per month --

9 MR. HOBAN: Yeah.

10 COMMISSIONER BENETO: -- to keep that course
11 going.

12 MR. HOBAN: Yeah. Very good. Thank you. Any
13 other questions?

14 Thank you for the support. Appreciate it.

15 (Colloquy Between Chairman and Executive Director)

16 CHAIR WINNER: Thank you.

17 Josh Rubenstein.

18 MR. RUBENSTEIN: Josh Rubenstein, Del Mar. I'll
19 be brief. I know it's been a long day.

20 I realize the Board is trying to satisfy many
21 constituents here, but I wanted to make you aware of one
22 impact to the south if Ferndale is awarded in an overlapped
23 week. The last time that happened was 2011. And the impact
24 to purses at Del Mar was negatively impacted by \$180,000.
25 And that's just simply due to the fact that our customers

1 bet less on Ferndale than they do on Golden Gate.

2 CHAIR WINNER: Thank you.

3 Any questions?

4 EXECUTIVE DIRECTOR BAEDEKER: Hey, Josh, can I ask
5 you a question? I though, and maybe I'm confusing things,
6 but I thought that money that was bet in the south stayed in
7 the south.

8 MR. RUBENSTEIN: It stays here, right.

9 EXECUTIVE DIRECTOR BAEDEKER: So -- oh, I see what
10 you're seeing. So there was less money bet by your
11 customers on Ferndale?

12 MR. RUBENSTEIN: Right.

13 EXECUTIVE DIRECTOR BAEDEKER: There wasn't any
14 lift in other areas or -- so --

15 MR. RUBENSTEIN: No. I mean, just the baseline
16 math, purses got \$37,000 when Golden Gate ran, Ferndale,
17 \$8,700 a day when they ran.

18 CHAIR WINNER: So the cost to purses, the cost to
19 the horsemen is how much?

20 MR. RUBENSTEIN: \$185,000 just for that one
21 overlapped week. Yeah.

22 COMMISSIONER KRIKORIAN: Well, I don't want to
23 keep bringing up the same thing. We talked about this
24 earlier, someone else brought it up. But you're going to be
25 shut down for an extra week this year. How much is that

1 going to cost?

2 MR. RUBENSTEIN: Well, it's significant going from
3 eight to seven weeks, yeah.

4 COMMISSIONER KRIKORIAN: Yeah. Okay. I rest my
5 case.

6 (Colloquy Between Chairman and Commissioner Krikorian)

7 CHAIR WINNER: All right, I don't have any more
8 speakers. Does anybody else want to speak?

9 Joe Morris, I missed you. Where did I miss you?
10 I threw your card away. I apologize.

11 MR. MORRIS: Robbed.

12 CHAIR WINNER: My apologies.

13 MR. MORRIS: Joe Morris, Golden Gate Fields. And
14 I'll try not to repeat a lot of what's already been said,
15 but I do want to make a couple of points.

16 One, and it's been stated, we did work hard with
17 the stakeholders in the south to get an agreement done.
18 We've worked equally hard in the north, maybe even harder.
19 And, you know, we have -- we are in agreement with the TOC,
20 the CTT. There's even one CARF calendar that we're in
21 agreement, the one with the two overlapped weeks. So
22 there's a bunch of stakeholders who are together on one part
23 of the calendar. It's not the one that was recommended by
24 this Committee last week, but we are in agreement. We have
25 come a long way with that.

1 We're just not looking to lose anything in the
2 summertime. You know, we race four days a week, as has been
3 stated. Golden Gate this year to date, now Santa Anita is
4 up eight percent in this particular meet, but we're the only
5 track in the state that's had an up meet. The December 26th
6 to middle of June meet was up two-and-a-half percent. So
7 when you hear marketing, investment, I mean, we're putting
8 into that place also, and have the only meet in the state
9 with an up.

