

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

In the Matter of)
)
Regular Meeting)
_____)

BAYVIEW LOUNGE
GOLDEN GATE FIELDS
1100 EASTSHORE HIGHWAY
BERKELEY, CALIFORNIA

THURSDAY, APRIL 6, 2017

10:30 A.M.

Reported by:
Julie Link

APPEARANCES

COMMITTEE MEMBERS

Chuck Winner, Chair

Madeline Auerbach, Second Vice Chair

Jesse Choper, Commissioner

Alex Solis, Commissioner

STAFF

Rick Baedeker, Executive Director

Jacqueline Wagner, Assistant Executive Director

John McDonough, Chief Counsel

Phil Laird, Staff Counsel

Mike Marten, Associate Analyst

Tom McCarthy, Safety Steward

Darrel McHargue, Chief Investigator

ALSO PRESENT

Kim Lloyd, Barrett's

Greg Aviola, Thoroughbred Owners of California

Josh Rubenstein, Del Mar Thoroughbred Club

Richie Lopez, Pechanga Resort and Casino

Joe Morris, SCOTWINC and Golden Gate Fields

George Haines, SCOTWINC

Darrell Haire, Jockeys' Guild

Richard Conway, Humboldt County Fair

Joelle Dunlap, Square Peg Foundation

APPEARANCES

ALSO PRESENT

Larry Swartzlander, CARF and Alameda County Fair

Allen Aldrich

Terry Eaton, Arabian Racing Association of California

Patrick Mackey, Golden Gate Fields Racing Secretary

Michael Brown, Pleasanton Arabian Racing Club

Cal Rainey, Golden Gate Fields

INDEX

PAGEAction Items:

1.	Approval of the minutes of February 23, 2017.	3
2.	Executive Director's Report.	3
3.	Public Comment: Communications, reports, requests for future actions of the Board. Note: Persons addressing the Board under this item will be restricted to three (3) minutes for their presentations.	8
4.	Discussion and action by the Board regarding the distribution of race day charity proceeds of the Del Mar Thoroughbred Club's 2016 summer race meeting in the amount of \$113,084, to eight beneficiaries.	17
5.	Discussion and action by the Board regarding the distribution of race day charity proceeds of the Del Mar Thoroughbred Club's 2016 fall race meeting in the amount of \$18,114, to four beneficiaries.	--
6.	Discussion and action by the Board on the Application for License to Operate a Satellite Wagering Facility by the Pechanga Band of Luiseno	20

INDEX

Action Items:

Indians of the Pechanga Reservation at the Pechanga Resort and Casino in Temecula, California.

- | | | |
|----|--|----|
| 7. | Public hearing and action .by the Board regarding the proposed amendment to CHRB Rule 1632, Jockey's Riding Fee, to adjust the jockey riding fee scale pursuant to Business and Professions Code section 19501. (Note: This concludes the 15-day public Comment period. The Board may adopt the proposal as presented.) | 22 |
| 8. | Public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1433, Application for License to Conduct a Horse Racing Meeting, to require that racing associations include a furosemide agreement when submitting an application for license and proposed amendment to CHRB Rule 1845, Authorized Bleeder Medication, to require that race day authorized bleeder medication be administered by independent, third party veterinarians. (Note: This concludes the 15-day public comment period. The Board may adopt the | 25 |

INDEX

Action Items:

- proposal as presented.)
9. Discussion and action by the Board regarding the request from Humboldt County Fair for a waiver to CHRB Rule 1472, Rail Construction and Track Specifications subsections (b)(c)(e)and(g), to facilitate the installation of a new inside turf rail. 27
10. Discussion by the Board regarding a report and presentation by the Square Peg Foundation, which provides an adaptive riding program that brings together rescued, re-trained horses with special needs and at-risk children and youth. 31
11. Discussion and action by the Board regarding delegating authority to the CHRB's Boards of Stewards to waive the requirement for a place or show pool in any race, upon the showing of "good cause" by the association, pursuant to CHRB Rule 1954, Pari-mutuel Pools. 43
12. Report from the Racing, Breeding and Stabling Initiatives Committee. 57

INDEX

Action Items:

13. Discussion and action by the Board regarding a report and update from the Pacific Racing Association (Golden Gate Fields) and the Northern California Stabling and Vanning Committee on the projected availability of stalls at Golden Gate Fields through the remainder of its race meeting and the projected timeline for reopening the Alameda County Fairgrounds at Pleasanton for off-site stabling and training. 61
14. Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code. 94
- A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," and as authorized by Government Code section 11126(e).

INDEX

Action Items:

- 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).

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

P R O C E E D I N G S

10:43 A.M.

BERKELEY, CALIFORNIA, THURSDAY, APRIL 6, 2017

CHAIRMAN WINNER: Thank you for being here. I apologize for the late start. We had - our court Reporter had an issue getting here, but everything is in good shape now.

I'd like to welcome a number of our jockeys from, primarily, Northern California here. I appreciate your being here.

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

This is the regular noticed meeting of the California Horse Racing Board on Thursday, April 6th, 2017 at Golden Gate Fields, 1100 Eastshore Highway, Berkeley, California.

Present at today's meeting are: myself, Chuck Winner, Chairman; Madeline Auerbach, Second Vice Chair; Jesse Choper, Commissioner; and Alex Solis, Commissioner.

Before we go on to the business 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

1 appearing on the agenda during a public comment period if
2 the matter concerns horse racing in California.

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

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

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

22 When all the names have been called I'll ask if
23 there is anyone else who would like to speak on the matter
24 before the Board. Also, the Board may ask questions of any
25 individual who speak on any matter. If a speaker repeats

1 himself or herself, I'll ask if the speaker has any new
2 comments to make. If there are none, then the speaker will
3 be asked to let others make comments to the Board.

4 Where is the agenda here? Okay. Approval of the
5 minutes. Is there a motion to approve the minutes from the
6 February 23rdd meeting?

7 COMMISSIONER CHOPER: Moved.

8 CHAIR WINNER: Commissioner Choper moves.

9 COMMISSIONER AUERBACH: Second.

10 CHAIR WINNER: Vice Chair Auerbach seconds. And
11 any additions to the minutes? Any deletions? Any changes?

12 Hearing none, Commissioner Solis, how do you vote?

13 COMMISSIONER SOLIS: Yes.

14 CHAIR WINNER: The Chairman votes yes.

15 Vice Chair Auerbach?

16 VICE CHAIR AUERBACH: Yes.

17 CHAIR WINNER: And Commissioner Choper?

18 COMMISSIONER CHOPER: Yes.

19 CHAIR WINNER: Okay. The minutes are approved.

20 We go to the Executive Director's Report.

21 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.

22 Chairman. I apologize for the glasses, but you can't
23 remember to bring everything, and I left the glasses on the
24 seat of the car, so, okay.

25 Just a couple of things here. First of all, we're

1 going to have a meeting later today about the microchip
2 program. You've heard me talk about it over the past year.

3 And we are now at the point where we're going to be exiting
4 from the pilot program and actually asking the help of the
5 associations and the horsemen to move the program to
6 enclosures throughout the state. And at some point here in
7 the not too distance future we will put it on the agenda and
8 we will make a presentation about the different components
9 of the program and give anybody that has concerns or
10 questions or comments a chance to make those in front of the
11 full Board.

12 We also are getting ready to launch a Necropsy
13 Review Program. Staff is working out details of it. I
14 can't say enough, this is not a confrontational
15 investigative procedure. This is a review to determine
16 information, to learn if there are any common factors in
17 horses that are lost. And based on those results, what can
18 we do to reduce the number of losses? That's obviously in
19 everybody's best interest. It will be called, it will be
20 conducted following the return of the results of the
21 necropsy itself, so there will be a rather significant
22 period of time after the loss. And so hopefully then we can
23 all look at it more analytically and less emotionally.

24 This program is being done in Kentucky and New
25 York. It's a voluntary thing. And, you know, we were

1 concerned that, well, nobody will participate. They said
2 they had the same concerns there, but that has not been the
3 case. So stakeholders in the industry have been willing to
4 participate because everybody has the same common goal of
5 reducing the number of fatalities.

6 I think all saw the press release from Del Mar
7 about the changes to the track surface down there in
8 anticipation of the upcoming season. Dennis Moore has been
9 hired by Del Mar to oversee the track surface down there.
10 And CHRB Staff and Commissioners Solis and Auerbach were
11 down at Del Mar a couple of weeks ago to meet with
12 management, Dennis Moore and Mick Peterson, about their
13 plans for the racetrack. And I will say they are
14 comprehensive and primarily focused on increasing and
15 possibly enhancing not only the banking of the turns, but
16 where the banking begins and where it ends, so it will be a
17 little be more elongated than it has been in the past.

18 I think Staff, and I think I can speak for the
19 Commissioners, were very pleased with the commitment that
20 Del Mar has made to providing the best possible surface down
21 there. It's logical that worst case there will be terrific
22 improved consistency between the racetrack at Santa Anita
23 and then the racetrack at Del Mar. The change for the
24 horses will not be in any way abrupt going from one surface
25 to another. So lots of good positive work, and we

1 appreciate Del Mar involving the Board as the Board
2 requested and as they committed to do.

3 And we'll be following up. Staff will be present.
4 We do our own testing, you may be aware of that. We've been
5 doing that for many years. We've been compiling data for,
6 Jeff, what is it, eight years, nine years, something like
7 that, pre -- yeah, I think we had five years in the database
8 before I got there, and I've been here now three years, so
9 we've got about eight years in there. So we have some
10 baseline statistics that give us some information as to the
11 condition of the racetrack. And it's a good tool for us. If
12 we see numbers that cause us concern, then we contact
13 management and we compare notes with the numbers that the
14 experts there have taken. And it's a collaborative effort,
15 but it also helps us understand if there is a problem, or
16 possibly not a problem.

17 So we look forward to continuing to work with all
18 of the folks at Del Mar prior to the beginning of the meet.

19 And finally, I have financials for the month of
20 February, and then just a preliminary look at March. As you
21 might imagine, February was difficult month with all the
22 rain north and south. For the month itself, we had -- even
23 though we had the same number of race days and race nights
24 in February, day business was down 6.96 percent, nighttime
25 business down 7.16 percent --

1 (Cell phone rings.)

2 CHAIR WINNER: Perfect.

3 EXECUTIVE DIRECTOR BAEDEKER: That's our missing
4 Commissioner. And you want to take that?

5 CHAIR WINNER: Yeah.

6 EXECUTIVE DIRECTOR BAEDEKER: And everything in
7 business was off just under 7 percent, 6.98 percent.

8 What is interesting is that in February there was
9 almost a direct correlation between the results and the
10 field size. In 2016, average field size was 8.04 in
11 February, and in 2017 it was 6.99. That's across the state,
12 all races, all breeds. So that's a decline of 13 percent
13 for field sizes alone. So there seems to be a direct
14 correlation between the drop in handle, clearly, and field
15 sizes.

16 For March, we actually had one additional day of
17 day racing and two additional evening programs. And the
18 early results are showing that we showed a gain of 1.5
19 percent during the day, 12.9 percent at night, and an
20 overall lift in March of 2.7 percent, and that's over the
21 same number of races dates the previous year, so that's
22 showing signs of life.

23 And that bring the year-to-date number, you know,
24 including March, down from a total negative number of 14
25 percent down in handle to about 8.6 percent in handle, a

1 drop. So the numbers are possibly moving in the right
2 direction.

3 And that is my report, Mr. Chairman.

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

5 Let's go on then to public comment. Let's start
6 with Darrell Haire, item three. Oh, you're on three. I
7 apologize. Okay.

8 EXECUTIVE DIRECTOR BAEDEKER: No, that's --

9 CHAIR WINNER: That is public comment.

10 VICE CHAIR AUERBACH: That's three.

11 EXECUTIVE DIRECTOR BAEDEKER: That's public
12 comment.

13 VICE CHAIR AUERBACH: What number do you want?

14 CHAIR WINNER: Do you want to speak on public
15 comment or some other --

16 EXECUTIVE DIRECTOR BAEDEKER: Are you talking
17 about -- you're probably on the jockey riding fee --

18 VICE CHAIR AUERBACH: Jockey riding fee?

19 EXECUTIVE DIRECTOR BAEDEKER: -- number seven?

20 VICE CHAIR AUERBACH: That's seven.

21 EXECUTIVE DIRECTOR BAEDEKER: That's number seven.

22 CHAIR WINNER: That's number seven.

23 EXECUTIVE DIRECTOR BAEDEKER: There you go.

24 CHAIR WINNER: Okay. We'll change it. Thanks,
25 Darrell. Okay.

1 Kim Lloyd, you want to speak during the public
2 comment period?

3 MR. LLOYD: I do, sir.

4 CHAIR WINNER: Okay. Go.

5 MR. LLOYD: (Microphone not functioning
6 correctly.) Good morning. I want to give you a recap.

7 CHAIR WINNER: Can you identify yourself?

8 MR. LLOYD: Kim Lloyd, the General Manager of
9 Barrett's. I wanted to give you a recap on the Barrett's
10 March sale at Del Mar.

11 I'll just start with numbers. Last year, our
12 first year, our March sale down at Del Mar, we had 43 sold,
13 23 not sold, for \$5,357,000 with an average of \$124,000. We
14 had -- two horses sold for over \$300,000 last year. Our
15 sales topper was \$460,000. This year we had 47 sold, 17 not
16 sold, for a gross of \$6.8 million and an average of
17 \$150,000. Both of those are up over 20 percent. It was an
18 outstanding sale for us. And our sales topper was \$675,000
19 this year. We also had nine horses sell for over \$300,000.
20 It was extremely well received.

21 Last year was our first year there. And people
22 hadn't come believe that we could have a sale down there.
23 And now everybody's bought into it. Our consigners are very
24 happy. Our buyers, we had new people show up to the sale
25 that we've never had before. We'd always have agents come,

1 but this year we had owners come with their agents and spend
2 some time in Del Mar. And who wouldn't want to do that, by
3 the way?

4 The stabling was great. The setup to sell,
5 everything went perfect. By the way, I want to thank the
6 Del Mar guys. They made it all possible for us to be at Del
7 Mar and have our sales, and the track was in perfect shape.

8 We look forward to the sale to grow a lot from now
9 on. It's really made an impact in the sales market and made
10 a believer out of everybody.

