

MEETING
STATE OF CALIFORNIA
HORSE RACING BOARD

In the Matter of)
)
Regular Meeting)
)

SANTA ANITA PARK RACE TRACK
285 WEST HUNTINGTON DRIVE
ARCADIA, CALIFORNIA

THURSDAY, APRIL 27, 2017

9:30 A.M.

Reported by:
Martha Nelson

APPEARANCES

COMMITTEE MEMBERS

Chuck Winner, Chair
George Krikorian, First Vice Chair
Madeline Auerbach, Second Vice Chair
Jesse Choper, Commissioner
Araceli Ruano, Commissioner

STAFF

Rick Baedeker, Executive Director
Jacqueline Wagner, Assistant Executive Director
John McDonough, Chief Counsel
Phil Laird, Staff Counsel
Rick Arthur, Equine Medical Director
Mike Marten, Associate Analyst
Darrel McHargue, Chief Steward

ALSO PRESENT

Greg Avioli, Thoroughbred Owners of California
Jeff True, Amtote
David Jerkens, Del Mar Thoroughbred Club
Larry Swartzlander, California Authority of Racing Fairs and
Oak Tree at Pleasanton
Jerome Hoban, Alameda County Fair
Sherwood Chillingworth, Oak Tree
George Haines, Southern California Off Track Wagering
Joe Morris, Santa Anita Race Track

APPEARANCES

ALSO PRESENT

Nate Newbie, Santa Anita Race Track

Alan Balch, California Thoroughbred Trainers

Cal Rainey, California Thoroughbred Trainers, NOTWINC and
Golden Gate Fields

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- A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," and as authorized by Government Code section 11126(e).
- B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described

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in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

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

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P R O C E E D I N G S

9:43 A.M.

ARCADIA, CALIFORNIA, THURSDAY, APRIL 27, 2017

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

You don't have to leave, Mr. Baffert.

VICE CHAIR AUERBACH: Yeah, he does.

CHAIRMAN WINNER: This is the regular noticed meeting of the California Horse Racing Board on Thursday, April 27, 2017, at Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California.

Present at today's meeting are: myself, Chuck Winner, Chairman; George Krikorian, First Vice Chairman; Madeline Auerbach, Second Vice Chairman; Jesse Choper, Commissioner; Araceli Ruano, 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 appearing on the agenda during the public comment period if the matter concerns horse racing in California.

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

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

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

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

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

25 I don't have an agenda, as usual.

1 EXECUTIVE DIRECTOR BAEDEKER: It's back here.

2 Here it is.

3 CHAIR WINNER: Oh.

4 EXECUTIVE DIRECTOR BAEDEKER: There you go.

5 CHAIR WINNER: Okay.

6 EXECUTIVE DIRECTOR BAEDEKER: You can write on it.

7 CHAIR WINNER: Thank you. All right. Shall we
8 move on to the approval of the minutes from the April 6th
9 meeting?

10 Hold on just one second. I'm not sure I'm going
11 to have a note.

12 (Colloquy)

13 CHAIR WINNER: Okay. Is there a motion to approve
14 the minutes from the April 6th meeting?

15 SECOND VICE CHAIR AUERBACH: So moved.

16 CHAIR WINNER: Commissioner Auerbach moves.
17 Commissioner Krikorian seconds.

18 I did want to make one quick change, Jackie,
19 before we do approve it, and it's on 115. And it says,
20 "Chairman Winner stated owners and trainers had expressed
21 concern for stabling at Golden Gate." And that should be
22 owners and trainers of the Arabian horses.

23 MS. WAGNER: Okay.

24 CHAIR WINNER: That was -- it was specific to
25 them, and I just wanted to make that clear. All right.

1 There's a motion on the floor to approve, a motion
2 and a second. All those in favor?

3 COMMISSIONER RUANO: I'm going to abstain. I
4 wasn't at the meeting so I --

5 CHAIR WINNER: Okay. Commissioner Ruano abstains.

6 CHAIR WINNER: Commissioner Choper?

7 COMMISSIONER CHOPER: Yes.

8 CHAIR WINNER: Commissioner Krikorian?

9 FIRST VICE CHAIR KRIKORIAN: Yes.

10 CHAIR WINNER: The Chairman votes yes.

11 Commissioner Auerbach?

12 SECOND VICE CHAIR AUERBACH: Yes.

13 CHAIR WINNER: All right. The motion carries.

14 The minutes are approved.

15 Now we go on to the Executive Director's Report.

16 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.

17 Chairman.

18 At the Racing Commissioners International
19 Conference Annual Meeting last week an interesting role was
20 brought forward out of the Model Rules Committee and moved
21 forward by the board. And it will standardize vet's list
22 requirements and procedures for application across the
23 country. Right now it's very difficult if a horse is on a
24 vet's list in one jurisdiction, it may be very difficult if
25 the horse moves to another jurisdiction to even be aware

1 that that horse in the vet's list. And so that can prove to
2 be a danger to horse and rider in that new jurisdiction.
3 And so this would standardize the enforcement of the vet's
4 list across jurisdictions and would be incorporated into the
5 Encompass System so that such a horse would be flagged for
6 the racing office or the official veterinarian in the new
7 location.

8 It also would flag horses that are non-starters in
9 their four-year-old year for greater scrutiny, as well as
10 horses that are coming off of a one-year layoff, kindred to
11 what we're trying to do with the proposed rule for enhanced
12 scrutiny of horses coming back off of layoffs of 120 days or
13 more.

14 Also, there was, as you may have read, there was a
15 committee or a panel that discussed changes to the riding
16 crop rule, the cross-country. There were three proposed
17 rules or three rules that were looked at; two of them were
18 proposals, one is ours that was already in place.

19 There was a proposal from the Jockey Club which
20 paralleled ours but had a much more strict penalty
21 guideline. Our penalties are not specified in the crop rule
22 but, as a matter of fact, are specified elsewhere in the
23 authority of the stewards.

24 And then there was another proposal by the
25 Jockeys' Guild. And that would have changed our rule from

1 three strikes in succession before giving the horse a chance
2 to respond, using the horse -- I'm sorry, using the crop
3 three times in succession without giving the horse a chance
4 to respond, that would -- they would have defined the chance
5 to respond as one stride. And also, they would have removed
6 any restriction during the final 1/16th of a mile.

7 Neither one of those proposals moved, but were
8 referred to a committee, FYI.

9 And I wanted to let the Commissioners know, as
10 well as others here in attendance or listening, as far as
11 CHRB compliance with the main model rules, we are in partial
12 compliance. There was a study done that RCI did, showing
13 where each regulatory district stands. We are in partial
14 compliance. We are moving towards substantial compliance
15 once the third-party Lasix language is adopted fully by the
16 Board and approved by OAL.

17 And we also are working to incorporate the
18 multiple medication violation rule which many other
19 jurisdictions use. We're looking to incorporate that into
20 our existing language. We already have language that covers
21 penalties for multiple medication violations. So we're
22 trying to create a hybrid of ours and the model rule. And
23 once we have done that, very complicated, as you might
24 guess, but once we have accomplished that, then California
25 will be in full compliance with those kind of fundamental

1 model rules. And those link us to other states around the
2 country that are attempting to play at the highest level, to
3 use the highest standards.

4 Also wanted to just mention that we have
5 tentatively scheduled two Committee meetings for May. There
6 will be a meeting of the Dates Committee and a meeting of
7 the Medication Committee. At this time we're looking at the
8 day before the Board meeting in May. However, we obviously
9 will send out a notice once those dates and times are
10 confirmed.

11 And looking at the financials for the month, for
12 the month of March the numbers were up, but so were the
13 number of race days. Daytime racing had one more day than
14 last year and was up 1.5 percent. Nighttime racing had two
15 additional nights of racing and was up 12.87 percent. And
16 everything in combined racing in California was up 2.7
17 percent for March. That brings the year-to-date totals to
18 down 8.59 percent, both day and night across the state.

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

20 EXECUTIVE DIRECTOR BAEDEKER: Thank you very much,
21 Mr. Baedeker.

22 We'll go on to the public comment period. Let me
23 begin, I'm going to call on Greg Avioli in a second here,
24 but let me begin by saying that March 14th, I believe,
25 racing lost a very, very, very good friend, who had been a

1 leader for so long, John Van de Kamp, not just a friend of
2 racing but a really wonderful human being. It's a loss for
3 all of us who care about this sport. It's also a loss for
4 all of us who were friends with John. I was. John and I
5 were friends for probably 40-some years. And it's really a
6 big and sad situation for all of us who knew John.

7 When I think of John, I think of Teddy Roosevelt's
8 admonition to walk softly and carry a big stick. And I
9 believe that really does -- in my mind, that's a picture of
10 John Van De Kamp.

11 And with that, Greg, I know you wanted to say
12 something. I think Araceli also wanted to say something.

13 Did you want to speak before Greg or --

14 COMMISSIONER RUANO: No. I just want to thank you
15 for acknowledging John Van de Kamp. I've been friends with
16 his wife and daughter for a very long time and was at the
17 services where they talked about his passion and love for
18 horse racing. And I think it's important to always
19 acknowledge people who make such big contributions, and
20 someone who just had such high, high integrity.

21 MR. AVIOLI: Greg Avioli, Thoroughbred Owners of
22 California.

23 I, too, had the privilege of knowing John for many
24 years. He was a brilliant lawyer. He also was a very
25 eloquent man. And if you recall, he had this great voice.

1 He used to remind me of Charles Kuralt, you know, he really
2 did.

3 So when I read this, I will not do him justice.
4 He actually wrote these words. I'm not sure he ever spoke
5 them. But we went back in all the various things we had
6 from John from his files. He was president of the TOC from
7 1996 through 2004. And there was a lot of things we could
8 have chosen from, but we came up from the following that
9 John wrote in the Owners Circle Magazine in April 1997, and
10 it goes like this:

11 "Hope is like air. It energizes us. It keeps us
12 going. And nowhere is that more true than in horse
13 racing. It's the thrill that comes just before your
14 two-year-old's first start. It's the dream of winning
15 a Kentucky Derby and all that goes with it. The point
16 is that in the thoroughbred business, we're working
17 with dreams and dealing in hope, and what a great
18 commodity to market.