10 Now, we've seen all sorts of numbers on the fall
11 meet. I'm going to throw my numbers in, and this is the
12 fall Stockton meet. And I'm comparing it, handle on their
13 races. So this is the handle that was bet on the Stockton-
14 Pleasanton-Oak Tree races versus the handle on the Golden
15 Gate races the same period the year before. We did have two
16 Thursdays. But as I said, we raced four days a week. And
17 that does help the industry with those extra days.

18 The handle in those two periods was down \$5.7
19 million. The purses for those two weeks were down \$229,000.

20 And the commissions were down \$208,000. Now I'm not taking
21 in what we're betting on other states. This is what was bet
22 on those two products. And I think, I mean, everybody's
23 thrown their take in on the numbers. I just wanted it to be
24 documented that well.

25 CHAIR WINNER: Do that one more time.

1 MR. MORRIS: Yeah. So at Golden Gate, and again,
2 it was a four-day meet versus a three-day, we handled 13.2,
3 this is handle on the Golden Gate product, versus 7.5 on the
4 Pleasanton product. Purses paid -- we generated \$920,000,
5 they generated \$690,000. And commissions were \$794,000
6 versus \$585,000.

7 EXECUTIVE DIRECTOR BAEDEKER: That's eight days
8 versus six; right?

9 MR. MORRIS: That's eight days versus six, and
10 that's just on what is bet on the Golden Gate product and on
11 the Stockton-Pleasanton product.

12 EXECUTIVE DIRECTOR BAEDEKER: Just in fairness,
13 they just --

14 MR. MORRIS: It's just another way to look at it.

15 EXECUTIVE DIRECTOR BAEDEKER: In fairness, they
16 just said they're planning on eight days in the dates before
17 the Board now.

18 MR. MORRIS: Well, and they always say they're
19 going to go more. But if you look at the schedules, most of
20 the fairs have three-day meets as a part of their ongoing
21 schedules. I mean, you know, as we've had this same debate
22 over since 2011, you even look and Sacramento has dropped
23 races as they've gone along.

24 So it's good. Four days, I think, helps. It
25 certainly helps the horsemen. There's a lot of people who

1 make their living from the per diems. They get paid by the
2 race day. And when there's a less race day, they don't get
3 paid. So, you know, the more days the better.

4 A couple other points I'd like to make on Golden
5 Gate. I don't think there's any arguing it, we have the
6 safest racetrack surface in California. That Tapeta surface
7 is kind as to horses. There's no arguing that, I don't
8 think. I don't know why we would want to come off from
9 that. We have the turf course.

10 You get into the un-overlapped week again, another
11 thing that hasn't been considered, but that's going to give
12 most of the jockeys in that colony a week off. You know,
13 it's more Oregon riders, Idaho riders that come down to
14 Humboldt. And even if they were to go up, they have the
15 expense of that. And you take away a couple mule races,
16 there's four or five races, six races a day with four to six
17 horses a race. So that's just another unintended
18 consequence with that.

19 There's probably 400 people, there's been
20 questions earlier, but there's probably somewhere around 400
21 backstretch workers that live at Golden Gate and work at
22 Golden Gate. So if that closes, that's the number that's
23 going to get moved to somewhere else. And as you talk on
24 people getting laid off, if Golden Gate gets closed it's
25 probably 40 bodies that would get laid off, to answer

1 Commission Winner on that.

2 We're not -- we're just not looking to go back.
3 We'd like to be able to, you know, stay the same. We halved
4 the loss that we've -- from last year to this year. We can
5 see that coming down again. This schedule that the
6 Committee has recommended will put us in the other direction
7 where we'd lose more than we lost this year.

8 That's all I had.

9 CHAIR WINNER: Thank you.

10 All right, it's time for the Board to speak, and
11 I'll just go right down the list to see if anybody wants to
12 comment.

13 Mr. Solis, I'll start with you.

14 COMMISSIONER SOLIS: Well, at this point I really
15 -- I don't know if I can vote on any of this right now. I'd
16 like to see the full Board to participate, because we really
17 -- it seems like nobody really is trying to give something
18 to help racing. I mean, we, here at the board, we are
19 supposed to look out for the best of racing, for best of
20 horsemen, for best of the state of California.