11 Thank you.

12 CHAIR WINNER: Thank you very much. Any comment
13 for Kim? Questions?

14 Thanks, Kim. Congratulations on a great sale.

15 Mr. Avioli, where are you? There you are. Sit,
16 please.

17 MR. AVIOLI: Greg Avioli, Thoroughbred Owners of
18 California.

19 I'm here today to let the CHRB now that earlier
20 today the TOC has withdrawn our consent for TwinSpires to
21 accept ADW wagers from California residents on California
22 thoroughbred races. This decision was not made lightly and
23 comes following several months of intensive work and
24 negotiations with TwinSpires and the other ADWs in an effort
25 to help them comply with the terms of the Geolocation

1 Agreement we all agreed to back in December that required
2 the ADW companies to identify on-track wagers using
3 geolocation technology, which would then provide a more
4 equitable distribution of revenues to the industry from ADW
5 wagers placed on the track.

6 I'm not happy to be here today to say this. The
7 last thing we wanted to do is inconvenience the customer in
8 any way in California, which is why we have worked very hard
9 with the ADW providers, including TwinSpires, and have
10 granted multiple extensions for compliance.

11 A little background.

12 When the California ADW Law was passed in 2001, I
13 think as most of us know, it was never contemplated, at
14 least by the horsemen, that ADWs would accept on-track
15 wagers in direct competition with the racing associations.
16 But as smart phone and tablet technology have rapidly
17 expanded in recent years, all segments of the California
18 industry have recognized that something must be done to
19 quantify the amount of on-track ADW that is occurring, and
20 also to adjust the economic model to reflect the expansion
21 of the ADWs into on-track betting.

22 At the same time, in conversations with many
23 people in this room, we have consistently rejected any
24 suggestions to ban or block on-track ADW out of respect for
25 the players, who attend live racing and wish to wager

1 conveniently with their ADW accounts.

2 So to address this issue, back in December the TOC
3 reached separate written signed agreements with each of the
4 four big ADWs that would require them, if they're going to
5 take bets from California residents they have to geolocate
6 all their customers when logging into their accounts for the
7 purpose of identifying which wagers occurred on live -- at
8 live racetracks on live race days. The agreement also
9 provided for a modified economic model that all parties
10 agreed to for those wagers.

11 So a little background.

12 Geotechnology and geolocation is a big term, but
13 geolocation technology is readily available in today's
14 marketplace. Apple has required, for many years,
15 geolocation for any bets made through an app. So even back
16 in December, TwinSpires, TVG, Xpressbet all had geolocation
17 for their apps. So really what they needed to do to comply
18 with our deal is come up with the systems that geolocate
19 people betting on mobile web, or what's known as web
20 browser; right? So instead of going to the TVG app, you
21 would type in tvg.com, and that's where you'd bet, so they
22 had to geolocate that.

23 We wanted this in place by December 31st. At the
24 ADWs' request, we gave them a 90-day extension, which we
25 thought was more time than was needed. Here we sit, three

1 weeks after that. We have granted multiple extensions
2 already. We have compliance from Xpressbet, TVG and NYRA
3 bets, and not from TwinSpires. So we are not in a
4 position -- if it was just TwinSpires, we would consider a
5 further extension. But the fact is we have three ADWs
6 already complying, and they would be at a competitive
7 disadvantage if they had to continue to comply, and yet one
8 ADW didn't.

9 So we notified Churchill today that the TOC has
10 withdrawn its consent. And we are willing to immediately
11 turn it back on as soon as they comply with the agreement we
12 reached in December.

13 CHAIR WINNER: Go ahead, Madeline.

14 COMMISSIONER CHOPER: The three ADWs that signed
15 up all signed the very same agreement?

16 MR. AVIOLI: Yes, sir. Yes, sir.

17 COMMISSIONER CHOPER: The same terms?

18 MR. AVIOLI: The same, exact same terms.

19 CHAIR WINNER: Greg, didn't you -- it seems to me
20 that last week I got an email from you that was very
21 positive --

22 VICE CHAIR AUERBACH: Yeah.

23 MR. AVIOLI: Yes.

24 CHAIR WINNER: -- about TwinSpires?

25 MR. AVIOLI: Yes.

1 CHAIR WINNER: What happened?

2 MR. AVIOLI: Well, last week -- my microphone went
3 off here. But last week we had -- it was basically a
4 similar issue. It had been two weeks and we notified the
5 ADWs that we were not going to be able to continue to give
6 our consent. And we had conversations with TVG and
7 TwinSpires that led us to believe that if we would give them
8 one more week, they would be compliant. So we granted that
9 additional extension.

10 TVG worked around the clock and got their system
11 up and running, and for whatever reason, TwinSpires has not.

12 VICE CHAIR AUERBACH: Do we --

13 CHAIR WINNER: Here, Madeline.

14 VICE CHAIR AUERBACH: Do we have numbers, Greg,
15 about what this means?

16 MR. AVIOLI: Right now they're too preliminary
17 because we haven't had -- we've only had one ADW complying;
18 right? So after this weekend, after --

19 VICE CHAIR AUERBACH: Yeah. What I think I'm
20 driving at is if we have any idea about what it means to us
21 in terms of our handle, and what it means to them in terms
22 of their handle? That's assuming that people who bet on
23 them will go other places which, if they want to bet
24 California, they'll have to, or vice versa. So do we have
25 any idea?

1 MR. AVIOLI: Well, the whole purpose of doing this
2 exercise is to gather that data. And until -- if you give
3 us a month and let us report on that next month --

4 VICE CHAIR AUERBACH: I hope it doesn't last a
5 month.

6 MR. AVIOLI: No. I mean, I'm -- oh, maybe I
7 misunderstood your question. Your question is what's the
8 impact on TwinSpires not being able to accept wagers?

9 VICE CHAIR AUERBACH: Uh-huh.

10 MR. AVIOLI: I can tell you, at present they
11 account for roughly 20 percent of the ADW wagering in
12 California.

13 VICE CHAIR AUERBACH: Okay.

14 MR. AVIOLI: Okay.

15 CHAIR WINNER: Any other questions?

16 COMMISSIONER CHOPER: Do most of the ADW betters
17 do it all with one company?

18 MR. AVIOLI: I have it on information that most of
19 the betters have more than one account.

20 COMMISSIONER CHOPER: They do?

21 VICE CHAIR AUERBACH: So maybe --

22 COMMISSIONER CHOPER: That ought to reduce the
23 damage.

24 MR. AVIOLI: We hope so.

25 COMMISSIONER CHOPER: Yeah. No, I understand.

1 MR. AVIOLI: This is not -- I think you can tell
2 my looking at me, we didn't want this.

3 COMMISSIONER CHOPER: No.

4 MR. AVIOLI: We're not pleased with it.

5 CHAIR WINNER: Is there -- are you in -- are you
6 continuing to have discussions with them?

7 MR. AVIOLI: We've been emailing throughout the
8 morning and they believe they'll have it up next week.

9 CHAIR WINNER: Okay. Well, that's something.

10 MR. AVIOLI: Yes.

11 CHAIR WINNER: And you've told them, Greg, that
12 when they have it up you're ready to move?

13 MR. AVIOLI: Yes, sir.

14 CHAIR WINNER: Okay.

15 COMMISSIONER CHOPER: Is possible for you to tell
16 us what the hang-up is? If it's not, then that's all right.

17 MR. AVIOLI: No. It's that the -- I mean, what
18 has been relayed to us is they're coming into the Kentucky
19 Derby season. They have lots of things that they're working
20 on, that being their biggest event. And they just haven't
21 had the resources to be able to get to it.

22 COMMISSIONER CHOPER: Really?

23 MR. AVIOLI: It's a multi-billion market-cap
24 company.

25 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

1 VICE CHAIR AUERBACH: Of course, as unhappy as I
2 am that it's come to this, I'm awfully -- I hate to say
3 this, but I'm proud of the TOC for taking a stand and
4 attempting to protect us.

5 CHAIR WINNER: I agree.

6 VICE CHAIR AUERBACH: And I hope it works quickly.

7 CHAIR WINNER: I agree with --

8 MR. AVIOLI: Thank you.

9 CHAIR WINNER: -- the Vice Chair.

10 MR. AVIOLI: All right. Is that all?

11 CHAIR WINNER: Thank you very much, Greg. Thank
12 you.

13 Any other discussion on that item? All right.
14 Moving on, discussion and -- I think that's all the cards I
15 have on three.

16 Discussion and action by the Board regarding the
17 distribution of race day charity proceeds from the Del Mar
18 Thoroughbred Club's 2016 summer race meeting in the amount
19 of \$113,084 to eight beneficiaries.

20 Josh?

21 MR. RUBENSTEIN: Good morning. Josh Rubenstein,
22 Del Mar Thoroughbred Club.

23 In your Board package you have the proposed
24 charity distributions from Del Mar's 2016 summer and fall
25 meets, pretty straight forward but happy to answer any

1 questions.

2 VICE CHAIR AUERBACH: Josh, there is something I
3 wanted to tell you about. When you talk about CARMA and
4 what they support, you've listed the California Equine
5 Retirement Foundation. And I wanted to tell you because you
6 took it into account to specify that particular
7 organization, and that organization did not apply to CARMA
8 for funding this year. And just so you know, because I
9 don't know if they'll come to you at some other point, that
10 CARMA has not had the opportunity, because they didn't apply
11 for funds, to do a site visit or to look at any of their
12 numbers this particular year. So just for full disclosure.

13 Now I do know that they have changed management. I
14 do know that they have secured another location. And I do
15 know that they received some kind of a grant. And I guess
16 for whatever reason, they decided not to apply for funding.
17 But for your committee, when you look at these things, just
18 so you're aware of it. That's all I can tell you.

19 (Colloquy Between Chair Winner and Commissioner
20 Auerbach)

21 EXECUTIVE DIRECTOR BAEDEKER: Maybe I'll ask
22 Counsel.

23 John?

24 MR. MCDONOUGH: Yes?

25 VICE CHAIR AUERBACH: I'm not Chair there anymore,

1 does that help? I don't know if that helps.

2 EXECUTIVE DIRECTOR BAEDEKER: Well, Commission
3 Auerbach is on the Board of CARMA.

4 VICE CHAIR AUERBACH: Yes.

5 EXECUTIVE DIRECTOR BAEDEKER: And I think under
6 ordinary circumstances she'd --

7 VICE CHAIR AUERBACH: I would --

8 EXECUTIVE DIRECTOR BAEDEKER: -- recuse herself,
9 but that would --

10 MR. MCDONOUGH: (Indiscernible.)

11 EXECUTIVE DIRECTOR BAEDEKER: Okay. Then --

12 CHAIR WINNER: We would move it to the next
13 meeting.

14 VICE CHAIR AUERBACH: Yes.

15 EXECUTIVE DIRECTOR BAEDEKER: We'll leave this one
16 on.

17 CHAIR WINNER: We could move the item to the next
18 meeting.

19 EXECUTIVE DIRECTOR BAEDEKER: We're going to need
20 to do that.

21 CHAIR WINNER: And I think we'll move item five,
22 as well.

23 MR. RUBENSTEIN: Okay. We'll see you in April.

24 CHAIR WINNER: Same thing. Yeah. Is CARMA -- I
25 have to look. Is CARMA --

1 EXECUTIVE DIRECTOR BAEDEKER: It's --

2 CHAIR WINNER: -- one of the recipients of item
3 five, Josh?

4 VICE CHAIR AUERBACH: Yeah.

5 EXECUTIVE DIRECTOR BAEDEKER: Yes.

6 VICE CHAIR AUERBACH: Yes.

7 CHAIR WINNER: I think it is. Yeah.

8 MR. RUBENSTEIN: Yes, they are.

9 CHAIR WINNER: Okay. So we'll move on from --
10 we'll move items four and five to the next meeting and let's
11 go on to item number six.

12 Discussion and action by the Board on the
13 Application for License to Operate a Satellite Wagering
14 Facility by the Pechanga Band of Luiseno Indians of the
15 Pechanga Reservation at the Pechanga Resort and Casino in
16 Temecula, California.

17 George?

18 EXECUTIVE DIRECTOR BAEDEKER: And, Commissioners,
19 I'd like to make you aware that all four of the outstanding
20 items have been received by Staff.

21 Is that correct, Jackie?

22 CHAIR WINNER: Good morning, Joe.

23 MR. MORRIS: Good morning.

24 CHAIR WINNER: Good morning, guys. You want to
25 introduce yourselves and --

1 MR. LOPEZ: Yeah. I'm Richie Lopez from Pechanga
2 Resort and Casino.

3 MR. MORRIS: Joe Morris from Santa Anita, and
4 Chairman of SCOTWINC.

5 MR. HAINES: George Haines, SCOTWINC.

6 CHAIR WINNER: Who's going to give us a brief
7 presentation?

8 MR. HAINES: Well, recently we had the opportunity
9 to make a deal with the Pechanga Casino and Resort to
10 establish an operation at their facility. We're very
11 excited about it. This happened very quickly. I want to
12 thank the staff of the California Horse Racing Board and the
13 Executive Director in moving this along so quickly, because
14 we would like to start by May 1st in order to open with the
15 Kentucky Derby.

16 So we got great cooperation from the Pechanga
17 Tribe. And there's a lot of enthusiasm for the operation
18 we're going to start.

19 MR. MORRIS: Joe Morris. And this is cleared
20 through SCOTWINC unanimously. Everybody is in agreement
21 with it. I mean, there's no question this is a world-class
22 facility, and we're excited to have a satellite facility
23 there.

24 CHAIR WINNER: If I can just say that I've worked
25 on and off with Pechanga for more than a quarter of a

1 century with Chairman Macarro and all of the various
2 leadership and members of the tribe. I think horse racing
3 will be greatly served by having this relationship with
4 Pechanga, and I highly support it.