19 "Hope is ephemeral, but to keep it alive requires
20 solid, tangible effort; efforts to reduce taxes,
21 efforts to expand our markets through full-card
22 simulcasting, account and phone betting, and efforts to
23 make our tracks and facilities more accessible and more
24 fun for fans than ever before. All must be undertaken
25 in a very tangible way if we're to make any progress.

1 "And to do those things, we in the industry must work
2 together, bury the hatchets, and think of the common
3 good. For an industry that thrives on the competition
4 of horses, survival is dependent on bringing
5 competitors together and forging a unity of interests."

6 So that was John Van de Kamp, and we will miss him
7 at the TOC.

8 CHAIR WINNER: Thank you very much. Those words
9 are applicable today as much as they were then.

10 MR. AVIOLI: Yes, sir.

11 CHAIR WINNER: Thank you.

12 Anybody else? All right. We're going to move
13 along. Rest in peace, good friend.

14 Jeff True from Amtote.

15 MR. TRUE: Good morning. Jeff True, Senior VP of
16 Sales for Amtote International.

17 As you may recall, last -- back at August of 2015,
18 we deployed, here in California, the new tote system. Some
19 months later there were some calls from our customers, our
20 racetrack operators, and perhaps even from Members of the
21 Commission, about some ticket jams that we were having in
22 the machines. And the rate of ticket jams that we were
23 experiencing to the number of tickets seemed unusually high
24 for California. And we started doing some research, started
25 tracking some numbers. And I wanted to, today, report on

1 the things that we had done since.

2 So if you look at the piece of paper in front of
3 you there, the data starts on October 28 -- I'm sorry,
4 August 28th of 2016, which was close to the end of the Del
5 Mar meeting last year. But I think you can see from that
6 first number that we show, the numbers were relatively high.

7 We did some work, some digging. And while we
8 thought the rate of ticket jams was not unusually high
9 versus our national average, again, we thought, you thought
10 and the customers thought it was a little too high for
11 customer satisfaction as it should be.

12 We put some new STEM (phonetic) levels in. A STEM
13 level is like the software that runs the machine. We found
14 that we were able to reduce those ticket jams. We first
15 started that test here at Santa Anita, as you can see in the
16 bar on the chart. We started that in week 40, a couple of
17 weeks later. Because it was working, we sent it out to the
18 entire state. And you can see in the chart the resulting
19 decrease in ticket jams was almost 50 percent.

20 So what we did worked. I'm just here to update
21 you on those findings and let you know that we were able to
22 reduce them. We think we've gotten most of what we can do
23 from a software level done. I think what you might see in
24 the remaining ticket jams that we see, although it's only,
25 you know, in the neighborhood of 1,200 statewide on a weekly

1 basis, what we find is we have people that are picking up
2 tickets off the floor. We know them as stoopers. They tend
3 to pick up a bunch of tickets, stick it in the machine, see
4 if they're worth anything. Those tickets have a lot of
5 dirt, debris, et cetera. They tend to mess with the
6 mechanics in the machine. So we're always going to have a
7 certain number of ticket jams as a result of that. That's
8 why we have the technicians out on the floor to kind of
9 maintain those things and take care of those events that
10 happen.

11 But I think the software-related ticket jams that
12 we were able to fix are demonstrated here in this chart. So
13 this is just an informational update, not action to be
14 taken. Of course, I'll entertain a question if you have
15 one.

16 FIRST VICE CHAIR KRIKORIAN: I have -- thank you
17 for the update.

18 MR. TRUE: Yes, sir.

19 FIRST VICE CHAIR KRIKORIAN: And it's great to see
20 that there's almost a 50 percent decrease.

21 But the question I have is that that's still over
22 50,000 jams a year; right? That's over 1,000 a week, so
23 that still seems to be a significant number. So when
24 tickets are picked up off the ground and then they're run
25 through the machine, do they all run through the same slot

1 as the tickets that are purchased?

2 MR. TRUE: So these ticket jams relate to tickets
3 which are inserted into the machine. They don't relate to
4 tickets that are coming out. Those are two different slots.
5 One takes them in and reads them. Another one prints them
6 and expels them.

7 FIRST VICE CHAIR KRIKORIAN: Right. But the
8 problem we were having, if you recall, last summer at Del
9 Mar specifically was they were getting a lot -- as tickets
10 were being produced, purchased and produced, okay,
11 dispensed, those were the ones that were jamming.

12 MR. TRUE: So those -- these ticket jams are sort
13 of generic, meaning if you ticket -- if you put a ticket in
14 the reader and it doesn't read or you produce a ticket from
15 the printer and it doesn't expel, those are ticket jams.

16 FIRST VICE CHAIR KRIKORIAN: And when those ticket
17 jams occurred at Del Mar, a lot of times the operator wasn't
18 able to utilize his machine and had to get help, and
19 sometimes the help wasn't there. Do you recall that? So --

20 MR. TRUE: That happens universally. Yes, sir.

21 FIRST VICE CHAIR KRIKORIAN: Yes. So with that
22 many, it still seems like a significant number of jams to
23 have to deal with that kind of problem, because then the
24 operator has to stop working, the customer is frustrated,
25 and then there's this line behind the customer. So that

1 still seems to be a significant number.

2 MR. TRUE: Yeah. So these are -- I understand
3 what you're -- I think I understand what you're getting to.
4 And it's the teller-operator, you're thinking, that is not
5 operating while that's happening. We put people behind the
6 lines and they deal with ticket jams related to tellers.
7 Out on the floor for a self-service terminal, there's a
8 combination of Amtote personnel and track personnel that
9 they call SSTs that deal with these jams.

10 And I think relative to the significance of the
11 number, yes, it's 1,000 a week. I think if you look at the
12 number of tickets that are produced or the number of tickets
13 that are read in a given week, 1,000 is pretty small.

14 And --

15 FIRST VICE CHAIR KRIKORIAN: That may --

16 MR. TRUE: -- we're not stopping --

17 FIRST VICE CHAIR KRIKORIAN: That may be, but
18 you've got 50,000 customers that are -- 50,000 customers
19 that are having to deal with the problem.

20 MR. TRUE: In the aggregate, over a year's time,
21 50,000 ticket jams may sound like a lot, but we're talking
22 about tens of millions of tickets. And while it's not
23 perfect, it's a significant improvement from where we were.

24 CHAIR WINNER: I have -- I'm sorry.

25 FIRST VICE CHAIR KRIKORIAN: No. Go ahead.

1 CHAIR WINNER: I have a couple of questions, Jeff,
2 if I might.

3 MR. TRUE: Yes, sir.

4 CHAIR WINNER: Number one, is there any particular
5 reason why there was a spike up on this chart? You get down
6 to a really nice level in, I guess it's called week eight,
7 and then it begins to spike up again. Is there a particular
8 reason for that, that you know of?

9 MR. TRUE: Santa Anita had some really big days.

10 CHAIR WINNER: So, in other words, it's based on
11 population at the racetrack?

12 MR. TRUE: It's purely about the number of tickets
13 produced and printed --

14 CHAIR WINNER: Okay.

15 MR. TRUE: -- and the people at the racetrack. If
16 you recall, Big Cap Day was a pretty good day.

17 CHAIR WINNER: All right. Now the other question
18 that I have is, is there a way of determining, and I think
19 this gets a little bit to George's point, is there a way
20 that you break out jams that occur when you're purchasing
21 versus jams that occur when you're cashing? So, in other
22 words, the tickets that are picked up on the ground and put
23 in that you referred to, those are people who are attempting
24 to cash a ticket and they don't know whether that ticket has
25 any value or not. But there's a difference between using a

1 machine, putting a ticket in to get -- you know, to cash it
2 or attempting to purchase tickets, whether there's a teller
3 or not?

4 MR. TRUE: I'm not sure of the question.

5 CHAIR WINNER: The question is: Can you determine
6 whether the jams -- how many jams occur at --

7 MR. TRUE: Which machine they're coming --

8 CHAIR WINNER: Not which machine, but is it during
9 purchase or during cashing?

10 MR. TRUE: So in the purchase of a ticket there's
11 a printer that's producing a ticket. In the cashing of a
12 ticket there's a reader that's receiving it.

13 CHAIR WINNER: Yeah.

14 MR. TRUE: Two different --

15 CHAIR WINNER: What I'm trying to do is
16 determine --

17 MR. TRUE: Two different mechanics.

18 CHAIR WINNER: Right. I'm trying to determine the
19 percentage of jams that occur in each -- in the two
20 different transactions.

21 MR. TRUE: With this data, no.

22 CHAIR WINNER: Okay.

23 MR. TRUE: The short answer is, no, because this
24 is only saying it's a ticket jam in the device. It doesn't
25 tell us which device it is.

1 CHAIR WINNER: Okay. Because what I'm getting
2 at --

3 MR. TRUE: We have each of those devices in each
4 terminal.

5 CHAIR WINNER: Right. What I'm getting at is in
6 reference to Commissioner Krikorian's question.

7 MR. TRUE: Yes, sir.

8 CHAIR WINNER: Your reason for a lot of the jams
9 was people pick up tickets off the ground and they're full
10 of dirt and whatever.

11 MR. TRUE: And there were some software issues --

12 CHAIR WINNER: Right. And --

13 MR. TRUE: -- as well.

14 CHAIR WINNER: Okay. And that --

15 MR. TRUE: Software issues are what we solved
16 here.

17 CHAIR WINNER: That only occurs when you're
18 cashing.

19 MR. TRUE: Right.

20 CHAIR WINNER: That doesn't occur when you're
21 purchasing.

22 MR. TRUE: Right.

23 CHAIR WINNER: And Commissioner Krikorian's
24 concern is for the person who's attempting to make a wager,
25 the customer who goes to a machine, either with an operator

1 or without an operator, with the objective of purchasing a
2 ticket to bet on the race.

3 MR. TRUE: Sure.

4 CHAIR WINNER: And that jam is much more
5 concerning, it would seem to me, because we lose customers,
6 we lose money if the machine jams at the purchase.