21 And I think we should consider today as business-
22 wise, you know, competition is good. Who performed the best
23 should get rewarded with the best days, race days. And
24 whoever promote racing and market racing the best should be
25 rewarded that way. It's who performed the best, that's my

1 opinion, and that's the reason that I cannot really vote on
2 this today.

3 CHAIR WINNER: Commissioner Krikorian?

4 COMMISSIONER KRIKORIAN: Well, I spoke my mind
5 last week. And I guess I'm the one that made the proposal
6 that was accepted, that's gotten trashed around here today.

7 I would say this, that the proposal that was made
8 was based on consensus of everything that was said, you
9 know, over the past couple of months here now about the race
10 dates, and no one has seemed to be willing to be flexible to
11 make any changes. On the basis of everyone holding ground
12 on their positions, I think that it's, you know, it's fair.

13 I would like to have seen one change in here,
14 which was just simply to take Sonoma and switch it with Cal
15 Expo on the dates. But it doesn't seem to work for Sonoma,
16 and it wouldn't make Cal Expo happy.

17 So we're talking about for one year, I think that
18 my recommendation is we move forward with what we discussed
19 last week. And we'll have a whole year to think about how
20 we can change things moving forward that would improve the
21 situation.

22 CHAIR WINNER: Mr. Beneto?

23 COMMISSIONER BENETO: I fully support George
24 Krikorian on what he said. The Committee met and we've come
25 up with the race dates that we thought would work. And I am

1 not voting. I accept that.

2 CHAIR WINNER: We did try to see if there was an
3 option that Commissioner Krikorian mentioned to try to
4 satisfy the situation with Santa Rosa that I think so many
5 support, though obviously Cal Expo doesn't, but that didn't
6 work for Santa Rosa. And I don't think it worked for Cal
7 Expo.

8 The issue of the overlap, that, by the way, would
9 have given Golden Gate another week, which maybe would have
10 solved part of that issue. But it doesn't work if neither
11 of the two fairs want it.

12 So here we are again, in my opinion, dealing with
13 a situation where the fairs are not able to accommodate, and
14 therefore racing is put in a situation where we're having to
15 make decisions, this is my view, because of carnivals, and
16 because of contracts that carnivals have, and because of
17 fairs. And just like everybody else has said, fairs are
18 very important to racing, racing is very important to fairs,
19 but our job is to do what's best for racing, and not
20 necessarily what's best for the carnival.

21 So we have a motion on the floor, or we have a
22 motion that came out of Committee. And I'll ask for that --
23 I'll ask for the motion to be made by anyone on the Board,
24 and then we can vote on it.

25 COMMISSIONER BENETO: I'll make the motion.

1 CHAIR WINNER: Okay. So Commissioner Beneto moves
2 the motion to accept the recommendation of the Committee.

3 Is there a second?

4 COMMISSIONER KRIKORIAN: Well, I'm going to second
5 it, of course. But I'd just like to say that, you know,
6 keep in mind that there are no other proposals being made
7 here for the Board to consider at this time.

8 CHAIR WINNER: Well, I'm going to make one.

9 COMMISSIONER KRIKORIAN: Oh, okay. Well, then
10 I'll just hold.

11 CHAIR WINNER: No, no. Second it, because I'm
12 going to move an amendment to your motion --

13 COMMISSIONER KRIKORIAN: Oh, okay.

14 CHAIR WINNER: -- to the motion.

15 COMMISSIONER KRIKORIAN: Okay, fine. I'll second.

16 CHAIR WINNER: All right. I'm going to move an
17 amendment that removes the amendment that was added at the
18 end of the last meeting, thereby not giving Ferndale the
19 one-week overlap. In other words, the one-week overlap that
20 was added by amendment at the Committee meeting, I'm moving
21 to amend this motion to remove that amendment.