5 Comments of questions? Okay.

6 I'll move approval.

7 COMMISSIONER CHOPER: Second.

8 CHAIR WINNER: Commissioner Choper seconds. How
9 do you vote, Commissioner Choper?

10 COMMISSIONER CHOPER: Yes.

11 CHAIR WINNER: Commission Auerbach?

12 VICE CHAIR AUERBACH: Yes.

13 CHAIR WINNER: I vote yes.

14 Commissioner Solis?

15 COMMISSIONER SOLIS: Yes.

16 CHAIR WINNER: Measure passes.

17 Good luck.

18 MR. HAINES: Thank you.

19 CHAIR WINNER: Look forward to working with you.

20 MR. LOPEZ: Thanks.

21 CHAIR WINNER: Move on to item number seven.

22 Public hearing and action by the Board regarding
23 the proposed amendment to CHRB Rule 1632, Jockey's Riding
24 Fee, to adjust the jockey riding fee scale pursuant to
25 Business and Professions Code section 19501. This concludes

1 the 15-day public comment period. The Board may adopt the
2 proposal as presented.

3 And now we shall hear from Darrell Haire, after
4 Phil gives his introduction.

5 MR. LAIRD: Sure. Phil Laird, CHRB Staff.

6 This item was before the Board last month. It was
7 in response to some changes that OAL requested we make. And
8 at that time the jockeys requested a few additional changes.
9 Staff didn't see any issues with those. And this Board
10 moved to send those out for a 15-day public notice. And as
11 far as I know, I don't think any public comments were
12 received during that time.

13 CHAIR WINNER: Darrell?

14 MR. HAIRE: Mr. Chairman and Members of the Board,
15 Darrell Haire, Jockeys' Guild.

16 We just want to thank the Commission for taking
17 care of this matter, on behalf of the jockeys here in
18 California and the Jockeys' Guild. Thank you very much.
19 And we appreciate you working with us always.

20 CHAIR WINNER: Thank you. And thanks, again,
21 thank you to the riders for being here.

22 Is there a motion to approve?

23 VICE CHAIR AUERBACH: Before we do it I have --

24 CHAIR WINNER: Yeah.

25 VICE CHAIR AUERBACH: -- a question.

1 CHAIR WINNER: And I apologize.

2 VICE CHAIR AUERBACH: I always ask the same
3 question. I always ask the same question, Rick. Why can't
4 we have this a more automatic thing, rather than have to go
5 through this every year?

6 EXECUTIVE DIRECTOR BAEDEKER: That's a legal
7 question that Phil can answer.

8 MR. LAIRD: Phil Laird.

9 It's a great question. The amendments that were
10 made this time to the rule are seeking to avoid this going
11 forward. So basically the law has always required that we
12 increase the jockey's fee everything time minimum wage
13 changes. And any time we change a regulation, typically, we
14 have to go through this rulemaking process.

15 The changes that were made here today will make it
16 so that there's no other tenable interpretation of how the
17 law applies with that minimum change upgrade. So we'll
18 actually be able to do it administratively moving forward
19 each year it goes up. So ideally, hopefully, fingers
20 crossed this is the last time this will come before you.

21 VICE CHAIR AUERBACH: (Indiscernible) these issues
22 where they're getting an allowance and get it done that way?

23 MR. LAIRD: That's been the goal. And unless
24 something changes, that should be the result, too.

25 VICE CHAIR AUERBACH: Thank you.

1 CHAIR WINNER: All right. Is there a motion?
2 VICE CHAIR AUERBACH: So moved.
3 CHAIR WINNER: Okay. Commissioner Auerbach moves.
4 COMMISSIONER SOLIS: Second.
5 CHAIR WINNER: Commissioner Solis seconds.
6 Commissioner Choper?
7 COMMISSIONER CHOPER: Yeah.
8 CHAIR WINNER: Commissioner Auerbach?
9 VICE CHAIR AUERBACH: Yes.
10 CHAIR WINNER: I vote yes.
11 Commissioner Solis?
12 COMMISSIONER SOLIS: Yes.
13 CHAIR WINNER: The motion carries unanimously.
14 Moving on, public hearing and action by the Board
15 regarding the proposed amendment to CHRB Rule 1433,
16 Application for License to Conduct a Horse Racing Meeting,
17 to require that racing associations include a furosemide
18 agreement when submitting an application for license, and
19 proposed amendment to CHRB Rule 1845, Authorized Bleeder
20 Medication, to require that the race day authorized bleeder
21 medication be administered by independent third-party
22 veterinarians. This concludes the 15-day public comment
23 period. The Board may adopt the proposal as presented.
24 Phil?
25 MR. LAIRD: So this item is familiar to most of

1 you. Anyways, upon initial submission to OAL, this rule was
2 rejected. There was a number of technical suggestions, as
3 well as a few substantive requests being made, so Staff has
4 addressed those concerns. And as I said, most of the
5 changes you'll see in the rule are technical. A few of the
6 more substantive are just more detail as to how the process
7 works. You'll see there's more information now about chain
8 of custody in the rule. And then there's also more
9 information about what exactly associations are required to
10 include in their applications when they describe what their
11 plan and operation will be.

12 Again, we think this will resolve all issues that
13 Office of Administrative Law raised. And otherwise, happy
14 to answer any questions. But, you know, I'd say third
15 time's a charm, but I think this is probably ninth of tenth
16 at this point, so we'll just -- fingers crossed.

17 CHAIR WINNER: Any discussion on this item?
18 Hearing none, is there motion?

19 VICE CHAIR AUERBACH: So moved.

20 CHAIR WINNER: Commission Auerbach moves.

21 COMMISSIONER SOLIS: Second.

22 CHAIR WINNER: Commissioner Solis seconds.

23 Commissioner Solis, how do you vote?

24 COMMISSIONER SOLIS: Yes.

25 CHAIR WINNER: Chairman votes yes.

1 Commissioner Auerbach?

2 VICE CHAIR AUERBACH: Yes.

3 CHAIR WINNER: Commissioner Choper?

4 COMMISSIONER CHOPER: Yes.

5 CHAIR WINNER: The motion carries.

6 Moving on, item number nine, discussion and action
7 by the Board regarding the request from Humboldt County Fair
8 for a waiver to CHRB Rule 1472, Rail Construction and Track
9 Specific, subdivision (b)(c)(e), to facilitate the
10 installation of a new inside rail.

11 Gentlemen, please introduce yourselves.

12 MR. CONWAY: Richard Conway from the Humboldt
13 County Fair.

14 MR. MCCARTHY: Tom McCarthy, Safety Steward, CHRB.

15 EXECUTIVE DIRECTOR BAEDEKER: Commissioners, by
16 way of background, we have been, as you know, before every
17 meet, CHRB Safety Stewards conduct an inspection of the
18 facility for the upcoming meet and make sure that everything
19 is in compliance with CHRB safety standards, as provided for
20 in the Rules. Suffice it to say, the rail at Ferndale is
21 well worn, and I think everybody agreed was reaching the
22 point of beyond repair, might be -- at least it was in our
23 opinion.

24 So we notified management and CARF, of course.

25 And it's been a collaborative effort to get to this point

1 where there will be a new rail installed. And it's similar
2 to some of the other rails that have been installed at Del
3 Mar and Santa Anita that are new technology, breakaway-type
4 rails, and so there will be a significant improvement.

5 I know that there are some questions about it.
6 Tom McCarthy, our Safety Steward, is kind of our specialist
7 in this area and can answer any questions that you might
8 have about the rail or about the configuration of the
9 facility there at Ferndale.

10 COMMISSIONER SOLIS: I have a question now. What
11 type of rail did you have before, that you have now?

12 MR. CONWAY: Currently? That's a Fontana, the
13 Fontana rail.

14 COMMISSIONER SOLIS: Okay. With the turf like
15 being a softer kind of material, I have a concern with that.

16 Because, as you know, if a horse hits it, you know, it
17 could break through.

18 So my question is: Have you checked the track all
19 around there to make sure there is not any kind of cement
20 pots and ditches or anything like that, in case that a horse
21 goes through it and lands? Will it have some kind of place
22 where the horse -- some kind of cushion, at least ten feet
23 to the inside of the inside rail to keep it safe in case a
24 horse goes through it and so on? And I just want to make
25 sure that there's not any, like I said, ditches, hard stuff

1 around it.

2 MR. MCCARTHY: The track at Ferndale does conform
3 with our regulation, no obstacles or no obstacles or markers
4 within ten feet of the inside rail, so it does conform with
5 that. Now there might be some spots at Ferndale where the
6 grade from the inside rail, ten feet might be a little --
7 might slope a little bit, unlike at Cal Expo where you have
8 that inner -- the road, you might say, from the -- when the
9 rail goes up at the State Fair, it's a pretty wide rail and
10 it's pretty smooth and creates a constant throughout the
11 track.

12 It's not that way at Ferndale, but it does comply
13 with the ten feet, no objects within the inside rail.

14 COMMISSIONER SOLIS: Do you have any existing
15 poles in the eight poles?

16 MR. MCCARTHY: Yes.

17 COMMISSIONER SOLIS: You do?

18 MR. MCCARTHY: But they are without -- they are
19 past the ten feet part --

20 COMMISSIONER SOLIS: Oh, okay.

21 MR. MCCARTHY: -- of the inside rail.

22 COMMISSIONER SOLIS: Okay. And do they have any
23 kind of cushion, the --

24 MR. MCCARTHY: Richard --

25 COMMISSIONER SOLIS: -- (indiscernible)?

1 MR. MCCARTHY: -- they're doing breakaway this
2 year; right?

3 MR. CONWAY: Yeah. The poles themselves are
4 actually --

5 CHAIR WINNER: Can you speak into the --

6 MR. CONWAY: Oh, I'm sorry. Richard Conway.

7 The mile markers, the poles themselves are
8 actually a soft, almost a cardboard-type material, and they
9 slip into a base.

10 COMMISSIONER SOLIS: Okay. And the surface all
11 around the racetrack and the inside of it is smooth; right?

12 MR. CONWAY: Yes. Yes, sir.

13 COMMISSIONER SOLIS: Okay. Thank you.

14 CHAIR WINNER: Any other discussion on this item?
15 Is there a motion?

16 COMMISSIONER CHOPER: So moved.

17 CHAIR WINNER: Commissioner Choper moves.

18 VICE CHAIR AUERBACH: Second.

19 CHAIR WINNER: Commissioner Auerbach seconds.

20 Commissioner Choper?

21 COMMISSIONER CHOPER: Yes.

22 CHAIR WINNER: Commissioner Auerbach?

23 VICE CHAIR AUERBACH: Yes.

24 CHAIR WINNER: Yes.

25 COMMISSIONER SOLIS: Yes.

1 CHAIR WINNER: The motion carries. Thank you very
2 much.

3 MR. CONWAY: Thank you.

4 CHAIR WINNER: Item number ten, discussion by the
5 Board regarding a report and presentation by the Square Peg
6 Foundation which provides an adaptive riding program that
7 brings together rescued, re-trained horses with special
8 needs and at-risk children and youth.

9 VICE CHAIR AUERBACH: Before we start, can I say
10 something?

11 CHAIR WINNER: Yes, you can say whatever you'd
12 like.

13 VICE CHAIR AUERBACH: The reason that Joelle is
14 here today is something that's been going on for California
15 for a long time. And we sit in these meetings and likely as
16 not we hear everything that we do wrong and everything that
17 needs correcting and all of the problems that we have. And
18 I felt that it was time for us to see something that
19 California does right.

20 And this is a premiere program that we came up
21 with, which is CARMA. And CARMA supports a lot of different
22 situations. So I thought the very best way to show you how
23 this money is spent and to bring the community onboard and
24 to -- so the whole country can point to what we do and have
25 an appreciation, I thought this was very appropriate.

1 And I would like all of you to, if you could, when
2 you listen to Joelle and watch her presentation, to just let
3 everything go, all of the grief and the heartache the
4 arguing that we do with one another, and all the
5 hopelessness that we have, and maybe get some perspective on
6 our lives as a community. And this is the lady who can do
7 it for us, at least help us along that road.

8 So I'd like for all of you to meet Joelle Dunlap
9 who is a simply marvelous woman. And please give her your
10 undivided attention.

11 CHAIR WINNER: Thank you very much.

12 Joelle?

13 MS. DUNLAP: Thank you very much. And hopefully
14 we'll have this technical difficulty addressed really
15 quickly by someone a whole lot smarter with the tech than I
16 am.

17 So when I first made this presentation I was at
18 the HPPA convention in Las Vegas. And it had a really cute
19 little story arc about how aftercare really actually funds
20 publicity in a great way. And I had this nice little story
21 arc. And then I thought, driving here I thought, am I
22 really going to give Chuck Winner a lesson in publicity?

23 CHAIR WINNER: It would be helpful.

24 MS. DUNLAP: Well, I don't know. But the reality
25 is, as Mike Rogers always says, you know, the Director of

1 Racing for the Stronach Group, he says, "What happens in
2 California happens in the rest of racing." And California
3 led the way in aftercare funding.

4 Thoroughbreds and racing have been my life.
5 Square Peg Ranch is located about ten minutes from what used
6 to be Bay Meadows. And if you would have told me when I
7 started our organization in 2004 that the horse racing
8 industry would be our most important source of funding, I
9 wouldn't have believed you. But what happened in
10 California, starting in about 2007, changed the game, and
11 you guys led the world.

12 And as a result, mostly what I'd like to do is
13 thank California, thank aftercare, thank CARMA by showing
14 you guys some of the faces of the families and the horses
15 whose lives you've literally saved.

16 A little about Square Peg. We use thoroughbreds
17 to work primarily with people with autism spectrum disorder,
18 which means the therapeutic riding community thinks that
19 we're the crazy ones. And the reality is that we
20 specifically use thoroughbred, one, not just because they're
21 what I know, but because unlike any other breed in the world
22 a thoroughbred is connected to humans from the minute he's
23 born.

24 COMMISSIONER CHOPER: Say that again?

25 MS. DUNLAP: Thoroughbreds are connected to humans

1 from the moment they're born. We're lucky enough to be
2 mentored by the second rider for the Spanish Riding School
3 in Vienna, which is a true honor. And every time he comes
4 out to see our horses he is absolutely flabbergasted at the
5 connection that the thoroughbreds have to humans. And
6 that's the level of connection that I need when I need to
7 keep somebody safe who may have a tremendous anxiety
8 trigger.

9 I could talk about the brain science of why a
10 moving horse effects anxiety disorders. But the reality is,
11 is that it's that connection that makes the difference in
12 these families. And hopefully I'm going to be able to show
13 you about that here in just a second.

14 How are we doing on that?

15 VICE CHAIR AUERBACH: Joelle, while he's working
16 on that, tell us how many thoroughbreds you have taken out,
17 off the racetrack? This is something that horses that a lot
18 of us in this room are either connected to or familiar with.