7 MR. TRUE: Yeah.

8 CHAIR WINNER: We don't lose money is somebody is
9 trying to cash a ticket that doesn't have any value.

10 MR. TRUE: Yes, sir. Typically what's happening
11 here --

12 CHAIR WINNER: Is that right?

13 MR. TRUE: -- and let me back up. I didn't want
14 to get into this level of detail because I didn't think you
15 cared. But given the questions, we did two things to the
16 machines that were primarily software related. One of them
17 had to do with producing a ticket, the selling or making a
18 bet. The device was not spitting the ticket all the way out
19 to the rollers that ejected.

20 CHAIR WINNER: Right.

21 MR. TRUE: So you imagine, inside the machine
22 there's a thermal printer that takes the information from
23 the system and says print this ticket. It prints it and it
24 pushes it out to these rubber rollers.

25 CHAIR WINNER: Okay.

1 MR. TRUE: We found that in some instances the
2 ticket was not being pushed far enough for the rollers to
3 catch it. We'd open the machine when we had the ticket jam,
4 there would be a pristine ticket laying there with no
5 reasoning as to why it didn't eject. Typically when you
6 have printed ticket jams, the thing is accordion folded
7 because it just jams up in the mechanism. That was a
8 software fix, all right? So we did a software fix with
9 that.

10 We also did a minor hardware adjustment to all the
11 terminals that have printers in them.

12 We secondarily went to the reader, and it was only
13 testing tickets one time. So we -- it takes the ticket in.
14 If it couldn't read it, it spit it back out or it held out,
15 and that was determined a jam. What we found was if we
16 tried it a couple of times more, in other words, not give it
17 just one chance but give it three chances to read, we'd have
18 a lot more success.

19 And those two things are the results that we see
20 here.

21 CHAIR WINNER: Okay. Would you do me a favor --

22 MR. TRUE: Yes, sir.

23 CHAIR WINNER: -- if you don't mind and just, you
24 know, just inform Staff at some point, if you can break out
25 the difference between the jams that occur at purchase and

1 the jams that occur at cashing?

2 MR. TRUE: Cashes and sales? I'll try to do that.
3 Yes, sir.

4 CHAIR WINNER: If you don't mind, and just send a
5 note to Staff --

6 MR. TRUE: Sure.

7 CHAIR WINNER: -- and they'll inform us.

8 EXECUTIVE DIRECTOR BAEDEKER: And, Mr. Chairman,
9 based on Commissioner Krikorian's questions, it might be
10 helpful, also, if you included in that update how many
11 machines you have in the state, how many transactions occur
12 over the same time that you're representing here in the
13 chart. That way I think the Commissioners could put these
14 numbers more into context.

15 MR. TRUE: Into perspective. Sure.

16 COMMISSIONER RUANO: I think it would just,
17 yeah --

18 CHAIR WINNER: Go ahead, Commissioner.

19 COMMISSIONER RUANO: -- be helpful when you
20 isolate those problems and you'll be able to address the
21 issues and more successfully be able to fix the problem when
22 you know where the issues are occurring. And I think it's
23 great that you've reduced, you know, by 44 percent.

24 But, you know, you mentioned that you didn't think
25 we cared about the level of detail, but it is important to

1 focus on the detail and fix the issues.

2 You know, it would be helpful to figure out
3 what -- get a list of what creative ways you're trying to
4 figure out how to fix the problem?

5 COMMISSIONER CHOPER: I think I understand.

6 CHAIR WINNER: Can you --

7 COMMISSIONER CHOPER: I don't think it's being
8 understood.

9 CHAIR WINNER: Jesse, can you speak --

10 COMMISSIONER CHOPER: Yeah.

11 CHAIR WINNER: And also, Araceli, when you get --
12 when you get up, when you're speaking --

13 COMMISSIONER RUANO: Okay.

14 CHAIR WINNER: -- get a little closer.

15 COMMISSIONER RUANO: Closer?

16 CHAIR WINNER: Thank you.

17 COMMISSIONER CHOPER: You start the day off, you
18 buy a \$300 ticket, right, particularly if you don't go to
19 the windows, you go the machines off the way. This is from
20 personal experience. So you put the --

21 CHAIR WINNER: Three hundred dollars from personal
22 experience?

23 COMMISSIONER CHOPER: Each time --

24 COMMISSIONER CHOPER: He's a player.

25 COMMISSIONER CHOPER: Each -- no, that is

1 hopefully for the whole day.

2 COMMISSIONER RUANO: Oh.

3 CHAIR WINNER: Oh.

4 COMMISSIONER CHOPER: But each time you go up to
5 make a bet, you drop the ticket in. What comes back is
6 whatever you've bet, \$25.00, or it comes back with \$275,
7 okay? Then you come back with a losing ticket. That
8 happens occasionally.

9 MR. TRUE: That's not a software fix. Sorry.

10 COMMISSIONER CHOPER: I put that ticket in, too.
11 Why? Because I've been known to throw away a winning
12 ticket, so to see what happens. It says, you know, sorry,
13 no ticket good. That's fine with me, and I throw it away.
14 So I just want to point out how many times, and I think
15 particularly if I don't go to the window. That's just the
16 way it works.

17 And I think the, you know, the mechanics of
18 working it are -- and if they're going to pick up stuff on
19 the floor, and I sometimes see in front of me some guy
20 putting in one after the other after the other, probably
21 comes up with a winner once in a while, too.

22 MR. TRUE: Occasionally, yes.

23 COMMISSIONER CHOPER: Sometimes a ticket, I've
24 left on the floor. So I think --

25 MR. TRUE: I'll be sure and follow you around.

1 COMMISSIONER CHOPER: Pardon me?

2 MR. TRUE: I'll follow you around the racetrack,
3 now that I know that.

4 COMMISSIONER CHOPER: That's right. So I, you
5 know, I don't -- I just -- I think you're pretty much stuck.
6 And what you've got to do is simply try to do the best you
7 can each time the ticket goes in, each time it accepts a
8 ticket, you know, to try to get it to go through.

9 MR. TRUE: Yes, sir.

10 COMMISSIONER CHOPER: That's all I can say.

11 MR. TRUE: Yeah. We produce millions of tickets a
12 week, nationally and internationally. And we -- while we,
13 again, we thought our numbers were pretty good when we
14 started here, they're --

15 COMMISSIONER CHOPER: Yeah.

16 MR. TRUE: -- they're twice as good as they are --
17 as they were now. So --

18 COMMISSIONER CHOPER: Okay.

19 MR. TRUE: -- understanding that it's not perfect
20 and we continue to strive for that, we'll continue to work
21 on the issues.

22 FIRST VICE CHAIR KRIKORIAN: Do you think, if it's
23 not inconvenient, you could come back to us in 60 or 90 days
24 with another update to show us what your progress is at that
25 time?

1 MR. TRUE: I'll do my best to get some more data
2 and drill down into it a little further so it's -- so you've
3 got a better picture.

4 FIRST VICE CHAIR KRIKORIAN: Okay. Thank you.

5 MR. TRUE: Because, again, this is a pretty small
6 number --

7 CHAIR WINNER: Yeah.

8 MR. TRUE: -- compared to the total.

9 FIRST VICE CHAIR KRIKORIAN: Right.

10 CHAIR WINNER: Thank you, Jeff. Thank you for the
11 report and the good news.

12 Anything else on public comment? Anybody else
13 want to comment? I don't think we have any more cards.

14 Then we're going to move on to item number four,
15 discussion and action by the Board regarding the
16 distribution of race day charity proceeds of the Del Mar
17 Thoroughbred Club's 2016 summer race meeting in the amount
18 of \$113,084 to eight beneficiaries.

19 MR. JERKENS: Good morning. David Jerkens, Del
20 Mar Thoroughbred Club. Is that working okay?

21 CHAIR WINNER: Yeah, you're on.

22 MR. JERKENS: All right. So you should have our
23 race day charity distributions in front of you --

24 CHAIR WINNER: Yeah.

25 MR. JERKENS: -- for the summer and fall meets,

1 agenda items four and five. And I would be happy to answer
2 any questions that you may have.

3 CHAIR WINNER: Let me just read five for the
4 record.

5 Discussion and action by the Board regarding the
6 distribution of race day charity proceeds of the Del Mar
7 Thoroughbred Club's 2016 fall race meeting in the amount of
8 \$18,114 to four beneficiaries.

9 So everybody has those two, items four and five,
10 if there are any questions.

11 COMMISSIONER RUANO: I just have a quick --

12 CHAIR WINNER: Yes, please, Commissioner Ruano.

13 COMMISSIONER RUANO: -- quick question. You don't
14 have to answer it now, but maybe just as a follow-up after
15 the meeting.

16 I'm curious to see which organizations qualified
17 and were considered for the grant giving.

18 MR. JERKENS: Right. So there are some that are
19 legislatively --

20 COMMISSIONER RUANO: Exactly.

21 MR. JERKENS: -- mandated --

22 COMMISSIONER RUANO: Mandated, exactly.

23 MR. JERKENS: -- that we support. And then the
24 philosophy at Del Mar is pretty much twofold; it's the
25 equine after care which we feel is very important, and then

1 the backstretch assistance. And these organizations that we
2 work with, they're great organizations. We wish that we
3 could expose this a little bit more --

4 COMMISSIONER RUANO: Yeah.

5 MR. JERKENS: -- you know, the good for the
6 industry. This is very important. And, yeah, I mean, we're
7 happy with our charities that last year.

8 COMMISSIONER RUANO: Great.

9 SECOND VICE CHAIR AUERBACH: I just wanted --

10 CHAIR WINNER: Go ahead. Go ahead.

11 SECOND VICE CHAIR AUERBACH: Yes. I wanted to
12 indicate, this came up at our -- those of you at our last
13 meeting know that we basically we wanted to approve this
14 last time but we didn't have a quorum because I have to --

15 CHAIR WINNER: Right.

16 SECOND VICE CHAIR AUERBACH: -- recuse myself. I
17 think we have enough people today --

18 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

19 SECOND VICE CHAIR AUERBACH: -- to get it passed.

20 And also, the changes made with one of the
21 organizations that we were using some old information, and
22 we thought that we had a good handle on them. And I see
23 that Josh has changed the specs here for Staff. So I
24 appreciate that, David, if you would tell him, please?
25 Thank you. So it's cleaner now.