22 COMMISSIONER KRIKORIAN: Can I ask for
23 clarification?

24 CHAIR WINNER: Yes.

25 COMMISSIONER KRIKORIAN: Are you saying that

1 Ferndale gets one week clean?

2 CHAIR WINNER: No. I'm saying that there is --

3 COMMISSIONER KRIKORIAN: Okay.

4 CHAIR WINNER: -- an overlap on both weeks. And
5 that a part of that would be that Golden Gate cannot run any
6 races, any \$5,000 or less claiming races during either of
7 the two weeks of the Ferndale meet.

8 COMMISSIONER KRIKORIAN: Okay. So if Ferndale
9 runs two weeks, but not -- what's the term?

10 CHAIR WINNER: But they're both overlapped.

11 COMMISSIONER KRIKORIAN: They're overlapped?

12 CHAIR WINNER: Right. But Golden Gate cannot run
13 any \$5,000 or lower --

14 COMMISSIONER KRIKORIAN: Okay.

15 CHAIR WINNER: -- claiming races.

16 COMMISSIONER KRIKORIAN: Okay.

17 CHAIR WINNER: That's my motion. Is there a
18 second?

19 COMMISSIONER KRIKORIAN: Yes, I'll second it.
20 It's a compromise, but I will second that.

21 CHAIR WINNER: Okay. The motion has been made and
22 seconded on the amendment to the motion.

23 So how do you vote, Mr. Solis?

24 COMMISSIONER SOLIS: No.

25 CHAIR WINNER: Mr. Solis votes no.

1 CHAIR WINNER: The Chairman -- no, this is only
2 the Board now. We've had enough conversations.

3 Commissioner Solis votes no.

4 The Chairman votes yes.

5 Commissioner Krikorian?

6 COMMISSIONER KRIKORIAN: I vote yes.

7 CHAIR WINNER: Commissioner Beneto?

8 COMMISSIONER BENETO: No.

9 CHAIR WINNER: Okay. Then the amendment fails.
10 The motion is on the floor to adopt the race dates without
11 the amendment.

12 Commissioner Solis, how do you vote?

13 COMMISSIONER SOLIS: No.

14 CHAIR WINNER: How do you vote, Mr. Krikorian?

15 COMMISSIONER KRIKORIAN: Yes.

16 COMMISSIONER BENETO: Yes.

17 CHAIR WINNER: Mr. Beneto?

18 The motion fails because of the lack of four
19 votes. It requires four votes. It does not have four
20 votes. The motion fails.

21 So given that -- and I will confer with Mr.
22 Baedeker.

23 (Colloquy Between Chairman and Executive Director)

24 CHAIR WINNER: We needed four votes, and there is
25 no other motion on the floor. Unless there is a motion that

1 is a substitute motion for the motion that was just
2 defeated, what we will have to do is put this over one more
3 month. And we will now hear it at the meeting in November,
4 Northern California race dates.

5 And maybe, maybe, just maybe during that period
6 the stakeholders can once again give it a shot. We'll
7 probably schedule one more Race Dates Committee meeting
8 between now and then. But in the meantime, I'm begging you,
9 I'm imploring you as stakeholders to get together. And I
10 think everybody agrees, this is an impossible situation for
11 this Board. And I would love to see the stakeholders try to
12 get together.

13 And I would ask CARF and Santa Rosa especially to
14 see if you guys can't come together and figure out something
15 that works for everybody. I mean, we keep trying to put
16 this puzzle together and we can't do it. So eventually
17 we're going to have to just impose the dates. And
18 obviously, as you can see, there's disagreement on the
19 Board, just like there's disagreement out there.

20 Hopefully at the November meeting we'll have six
21 members, and that will maybe make it easier to get four
22 votes. But right now we can't get four votes.

23 So we'll move on. I don't think there are any
24 other items. We're going to put off the --

25 EXECUTIVE DIRECTOR BAEDEKER: No, the New York.

1 CHAIR WINNER: Oh, the New York, I'm sorry. Which
2 one is that? That is --

3 EXECUTIVE DIRECTOR BAEDEKER: It's number nine.

4 CHAIR WINNER: -- number nine, discussion and
5 action by the Board on the application for approval to
6 conduct Advanced Deposit Wagering of NewCo Ventures North
7 America, LLC, dba NYRABets.com, for an out-of-state multi-
8 jurisdictional wagering hub, for a period of up to two
9 years.