19 MS. DUNLAP: We -- because we're called Square Peg
20 Ranch, we actually take the horses primarily who can't go to
21 sport homes, usually because of their injury level. And we
22 end up placing about four or five of those a year. But we
23 have 15 in our program at any given time, with a total
24 capacity of 20 horses. So we have a couple of ponies and a
25 couple of draft-sized horses for larger riders.

1 But I think the important thing about that is that
2 when aftercare first started getting funded the natural
3 thing to do was to fund the programs who were placing more
4 horses. And some bad people gamed that system, and some
5 really bad things happened in publicity for racing. And it
6 could have backfired.

7 But what happened nationally was the TAA Board,
8 and they started an accreditation program, which the
9 accreditation to be a TAA-approved program is more rigorous
10 than an IRS audit, and I've lived through both of them,
11 which is really impressive. Because we've been a nonprofit
12 since 2004, we've been accredited by the ASPCA and the
13 General Federation of Animal Sanctuaries. None of them had
14 an understanding of what it truly meant to be a fiscally-
15 responsible program, as well as a program with the
16 horsemanship to actually care for and manage and place these
17 animals mindfully. That's been a huge movement.

18 The TAA is really leading the whole animal
19 placement industry. And hopefully the quarter horse people
20 will follow along, and other horses that end up in the
21 slaughter pipeline.

22 So very, very, very impressive that racing has
23 done the work that they've done. And as a result, lives are
24 being saved every day, which is --

25 COMMISSIONER CHOPER: You mentioned earlier --

1 they're not ready yet.

2 CHAIR WINNER: Yes, please.

3 VICE CHAIR AUERBACH: Are they ready with the
4 presentation?

5 CHAIR WINNER: You know, I don't know that they're
6 ready.

7 VICE CHAIR AUERBACH: Is he ready?

8 CHAIR WINNER: He doesn't seem to be.

9 MS. DUNLAP: I think I'm going to get happy noises
10 when he's ready.

11 COMMISSIONER CHOPER: You mentioned earlier that
12 other -- oh, go ahead.

13 VICE CHAIR AUERBACH: Let's see if we have it.

14 (Colloquy Between Chair Winner and Executive Director
15 Baedeker)

16 MS. DUNLAP: I'm really sorry you guys.

17 COMMISSIONER CHOPER: You might have answered this
18 earlier, but you mentioned that there was a lot of interest
19 outside of California in respect to the program. Has anyone
20 else -- did you mention it, has anyone else started up with
21 this?

22 MS. DUNLAP: Absolutely. I fly to Kauai in two
23 weeks to start a program in Kauai. And we're currently
24 working with Xpressbet to start a program in Pennsylvania.
25 So we work with a network of programs, an international

1 network. But we're definitely leading the way when it comes
2 to thoroughbreds.

3 COMMISSIONER CHOPER: And how long have you been
4 doing this?

5 MS. DUNLAP: Since 2004.

6 COMMISSIONER CHOPER: So that's --

7 MS. DUNLAP: Yeah.

8 ADMINISTRATIVE LAW JUDGE SOBLE: -- 12 years.

9 MS. DUNLAP: Thirteen years, yeah.

10 COMMISSIONER CHOPER: Yeah.

11 MS. DUNLAP: Yeah. So we probably, in those years
12 since we officially became a nonprofit, we've placed about
13 60 horses. And then we have an additional 15 in the
14 program, some of whom really can't be placed anywhere else
15 because of injury or personality issues.

16 CHAIR WINNER: Right. How many humans are
17 involved or are receiving --

18 MS. DUNLAP: We see an average of 50 to 55
19 families a week.

20 CHAIR WINNER: Really?

21 MS. DUNLAP: We do. We do. On a budget of less
22 than \$400,000 a year.

23 CHAIR WINNER: Wow.

24 MS. DUNLAP: Yeah.

25 CHAIR WINNER: That's wonderful.

1 MS. DUNLAP: Pretty hardworking folks.

2 CHAIR WINNER: Yeah.

3 MS. DUNLAP: Yeah. Thank you.

4 COMMISSIONER SOLIS: Thoroughbreds, you know, when
5 they leave the track they're kind of still very racy and so
6 on. What do you do different to calm them down?

7 MS. DUNLAP: I ride them a lot.

8 COMMISSIONER SOLIS: Oh, yeah?

9 MS. DUNLAP: You know, it's a great question. And
10 it usually takes us about two years to bring a horse into
11 the program, if they're going to work at all. But, you
12 know, we have a Fusaichi Pegasus horse that we got, who tend
13 to be --

14 COMMISSIONER SOLIS: Oh, yeah.

15 MS. DUNLAP: -- pretty hot horses --

16 COMMISSIONER SOLIS: Yeah.

17 MS. DUNLAP: -- right?

18 COMMISSIONER SOLIS: U h

19 MS. DUNLAP: He's six years old. You'll see him
20 in the video. He works beautifully.

21 So a lot of it is we're on 100 acres, a lot of
22 hills, so they do go out and gallop when they need to.

23 COMMISSIONER SOLIS: Where is your place?

24 MS. DUNLAP: Half Moon Bay.

25 COMMISSIONER SOLIS: Half Moon Bay?

1 MS. DUNLAP: Yeah. Yeah. Not far from what used
2 to be Bay Meadows --

3 COMMISSIONER SOLIS: Oh, okay.

4 MS. DUNLAP: -- just around the corner. Yeah.

5 COMMISSIONER SOLIS: Cool.

6 MS. DUNLAP: Yeah.

7 COMMISSIONER SOLIS: I don't know if this is the
8 same program, but I think, I can't remember how long ago, we
9 had something like that, a bunch of us riders who came and
10 visited with the kids. I don't know if it's the same
11 program but --

12 MS. DUNLAP: It wasn't. We'd love to have the
13 riders come out and visit the kids.

14 COMMISSIONER SOLIS: Yeah.

15 MS. DUNLAP: It would be wonderful.

16 COMMISSIONER SOLIS: And it was really, really
17 nice to see all these kids react with the horses. It was
18 very moving.

19 MS. DUNLAP: It is, guys. It is a publicity
20 machine, it really is. And these, the aftercare stories,
21 are the stories that shift the public perception of racing.
22 They really give us the good face.

23 CHAIR WINNER: It's crazy that we don't do more to
24 publicize that.

25 MS. DUNLAP: Bring them. The ranch is really

1 green. The horses are fat and shiny.

2 CHAIR WINNER: There are other programs or have
3 been other programs where retired horses have been basically
4 retrained, and they're used for sightless children, also for
5 battered and abused women. Are you familiar with those
6 programs?

7 MS. DUNLAP: Absolutely. Yeah. Yeah. There are
8 some great programs out there.

9 CHAIR WINNER: Right.

10 MS. DUNLAP: And changing the perception of the
11 thoroughbred, they are racy, they are big, they are fast,
12 they are fragile, particularly for what we're working with
13 in autism. We're working with a very sensitive human, and
14 they tend to do very, very well with the thoroughbreds. As
15 long as we manage their diet, as long as manage their
16 exercise schedule, as long as manage them as athletes and
17 retired athletes, they tend to be beautiful, beautiful
18 horses.

19 CHAIR WINNER: How long do the -- and I'm only
20 asking these because we're --

21 MS. DUNLAP: I really appreciate it.

22 CHAIR WINNER: How long do we -- how long do
23 these -- do the patients, if you want to call them that, do
24 the humans is maybe a better way, how long do the humans
25 participate in the program? Does it vary and what --

1 MS. DUNLAP: It absolutely varies. And we always
2 tell the families, we never want this to feel like a bowling
3 league, you know?

4 CHAIR WINNER: Right.

5 MS. DUNLAP: But because we've been doing this
6 since 2004 now, we have kids that started with us who are
7 now in -- we started a job training program, simply because
8 we saw opportunities for these people completely dry up in
9 funding. Everybody wants to fund kids' programs.

10 CHAIR WINNER: Right.

11 MS. DUNLAP: But when they're 18, 19, 22 years
12 old, they're not nearly as cute. And everybody wants t
13 lives a life where they feel useful. And the ranch became a
14 place, one of the few places where they felt very
15 comfortable. So we have one young man, who he and his dad
16 are racehorse owners on top of everything else, not
17 interested in barn work, but he writes or grants for us. He
18 also is now doing our bookkeeping for us.

19 CHAIR WINNER: That's great.

20 MS. DUNLAP: And then we have three young adults
21 who also do the barn work there as part of their job
22 training program.

23 CHAIR WINNER: That's wonderful.

24 MS. DUNLAP: Yeah.

25 CHAIR WINNER: That's wonderful.

1 MS. DUNLAP: Yeah.

2 VICE CHAIR AUERBACH: You know, it's interesting,
3 in the aftercare world as it exists now, almost all emphasis
4 and all the organizations across the country is on re-
5 training, and re-training and re-homing and that. It is a
6 wonderful thing.

7 The problem with all of the money and all of the
8 emphasis going to that is that too many of the athletes that
9 come off the track have too many injuries.

10 CHAIR WINNER: Yeah.

11 VICE CHAIR AUERBACH: And so there is a lot of
12 retired thoroughbreds that cannot stand the re-training
13 required to a be hunter-jumper or a barrel racer or any of
14 those things. So that's why today we really wanted Joelle
15 to show you that there's really no horse that needs to be
16 thrown away.

17 Joelle took a horse from me that is one-eyed. He
18 lost an eye as a result of a medical condition. And one of
19 the cutest things about that is the fact that -- do you have
20 to go, Joelle, go help him -- this one-eyed horse, there's
21 something about a horse with a disability working with a
22 human with a disability. And as a horse will not let that
23 disability bother him, there are a lot of humans that need
24 to learn and do get the message that their disability does
25 not disenfranchise them from the world, that they fit in. I

1 mean, Square Peg as a whole idea is everybody fits. You
2 have to find out where you fit and take advantage of it.

3 So that's why Joelle's message, if we ever get to
4 see it today, is very, very powerful. And there's not much
5 else I could say about that.

6 Do we want to move --

7 CHAIR WINNER: Let me make a suggestion that
8 Commissioner Choper just suggested to me, which is that we
9 move on to the next few items and let's see if we can get
10 this resolved. And if we can't, then perhaps you'd be kind
11 enough to come to the next meeting.

12 MS. DUNLAP: I'm going to do an interpretive dance
13 if we can't --

14 CHAIR WINNER: Okay. So let's -- if that's okay
15 with you, we'll move on.

16 MS. DUNLAP: Absolutely. Thank you.

17 CHAIR WINNER: Let's go on to item number 11,
18 discussion and action by the Board regarding delegating
19 authority to the CHRB's Boards of Stewards to waive the
20 requirement for a place or show pool in any race, upon the
21 showing of good cause by the association, pursuant to CHRB
22 Rule 1954, Pari-mutuel Pools.

23 EXECUTIVE DIRECTOR BAEDEKER: Commissioners, this
24 item was put on the agenda at the request of Los Alamitos.
25 Los Alamitos has a unique situation where the size of their

1 pools are sufficiently small that they can be affected by
2 any kind of significant bet. And so they're very sensitive
3 to pools that may cause a minus situation.

4 They also are in a situation where, in addition to
5 presenting their own card, they're bringing in races at
6 night, including races from Australia. And they had a
7 situation not too long ago where there was an enormous bet
8 placed at a satellite facility to show on a horse, and it
9 caused a sizeable minus pool.

10 The Board has delegated authority to the Executive
11 Director or Assistant Director to approve the cancellation
12 of a show pool in extraordinary circumstances, extraordinary
13 meaning that there's a showing of good cause and it's very
14 likely that there will be a minus pool. And it's clear why
15 the Board has delegate this authority, because if an
16 association had to come before you on a monthly, once-a-
17 month basis, obviously, they couldn't anticipate these
18 races.

19 There are situations, however, where we may not be
20 available and the association is stuck. And that situation
21 could be avoided if you looked favorably upon this measure.
22 We have highlighted or emphasized the phrase "good cause" in
23 the staff preparation of this agenda item.

24 So that's why this is here, open for, obviously,
25 discussion by the Board.

1 CHAIR WINNER: Darrel, did you want to --

2 MR. MCHARGUE: Darrel McHargue, CHRB, Chief
3 Investigator.

4 Historically, approval has been given by the
5 Executive Director of the Board. And over the 25-plus years
6 that I've been a steward, I don't know that this has ever
7 come up before. And it came to my attention that Los
8 Alamitos did run into a problem with simulcast wagering and
9 having a minus pool, and it was on a horse called Winks.
10 And I don't know the details. I do know that I heard they
11 had a minus pool. But Winks is one of the horses that's
12 compared to Arrogate. Those are two of the best horses that
13 are voted for the world.

14 And as a simulcast pool, I'm not aware of any
15 organizations that have asked for not offering show wagering
16 on simulcast. I think I've been informed that they offer
17 whatever the track that's offering the race, whatever they
18 offer, they offer it in their wagering pool. I do believe
19 that Winks is won 60 in a row. As a steward, I would think
20 that managements know what's being put out there. I don't
21 know if a waiver of this rule would have helped Los Alamitos
22 at that point, because once wagering starts it would be hard
23 to get a waiver of 1954 if there's more than five horses in
24 a race.

25 EXECUTIVE DIRECTOR BAEDEKER: The new proposed

1 language restricts this situation to any request applying to
2 a pool before it has been opened. So it can't be after the
3 start of wagering.

4 MR. MCHARGUE: Okay. Then I would think that
5 would definitely be in consideration before you would offer
6 this to the stewards, that they would know the guidelines
7 for offering this, as well.

8 Now the rule does take care of when a horse --
9 when a field drops down below five.

10 CHAIR WINNER: Right.

11 MR. MCHARGUE: The rule takes care of that. It
12 goes to four wagering interest and a refund. The show
13 wagering is cancelled and there's a refund there. It also
14 goes for when it goes below four. So it takes care of --

15 CHAIR WINNER: Well --

16 MR. MCHARGUE: Pardon me?

17 CHAIR WINNER: -- that's the current rule?

18 MR. MCHARGUE: The current rule.

19 CHAIR WINNER: Right.

20 MR. MCHARGUE: And as we do have short fields --

21 CHAIR WINNER: Right.

22 MR. MCHARGUE: -- but the rule does provide for
23 that when we go to canceling show wagering or place
24 wagering.

25 CHAIR WINNER: Can you take just a minute and

1 explain to those who may be listening or may be here who are
2 not familiar with a minus pool and how that occurs?