1 MR. JERKENS: Great.

2 SECOND VICE CHAIR AUERBACH: Thank you.

3 MR. JERKENS: Thank you.

4 CHAIR WINNER: Okay. Is there a motion?

5 FIRST VICE CHAIR KRIKORIAN: So moved.

6 CHAIR WINNER: All right.

7 COMMISSIONER CHOPER: Second.

8 CHAIR WINNER: Okay. It's moved by Commissioner
9 Krikorian, seconded by Commissioner Choper.

10 Chairman votes aye.

11 Commissioner Krikorian? We're on item four.

12 Commissioner Winner votes aye.

13 Commissioner Krikorian?

14 FIRST VICE CHAIR KRIKORIAN: Yes.

15 CHAIR WINNER: Commissioner Choper?

16 COMMISSIONER CHOPER: Yes.

17 CHAIR WINNER: Commissioner Ruano?

18 COMMISSIONER RUANO: Yes.

19 CHAIR WINNER: Okay. So item number four is
20 approved.

21 Now we go to item number five.

22 COMMISSIONER CHOPER: Moved.

23 CHAIR WINNER: Moved by --

24 COMMISSIONER RUANO: Second.

25 SECOND VICE CHAIR AUERBACH: I'm recusing.

1 CHAIR WINNER: You're recusing yourself also,
2 again, on both of them; right?

3 SECOND VICE CHAIR AUERBACH: I have to, yeah.

4 CHAIR WINNER: Yeah. Okay.

5 EXECUTIVE DIRECTOR BAEDEKER: Oh, okay.

6 CHAIR WINNER: So Commissioner Choper moves,
7 Commissioner Ruano seconds.

8 Commissioner Ruano?

9 COMMISSIONER RUANO: Yes.

10 CHAIR WINNER: Commissioner Choper?

11 COMMISSIONER CHOPER: Yes.

12 FIRST VICE CHAIR KRIKORIAN: Commissioner
13 Krikorian?

14 FIRST VICE CHAIR KRIKORIAN: Yes.

15 CHAIR WINNER: Commissioner Winner votes yes. So
16 that passes, as well.

17 Thank you very, very much.

18 MR. JERKENS: Thank you.

19 SECOND VICE CHAIR AUERBACH: Thanks, David.

20 CHAIR WINNER: Moving on then to item number six,
21 discussion and action by the Board on the request from the
22 California Authority of Racing Fairs, CARF, to designate the
23 following 2017 allocated race dates as a combined fair horse
24 racing meeting, pursuant to Business and Professions Code
25 section 19549.1: Oak Tree at Pleasanton, June 21, 2017

1 through July 22, 2017; California Exposition and State Fair,
2 July 12, 2017 through August 1st, 2017; Humboldt County Fair
3 at Ferndale, August 25th, 2017 through September 3rd, 2017;
4 CARF with Oak Tree at Pleasanton, September 20th, 2017
5 through October 3rd, 2017; and the Big Fresno Fair, October
6 4th, 2017 through October 17th, 2017.

7 Larry?

8 MR. SWARTZLANDER: Yeah. Larry Swartzlander,
9 Executive Director of CARF.

10 Chairman and Commissioners, this is -- we did this
11 last year for the first time. What this allows the fairs to
12 do is to carry over pools, the Pick 6 pool and the
13 Pentafecta pool, which are the highly bet exotic wagers. To
14 give you an example, last year when we carried these over
15 all the way to the end of Fresno, the last day there was
16 over \$800,000 bet into the Pick 6 and \$600,000 bet into the
17 Pentafecta.

18 The obvious impact is handle. It entices the
19 betters to get out and play these wagers. And in the past,
20 you know, without this approval, every fair we had to pay
21 out the pools, which means then you went to the next fair,
22 the Pick 6 pool had nothing in it, the Pentafecta had
23 nothing.

24 It's a great, great marketing tool.

25 CHAIR WINNER: Is there any discussion on this

1 matter? Is there a motion?

2 SECOND VICE CHAIR AUERBACH: So moved.

3 Commissioner Auerbach moves. I'll second it.

4 Commissioner Auerbach, how do you vote?

5 SECOND VICE CHAIR AUERBACH: Yes.

6 CHAIR WINNER: The Chairman votes yes.

7 Commissioner Krikorian?

8 FIRST VICE CHAIR KRIKORIAN: Yes.

9 CHAIR WINNER: And Commissioner Choper?

10 COMMISSIONER CHOPER: Yes.

11 CHAIR WINNER: And Commissioner Ruano?

12 COMMISSIONER RUANO: Yes.

13 CHAIR WINNER: The motion carries unanimously.

14 Going on then --

15 MR. SWARTZLANDER: Thank you.

16 CHAIR WINNER: -- to item number seven, and I just
17 want to clarify, I don't know if for the Commissioners if
18 you read the report, it says Staff recommends that the
19 application not be heard at the April 27th, 2017 regular
20 Board meeting. My understanding is that the documents have
21 now been submitted.

22 Are we missing any documents?

23 MS. WAGNER: Yes, I have them all.

24 CHAIR WINNER: Including fire?

25 MS. WAGNER: Yes.

1 CHAIR WINNER: Okay. So we have the documents.
2 So we are going to hear that at this meeting.

3 EXECUTIVE DIRECTOR BAEDEKER: I might point out,
4 Mr. Chairman, while technically you do have all the
5 documents in front of you, the reason that this Board has
6 delayed consideration of license applications in the past
7 was because items such as horsemen's agreements, trainers'
8 agreement are handed over on the day of the meeting or a
9 couple of days before the meeting and the Commissioners
10 don't get to see them --

11 CHAIR WINNER: Correct.

12 EXECUTIVE DIRECTOR BAEDEKER: -- and review them
13 before this comes up. However, I believe that there's
14 probably nothing extraordinarily different in these
15 agreements, is there?

16 MR. SWARTZLANDER: No.

17 EXECUTIVE DIRECTOR BAEDEKER: But just to -- you
18 know, just as a courtesy to the Commissioners and out of
19 respect for the Commissioners, if there's really not much
20 that's different in these agreements, it seems to me that it
21 shouldn't be that difficult to get them done on time.

22 CHAIR WINNER: I will ask the Members of the
23 Board, recognizing that in our book it said that the matter
24 wouldn't be heard, are you okay with going ahead with it?
25 Is everybody okay with going ahead with it?

1 SECOND VICE CHAIR AUERBACH: If we have all the
2 documentation, I am.

3 CHAIR WINNER: Everybody okay?

4 FIRST VICE CHAIR KRIKORIAN: They're saying we
5 have all the documents; right?

6 CHAIR WINNER: Yeah. Yeah.

7 EXECUTIVE DIRECTOR BAEDEKER: Yeah, we do.

8 CHAIR WINNER: Okay. All right. So let me read
9 it.

10 Discussion and action by the Board on the
11 Application to Conduct a Horse Racing Meeting at the Oak
12 Tree Racing Association at the Alameda County Fair at
13 Pleasanton, race meeting to be called Oak Tree at
14 Pleasanton, commencing June 21, 2017 through July 11, 2017,
15 inclusive.

16 Gentlemen?

17 MR. SWARTZLANDER: Larry Swartzlander. I'm
18 speaking as the Director of Racing for Oak Tree at
19 Pleasanton.

20 I would just like to comment on the horse side.
21 We've all had several discussions about the closing of
22 Pleasanton and the impact to racing on our first meet.
23 Speaking to the Racing Secretary this morning, we're
24 approaching 200 stall apps for Pleasanton, all solid race
25 horses. We've had several trainers that had small stables

1 before increase from 3 to 5 to 10 to 15 horses. And it
2 looks very positive for the upcoming meet.

3 In your License Application, our purses are
4 identical to Golden Gate, our overnight purses. We did
5 eliminate two stakes' races; one was a filly sprint race for
6 three-year-olds, and also the Oakland -- the Alameda
7 Handicap which was for three-year-olds going a distance.
8 But these races, when we use the term eliminate or postpone,
9 it's not correct. We write, you know, conditioned allowance
10 races that will certainly, you know, collect these type of
11 horses and continue to take care of the horsemen.

12 We'll continue this year with our Trainer
13 Incentive Program. We give horses coming in from out of
14 state, \$350 for the first start, \$150 for the second. And
15 any of the trainers that have five starts get \$500. If they
16 had ten starts at each fair they get \$1,000.

17 And just as a side note, Sacramento and Fresno
18 will double that. Owners that are running -- or, excuse me,
19 trainers that have five starts will get \$1,000 at Sacramento
20 and Fresno, and \$2,000 for ten starts at Alameda -- excuse
21 me, at Sacramento and Fresno.

22 So things look good. The marketing plan,
23 certainly Mr. Hoban will speak to, but is identical to last
24 year. It's a very strong program, and it's one of the best
25 programs we have on the fairs.

1 MR. HOBAN: Good morning. Jerome Hoban, Alameda
2 County Fair, with Oak Tree Racing.

3 I'm proud, again, this year to have Oak Tree at
4 our side for our two race meets, for the fall and for the
5 summer race meet. We've handed out a few marketing pieces
6 that are in the market today, just there's one so you could
7 see samples, but more importantly, so you have an official
8 invitation to come join us. Along with racing, there's a
9 fair going on that helps support racing heavily.

10 You'll notice the concert lineup. So if any of
11 that interests you, you are certainly welcome. A big
12 headliner there is Wynona Judd this year. If you're a
13 country fan, let me know. Certainly, you are welcome,
14 especially new Commissioners, if you want to head north and
15 partake in the festivities.

16 Also, back by popular demand is our Sip, Savor and
17 Wager Wine Festival. We're going to do that during the
18 summer race meet, as well. I did not bring any wine glasses
19 for everybody this time.

20 And then, additionally, we will have our Red,
21 White and Brew Fest again in the infield, which was a very
22 successful event last year.

23 So I can answer any questions, but we are all very
24 excited this year. The fair is an expanded fair this year.
25 We're open 20 days, although the racing remains at 12. Of

1 course, that might be something we want to talk about in the
2 future.

3 We're opening the Alameda County Fair with an
4 unbelievable event called the Cattle Drive, the best cattle
5 drive ever, through Downtown Pleasanton. So it's sure to
6 bring out the crowds and create a lot of media storm around
7 that, which inevitably will help horse racing for our race
8 meet.