10 (Colloquy Between Chairman and Executive Director)

11 MR. ALLEVATO: Mr. Chairman, Members of the Board,
12 I'm Tony Allevato, the President of NYRA Bets. Joining me
13 is Nicole Foley, Assistant General Counsel for NYRA. I have
14 shortened my little speech, much to the chagrin of everybody
15 in the room, because it seems like things have run a little
16 bit long today. I dropped my son off at kindergarten, and
17 I'm worried that if I talk too long I'll be picking him up
18 from high school, so I got to get cracking.

19 NYRA Bets is an advanced deposit wagering company
20 that is operated by the New York Racing Association. NYRA
21 is a not-for-profit company that conducts year-round racing
22 in New York at Aqueduct, Belmont and Saratoga. NYRA has
23 operated an in-state only ADW since 2007. Despite only
24 being available to residents in New York, NYRA has the
25 fourth largest ADW in the United States. On August 1st we

1 launched nationally, and we are currently accepting wagers
2 from customers in more than 20 states.

3 As a not-for-profit, NYRA is committed to the
4 sport, both in New York and nationally. And what we are
5 doing to drive our ADW and racing is a traditional-
6 nontraditional television strategy.

7 During the summer we launched a television program
8 called Saratoga Live which aired on Fox Sports 2, and a
9 couple regional networks around the country that put us in
10 over 65 million homes for 80-plus hours of television
11 coverage. It's the largest television deal on national
12 television in the history of horse racing. We used that
13 time to educate, inform and entertain the people that
14 watched our shows, not just about NYRA Bets, but about
15 racing in general.

16 On a parallel path, we recognize that younger
17 people are no longer watching as much television as they did
18 in the past. And because of that, our shows are available
19 on our NYRA HD app. And what that means is that people who
20 are out and about, or even in their homes these days, who
21 don't have cable television or are choosing not to watch
22 cable television can download and watch our programs on
23 their iPhones, iPads, Android device, Roku, Amazon Fire,
24 Xbox, and PlayStation devices. And we feel like that's a
25 big opportunity as to where the television industry is

1 going.

2 As a television -- as a racetrack, we partner with
3 the racetracks around the country to do things to help their
4 support grow. For example, this past summer we approached
5 Arlington Park and talked to them about televising their
6 Arlington Million Day as part of our shows. We showed all
7 four of their major stakes' races that day. But prior to
8 that we ran commercials for Arlington Park to encourage
9 people to go to the racetrack or to wager on their racing on
10 not only our TV shows, but also on our simulcast signal.

11 When Los Alamitos was getting ready to start their
12 recent meet, we also ran commercials at no cost to them to
13 promote Los Alamitos on the NYRA signal, and on our national
14 television product.

15 With Del Mar, we did a Pick 4 that was a national
16 Pick 4 between Saratoga and Del Mar that had over \$600,000
17 in wagers. And we're looking at doing the same thing for
18 Los Alamitos during the winter meet on their Futurity and
19 Starlet Day.

20 So we are trying to do things outside of just on
21 the ADW side to help this sport grow. And that's what we're
22 here today for, hoping to get a license in California to
23 compete in this market and hopefully get some new fans.

24 CHAIR WINNER: Are there any questions?

25 COMMISSIONER KRIKORIAN: What items are

1 outstanding right now on the application, if any? Does
2 Staff know?

3 EXECUTIVE DIRECTOR BAEDEKER: The only item is the
4 labor agreement with Local 280. And Phil Laird has taken a
5 seat here to address that.

6 CHAIR WINNER: Well, I think, also, Mr. Valenzuela
7 wants to speak on the issue.

8 EXECUTIVE DIRECTOR BAEDEKER: Sure.

9 MR. LAIRD: And I'll just say, Phil Laird, CHRB
10 Staff, I will let Mr. Valenzuela speak for himself and Local
11 280.

12 But NYRA made us aware during the process that
13 they had been reaching out to Local 280 during this time,
14 and has been soliciting for a labor agreement. But again,
15 I'll let Mr. Valenzuela speak to the status of that.