3 MR. MCHARGUE: That might be a little bit in
4 the -- we might better get a mutuel person up here for that
5 one. Management has to pay out a certain percentage to
6 where it's --

7 CHAIR WINNER: By law.

8 MR. MCHARGUE: -- by law, to where if -- I would
9 really need a manager, a mutuel manager up here before we
10 fully get into that too far.

11 EXECUTIVE DIRECTOR BAEDEKER: Is George still
12 here, George Haines? I don't think so.

13 MR. MCHARGUE: Doug maybe?

14 CHAIR WINNER: Well, you can explain it, Rick --

15 EXECUTIVE DIRECTOR BAEDEKER: Well, I can try to
16 explain it.

17 CHAIR WINNER: -- or I can, but why don't you go
18 ahead.

19 EXECUTIVE DIRECTOR BAEDEKER: There is a minimum
20 payoff requirement of five percent --

21 CHAIR WINNER: Right.

22 EXECUTIVE DIRECTOR BAEDEKER: -- of the amount of
23 the wager. And so when the net pool is determined the
24 amount of money available to go back to the player may be
25 less than that five percent, but the track has to pay --

1 CHAIR WINNER: Right.

2 EXECUTIVE DIRECTOR BAEDEKER: -- five percent.

3 So in anticipating a pool like that the
4 association will come to the Board and request to have
5 usually a show pool canceled. It's particularly acute at
6 nighttime. Because the pools are so small, they're very
7 studious about their own live races. They're very familiar
8 with the horses that are running on their track and they can
9 very well anticipate minus pools.

10 According to Dr. Allred, they face multiple minus
11 pools, sometimes, in the course of a week. And again, it's
12 really apples and oranges when you're talking about the
13 bigger tracks running during the day and the smaller ones at
14 night.

15 So I really didn't think it was appropriate for
16 Staff to make a recommendation on this because it is a
17 sensitive issue. You know, if you're in the horse racing
18 business and you're offering wagering to players, as Darrel
19 said earlier, it seems to me that, you know, if you're going
20 to take -- that you should take all of the bets, unless
21 there's a clear case where it will be unfair to purses and
22 commissions because of the net loss from the minus pool. So
23 that's why we put it on the agenda for an open discussion
24 about it.

25 CHAIR WINNER: I think from -- go ahead. No, go

1 ahead, Jesse.

2 I was just going to say that, I mean, it happens
3 everywhere. I think it's more acute at night at Los
4 Alamitos, especially with the simulcasting because the pools
5 are so small. But I think there are times when it's pretty
6 obvious, whether it's Santa Anita or Golden Gate or
7 whatever, somebody will come in and throw \$50,000 into a
8 show bet on a six-horse field, and it just throws everything
9 off because the requirements, as Rick said, is five percent.
10 And there may not be five percent in the pool that allows
11 that to happen, so it has to be paid, even though the pari-
12 mutuel pool doesn't justify it.

13 So it's not uncommon for it to happen elsewhere,
14 not just at the small tracks, not just simulcasting. But
15 it's acute, as Rick said, at the -- at Los Alamitos and
16 during nighttime racing, and especially with the Australia
17 situation where there's no control. I mean, the problem is,
18 of course, that often times this happens after wagering has
19 started, so you don't know. All you can do is sort of
20 estimate --

21 EXECUTIVE DIRECTOR BAEDEKER: And there's
22 nothing--

23 CHAIR WINNER: -- what might happen.

24 EXECUTIVE DIRECTOR BAEDEKER: -- you can do at
25 that point. Yeah. After wagering is opened, then there's

1 no turning back.

2 CHAIR WINNER: Right.

3 MR. MCHARGUE: I did have a conversation with some
4 of the mutuel people throughout the state. And they were
5 all of the same voice of the more that you let the betters
6 know in advance, the more they understand what they are
7 offering. So they were all of the opinion that at least 24
8 to 48 hours out, where you can get it on your program, you
9 can advertise it and the wagering public knows what's being
10 offered, it's always better.

11 CHAIR WINNER: But how do you do that? I mean,
12 exactly how do you make the -- how do you make that
13 decision? So they come to the stewards, the track comes to
14 the stewards and says, look, we have a situation where we
15 think that, you know, you have a seven-horse field but
16 Arrogate is in the field and there's going to be a huge show
17 pool --

18 MR. MCHARGUE: We haven't run into the problem, as
19 far as I know, in thoroughbreds because races are drawn
20 three to five days prior to the race. Racing secretaries
21 know who's in the field and they know where the likely
22 possibility of an overwhelming standout in that race --

23 CHAIR WINNER: Right.

24 MR. MCHARGUE: -- and appropriately asks for the
25 waiver. So we have three to five days to do that.

1 As far as in simulcasting and the night racing, it
2 would be hard to -- I don't know how Los Alamitos caught it
3 with Winks. I don't know if it already wagering had started
4 or they knew sometime in advance. You know, I got a deathly
5 silence when I said this, well, the management could also --
6 could not offer -- you know, take it off and not offering
7 wagering on that race.

8 CHAIR WINNER: Right.

9 MR. MCHARGUE: It's a simulcast race.

10 CHAIR WINNER: Right.

11 MR. MCHARGUE: But I got a dead silence on the
12 phones when I mentioned that one, so --

13 CHAIR WINNER: Right. Well, they want to offer
14 wagering, they just don't want to offer --

15 MR. MCHARGUE: Yes.

16 CHAIR WINNER: -- (indiscernible) --

17 MR. MCHARGUE: That is correct.

18 CHAIR WINNER: -- and take it in the shorts.

19 COMMISSIONER CHOPER: I just want to -- maybe I'm
20 missing something here. But it seems to me that this
21 particular proposal that we're voting on is just this tiny.
22 I mean, there is already authority in the Executive Director
23 to do the very thing that we're voting on. The only
24 question is if it can't be found for some reason, then it
25 goes over to the stewards.

1 So the basic issue that we've been discussing is
2 complicated, but that has very, very, very little to do with
3 the motion that we're voting on, which is simply to say we
4 have a rule already, a group of people makes the decision,
5 the Executive Director can make the decision; right?

6 CHAIR WINNER: Right.

7 COMMISSIONER CHOPER: And if the Executive
8 Director --

9 MR. MCHARGUE: And there's --

10 COMMISSIONER CHOPER: -- is on the telephone or
11 someplace else and you don't want to hold things up, it says
12 then the stewards can make the decision.

13 CHAIR WINNER: Well, as it is now, it's not just
14 the Executive Director. It goes to Jackie.

15 COMMISSIONER CHOPER: It goes down the line.
16 Right. Right. Right. Right. Right. It goes, I don't
17 know how many, three four before that?

18 CHAIR WINNER: Two. I think it's just two, isn't
19 it?

20 COMMISSIONER CHOPER: There's two before the
21 Executive Director?

22 CHAIR WINNER: No. The Executive Director and the
23 Assistant Executive Director --

24 COMMISSIONER CHOPER: Assistant.

25 CHAIR WINNER: -- can make the -- what we're

1 talking about, as I understand it, Darrel, this is in
2 advance. I mean, once wagering opens it doesn't matter,
3 it's null and void; right?

4 MR. MCHARGUE: That is my --

5 CHAIR WINNER: So we're talking in advance. So
6 how much time is there in advance to find the Executive
7 Director or the Assistant Executive Director?

8 MR. MCHARGUE: And if it was racing in California
9 it would be anywhere from three to five days.

10 CHAIR WINNER: Right.

11 MR. MCHARGUE: Three to five days. As far as
12 simulcasting, I don't know how they put their program
13 together. I don't know when they put it together. I would
14 hope that somebody is looking to see that Winks isn't in one
15 of those races.

16 CHAIR WINNER: Right.

17 MR. MCHARGUE: I know that she did run back in
18 March. And I know that, as far as I know, Los Alamitos took
19 the wagers on that race. I don't know what they offered.

20 EXECUTIVE DIRECTOR BAEDEKER: They didn't take
21 show wagering.

22 MR. MCHARGUE: They did not take show wagering?

23 CHAIR WINNER: And you approved that?

24 EXECUTIVE DIRECTOR BAEDEKER: Yes.

25 CHAIR WINNER: Okay.

1 COMMISSIONER CHOPER: It is true that what we're
2 voting on today, if it's passed, will virtually never be
3 used. It will be a very, very, very unusual circumstance.

4 EXECUTIVE DIRECTOR BAEDEKER: I would say,
5 Commissioner, that Los Alamitos is more sensitive to these
6 scenarios than any other association --

7 COMMISSIONER CHOPER: Yeah.

8 EXECUTIVE DIRECTOR BAEDEKER: -- in the state.

9 COMMISSIONER CHOPER: Uh-huh.

10 EXECUTIVE DIRECTOR BAEDEKER: As I said before,
11 it's easier when you're talking about your own product, the
12 horses that run on your racetrack all the time, or even in
13 the state. You're very well familiar with them. You can
14 interpret their PPs very easily. You can put them in the
15 context of the other competitors in the field. And it
16 pretty much stands out that you're going to have a situation
17 that is susceptible to a minus pool.

18 It's not as easy when you're looking at a field of
19 horses coming from Australia or a full card of horses coming
20 from Australia, where you have to interpret everything on
21 paper. It's just a little bit more difficult.

22 And truthfully, they have people that have more
23 expertise in the daytime program on staff. They don't when
24 it comes to the nighttime simulcast.

25 In my opinion, in trusting our stewards, and

1 trusting the good judgment of our stewards is something that
2 we do every day, this would be under extraordinary
3 circumstances where Jackie or myself were not available and,
4 yet, they really felt like they had a problem, they could go
5 to the stewards and the stewards would make a judgment call.

6 CHAIR WINNER: Let me ask you two quick questions,
7 if I may.

8 First of all, has it ever happened where you
9 weren't available? Has this ever occurred?

10 COMMISSIONER CHOPER: That's a very good question.
11 I mean --

12 CHAIR WINNER: I mean, what is the point of this,
13 is, I guess, what I'm getting at? Who came up with this?

14 EXECUTIVE DIRECTOR BAEDEKER: I think that the
15 association is looking for the ability, if they discover a
16 situation at the last minute before wagering opens where
17 they can do something about it, if we're not available. You
18 know, it could be a Saturday evening or something and we
19 could be difficult to get in touch with, so --

20 CHAIR WINNER: But it's never happened, to your
21 knowledge?

22 EXECUTIVE DIRECTOR BAEDEKER: Not to my knowledge.

23 CHAIR WINNER: Okay. And, I mean, Los Alamitos
24 feels very strongly about having the Australia signal. So
25 sometimes you give up a little to get a lot. And here

1 they're not, so far, giving up anything.

2 I have no problem entrusting the -- personally, I
3 have no problem entrusting the stewards. I think that's
4 just fine. I have high regard for the stewards, as you
5 know.

6 MR. MCHARGUE: I like your position.

7 COMMISSIONER CHOPER: There could be a lot more
8 significant things --

9 CHAIR WINNER: Right.

10 COMMISSIONER CHOPER: -- it seems to me.

11 CHAIR WINNER: Yeah. So I don't have a problem
12 voting for this. I just kind of think it's superfluous.

13 But are there any other questions and we can move
14 on? Is there a motion to approve?

15 COMMISSIONER SOLIS: Yeah.

16 CHAIR WINNER: Okay. Commissioner Solis moves to
17 approve.

18 COMMISSIONER CHOPER: Second.

19 CHAIR WINNER: Commissioner Choper seconds.

20 How do you vote, Mr. Choper?

21 COMMISSIONER CHOPER: Yes.

22 CHAIR WINNER: Commissioner Auerbach?

23 VICE CHAIR AUERBACH: Sure. Yes.

24 CHAIR WINNER: I vote yes.

25 Commissioner Solis?

1 COMMISSIONER SOLIS: Yes.

2 CHAIR WINNER: Okay. It passes. Thank you very
3 much.

4 Now, how are we doing with Square Peg?

5 MS. DUNLAP: We're good.

6 CHAIR WINNER: We're good to go.

7 EXECUTIVE DIRECTOR BAEDEKER: Excellent.

8 MS. DUNLAP: Good to go. Should I roll the film?

9 VICE CHAIR AUERBACH: Yeah.

10 (Whereupon a video is played and not transcribed.)

11 (Applause.)

12 CHAIR WINNER: Thank you very, very much for
13 everything you do.

14 Are there any other questions on this? Yeah.
15 Goosebumps.

16 VICE CHAIR AUERBACH: Yeah.

17 CHAIR WINNER: Tears.

18 VICE CHAIR AUERBACH: Yeah.

19 CHAIR WINNER: Okay. Moving along, a report from
20 the Racing, Breeding and Stabling Initiatives Committee.

21 EXECUTIVE DIRECTOR BAEDEKER: You know, Mr.
22 Chairman, if I might?

23 Just it was mentioned earlier, but it's just a
24 shame that we don't let more people know of good work that
25 is done as a result of the horses that are involved in horse

1 racing, either, you know, during their racing career or
2 after. You know, we do work like yours a disservice by not
3 making more people aware of it. And it's not fair to
4 everybody that loves the horses, that works with them day in
5 and day out, that we don't tell that story.

6 I know we had a conversation with the folks at
7 CMC, and maybe rebranding some of the web page stuff and
8 everything. But it would be great to see the good story
9 told, because others are taking care of the rest of it.

10 CHAIR WINNER: And there are so many good stories
11 that we just don't do a good job of telling, and therefore
12 we leave a vacuum for those who don't understand and see the
13 worst in what we're all doing.

14 VICE CHAIR AUERBACH: You know, I don't want to
15 trivialize any of it. But maybe, maybe it's something that
16 we should do as a Board on a regular basis, is look at the
17 positive things --

18 CHAIR WINNER: That's a good idea.

19 VICE CHAIR AUERBACH: -- that racing does. And so
20 maybe as part of our Board meeting --

21 CHAIR WINNER: That's a good idea.

22 VICE CHAIR AUERBACH: -- and our monthly agendas,
23 let's do. Let's take some time to publicize this. And
24 maybe some of the people that cover us and maybe some of the
25 media that goes after us will also join us in helping get

1 the word out about programs like Square Peg and the good
2 things that can and should be associated with what we do.