9 So we also have the distinguished Mr.
10 Chillingworth here, and he would like to say a few words.

11 MR. CHILLINGWORTH: Well, when we started this
12 partnership, I's hard to believe this will be my fourth year
13 up in Northern California. And I've become good friends
14 with the people up there. These guys are great, they know
15 the rules. And things are different in the north than they
16 are in the south. And I think that you have to learn and
17 have that experience to do a good job, and these people do a
18 fantastic job, and I'm very happy to be part of the
19 operation.

20 Oak Tree is very happy to be a part of it. Our
21 directors get along extremely well with the directors up
22 there, so it's become kind of a love fest, as well as a
23 great race meet.

24 Thank you.

25 CHAIR WINNER: Thank you, Chillie.

1 SECOND VICE CHAIR AUERBACH: I --

2 CHAIR WINNER: I don't know if I can vote for this
3 because we didn't get the wine glasses.

4 MR. CHILLINGWORTH: Oak Tree --

5 SECOND VICE CHAIR AUERBACH: Ask me. I have them.

6 MR. CHILLINGWORTH: One final comment. Oak Tree,
7 as we have for the last three years, are giving away \$25,000
8 to worthy causes in the Pleasanton area. And it's always
9 been a big hit with the people up there. You know, they --
10 there's a wagon that brings them down and it's like the
11 Calistoga Wagon sort of thing. And then they go and
12 somebody sings the Star Spangled Banner, and then we give a
13 charity a check to leading person on the receiving side.

14 So it's been a lot of fun. And I think these guys
15 do a great job of running that track.

16 Thank you.

17 CHAIR WINNER: Thank you.

18 SECOND VICE CHAIR AUERBACH: I have a --

19 CHAIR WINNER: Yes?

20 SECOND VICE CHAIR AUERBACH: I have a comment. I
21 always love your advertising, and you make it look very
22 inviting and exciting. But we're talking about bonuses.
23 And I'm wondering, have you considered giving an owner's
24 bonus? You've given a lot of money to the trainers. And
25 the people who are actually paying the bills are kind of

1 ignored. And I'm wondering if you thought there was any
2 value?

3 MR. SWARTZLANDER: The out-of-state, the \$350 to
4 \$150 goes to the owners.

5 SECOND VICE CHAIR AUERBACH: Oh. Okay.

6 MR. SWARTZLANDER: Yeah. The \$500 and the \$1,000
7 goes to trainers.

8 SECOND VICE CHAIR AUERBACH: Okay. I guess I
9 didn't see that. I just saw trainer bonus.

10 MR. SWARTZLANDER: Right.

11 SECOND VICE CHAIR AUERBACH: Good.

12 MR. SWARTZLANDER: If we have more money,
13 Commissioner, we'd give them more.

14 SECOND VICE CHAIR AUERBACH: Me, too, if I had
15 more money.

16 MR. SWARTZLANDER: That's right.

17 COMMISSIONER CHOPER: Can I ask one? Oh, go
18 ahead.

19 CHAIR WINNER: No, no, no. Commissioner Choper?

20 COMMISSIONER CHOPER: Well, I just wondered,
21 you're going to be open three weeks, consecutive weeks now
22 in the summertime; right?

23 MR. HOBAN: It would be actually four weekends, so
24 we will open on Friday the --

25 COMMISSIONER CHOPER: I got you. So you're open

1 three weekends, and now you're going to be four consecutive
2 weekends?

3 MR. HOBAN: Correct. And we'll be closed Mondays
4 and Tuesdays.

5 COMMISSIONER CHOPER: Did you know about this, how
6 long -- I'm just wondering if you'd taken this up with CARF
7 and trying to get them consecutive weeks. I know that's not
8 easy, but it makes a certain amount of sense. And,
9 certainly, I don't know if makes adequate sense to make a
10 really strong argument on the basis of the numbers. But if
11 you can show, particularly what you've done in this third
12 week, attendance at the fair, I don't know what else you can
13 show, that would, it seems to me, go at least some distance
14 toward making a case for you to have three consecutive weeks
15 in the summertime.

16 (Colloquy)

17 MR. HOBAN: I may be confused.

18 COMMISSIONER CHOPER: Yeah. Go ahead.

19 MR. HOBAN: Are you referencing the summer fair
20 race meet? It is three consecutive --

21 COMMISSIONER CHOPER: Three consecutive weekends.

22 MR. HOBAN: Currently we race 12 days, which is
23 three weekends and --

24 COMMISSIONER CHOPER: That's right.

25 MR. HOBAN: -- but even though the fair runs four

1 weekends.

2 COMMISSIONER CHOPER: I understand. What I'm
3 saying is if the attendance -- this is the first year?

4 MR. HOBAN: Correct.

5 COMMISSIONER CHOPER: If the attendance runs real
6 well at the fair --

7 MR. HOBAN: Uh-huh.

8 COMMISSIONER CHOPER: -- for the final week, then
9 have you given consideration to asking for another weekend?

10 MR. HOBAN: Understood.

11 COMMISSIONER CHOPER: Yeah.

12 MR. HOBAN: Absolutely.

13 COMMISSIONER CHOPER: And I ended that by saying I
14 know that's not -- I mean, it's easy to ask. It doesn't
15 hurt to ask, as they used to say, but getting it is another
16 matter.

17 CHAIR WINNER: Yeah. And we have a Dates
18 Committee meeting --

19 COMMISSIONER CHOPER: Yeah.

20 CHAIR WINNER: -- that Mr. Baedeker announced
21 earlier coming up. This is not so easy.

22 EXECUTIVE DIRECTOR BAEDEKER: Yeah. I know about
23 that.

24 CHAIR WINNER: It only took about two years to
25 reach an agreement on the weeks and weekends --

1 COMMISSIONER CHOPER: Yeah.

2 MR. HOBAN: Part of that is --

3 CHAIR WINNER: -- last time around.

4 MR. HOBAN: -- picking your battles.

5 CHAIR WINNER: Right. So --

6 COMMISSIONER CHOPER: Okay. That's fair enough.

7 CHAIR WINNER: But it will come up at the meeting
8 that we're going to be having in May.

9 Did you have a question, Commissioner Krikorian?

10 FIRST VICE CHAIR KRIKORIAN: I did. For some
11 reason the pages with the schedule, the stakes' schedule has
12 been cut out here partially.

13 So could you please tell me again what your
14 stakes' schedule is and what you have removed from your
15 stakes' schedule from last year?

16 MR. SWARTZLANDER: I don't have it in front of me,
17 but there were new two stakes' races; one was a three-year-
18 old fillies' race, a sprint, and the other was a route race
19 for three-and-up, called the Alameda Handicap.

20 FIRST VICE CHAIR KRIKORIAN: And what --

21 MR. SWARTZLANDER: And I believe we have --

22 FIRST VICE CHAIR KRIKORIAN: Then what are you
23 then running? You've eliminated those two, so which stake
24 races?

25 MR. SWARTZLANDER: The other six races, I believe

1 one's a two-year-old for boys, one's a two-year-old for the
2 girls, and the other ones are route races for three-and-up,
3 boys and fillies and mares.

4 FIRST VICE CHAIR KRIKORIAN: So a total of six --

5 MR. HOBAN: Six up.

6 FIRST VICE CHAIR KRIKORIAN: -- six races, and
7 they're \$50,000 each?

8 MR. HOBAN: One is \$100,000 with \$40,000 of
9 Breeders' (phonetic) money involved in it.

10 FIRST VICE CHAIR KRIKORIAN: Okay. Any other
11 questions?

12 COMMISSIONER RUANO: I have a question.

13 CHAIR WINNER: Yes, Commissioner Ruano?

14 COMMISSIONER RUANO: Just a quick question
15 regarding marketing and advertising. The lineup looks
16 great. I think it's wonderful that you're reaching out to
17 so many groups and constituents. I'm wondering if you're
18 doing something different this year in terms of marketing
19 and advertising than you've in the past? And I ask that as
20 a new Commissioner.

21 MR. HOBAN: With regard to promotional days --

22 COMMISSIONER RUANO: Yeah.

23 MR. HOBAN: -- that changes up every year.

24 COMMISSIONER RUANO: Okay.

25 MR. HOBAN: For example, this year we're adding in

1 the Sip, Savor and Wager event during the fair in the
2 infield.

3 But with regard to the marketing campaign, I would
4 say that we try to have 80 percent of it the same, so that
5 we don't lose the brand equity.

6 COMMISSIONER RUANO: Uh-huh.

7 MR. HOBAN: So we have locked into the 4th of
8 July, the red, white and blue theme for multiple years,
9 although the art changes, the campaign changes, the media
10 buy changes. It actually increased because now that we're a
11 20-day event, we had to increase because the marketing buy
12 in the Bay Area is very difficult for us, and this year it's
13 over \$600,000. And then a lot of stuff is shifting towards
14 social media, viral campaigns and so forth, which we're very
15 successful with.

16 And then one of the major shifts this year is a
17 heavy focus on packaging things together with horse racing
18 and other fair-related --

19 COMMISSIONER RUANO: Uh-huh.

20 MR. HOBAN: -- so that we're not selling things so
21 much individual. We're trying to draw them together to push
22 the racetrack, so that's one.

23 But in general, the look and feel hopefully looks
24 the same because I don't want to lose the brand equity.

25 COMMISSIONER RUANO: Got it.

1 MR. HOBAN: So often fairs have a new theme and a
2 new look every single year, that you have to reeducate the
3 public. We're only here once a -- or, you know, the fair
4 happens once a year. And we're trying to move away from
5 that philosophy. We want to be a brand that they recognize
6 instantly. So art my change a little, but we own the 4th of
7 July in red, white and blue. That's our game, so --

8 CHAIR WINNER: Any other questions?

9 COMMISSIONER RUANO: I just have one quick
10 comment. It's really minor. But I was looking at the
11 application, and there's a whole section that's in Spanish.
12 I don't know if this is given to -- I think it's all about
13 procedures and emergencies. And it's -- I just read over
14 it, since I speak Spanish, and there's just a lot of things
15 that are incredibly confusing.