16 CHAIR WINNER: All right. Why don't we hear from
17 Mr. Valenzuela.

18 MR. VALENZUELA: Hello, Ladies and Gentlemen.
19 John Valenzuela, PMEG Local 280 President.

20 Yes, it turns out that NYRA, NYRabets.com and
21 NewCo have reached out to us, trying to get a labor
22 agreement.

23 Back in February we sent all the ADW companies a
24 letter asking that -- the statute was 90 days before getting
25 licensed. So we sent out a letter so that we could talk to

1 all the ADW companies. A few of them have reached out to us
2 so we could talk to each other.

3 Come August we got a letter from -- we did talk to
4 Matthew Fague, if that's right, I'm not sure if that's the
5 right way to say his name. He did talk to me. And as we
6 were talking he said he wanted to get a labor agreement. As
7 we were talking he said that they supported labor, and that
8 they were very strong about creating jobs.

9 And so at that time I did ask, "Well, how many
10 jobs are coming to California?"

11 And he said, "Well, those jobs are going to go to
12 Oregon." And he also stated that -- and I had nothing, you
13 know, basically, I had nothing against NYRA or anything like
14 that. I think they are doing a great job. Actually, I
15 respect the fact that they have labor agreements with New
16 York unions.

17 But in the same token, the labor agreement asks is
18 that, first of all, that we're recognized with an agreement
19 to organize. Now, if they have an agreement with New York's
20 labor, we're not going to be recognized in New York to
21 organize. That was the reason why I didn't respond to them,
22 because they're asking me for a similar agreement that was
23 given to the rest of the other ADW companies. So I couldn't
24 really respond to them, asking for the similar agreement at
25 this time.

1 So what I have asked, I've asked them -- actually,
2 today we were supposed to have a meeting after this meeting
3 is adjourned with all the ADW companies, and I also invited
4 NYRA to be there, so that we can actually talk about, you
5 know, modifying the existing labor agreement -- or, excuse
6 me, the recognition agreement that we have.

7 So if there's any questions, I mean --

8 CHAIR WINNER: Do you want to respond to that?

9 MR. ALLEVATO: Yes. And with all due respect to
10 Mr. Valenzuela, we've tried repeatedly, in accordance to the
11 law, to work out an agreement with them, all the way back in
12 August. We've received no response. We have a detailed
13 account of all the correspondence, including documents that
14 he signed for without any response, other than the initial
15 first conversation over the phone.

16 Just two days ago we received word of a potential
17 meeting today. That was the first that we had heard of it.

18 I talked outside to Mr. Valenzuela, explained to him that
19 NYRA is very pro-labor. We have over 101 -- I think we have
20 101 union tellers in New York. And when the time comes in
21 California that we are able, and we hope that that day
22 comes, to be able to have union employees in the state, we
23 certainly would like to work with them and have that happen.

24 It's something that is in our best interest. We'd like
25 that to happen in the long run.

1 So I'm not sure exactly what more we could have
2 done.

3 CHAIR WINNER: What is your response to the
4 question about Oregon versus California?

5 MR. ALLEVATO: What he's referring to is that we
6 have a national Oregon license, just like we have a license
7 in New York. And part of that is to have a call center in
8 Oregon, and we have a call center in Oregon. We do have
9 employees in California currently, including myself. We
10 just don't have any that are union employees currently. But
11 if we get in a position where we can do that, we will
12 certainly talk to them, which I think Nicole can talk more
13 about. But I believe that is the way that the law is
14 written.

15 MS. FOLEY: Nicole Foley.

16 I'm not sure exactly what letter Mr. Valenzuela is
17 referring to from February. We were just formed February
18 24th, so we certainly didn't receive any letter back in
19 February.

20 We did reach out to him on August 8th. That was
21 the first contact we had. We sent -- there was a
22 conversation he did have with Mr. Fague, my colleague.
23 Since then we've sent numerous emails. We sent a draft
24 agreement, which we understand is substantially similar to
25 agreements the labor union has entered into I the past, and

1 we received zero response, no response whatsoever.