3 So I would suggest, Rick, that we look at that.

4 EXECUTIVE DIRECTOR BAEDEKER: We will.

5 CHAIR WINNER: That's a very good idea. Thank
6 you.

7 Your report?

8 VICE CHAIR AUERBACH: Oh, yes. Commissioner Solis
9 and I came up here two weeks ago for the expressed purpose
10 of discussing with the parties involved what the stabling
11 conditions were at Golden Gate. We had given dates to
12 Golden Gate. And at their request we had said that they
13 could go forward on the amount of stalls that they deemed
14 available. And we promised that we would look in on it
15 during the spring to make sure that we had adequate spaces
16 available for the horses.

17 And so Commissioner Solis and I came up that
18 morning. We went to the backside. We inspected the new
19 barns. I won't speak for Commissioner Solis. He can speak
20 for himself. We saw the barns. We came in here and we
21 invited the members of the community to please let us know
22 their feelings about the new barns, about space, about
23 everything. And what we heard that day was that they had
24 plenty of space and that they did not anticipate any
25 difficulties arising from the amount of space.

1 And would I have loved to take the barns and put
2 them out in the middle of a field where there are no
3 freeways? Yes. Would I have loved to have seen more space
4 and room? Yes. But did what I saw rise to the level of
5 lack of concern for the horses and humans? No. I saw
6 something that was, I thought, well put together, and I was
7 comforted. I wish we could have more space but we don't.

8 And, Alex, would you like to express your opinion
9 about it?

10 COMMISSIONER SOLIS: Yes. It was, like you
11 mentioned. Of course, we wish we had another 100 acres
12 where we can have horses but, unfortunately, we're in this
13 situation. And to be honest, I was a little disappointed
14 that more people didn't show up at the meeting last time to
15 help us out, to participate with us to make horse racing
16 better. You know, little details like this guy is coming in
17 (indiscernible). You know, it's important for the whole
18 industry to participate and to help us out. And I know
19 Golden Gate management is trying to do the best they can
20 with what they have and just to keep racing going.

21 And that's all I got to say.

22 CHAIR WINNER: Thank you.

23 VICE CHAIR AUERBACH: You know, one of the -- just
24 one other thing, in talking about the numbers, the \$1,225
25 figure -- 1,225 horses -- dollars, that's where my mind

1 is -- figure is about 200 below the historical combined
2 averages for two facilities, Golden Gate and Pleasanton.
3 And that's kind of an eye-opener in terms of the dearth of
4 inventory that we -- horses that we just don't have.

5 So we had a good meeting. Mostly we heard from
6 representatives of Pleasanton, and I don't think I see any
7 of them here now. Larry, I know, is here. But I don't see
8 anybody else. What we heard more was about the cleanup and
9 about some issues about payment for the cleanup. And as we
10 told them and as we will tell the community now, that is not
11 our purview. That is something to go on between Stabling
12 and Vanning. And I trust that they will address those
13 issues.

14 And unless you have anything else, I think that
15 was about it, Alex.

16 CHAIR WINNER: Thank you very much.

17 Let's move on then to item 13, discussion and
18 action by the Board regarding a report and update from the
19 Pacific Racing Association, Golden Gate Fields, and the
20 Northern California Stabling and Vanning Committee on the
21 projected availability of stalls at Golden Gate Fields
22 through the remainder of its race meeting and the projected
23 timeline for reopening the Alameda County Fairgrounds at
24 Pleasanton for off-site stabling and training.

25 Who's going to speak on that from Golden Gate,

1 anybody?

2 MR. MORRIS: Joe Morris from Golden Gate Fields.

3 We actually have enough stalls to go all the way
4 through our meet without opening Pleasanton. But we do have
5 a Stabling and Vanning Agreement signed between the members
6 of that group, the Golden Gate Fields, the TOC and CARF.
7 And that does call for Pleasanton to be open on May 1 at an
8 agreed-to rate. And we're, you know, ready to honor that
9 deal and then have it opened on the first and start paying
10 for it throughout Stabling and Vanning distribution.

11 CHAIR WINNER: Is there anybody here from
12 Pleasanton?

13 VICE CHAIR AUERBACH: No.

14 CHAIR WINNER: No.

15 COMMISSIONER CHOPER: Well, I take it, I infer
16 from that, that the way --

17 VICE CHAIR AUERBACH: But is this Pleasanton
18 management?

19 UNIDENTIFIED FEMALE: No.

20 COMMISSIONER CHOPER: No. But here's -- he's the
21 CARF man.

22 VICE CHAIR AUERBACH: You're from a horsemen's
23 group?

24 UNIDENTIFIED FEMALE: Yes. The Arabian Racing
25 Association of California.

1 CHAIR WINNER: Wait. Wait. Wait. Wait.

2 VICE CHAIR AUERBACH: Well, that's another issue.

3 CHAIR WINNER: Yeah. Let's hold off on that.

4 Are you going to represent Pleasanton?

5 MR. SWARTZLANDER: Larry Swartzlander representing
6 Pleasanton.

7 CHAIR WINNER: Good morning, Larry. I guess it's,
8 yes, still -- well, good afternoon, Larry.

9 MR. SWARTZLANDER: Good Afternoon. Yes, as we
10 discussed in the Committee meeting --

11 VICE CHAIR AUERBACH: Your name please?

12 MR. SWARTZLANDER: Pardon?

13 VICE CHAIR AUERBACH: Your name?

14 MR. SWARTZLANDER: Oh. Larry Swartzlander with
15 CARF, and speaking on behalf of Alameda County Fair.

16 We discussed the challenges that we had with all
17 the signatures on the NOTWINC Vanning and Stabling Agreement
18 for 2017. We do face some challenges as proceed through the
19 summer. Those were discussed at the Committee meeting. At
20 this point it's at the Committee level and we'll continue to
21 work with that.

22 The major concerns from the fairs are simply that
23 auxiliary stabling during the summertime, there's a three-
24 week period where we simply don't have a dirt facility for
25 auxiliary stabling. And we have no facility for the

1 emerging breeds. We will work on that and come up with a
2 situation where we can accommodate. Right now it's a matter
3 of money and keeping Pleasanton open beyond the designated
4 time, which is 1 May. And they close after their first
5 meet. So the only auxiliary stable from the fairs will be
6 Pleasanton. And after their first summer meet there will be
7 no fair open as an auxiliary stable.

8 CHAIRMAN WINNER: Thank you. Any questions for
9 either Joe or Larry? And I have one card from Allen
10 Aldrich. So let me just see if there are any other
11 questions for either of the people before us at this point.
12 All right.

13 Thank you, Allen.

14 VICE CHAIR AUERBACH: Just, you know what, Joe,
15 have those --

16 CHAIRMAN WINNER: Stay there. Yeah.

17 VICE CHAIR AUERBACH: Yeah, please. Have those
18 barns been made available? Are they being occupied now?

19 MR. MORRIS: We still don't have -- Joe Morris
20 from Golden Gate.

21 They are available. We haven't moved any horses
22 into them because we just don't have that number the way
23 we've needed to use them yet.

24 VICE CHAIR AUERBACH: So you don't have any horses
25 in there right now?

1 MR. MORRIS: Right.

2 VICE CHAIR AUERBACH: Because you don't need them
3 or --

4 MR. MORRIS: Because we, well, because we have
5 plenty of stalls, using the existing barns.

6 CHAIRMAN WINNER: It's an inventory issue.

7 MR. MORRIS: Yeah. We -- the inventory is lower
8 than we would like.

9 CHAIRMAN WINNER: So obviously, when the two-year-
10 olds -- then the inventory will increase.

11 MR. MORRIS: It should.

12 CHAIRMAN WINNER: And that's when you'll be able
13 to --

14 MR. MORRIS: It should start to come up, yeah.

15 CHAIRMAN WINNER: Yeah. Allen?

16 MR. ALDRICH: Allen Aldrich, long-time Northern
17 California owner, fair supporter and TOC Board Member. I'm
18 most appreciative for your conducting this meeting in
19 Northern California. There are some very important issues
20 regarding the changes to our stabling that deserve your
21 personal observations and attention in order to preserve
22 racing in this half of the state.

23 The immediate focus ought to be asking important
24 questions regarding the impact of the closure of Pleasanton
25 and the supplement with new stalls at Golden Gate Fields.

1 It is worth your time to investigate answers to obvious
2 questions and to insist on accountability from responsible
3 parties.

4 Number one, the construction and availability of
5 the new barns. Were the barns built as advertised? Back in
6 last year, I remember these were going to be portable barns.
7 I think they're constructed barns now, they all have
8 foundations. They were a condition of the closure of
9 Pleasanton to horsemen. Not a single horse has moved into
10 these new barns. There have been mass exit of horses,
11 trainers, diminished field sizes.

12 Number two, have the safety stewards given their
13 okay to the construction and location of the new barns?

14 Number three, were the new barns built in a timely
15 manner? I think they were supposed to be completed by
16 January 15th, if I remember correctly.

17 Do the new barns meet all city and state safety
18 codes, building and electrical? We talk a lot about safety
19 of the horses on the racetrack. I think that should carry
20 over into our barn areas also, as Mr. Solis suggested.

21 Is there ample room around the barns to safety
22 take care of a race horse, including wash, wraps and hot
23 walking area?

24 Young horses are now going elsewhere to train.
25 This will diminish racing stock now and in the future. What

1 answers does the CHRB have to these issues?

2 The closing of Pleasanton have caused owners to
3 not buy horses. Myself and others have been discouraged
4 from investing in more horses, further diminishing racing
5 stock.

6 Does the CHRB have suggest -- suggest a proactive
7 fix? Our Northern California horseman to presume that CHRB
8 will passively watch the demise of Northern California
9 racing, or do you intend to address the obvious issues? Has
10 consideration been given to the impact of the closing of
11 auxiliary stable facilities and Northern California
12 breeders? How does the CHRB intend to address these issues
13 to GGF, given the dramatic adverse impact to the changes
14 they requested upon the quality, quantity and the future of
15 racing in Northern California. Hopefully you all will take
16 the time to go and tour the barn area. The problems are
17 obvious and snowballing. Those of us who invest our lives
18 and resources in preserving racing here in Northern
19 California are depending upon you to appropriately intervene
20 to preserve the sport we all love.

21 The current program is on a collision course with
22 disaster. We are all looking to the CHRB Board to steer
23 things in the right direction. The horsemen, the racing
24 fans dedicated to Northern California circuit deserve
25 nothing less.

1 Thank you.

2 CHAIRMAN WINNER: Thank you, Allen. Did you make
3 all these points at the Committee meeting that was held for
4 that purpose?

5 MR. ALDRICH: I apologize. I wasn't here last
6 week to attend the meeting.

7 CHAIRMAN WINNER: Was somebody else available who
8 could have made those points? No? Okay.

9 EXECUTIVE DIRECTOR BAEDEKER: It was frustrating.
10 There wasn't a single word of concern expressed, much less
11 questions about the specifications of the stalls or
12 locations of the stalls.

13 VICE CHAIR AUERBACH: You know, I'm only hoping
14 that maybe those comments were written prior to us having
15 discussed that. We, who are both from the south, took our
16 time, got on a plane, got here, looked at the stalls, walked
17 around them, took very careful note. I don't think either
18 Commissioner Solis or I are bereft in our duties, nor is it
19 our responsibility to provide the leadership that the
20 industry should come to us with. It shouldn't be the other
21 way around. The industry should be leading this. And maybe
22 that's what Mr. Avioli will help us with now.

23 MR. AVIOLI: Greg Avioli with TOC.

24 CHAIRMAN WINNER: Before you start, Greg, first of
25 all, frankly, Allen, we've been discussing this for not just

1 weeks but months. So it's not something that is just --

2 COMMISSIONER CHOPER: Years.

3 CHAIRMAN WINNER: Yeah, years. It's not something
4 that has just come up and we're beginning to have a look at
5 it, and we've been derelict in our duty of being concerned.

6 We also have laws within which we have to work.
7 And those laws tell us what our responsibility is and what
8 the responsibility of Stabling and Vanning is. And it is,
9 frankly, our responsibility to determine that there are
10 enough stalls for the race meet. Essentially, that's our
11 responsibility. Beyond that we rely and the state relies on
12 Stabling and Vanning and the various stakeholders to reach
13 the conclusions that they have reached.

14 Now clearly other -- if there are safety issues,
15 then we want to be concerned about those. And that's why,
16 as Commissioner -- as Vice Chair Auerbach has said, she and
17 Commissioner Solis came up, had the meeting in Northern
18 California specifically for that purpose, did spend time
19 going through the facility for the very purpose of making
20 sure that the stabling was adequate. And, obviously, you've
21 heard them say that in their view it is.

22 Mr. Avioli?

23 MR. AVIOLI: Greg Avioli, TOC. I need to clarify
24 some things.

25 Mr. Aldrich's comments at the beginning were that

1 he recognized himself as a long-time owner and TOC Board
2 Member, which is accurate. But I think he would agree, his
3 comments are in no way the comments of the TOC. They're his
4 personal comments. He's not authorized to speak on behalf
5 of the TOC, and I don't believe he intended to.

6 As regards the substantive matter, we did have a
7 representative at that meeting, Liz Morey. We very much
8 appreciate the efforts of Commissioner Solis and
9 Commissioner Auerbach coming up here. We share your
10 opinions on the subject. We believe there are sufficient
11 stalls at Golden Gate right now and they've been well built,
12 and that's the TOC's official position.

13 CHAIRMAN WINNER: Thank you. Any questions from
14 any Commissioner or comments? All right. There's no action
15 to take on this item?

16 EXECUTIVE DIRECTOR BAEDEKER: Correct.

17 CHAIRMAN WINNER: Correct. All right. Thank you,
18 gentlemen.

19 Any other matters to be discussed is there a
20 motion to adjourn?

21 VICE CHAIR AUERBACH: So moved.

22 CHAIRMAN WINNER: So moved. Okay. It's moved and
23 seconded to adjourn. I don't think we have to have a roll
24 call.

25 VICE CHAIR AUERBACH: No, I thought that they were

1 going to talk.