16 So if this is something that's going to the
17 workers, I'm happy to kind of work with someone or talk to
18 someone --

19 MR. HOBAN: Okay.

20 COMMISSIONER RUANO: -- about making it --

21 MR. HOBAN: Thank you.

22 COMMISSIONER RUANO: -- easier to understand --

23 MR. HOBAN: Let me --

24 COMMISSIONER RUANO: -- especially since it's
25 regarding emergency and security procedures.

1 MR. HOBAN: Okay. Is that specific to our site or
2 is that something --

3 MR. SWARTZLANDER: All fairs.

4 MR. HOBAN: All fairs.

5 MR. SWARTZLANDER: All fairs.

6 MR. HOBAN: So, absolutely --

7 COMMISSIONER RUANO: Yeah.

8 MR. HOBAN: -- we can review that. Thank you.

9 COMMISSIONER RUANO: Uh-huh.

10 CHAIR WINNER: Okay. Is there a motion?

11 SECOND VICE CHAIR AUERBACH: Moved.

12 CHAIR WINNER: Commissioner Auerbach moves.

13 COMMISSIONER RUANO: Second.

14 CHAIR WINNER: Commissioner Ruano seconds.

15 All in favor of approval?

16 COMMISSIONER RUANO: Aye.

17 CHAIR WINNER: Commissioner Auerbach?

18 SECOND VICE CHAIR AUERBACH: Yes.

19 CHAIR WINNER: The Chairman votes yes.

20 FIRST VICE CHAIR KRIKORIAN: Yes.

21 CHAIR WINNER: Commissioner Krikorian?

22 Commissioner Choper?

23 COMMISSIONER CHOPER: Yes.

24 CHAIR WINNER: Commissioner Ruano? Commissioner

25 Ruano?

1 COMMISSIONER RUANO: Yes.

2 CHAIR WINNER: Yes. Okay. Motion carries
3 unanimately.

4 Have a great meet. Good job, as usual. Thank you
5 very, very much.

6 MR. SWARTZLANDER: Thank you.

7 MR. HOBAN: Thank you.

8 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman and
9 Commissioners, I've said this before but, you know, before I
10 got this job, I had never been to a fair in the north. The
11 only fair experience I had had was at Fairplex Park. And I
12 was always distressed that there were so many people in the
13 fair and so few people at the races. And I realized, after
14 a period of time, that racing in Pomona is not new because
15 they have Santa Anita here year-round, almost year-round,
16 not new to the market. But it is new to the market up
17 there.

18 And it will do your heart good to go to any of the
19 fairs. I went to all of the fairs, including Ferndale.
20 Racing is a big deal when the fair comes to town, and the
21 grandstand is packed. And they've got the tailgate parties
22 going down on the apron, and they're studying. One of the
23 handicapping seminars, I think it was -- the one I was at
24 was at Santa Rosa, it had 150 people. And you would have
25 thought it was a law school class. I mean, it was very,

1 very serious and very well done.

2 And I encourage the Commissioners, if you could
3 possible get the chance, to go to any day at any of the
4 fairs and see it for yourself.

5 SECOND VICE CHAIR AUERBACH: I can't believe this.
6 They've got pigs jumping over fences here in a pig race --

7 COMMISSIONER RUANO: I missed that.

8 SECOND VICE CHAIR AUERBACH: -- over fences. I
9 don't want to have to rehabilitate pigs. It's enough with
10 the horses.

11 MR. CHILLINGWORTH: How about a camel?

12 MR. HOBAN: Those pig races are a highlight at the
13 fair.

14 SECOND VICE CHAIR AUERBACH: This is adorable.

15 MR. CHILLINGWORTH: I'd like to say one more thing
16 before we leave here.

17 As you know, we experimented last summer for a
18 horse race operation with no fair, and everybody was
19 concerned about that.

20 CHAIR WINNER: Right.

21 MR. CHILLINGWORTH: And we made money, which is
22 something I haven't heard for a long time. Anyway, it was
23 done extremely well. The people were -- you had no fair
24 people around, and they were all looking at forms. They
25 were talking to each other. And, you know, it was really

1 very stimulating for someone who wants to see us do well in
2 other parts of the state. And I think that's a talisman of
3 what may come in the future, but don't count on it.

4 CHAIR WINNER: Thank you. Thank you Chillie.

5 MR. SWARTZLANDER: Thank you.

6 CHAIR WINNER: Thank you all.

7 Move on then to discussion, item number eight,
8 discussion and action by the Board on the Application for
9 Renewal of License to Operate a Minisatellite Wagering
10 Facility at the Orange County Tavern -- or OC Tavern, San
11 Clemente, for a period of up to but not exceeding five
12 years.

13 George?

14 MR. HAINES: Good morning Commissioners. George
15 Haines, Southern California Off Track Wagering.

16 We're applying for a renewal of our first
17 minisatellite, the OC Tavern, located in San Clemente. This
18 site does about \$6 million in handle a year. And again,
19 it's a fond place in our heart because it took quite a bit
20 to get this first minisatellite up and going.

21 CHAIR WINNER: Is there any discussion or
22 questions of George?

23 FIRST VICE CHAIR KRIKORIAN: Have there been any
24 violations by the operator in the last five years?

25 MR. HAINES: None.

1 CHAIR WINNER: George, did you identify yourself?

2 MR. HAINES: Yes, I did.

3 CHAIR WINNER: Okay. Thank you. Thank you.

4 COMMISSIONER RUANO: Did you get the fire
5 clearance?

6 SECOND VICE CHAIR AUERBACH: Yeah. That was one.

7 MR. HAINES: Yes. The fire clearance is ongoing,
8 but it was -- they inspected last week and they'll have it
9 within the next couple of weeks, and we'll submit it at that
10 time.

11 SECOND VICE CHAIR AUERBACH: And for Staff, was
12 this the only issue that was out? Okay.

13 And I was looking at the -- I know that this
14 particular satellite really got things going for us, so we
15 owe this particular location --

16 MR. HAINES: Yes.

17 SECOND VICE CHAIR AUERBACH: -- a lot of
18 allegiance. And I'm really amazed that it's been five
19 years.

20 MR. HAINES: Seven.

21 SECOND VICE CHAIR AUERBACH: Seven?

22 MR. HAINES: Yeah.

23 SECOND VICE CHAIR AUERBACH: Seven.

24 MR. HAINES: 2010.

25 SECOND VICE CHAIR AUERBACH: Okay. Well, I was

1 looking at five here.

2 So they only have five terminals, and they create
3 all this from five terminals?

4 MR. HAINES: Five main terminals. And then they
5 have self-service, too.

6 SECOND VICE CHAIR AUERBACH: How many self-
7 service?

8 MR. HAINES: I think there are probably around
9 ten.

10 SECOND VICE CHAIR AUERBACH: So they can support
11 five manned terminals?

12 MR. HAINES: Well, those terminals can be either
13 manned or --

14 SECOND VICE CHAIR AUERBACH: Or --

15 MR. HAINES: -- self-service, too.

16 SECOND VICE CHAIR AUERBACH: Okay. Thank you.

17 CHAIR WINNER: Is there any other -- are there any
18 other questions?

19 COMMISSIONER CHOPER: How do they compare to other
20 ones?

21 MR. HAINES: Well, it's a tavern, a restaurant.

22 COMMISSIONER CHOPER: Excuse me. I didn't do a
23 good job with the question.

24 MR. HAINES: Yeah.

25 COMMISSIONER CHOPER: To other similar kinds of --

1 CHAIR WINNER: Minisatellites?

2 COMMISSIONER CHOPER: -- satellites?

3 MR. HAINES: They're probably in the bottom third.

4 COMMISSIONER CHOPER: Bottom third?

5 MR. HAINES: Yes. I mean, they're bookended by
6 Oceans 11 Casino in Carlsbad, and then they have Sammy's
7 which is a very formidable --

8 COMMISSIONER CHOPER: I see.

9 MR. HAINES: -- site that's just north of them, so
10 they're right in between that.

11 SECOND VICE CHAIR AUERBACH: You know, I think,
12 Jesse, it's a little unfair to compare them to anybody
13 because they were really our entry into this --

14 COMMISSIONER CHOPER: They're really what?

15 SECOND VICE CHAIR AUERBACH: They were our entry
16 into minisatellites.

17 COMMISSIONER CHOPER: Yes. No, I know that. I
18 remember that.

19 SECOND VICE CHAIR AUERBACH: And, yeah, well, you
20 were around to make the decision.

21 COMMISSIONER CHOPER: I think this is the first
22 renewal of any --

23 MR. HAINES: Yes.

24 SECOND VICE CHAIR AUERBACH: And they've done a
25 hell of a job and I'm grateful.

1 COMMISSIONER CHOPER: Good. No, that's fine.

2 SECOND VICE CHAIR AUERBACH: I think we all should
3 be.

4 COMMISSIONER CHOPER: I was just curious. But
5 that's -- the competition is very stiff --

6 MR. HAINES: Yes.

7 SECOND VICE CHAIR AUERBACH: Yeah.

8 COMMISSIONER CHOPER: -- is what you're saying.

9 CHAIR WINNER: Is there a motion? Are there any
10 other questions?

11 (Colloquy)

12 CHAIR WINNER: Is there a motion?

13 COMMISSIONER CHOPER: Moved.

14 CHAIR WINNER: Commissioner Choper moves.

15 COMMISSIONER RUANO: Second.

16 CHAIR WINNER: Commissioner Ruano seconds.

17 Commissioner Auerbach?

18 SECOND VICE CHAIR AUERBACH: Yes.

19 CHAIR WINNER: The Chairman votes yes.

20 Commissioner Krikorian?

21 FIRST VICE CHAIR KRIKORIAN: Yes.

22 CHAIR WINNER: Commissioner Choper?

23 COMMISSIONER CHOPER: Yes.

24 CHAIR WINNER: Commissioner Ruano?

25 COMMISSIONER RUANO: Yes.

1 CHAIR WINNER: Thank you George. By the way,
2 George, I had occasion, I had a meeting out at Pechanga and
3 I went and looked where the new satellite is going to be,
4 the minisatellite is going to be, and it's up in the poker
5 area up there --

6 MR. HAINES: Yeah.

7 CHAIR WINNER: -- as you may know. It's going to
8 be really, really good. I'm quite excited.

9 MR. HAINES: I'll be there tomorrow.

10 CHAIR WINNER: Good.

11 EXECUTIVE DIRECTOR BAEDEKER: Are they online --
12 on schedule to open --

13 MR. HAINES: No.

14 EXECUTIVE DIRECTOR BAEDEKER: -- in May?

15 MR. HAINES: We're a little bit behind right now,
16 so hopefully we'll catch up.

17 CHAIR WINNER: Thank you. They, by the way, are
18 very excited about it, which is really a good thing.

19 SECOND VICE CHAIR AUERBACH: It's nice.

20 CHAIR WINNER: Item number nine, discussion by the
21 Board regarding a report from Santa Anita management on the
22 results of the winter portion of its current racing session
23 [sic], as well as highlights of the marketing and racing
24 programs for the remainder of the race meet.