2 We have had, I think about seven -- we've tried to
3 reach out about seven times over the past couple of months,
4 and they just have refused to respond.

5 On October 10th they did reach out and said they
6 wanted to set up a meeting eventually, and they wanted all
7 the ADWs.

8 But I would note that 19604 does have a
9 prerequisite, and that is that they request in writing a
10 labor agreement, which they have not done.

11 CHAIR WINNER: Mr. Valenzuela?

12 MR. VALENZUELA: Yeah. I don't disagree with
13 anything that they said. Exactly as they said, we did not
14 respond. And the reason why, again, I wanted to bring all
15 the ADW companies together. I did send them an invitation
16 to get together, back as far as, what was it, the 10th of
17 October. I never got a response from Matthew until this
18 morning, actually. But I did get a response from all the
19 other ADW companies, that they would be willing to sit down
20 and at least talk to us. And that's what was -- that was,
21 actually, what we had intended to, to talk to everybody as a
22 group.

23 Now, naturally, they didn't get the letter back in
24 February. But the thing is that we were inviting them so
25 that we can talk with all the ADWs. Because we truly

1 believe -- and back, I think back about several months ago,
2 before I sent out that letter I talked to Staff. And Staff
3 said it would be better to consolidate all ADW companies,
4 have them all come to an agreement with Local 280 so that
5 they can all be licensed at the same time. And that was a
6 concern. So I'm trying to do everything I can so that we
7 can do it all at one time, and basically the same agreement
8 for everybody.

9 CHAIR WINNER: Are there any questions?

10 COMMISSIONER KRIKORIAN: Well, my question is
11 since they're ready to move forward, is it possible that you
12 could meet with them independently, instead of waiting to
13 get all the ADWs together to try to --

14 MR. VALENZUELA: Well, actually --

15 COMMISSIONER KRIKORIAN: -- facilitate --

16 MR. VALENZUELA: Actually, we were going to talk
17 right after this particular meeting is adjourned. We were
18 going to try to talk to all the ADW company representatives
19 that are available at this time. We did lose a few already
20 --

21 COMMISSIONER KRIKORIAN: I see.

22 MR. VALENZUELA: -- that have left. But we are
23 willing to sit and talk and so that we can get to an
24 agreement --

25 CHAIR WINNER: Most them that are here.

1 MR. VALENZUELA: -- going forward. We've got
2 seven total now. Including NYRA, now there's seven new --
3 or ADW representatives.

4 CHAIR WINNER: The --

5 MR. VALENZUELA: Gene Chabrier is not here.
6 bSpot, she was. Cheryl Yuli (phonetic) was here but she
7 left. She had to leave because she had another appointment,
8 so we've lost two. But we're still willing to talk to them.

9 And the thing is, we actually had a member of our
10 own. We had a colleague here that was going to help have
11 dialogue with the ADW companies, but he had to leave because
12 of an emergency.

13 COMMISSIONER KRIKORIAN: Okay. I have a question.

14 CHAIR WINNER: Yeah, please.

15 COMMISSIONER KRIKORIAN: Can we possibly approve
16 this with the contingency that they just get this one item
17 resolved?

18 CHAIR WINNER: I think --

19 EXECUTIVE DIRECTOR BAEDEKER: I'm sure the answer
20 is yes.

21 Phil and Bob, this has been an issue, it seems to
22 me, since the first ADW license was presented to the Board.
23 This language in the statute sometimes is misconstrued. I
24 know that there is a notification time frame that was
25 referred to by Counsel.

1 Do you want to just tell the Commissioners about
2 their ability to approve this, even though this labor
3 agreement has not been executed?