2 CHAIRMAN WINNER: Well, they can talk, but I don't
3 have a card.

4 VICE CHAIR AUERBACH: Did you --

5 CHAIRMAN WINNER: Did you want to speak?

6 VICE CHAIR AUERBACH: Did you folks want to speak
7 from the Arabian Association?

8 MS. EATON: The only thing I was going to say --

9 CHAIRMAN WINNER: Well, wait. If you want to
10 speak, you're welcome to come up and speak.

11 VICE CHAIR AUERBACH: We'd like to hear from you.

12 MS. EATON: (Indiscernible.)

13 CHAIRMAN WINNER: Okay.

14 VICE CHAIR AUERBACH: All right.

15 CHAIRMAN WINNER: Well, you're welcome to come up
16 and speak.

17 VICE CHAIR AUERBACH: Sure.

18 EXECUTIVE DIRECTOR BAEDEKER: So --

19 CHAIRMAN WINNER: Hold on, folks. We're going to
20 keep the meeting going because there are a few people who
21 haven't had a chance to speak, and we did not have a card
22 from them. So we're happy to allow you to speak on the
23 issue.

24 MS. EATON: Thank you so much. My name is Terri
25 Eaton and I am representing the Arabian Racing Association

1 of California at this point. As far as the stabling -- and
2 I am also a thoroughbred trainer and owner.

3 I have to agree with Mr. Aldrich, I did not go
4 purchase horses this year because of the situation that has
5 happened at Golden Gate. I think if you all look at the
6 field sizes and that they are down, there are reasonings,
7 because people have left.

8 But my main concern at this point right now is
9 that we people that have emerging breeds, whether it be
10 mules, whether it be Arabians, whether it be quarter horses,
11 we have no place to prepare our horses to be trained for the
12 upcoming fair event. And by closing Pleasanton and not
13 opening, I mean, we were okay with it closing when it
14 closed. But we need time and sufficient time to get these
15 animals ready to enable them to run safely and be fit and
16 ready and put on a good showing. If we only have 45 days to
17 get our horses ready at an approved facility, that doesn't
18 enable us to prepare them properly.

19 So who does it hurt? It hurts all of racing. It
20 hurts California. It hurts all of the fairs and everything.
21 And unfortunately, it is the feeling of me and many other
22 people that the fairs are on their way to demise. And when
23 the fairs are at their demise, so is Golden Gate Fields. We
24 don't want this to happen. We all love with this sport. We
25 want to be able to race our horses. We want to be able to

1 breed them. We want to be able to have the enjoyment of
2 having them, and it's going on a downward spiral. And we
3 need Pleasanton open as soon as possible so we can start to
4 prepare these horses so that we can put on a good showing
5 and not look foolish in our ventures.

6 We have big races. We've hit the ball out of the
7 court running at Santa Anita with these Arabian horses.
8 They've handled very, very well and they've done well. And
9 so now we need the opportunity to be able to perform to our
10 best ability, and we are not. Golden Gate was very generous
11 in the fact that they let me bring my horses in that ran in
12 the \$100,000 race down at Santa Anita last week and prepare
13 here. I greatly appreciate that. But what are we going to
14 do with the lesser animals, the ones that need to be started
15 and need to prepare with more time that are not stake
16 horses?

17 We need your help, and you guys are the only ones
18 that can help us. Thank you.

19 CHAIRMAN WINNER: Thank you very much. I think
20 they're all good points that you raise. I think we all
21 agree with that. I think that it's -- I hope that Stabling
22 and Vanning can listen to what you're saying and hopefully
23 may work with you to find a solution to the problem, because
24 I do think the emerging breeds are the ones especially that
25 get hurt in this situation.

1 MS. EATON: As I understand it, maybe you can --
2 if you're still here, you can tell me, as I understand it,
3 Golden Gate did make available stalls for the Arabians, Only
4 for the stake horses (indiscernible).

5 CHAIRMAN WINNER: Only for the what?

6 MS. EATON: (Off mike.) Only for the stakeholders
7 (indiscernible). And that was greatly appreciated, very
8 much appreciated. But (indiscernible).

9 COMMISSIONER CHOPER: Well, do I understand --

10 VICE CHAIR AUERBACH: Let's hear from the guys at
11 Golden Gate.

12 COMMISSIONER CHOPER: Well, I was going to say,
13 did I understand that there were unfilled stalls at Golden
14 Gate during this period?

15 MS. EATON: (indiscernible) myself. There are
16 roughly 200 empty stalls. And that's fine. But they're in
17 places where you have two stalls, one place five stalls, one
18 place four stalls, one --

19 VICE CHAIR AUERBACH: But, you know, everything
20 would be great if everybody could just move in wherever they
21 want, but we can't always do that.

22 MS. EATON: We most definitely understand that.
23 But I have three two-year-olds that are thoroughbred horses
24 that are sitting at home that I have not brought in because
25 in order for me to bring them in, I have to be in three

1 separate barns. And so in order for me to be in three
2 separate barns means more labor. I can't get those horses
3 to the racetrack. They've been a training facility.
4 They're ready to come in. They're ready to start galloping.

5 VICE CHAIR AUERBACH: My question to you is this:
6 Have you requested the stalls from --

7 MS. EATON: Yes, I have, and I have not gotten any
8 response.

9 VICE CHAIR AUERBACH: And they've turned you down?

10 MS. EATON: They haven't -- they do not call me
11 back. They do not reply.

12 VICE CHAIR AUERBACH: Okay. Well, they're here
13 right now, so let's hear from them.

14 MR. MACKEY: Patrick Mackey.

15 VICE CHAIR AUERBACH: I'm sorry.

16 CHAIRMAN WINNER: Wait. Let me ask a question,
17 also.

18 VICE CHAIR AUERBACH: I'm sorry.

19 CHAIRMAN WINNER: My recollection is that some of
20 the -- at some of the earlier meetings there were people
21 from -- I believe there were Arabians, but maybe others,
22 that said that they didn't want to train at Golden Gate
23 because of the Topita (phonetic) track.

24 MS. EATON: Well, you're -- a lot of people don't.
25 I, myself, am not in that position.

1 CHAIRMAN WINNER: Okay. They can't -- can you go
2 to a microphone, please, so they -- thank you very much.

3 MS. EATON: Yes. A lot of people do say that. I,
4 myself, am not in that position. I think that Topita is a
5 great -- is a good thing. It enabled us to be able to race
6 all winter. With the amount of rain we've had, they do a
7 fabulous job on the track. I gallop my own horses. I like
8 what it feels like over the racetrack. I have no problem
9 with it. I would be glad to bring my Arabs, but I have
10 another probably 14 head of horses to bring in. And they
11 can't put me in one spot enough to where we can do it
12 efficiently.

13 CHAIRMAN WINNER: Okay. So let's hear from Golden
14 Gate.

15 MR. MACKEY: Patrick Mackey, Racing Secretary at
16 Golden Gate Fields.

17 In reference to what Terri is saying, Terri, I
18 have not heard from you since you asked me if the horses
19 could come in and train for a stake race not located at
20 Santa Anita, but the one that's located in Texas for which
21 we did. And we made every allotment to you that you asked
22 for, as far as I know. I have not gotten a message from you
23 or anything since. We gave you all the stalls you asked
24 for. When you originally turned in your stall app you
25 pulled it and then said you did not want to come, and

1 changed your mind quite a bit. At last look you had 11
2 starts with the stalls you have back there. So obviously,
3 there could be some room for horses to come in that may be
4 running.

5 That's all I have.

6 MS. EATON: I have four horses there right now
7 that are thoroughbred horses. They've started 11 times
8 since the 1st of February. I think that's not a bad deal.
9 The other two were the Arabian horses. They did go to
10 Texas. They ran in Texas. I shipped them clear back from
11 Texas back to California and they ran at Santa Anita.

12 Yes, Mr. Mackey has done everything to this point.
13 Before I took off to go to Texas or just before -- a little
14 after that, when I came back I asked for another three
15 stalls because I have two-year-olds. There's no place to
16 put me. And I asked Carrie. And I did leave a message with
17 Mr. Mackay on his message machine and I have not had any
18 reply.

19 COMMISSIONER CHOPER: You know, I hesitate to get
20 into the details of this, but I'm going to anyway. Is it
21 possible in the stalls you have at Golden Gate to have a
22 certain section which, if unoccupied, can be available to
23 Arabian horses?

24 MR. MACKEY: At this time that would be very
25 difficult. I mean, I know the number that's been flying

1 around here, that we have 200 empty stalls. At this
2 time that number is probably down to about 170, because we
3 do have a lot of babies --

4 COMMISSIONER CHOPER: Yeah.

5 MR. MACKEY: -- coming in on a daily basis. As
6 far as finding one place for -- I mean, I don't know how
7 many Arabians we're talking about. But it would be
8 difficult to find 30 to 40 stalls together. We have lots of
9 big barns here. And to find them all in a line would be
10 difficult. But that's a large number.

11 COMMISSIONER CHOPER: Well, let me ask the
12 question another way and then I'm going to quit.

13 So you have let's say 1,000 horses here, right,
14 looking for stalls. If you want to give me a different
15 number, go ahead.

16 MR. MACKEY: 1,280, about.

17 COMMISSIONER CHOPER: Twelve hundred. Okay.
18 Twelve hundred, whatever; 1,200 or 1,300 horses.

19 MR. MACKEY: Okay.

20 COMMISSIONER CHOPER: And how many stalls have
21 you --

22 MR. MACKEY: Fourteen hundred and fifty-five.

23 COMMISSIONER CHOPER: Okay. So can you at a
24 certain point say, look, we're going to start from one end
25 for the thoroughbreds, and we're going to start from the

1 other end for the Arabian horses; right? And we'll fill
2 them up, but we've -- we'll fill them up until they fill up.

3 VICE CHAIR AUERBACH: Spoken like a man who knows
4 absolutely nothing about stabling.

5 COMMISSIONER CHOPER: Okay. Well, that's why I --

6 BOARD MEMBER CAMACHO: I'm sorry, Jesse.

7 COMMISSIONER CHOPER: That's all right. That's
8 why is said it seems simple enough for thinking of it that
9 way. That's why I --

10 VICE CHAIR AUERBACH: That's why --

11 COMMISSIONER CHOPER: -- said I couldn't have
12 gotten in.

13 VICE CHAIR AUERBACH: -- he was a law professor.

14 CHAIRMAN WINNER: Am I not correct, Joe? Didn't
15 you say there were 225 or 250 stalls that are vacant?

16 MR. MORRIS: Well, there was. The last count had
17 there was 200 empty stalls. And there's still another 45
18 that will be ready to -- will be ready in a couple of weeks.

19 CHAIRMAN WINNER: So that's approximately --

20 MR. MORRIS: Right.

21 CHAIRMAN WINNER: -- 250?

22 MR. MORRIS: Yeah. But that was -- you know,
23 counting horses is a bit of a moving target.

24 CHAIRMAN WINNER: Right.

25 MR. MORRIS: We tend to count on the first day of

1 the month --

2 CHAIRMAN WINNER: Right.

3 MR. MORRIS: -- on that side of it.

4 The second part of this conversation I want to add
5 in on the Arabian side is for us to take stabling, we'd need
6 some races. You know, this, the cost of the stabling, would
7 be put onto Golden Gate, so we'd want to get an ROI on that.
8 And we've had some discussions with the Arabian Jockey Club
9 on how to do that. And right now, from them to me, their
10 two biggest challenges out here are the Workers Comp
11 Insurance, and then where is the purse money going to come
12 from? We're working through that.

13 You know, we just had a very successful Arabian
14 Race at Santa Anita with the Sheikh Monsoor Festival. And I
15 met with their president and Sam from the Jockey Club. So
16 there is still conversations going on. But for the Arabians
17 to come here, we'd certainly want to have a race so we
18 could, you know, be able to get an ROI on the expense of
19 stabling them.

20 CHAIRMAN WINNER: Is there -- it does require
21 legislation, doesn't it, to permit?

22 MR. MORRIS: And that's been passed. So we can
23 run, I believe the number is six a year. TOC has restricted
24 that to four in the south, so I'd need to talk with them.

25 CHAIRMAN WINNER: But it's six statewide, is it?

1 MR. MORRIS: Yeah.

2 CHAIRMAN WINNER: Is that correct?

3 MR. MORRIS: No. I think it's north/south.

4 CHAIRMAN WINNER: Per association?

5 MR. MORRIS: Yeah. So there is some room. But
6 now where's the purse money going to come from. And the TOC
7 is thoroughbred purse money --

8 CHAIRMAN WINNER: Right.

9 MR. MORRIS: -- so it's not going to come from
10 there. So whether it's a sponsorship, like the Sheikh
11 Monsoor Festival was at Santa Anita, or other avenues, and
12 we've discussed some of those, even just this last weekend
13 with them. So --

14 VICE CHAIR AUERBACH: Joe, can I ask you a
15 question please? How did you get around the Workers Comp
16 issue when those horses ran at Santa Anita?

17 MR. MORRIS: Santa Anita horses were covered by
18 the Finish Line Group, so they --

19 VICE CHAIR AUERBACH: Just that race?

20 MR. MORRIS: Just for that race.

21 VICE CHAIR AUERBACH: It's just for that time
22 frame?

23 MR. MORRIS: A one race exemption.

24 MS. EATON: I have one question to ask.

25 CHAIRMAN WINNER: Yeah. Go ahead.

1 MS. EATON: The Sheikh Monsoor Festival was all
2 supplied -- it is my understanding, and correct me if I am
3 wrong, they put up their full \$100,000 for the race. So
4 there has to be some sort of purse money and percentage that
5 is supposed to be paid back for purses, if I'm understanding
6 the situation right.

7 Last year we had a very, very large handle. And
8 there should have been some money that should have been able
9 to come back to the Arabians to support some purse money in
10 the south or here at Golden Gate Fields. And it is to my
11 knowledge that none of that money has come back -- came back
12 to the Arabians. I believe it has gone into the
13 thoroughbred fund. So we -- and I'm not very versed on this
14 and I really don't know a lot about it. All I know is what
15 I have been told. So as far as purse money is concerned, if
16 we generated that much money then we should have a certain
17 percentage that is supposed to come back to us. And so,
18 therefore, we would have purse money to help support this.

19 Unfortunately, at this point all of the horses are
20 waiting for the fairs because we haven't had a place to get
21 ready. Otherwise, we could have had horses ready by the 1st
22 of June so that we could have had our four races up here in
23 preparation for the fair, but we have nowhere to get ready.