25 Hello gentlemen.

1 FIRST VICE CHAIR KRIKORIAN: Good morning.

2 SECOND VICE CHAIR AUERBACH: Good morning.

3 MR. MORRIS: Good morning. Joe Morris, Santa
4 Anita.

5 MR. NEWBIE: Nate Newbie, Santa Anita.

6 MR. MORRIS: So in the first half of our meet, the
7 winter-spring meet started December 25th, ended on April
8 9th, we had some weather challenges, to say the least,
9 through that period. From the middle of December through
10 April 9th, we got over 26 inches of rain, which is the most
11 we've had in a decade in this area, 3 cancellations and 15
12 effected rain days where it rained during the day but we ran
13 anyhow. That obviously effects field size and the handle.
14 But the big days all popped.

15 So we opened on the 26th. Opening day, we had
16 46,500 people here. That was up four percent on a year ago,
17 with the year ago being a Saturday opening versus a Monday
18 opening, so it was very strong crowd for a Monday.

19 On Handicap Day, we had just under 30,000. That
20 was up eight percent on a year ago, and handle was up on
21 both of those days.

22 On Derby Day, we did 36,000 people. That was up
23 30 percent. It did rain a year ago. And we did just under
24 \$21 million in handle, which is the most since I've been
25 here for the year-and-a-half, so it was a good solid handle

1 day.

2 So the big days popped which, you know, kind of
3 indicates our marketing plans and strategies are in place
4 for those days.

5 We ran 63 days versus 58 days the year before.
6 Three of them were cancellations, and the other two were
7 really a function of calendars. We had a Saturday-Sunday
8 versus a Monday opening.

9 So the next part of our meet, we'll have 48 days
10 of racing versus 40. So we will run 106 days versus 103 the
11 year before. And when you put the fall in, we're going to
12 run 126 days versus 124 days, if you take the Breeders' Cup
13 two days out, because it's not fair to compare those days.

14 So we had, on the turf course -- we ran 510 races
15 in that period; 373 of them were on the dirt, 137 of them
16 were on the turf. So 27 percent of our races were on the
17 turf which is, I think, I high number with the amount of
18 rain we got. You know, this is the first season we've raced
19 with the new Bandera Bermuda course. It took the rain
20 fairly well. And we had 27 percent on the turf, 73 percent
21 on the dirt.

22 Now when we did this schedule last fall, we were
23 planning on running two weeks, three-day weeks with no turf
24 racing. So we were going to end on April 9th and go the
25 next two weeks, Friday through Sunday, with no turf racing.

1 Part way through the year, with the cancellations,
2 we added the Thursday and determined we could stay on the
3 turf. We just didn't know on the turf management side of it
4 what shape it would be in. It was in good shape, so we
5 added that second week.

6 As we got to the end of the meet, we were saying,
7 boy, if we don't need to come off the turf for owners and
8 trainers, let's stay on the turf. And we made the decision
9 to stay on for that week, so there was no gap with no turf.
10 We did think we'd need to have the rail out at 30 feet, just
11 to protect the inside and let us get a little bit of a head
12 start.

13 If you remember, on the turf it's Bandera Bermuda,
14 which is a hot-weather grass, and it's a winter rye. So in
15 the wintertime we grow the winter rye a little higher, and
16 the Bandera goes somewhat dormant. And we thought we would
17 need time to take the winter rye down and reinvigorate the
18 Bandera. So that's kind of the process of the thinking
19 there.

20 But the good news is we did race the Friday-
21 Saturday at 30 feet. The Sunday, we actually moved into 20
22 feet. So we haven't missed a weekend with the turf course.

23 I'm going to let Nate talk.

24 So we ended up -- our numbers were -- our on-track
25 attendance, we were up two percent all in, in that period.

1 Our on-track handle was down five percent, we think mostly
2 rain related. Our SCOTWINC handle, and this is good news,
3 our SCOTWINC handle, the OTB system, was up two percent. An
4 all-source handle, we were down four percent from December
5 26th to April 9th. We expect to make all of that up in the
6 next run.

7 You remember, a year ago we weren't -- we came to
8 a hard stop for three weeks in April and the racing moved to
9 Los Al. With us being able to race through, we can already
10 see we're holding momentum and our numbers are improving.

11 So I'll let Nate go over the second half with the
12 marketing and the -- where we're at, because we've made
13 significant gains, just in the two weeks since April 9th.

14 CHAIR WINNER: Nate?

15 MR. NEWBIE: Nate Newbie, Santa Anita.

16 Yes, we have some aggressive marketing campaigns
17 kicking off, ramping up, leading into Santa Anita Derby.
18 But then everything continues through the Triple Crown and
19 through closing day.

20 One of the new things we have going that started
21 about a month ago is our Dodger's partnership. We have
22 advertising in 71 games this year. We've had a lot of
23 research over the last two years that show high crossover
24 between Santa Anita customers and Dodger's fans, so we're
25 excited about that. We think that gets our brand out to an

1 audience with a high potential to come to Santa Anita.

2 So one of the segments they're doing is a Dodger's
3 Derby segment on Dodger's Radio. And they'll pick a horse
4 each day, the on-air talent. And they have already started
5 a competition of who can pick the most winners for the
6 season. And then the loser is going to donate to the
7 winner's charity, and Santa Anita is going to match that.
8 So it's kind of fund. It's more than just traditional
9 advertising, where they're actually talking about Santa
10 Anita, getting involved in racing.

11 Digital campaigns, we rely heavily on digital for
12 our advertising. It's very targeted, as you probably know.
13 We can go after new fans, a younger demographic. We'll
14 serve about 150 million impressions this season on digital.
15 So it's a very efficient way to market. And our goal is to
16 sell 100,000 tickets online, which about 80 percent are
17 purchased by new fans. So it's how -- it's our main
18 linchpin of our attraction strategy. And basically, we put
19 on a compelling event and then reach new fans through a
20 couple different avenues and try to get them to come out and
21 have a good time at Santa Anita.

22 We also have 72 billboards up right now, which is
23 our strongest billboard campaign we've had in a while. It
24 includes traditional and digital boards, and those will
25 serve about 50 million impressions. So, of course, the nice

1 thing about the digital boards is we can change those every
2 week to promote an event. So right now they're promoting
3 the biggest Derby party west of Kentucky.

4 And then our social media platforms are important
5 for us. We're now over 215,000 fans and followers. And
6 Facebook is especially strong to drive online ticket sales
7 for us, so we'll continue to push that heavily through the
8 end of the meet.

9 On our promotions' schedule, just to hit a couple
10 of the highlights, obviously everything is focused on
11 Kentucky Derby now for the next week-and-a-half. We've seen
12 that day grow since Santa Anita took it over for live
13 racing. We're expecting 30,000 fans this year. So Triple
14 Crown days are obviously a great opportunity for us, and
15 we've put a lot of our marketing investment to promote
16 those.

17 The Preakness Party is a big event for us,
18 obviously, for our company, but also at Santa Anita and in
19 this market. So there's promotions all over the track,
20 parties, a concert in the infield, a giveaway item that day.
21 It's a nice backpack, so it should be a popular event. And
22 we also do one of our live-money handicapping contest that
23 day, which are great handle drivers. It's a \$4,500 buy-in.
24 It brings in some great customers from all around the
25 country. And the winner of that contest, if they go on to

1 win BCBC, gets a \$1 million bonus. So it's a new addition
2 that we started last year that got a lot of attention.

3 Another new event that we started in the last
4 couple years, the Michelada Festival, last year we drew in
5 almost 10,000 people for that event, so that's a great way
6 to reach a new audience. And now we've introduced our Santa
7 Anita Oy! (phonetic) Spanish-speaking content which is out
8 every day, basically telling people what's going on at Santa
9 Anita, giving them some picks on horses that day. And that's
10 available on our website and free at all the program stands
11 and throughout the track.

12 Our Memorial Weekend Carnival is a big event that
13 continues to grow. We expect about 20,000 people over three
14 days for the holiday weekend. And then we're going to close
15 it out this year with 626 Night Market. It's on our closing
16 weekend of racing. And that's an Asian-themed night market
17 that brings in a massive crowd, approximately 100,000 people
18 over three days. And we're going to build on what we
19 started last year, giving free \$5.00 wagers to attendees,
20 incentives to come early to see racing before the Night
21 Market, and putting out as many wagering ambassadors and
22 trying to teach the attendees to bet as much as we can.

23 So those are the highlights. There's something
24 going on, basically every weekend. And happy to answer any
25 questions.

1 MR. MORRIS: Do you have the results over a couple
2 of -- where we're at over the couple of weeks?

3 MR. NEWBIE: Oh, yeah. So starting on
4 the numbers that Joe spoke about, ending the kind of halfway
5 point in the meet, we've seen number improve. Attendance is
6 now up four percent for the combined season. All-sources
7 handle is close to down two percent, so I think we're --
8 that number seems to be closing. We're both optimistic that
9 we can finish up for the season. And then on-track handle
10 is also improving, down about a little over three percent.

11 SECOND VICE CHAIR AUERBACH: Okay. Well, we heard
12 all the good stuff.

13 CHAIR WINNER: Yeah.

14 SECOND VICE CHAIR AUERBACH: Can I get into some
15 of the nitty gritty that just happened and I'd like to know?
16 I mean, I'm obviously thrilled. I mean, I saw the people
17 here. The last big day was electric and it was very nice to
18 be a part of it.

19 We've had some issues. And I get a lot of the
20 complaints, as you guys know, directly because I'm here a
21 lot. So I specifically want to ask you about the opening of
22 the meet and the closing of the meet, and I struggle with
23 the way it was handled. So I don't know if you've had a
24 chance to discuss it among yourselves, to maybe clarify it
25 and change it. And this is specifically what I'm talking

1 about.