4 MR. LAIRD: Phil Laird, CHRB. I'm happy to.
5 Though, at the same time I do know, I think, Mr. Miller has
6 a little bit more of the history of this occurring in the
7 past. I don't know if you want to speak to that at all,
8 that it has been approved without these labor agreements
9 before. But --

10 MR. MILLER: Robert Miller --

11 MR. LAIRD: -- you can punt back, too, Mr. Miller.

12 EXECUTIVE DIRECTOR BAEDEKER: -- Counsel to the
13 California Horse Racing Board.

14 Yes, in the past the Board has approved ADW
15 licenses without the ADW company having a labor agreement.

16 The question really comes up about these hub or
17 call centers up in Oregon. And at the present time, NYRA
18 has not jobs in California. So there's -- whatever labor
19 agreement would be, would be a future contingency. If and
20 when, you know, NYRA had employees in California, then Local
21 280 would come into play. But right now it doesn't.

22 COMMISSIONER KRIKORIAN: So are you saying they
23 don't need it?

24 MR. MILLER: It's not -- the Board has the
25 discretion to go ahead and approve -- I'm not saying they

1 don't need it. I won't say that. But the Board has the
2 discretion to grant the license without the labor agreement.

3 MR. ALLEVATO: Commissioner Krikorian, if I may,
4 the statute says,

5 "The agreement required by subparagraph (b) shall
6 not be conditioned by either party upon the other party
7 agreeing to matters outside the requirements of subparagraph
8 (b)."

9 I don't know if that's how we necessarily
10 want to characterize non-responsiveness. But the point
11 being, I think what Mr. Miller is trying to say is if
12 there's a situation where other conditions are being placed
13 outside of what should be negotiated through this agreement,
14 at that point that's technical a violation of the law. So
15 how the Board wishes to address it at that point is really
16 up to you.

17 COMMISSIONER BENETO: Is there anything else
18 holding, besides the labor deal?

19 MR. LAIRD: That's the only thing.

20 (Colloquy Between Chairman and Executive Director)

21 CHAIR WINNER: What I would like to do is, given
22 the circumstances that other ADWs' licenses will be coming
23 up at the beginning of next year, I would like to move --
24 and there will be issues that will be discussed that will
25 affect all ADWs at that time, I would like to move that we

1 pass this, but only through December of this year, and then
2 revisit it when we revisit all the other ADWs, which is
3 what, next month?

4 EXECUTIVE DIRECTOR BAEDEKER: Next month.

5 CHAIR WINNER: November. But for the purposes of
6 your -- of the Breeders' Cup and doing all the preparation
7 that you need to do, I would move that we approve this
8 through December of this year.

9 Is there a second?

10 COMMISSIONER SOLIS: Yes.

11 CHAIR WINNER: Commissioner Solis seconds.

12 How do you vote, Commissioner?

13 COMMISSIONER SOLIS: Yes.

14 CHAIR WINNER: The Chairman votes yes.

15 Commissioner Krikorian?

16 COMMISSIONER KRIKORIAN: Yes.

17 CHAIR WINNER: Commissioner Beneto?

18 COMMISSIONER BENETO: Yes.

19 CHAIR WINNER: Okay. Your license has been
20 approved. Good luck to you. And hopefully you will work
21 with Mr. Valenzuela to reach a labor agreement, because this
22 is going to come up again next month. And we'll obviously
23 take that into consideration.

24 MR. VALENZUELA: So to be clear, their license is
25 good for the year 2016 -- to the end of 2016, and that gives

1 us an option to talk to all the ADW companies?

2 CHAIR WINNER: That is correct.

3 MR. VALENZUELA: I do appreciate that very much.

4 CHAIR WINNER: Thank you.

5 MR. VALENZUELA: Thank you, gentlemen.

6 EXECUTIVE DIRECTOR BAEDEKER: Talk quick, though -

7 -

8 MR. VALENZUELA: Thank you.

9 EXECUTIVE DIRECTOR BAEDEKER: -- because it's to
10 the agenda in November.

11 MR. VALENZUELA: Yes, sir, I hear you, November.

12 CHAIR WINNER: Okay. Is there anything else on
13 the agenda? No.

14 This meeting is adjourned. Thank you all very
15 much.

16 (The meeting of the California Horse Racing Board adjourned
17 at 1:40 p.m.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of October, 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

October 25, 2016