24 MR. MORRIS: Joe Morris, Golden Gate.

25 And they could have been here getting ready, if

1 they came in. We would have opened our barn area to them.
2 And we had a few out that did leave. The Sheikh Monsoor
3 Festival, there's a lot more to that than just that. This
4 was a special relationship that we have with that
5 organization. And, I mean, this year, part of that whole
6 agreement and arrangement was \$150,000 check to the
7 Permanently Disabled Jockeys' Fund. So there's a lot more
8 components to that than, you know, what she was just
9 referring to.

10 CHAIRMAN WINNER: Anything else?

11 MR. BROWN: Chairman Winner and ladies and
12 gentlemen, Michael Brown. I'm with the Pleasanton Arabian
13 Racing Club. I've had the privilege of speaking to you
14 before.

15 One of the things that concerns me more than I can
16 say is the report that we heard at the very beginning of
17 this meeting. Purses are down. Field are down. That's
18 shrinkage, and you can only shrink so far. And you get to a
19 point where there's such a diminishing return, there's
20 nothing left.

21 I don't want to see -- I raised Arabian horses
22 back in the '80s. And for a number of reasons I had to get
23 out, not the least of which was, and Professor Choper will
24 understand this, I had to comply with laws that perhaps some
25 others didn't for fear of getting disbarred. So in any

1 event, approached last year to get back into again and I did
2 so with great relish. I've really enjoyed this.

3 I was so pleased to be at the Sheikh Monsoor
4 Festival down at Santa Anita, and to attend those ceremonies
5 and watch that race. And I took the opportunity, and I've
6 done so over the last six months or so, I talked to a lot of
7 the owners and trainers, both thoroughbred and Arabians, out
8 at the meetings we've held at Pleasanton. And there's just
9 tremendous dissatisfaction, rising the point of anger.
10 There are a lot of horses that have left Northern California
11 because of this whole Stabling and Vanning Fund problem.
12 And we're seeing that in the results at the racetrack. If
13 you don't have enough horses, you don't have enough betting.
14 If you don't have enough betting, you don't have enough
15 horses. I don't know whether it's the chicken or the egg, I
16 just don't know.

17 I do know that there's got to be some changes
18 made.

19 I talked to, for example, trainers over the last
20 few months, and again this last weekend down at Santa
21 Anita -- (microphone feedback) -- sorry -- who are -- I
22 guess I've been cut off -- who were very unhappy about the
23 fact that, yes, they're allowed at Golden Gate Fields. But
24 if you've got one horse, and I don't know the barn numbers,
25 you've got one horse in Barn 1 and one horse in Barn 32 and

1 another horse in Barn 46, they can't take care of all their
2 horses if they're spread out all over the place. And I
3 guess that's going to mean that people who have been here
4 for many, many years might have to shift barns a little bit,
5 but that apparently hasn't been done. And people are fed up
6 with it, sort of saying I don't want to put up with this
7 anymore. A lot of them went to Southern California.

8 That's not helping the industry. It's all well
9 and good to say you've got 200 stalls or 150 or 40 or 75,
10 whatever the number is. If a newbie has to come in and take
11 a stall, one over here, one on the other side of the barns,
12 one someplace else, they're not going to do it. So there
13 has to be more cooperation.

14 And I respectfully submit to you, Ladies and
15 Gentlemen, that it doesn't -- I don't know how to say
16 this -- it doesn't do any good to say, well, leave it to the
17 TOC and the CARF and the enormous organizations, everybody
18 else, let them decide it. We desperately need for you folks
19 to give some guidance and some advice and, quite frankly,
20 some pressure to make this a better situation, to make it
21 better for everybody.

22 We all love the horses. We all love the racing.
23 I've had more fun this last year than I can -- well, I won't
24 use some of the phrases we hear, but I just had a lot of fun
25 this last year. And I want to keep on doing it, but we need

1 your pressure to put people together. Sometimes they can't
2 come to some agreement. And I'm asking that you folks
3 take -- and maybe it's not really part of your charter, but
4 you love the horses too. Help us out. Let's get people
5 working together and let's get some cooperation. Because if
6 this keeps up, none of us will be here in a few years, that
7 would be a tragedy.

8 Thank you.

9 CHAIRMAN WINNER: Thank you very much.

10 Any questions or comments?

11 MR. MORRIS: Can I say one thing on that? I'd
12 just like to comment on that.

13 CHAIRMAN WINNER: Yes, please.

14 MR. MORRIS: Joe Morris, Golden Gate.

15 On coming together, there's been years we haven't
16 had Stabling and Vanning Agreements that have been signed,
17 and we haven't been together. We have a signed Stabling and
18 Vanning Agreement with all of the parties and a plan through
19 the year. And the conversation is going into getting next
20 year's plan done. So we're right where he says we aren't.

21 MR. BROWN: No, you aren't. I'll say flat out,
22 no, you're not.

23 MR. RAINEY: Cal Rainey.

24 MR. BROWN: CARF has 25 percent of the vote and
25 gets outvoted all the time.

1 MR. MORRIS: There's only three parties. There's
2 no (indiscernible).

3 MR. BROWN: So a three-party agreement where you
4 have one -- one party has 50 percent of the vote, and you
5 team up with somebody else who has 25 percent of the vote,
6 that's not a three-party agreement. A three-party agreement
7 is where everybody is equal, and that's not the case.

8 So, no, you do not have a voluntary agreement.
9 You've got a lot of people who are very unhappy, who feel
10 shut out.

11 EXECUTIVE DIRECTOR BAEDEKER: So should that
12 problem go to the legislature? Because that is state law
13 that --

14 MR. BROWN: I quite understand that
15 (indiscernible).

16 EXECUTIVE DIRECTOR BAEDEKER: -- that percentage,
17 but --

18 MR. BROWN: And that's why I've been in touch with
19 some legislators.

20 EXECUTIVE DIRECTOR BAEDEKER: And that's the way
21 to go. And then just, we pointed this out before, the
22 Chairman pointed out it at the beginning of the discussion,
23 there's two books under which this Board operates, one is
24 statute and one is the rules and regulations that are
25 derived from those statutes. The Board has the obligation

1 to determine the suitability and capacity of the stable area
2 for an upcoming race meet.

3 MR. BROWN: Oh, I understand. And I have spent --
4 in fact, I just, the beginning of this week, I downloaded
5 all the rules for the first time. I've gone through the
6 statutes (indiscernible).

7 EXECUTIVE DIRECTOR BAEDEKER: Okay. Well, that's
8 helpful because I think it's understandable that people want
9 to hear their grievances before the Horse Racing Board. But
10 I hope everyone understands that the Board is limited in
11 what action it can take. And there has to be a direct
12 connection to a rule or regulation or a statute in order for
13 this Board to act.

14 MR. BROWN: I understand. All I'm asking is that
15 perhaps you step out of your official capacity a little bit
16 and help people who need help. I know you can't order
17 things. Clearly, you can't command a lot of things. But
18 you have great persuasive power and great persuasive
19 ability.

20 I'm just asking that you take a look at that and
21 let the emerging breeds -- you know, if you had an extra
22 Arabian race every day of racing, and I know there are rules
23 and laws and all of that, but those can be changed. But if
24 you had an extra day of racing for the emerging breeds, an
25 extra race every day of racing, you would increase the

1 number of thoroughbreds in the thoroughbred races. And if
2 you increased the number of thoroughbreds in the
3 thoroughbred races, you increase the betting. If you
4 increase the betting the handle gets bigger and a lot of
5 these problems get solved.

6 But when people -- and God bless the thoroughbred
7 owners. I know they're proud of their horses, but we're
8 proud of our Arabians too. And we all have to sort of step
9 back a little bit and say what's good for one is good for
10 the other and let's work together to make this thing work.
11 Let's make horse racing in California back where it was. I
12 mean, look at all the tracks that have closed, the famous
13 places that we used to hear about when we were kids, they're
14 gone. And what little is left has to be protected. And the
15 only way to protect it is for everybody to look at what's
16 good for everybody and not just what's good for one, and
17 that's all I'm asking.

18 CHAIRMAN WINNER: Terri, did you want to speak?

19 MS. EATON: Cal.

20 CHAIRMAN WINNER: I mean, Cal.

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

22 CHAIRMAN WINNER: Terri, I apologize.

23 MR. RAINEY: That's all right.

24 CHAIRMAN WINNER: Cal?

25 MR. RAINEY: I just want to thank the horsemen

1 from Pleasanton and those horsemen that moved over here in
2 December and in January. We did get close to 200 horses
3 from Pleasanton. And I think, we could check with Patrick
4 Mackay, but I think that he'll tell us that we actually had
5 a higher rate of starts from Pleasanton people this winter.
6 Even though our field size is down, we did get a higher rate
7 of starts from those Pleasanton people. And I thank them
8 for the move and coming into Golden Gate Fields.

9 CHAIRMAN WINNER: Thank you. All right.

10 Any other discussion?

11 COMMISSIONER CHOPER: I just wanted to say I think
12 that if the Arabian people, those, you know, connected with
13 that piece of the industry, think that there is a
14 possibility for expansion, for myself, at least, given the
15 scarcity of thoroughbreds that we have here, if that can be
16 done for whatever reason, if there's a better opportunity
17 for them than there is for the thoroughbreds, given the
18 rules and everything, and the competition of other places, I
19 think we ought to do all we can to encourage that.

20 And I'm not -- I think that people here agree with
21 me as to that because it -- I mean, they're very -- as I
22 understand it, as someone who, you know, looks at horses,
23 given the information that we have about them now, they are
24 a lot more similar to thoroughbreds than any other breed
25 that we've got in terms of betting horses. And I think that

1 there is a real potential for, it would be for me, to start
2 handicapping races with Arabians, too, as well as
3 thoroughbreds.

4 You know, I think the total horse is a totally
5 different story. You know, you've got have to have a
6 different -- a whole different approach, but it seems to be
7 the approach would be the same. Maybe I'm wrong about that,
8 too, but that is -- that has real potential.

9 MR. BROWN: Thank you, Professor Choper. I really
10 appreciate you saying that.

11 I will tell you that I did speak with some folks
12 from the Arabian Horse Registry over the weekend. I just --
13 I did speak with some folks at the Arabian Horse Registry
14 over the weekend. And the number of horses, Arabian horse,
15 being bred for racing has gone up a little bit over the last
16 year. But those horses aren't going to be ready to run and
17 to race for another three years. I the meantime, we've got
18 to have a place for them to learn how to do it, and right
19 now we don't have places for those horses to learn how to do
20 it.

21 So we've got to look to the future and make sure
22 that this thing doesn't shrink to the point where that's not
23 available, and that means -- I think we get back to somehow,
24 some way, we've got to find a way to have more training
25 facilities and --

1 VICE CHAIR AUERBACH: So everybody understands,
2 this is obfuscation to the highest level.

3 Let me just say this clearly so everybody
4 understands it, the reason that we have a problem with the
5 Arabians is all about Workers Comp, and it' all about the
6 insurance issue. And please, and this maybe will settle
7 what the issue really is, it's all about Workers Comp. And
8 unless and until the people who are involved with Arabian
9 racing can come to us with this -- not to us, to --

10 EXECUTIVE DIRECTOR BAEDEKER: Legislature.

11 VICE CHAIR AUERBACH: -- to everybody, with the
12 powers that be, you have -- we know that there's space for
13 the horses. We know that there is some interest that we
14 would love to see piqued. But unless and until this can be
15 resolved, all of the times that these folks are here and are
16 talking to us, and quite frankly have been unhappy with us
17 for not supporting them more, it is not our place to help
18 and take the Arabian people by the hand and sit them down
19 with the insurance peoples and the powers that be to work it
20 out. When the Arabian people have these things worked out,
21 if at that point in time there is a problem with finding
22 locations, et cetera, et cetera, et cetera, that's the time,
23 if we're needed, we should be come to. But I would think --
24 we should be come to? Wonderful. I speak a well English.

25 But until that happens, I know that the

1 associations are just as interested in running racing of any
2 kind that they can get their hands on, want horses, want
3 inventory. We would love to welcome anybody that can do
4 this. But until we get beyond this hurdle, there's nothing
5 that we can do to help you. You know, sometimes you have to
6 help yourselves.

7 And that's where it's at right now, so that's what
8 we're waiting for. And I have spoken with the lady, and I'm
9 sorry, I do not remember her name, who told me that this is
10 being worked on. Maybe Joe knows more information than I
11 know. Somebody has to know more than I know.

12 So it isn't that we're putting up barriers. It
13 isn't that we don't want Arabian horses. They're gorgeous
14 animals. It isn't that we're not interested in hearing and
15 seeing about them. But there isn't anything we can do.
16 There's no point in us making stalls available for them when
17 they can't get ready on our backsides without the
18 appropriate insurance concerns being addressed, so it's a
19 process, like everything else. So that, I think, is where
20 we are right now.

21 MR. BROWN: I smile as you speak because just last
22 Sunday morning I had a meeting, a breakfast meeting with an
23 insurance broker, who has both Arabian and thoroughbred
24 horses, and it is an issue that we are addressing directly.
25 He is working with the State Workers Compensation Appeals

1 Board to see if we can get some of those issues resolved,
2 and so we're moving forward on that front and so --

3 COMMISSIONER CHOPER: Well, that's sounds good.

4 CHAIRMAN WINNER: Good. All right. With that,
5 we're going to adjourn. Thank you all very, very much for
6 attending.

7 (The regular meeting of the California Horse Racing Board
8 concluded at 12:42 p.m.)

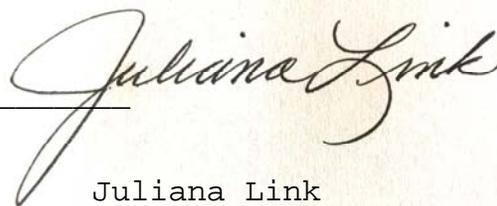
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

REPORTER'S CERTIFICATE

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 12th day of April, 2017.

A handwritten signature in black ink that reads "Juliana Link". The signature is written in a cursive style and is positioned above a horizontal line. Below the signature, the name "Juliana Link" and the number "CER-830" are printed in a standard font.

Juliana Link
CER-830

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

April 12, 2017