2 On the one hand you're saying, well, we've stopped
3 this meet and now we've started another, and there's really
4 no break between the two meets, so you did some things that
5 look like you closed the meet. For example -- and this is
6 all from the racing side because I've heard everything
7 talked about but the racing side, and my concern is the
8 racing side.

9 All of the horses that were entered for the second
10 part of the meet went back to a zero date. It was kind of
11 an arbitrary, artificial way to -- maybe you wanted to
12 change the stats. Maybe you wanted to have another top
13 rider for the second half of the meet. Maybe you wanted to
14 have another top, I don't know, trainer for the second half
15 of the meet. But what, in effect, do you did to the
16 horsemen, in my view, was not fair to the horsemen because
17 you had a lot of races that were written based on three-
18 year-old races. Very early on you moved to three-and-up, so
19 you had cases where you had horses that were four-year-olds.
20 And I'm sorry, I'm getting technical for some of the people,
21 but we need to figure this out. So you would have a horse,
22 say a four-year-old, coming back that was excluded from a
23 race that -- where you'd have a three-year-old, who maybe
24 ran a couple weeks ago, who got in.

25 So it seemed kind of an arbitrary thing to do to

1 roll back the dates for the horsemen to enter horses. That
2 seemed to me to be a little arbitrary.

3 The other thing that seemed unusual is that you
4 ended a meet in the middle of a condition book. That didn't
5 make any sense. If you really have two meets going on, you
6 have -- the end of the book is the end of the meet, and then
7 you have a new book for the next meet.

8 The other thing that seemed arbitrary was,
9 although I understand why you did it, because you wanted
10 more money and we all do, was keeping the jackpot going.
11 And I know we do it -- we've done it -- we started doing it
12 for the fairs. However, it just seems strange. In some
13 respects it was like a second meet, and in other respects it
14 wasn't.

15 I hope I've been -- I haven't been too confusing
16 in my points, but I think you've confused the horsemen. We
17 created some unhappiness. And we're struggling in terms of
18 inventory management and getting these horses to run.

19 And I was wondering if you had had a chance to
20 dissect it and maybe come up with a plan to do this a little
21 bit cleaner, so we all understand?

22 And I heard, oh, it was on the overnights and this
23 and that. Well, I don't know, did you consult with CTT?
24 Did you consult with TOC to kind of make this stuff
25 cohesive? Just a thought.

1 MR. MORRIS: That a lot of questions.

2 SECOND VICE CHAIR AUERBACH: I'm sorry, but I'm --

3 MR. MORRIS: That's okay.

4 SECOND VICE CHAIR AUERBACH: -- trying to give you
5 examples on both sides, why everybody was -- why there was a
6 lot of angst --

7 MR. MORRIS: Right.

8 SECOND VICE CHAIR AUERBACH: -- let's put it that
9 way.

10 MR. MORRIS: And this is Joe Morris from Santa
11 Anita again.

12 And we're in a first, so this is the first time
13 since Hollywood's gone, I think, where we -- there wasn't
14 more of a break. Technically, it is one license, so we did
15 do one license from December 26th to July 4th. So that's
16 more on the mandatory payout side of it. So we just felt it
17 was best to keep that going. People had invested their
18 money in that carryover, and we just didn't see a reason to
19 do a mandatory payout --

20 SECOND VICE CHAIR AUERBACH: I'm not suggesting
21 you should or you shouldn't.

22 MR. MORRIS: -- at that time.

23 SECOND VICE CHAIR AUERBACH: I just want to
24 know --

25 MR. MORRIS: And we're --

1 SECOND VICE CHAIR AUERBACH: -- how you figured
2 that.

3 MR. MORRIS: And we're discussing all of what you
4 just said internally on it, because it wasn't as smooth as
5 it could have been. There's no arguing that side of it.

6 We've got 80 years of history here. So part of
7 it, on resetting stats for trainers and jockeys, was to keep
8 that 80 years of history and that championship winter-spring
9 meet the same. Now we may not do that. It certainly has
10 reinvigorated the jockey side of the standings with the
11 start. The trainers side, maybe not so much, so that's
12 something we'll look at. Maybe we just run the thing
13 straight through on that.

14 On the zero dates and the horsemen, I mean, one
15 thought was it gave everybody the same chance. We reset it
16 to zero and everybody comes into the new side for the same
17 chance. And, you know, we have been a little short on
18 entries, there's no denying that, and on runners per race.
19 So giving everybody the same chance I don't think is
20 shutting anybody out. I mean --

21 SECOND VICE CHAIR AUERBACH: Well, actually, it --

22 MR. MORRIS: -- the horses that are getting in
23 are --

24 SECOND VICE CHAIR AUERBACH: -- it did shut people
25 out --

1 MR. MORRIS: -- are running.

2 SECOND VICE CHAIR AUERBACH: -- but that's --

3 MR. MORRIS: Yeah.

4 SECOND VICE CHAIR AUERBACH: -- that's something
5 to consider.

6 MR. MORRIS: Right. And we will look at it all.
7 And we'll see how we finish this meet and then look at it.
8 You know, as we kind of reengineer ourselves here with the
9 way our industry is, we're looking at many things going
10 forward on the --

11 SECOND VICE CHAIR AUERBACH: Well, especially with
12 the condition book. I mean, you never saw a condition book
13 end --

14 MR. MORRIS: Yeah.

15 SECOND VICE CHAIR AUERBACH: -- you know, that
16 didn't end at the end of the meet. So just in dissecting
17 it, maybe it would -- did you talk to TOC and CTT before you
18 did this with the Racing Office or you just kind of went the
19 way you went through it?

20 MR. MORRIS: I, you know, I believe they were
21 aware of what we were doing all the way along. And as I
22 saw, because Rick went back and actually got me the
23 condition sheets, it was in previous books, it was on the
24 condition sheets. He was telling trainers as they were
25 coming through the office, so --

1 SECOND VICE CHAIR AUERBACH: Well, we have --

2 CHAIR WINNER: Well, we have --

3 SECOND VICE CHAIR AUERBACH: -- that community
4 (indiscernible).

5 CHAIR WINNER: We have representatives here of
6 both those organizations, so they have --

7 SECOND VICE CHAIR AUERBACH: Did you --

8 CHAIR WINNER: -- they can always speak --

9 SECOND VICE CHAIR AUERBACH: Yeah, I'm curious.

10 CHAIR WINNER: -- if they choose to.

11 MR. AVIOLI: It's Greg Avioli with TOC.

12 We were aware that this was happening, yes.

13 CHAIR WINNER: Alan?

14 SECOND VICE CHAIR AUERBACH: And it was your
15 approval all the way, this all was handled, or you didn't
16 get into the nitty gritty?

17 MR. AVIOLI: We deferred to their judgment.

18 SECOND VICE CHAIR AUERBACH: Okay.

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

21 I agree with what Mr. Avioli said, we deferred to
22 their judgment.

23 SECOND VICE CHAIR AUERBACH: Got it. Thank you.

24 CHAIR WINNER: All right. Any other discussion? I
25 don't think there's a vote on this.

1 SECOND VICE CHAIR AUERBACH: No.

2 CHAIR WINNER: This is just information.

3 EXECUTIVE DIRECTOR BAEDEKER: Right.

4 SECOND VICE CHAIR AUERBACH: We just wanted to
5 know where they were.

6 CHAIR WINNER: Okay. Thank you.

7 MR. MORRIS: Thank you.

8 CHAIR WINNER: Thank you gentlemen.

9 SECOND VICE CHAIR AUERBACH: Thank you.

10 CHAIR WINNER: Thank you.

11 Number ten, discussion and action by the Board
12 regarding the status of the financial and operational plan
13 of the organization administering the offsite Stabling and
14 Vanning Program in the northern zone and the organization's
15 request for approval to adjust the allowable statutory
16 deduction of 1.5 percent to 2 percent, effective May 1,
17 2017, pursuant to Business and Professions Code section
18 149607.3(g).

19 MR. RAINEY: Good morning. Cal Rainey, Chairman
20 of NOTWINC, Northern California Off Track Wagering.

21 As a part of the 2017 Northern California Stabling
22 and Vanning Agreement, which was signed by the TOC, Golden
23 Gate Fields, CARF and Sonoma County Fair, we're hereby
24 requesting that the CHRB approve the amount deducted from
25 stabling and vanning for the Stabling and Vanning Fund for

1 Golden Gate Fields and in Northern California fairs, to
2 increase to two percent effective May 1st, 2017.

3 COMMISSIONER CHOPER: Who bears the cost for that?

4 MR. RAINEY: The fund.

5 MR. MORRIS: It basically comes half out of
6 whatever racetrack is running and half out of purses.
7 That's what -- that's --

8 COMMISSIONER CHOPER: Right. No.

9 MR. MORRIS: Yeah.

10 COMMISSIONER CHOPER: So I got it. Thank you.

11 MR. MORRIS: And as part of our Stabling and
12 Vanning -- this is Joe Morris from Golden Gate -- as part of
13 our Stabling and Vanning Agreement, as Cal said, we all
14 signed, Golden Gate actually retired its part of the
15 stabling and vanning debt to 70 percent. We had talked
16 about it previously on Sunday. So that part is paid off,
17 and we're in a period where we're opted out. And then on
18 May 1, when Pleasanton reopens, that 50 percent will be
19 Golden Gate and Pleasanton, I mean, in purses. And then
20 when Pleasanton starts, which is the CARF-end purses --

21 CHAIR WINNER: Right.

22 MR. MORRIS: -- when we're open. But it's right
23 on the plan that we've been talking about through this whole
24 process and period.

25 CHAIR WINNER: Yes, Commissioner Ruano?

1 COMMISSIONER RUANO: My understanding is that the
2 fund is currently not solvent. And I'm wondering if this
3 increase will make the fund solvent? And, if so, when?

4 MR. MORRIS: The fund is -- so Golden Gate, when
5 we -- in rough numbers the fund was \$1 million under water.
6 And then it was decided that Golden Gate would pay 70
7 percent of that, and that CARF, the fairs, would pay 30
8 percent. Golden Gate has paid its 70 percent. We've been
9 running. This 2 percent, the increase from 1.25 to 2
10 percent will help pay for the auxiliary stabling through the
11 summer. And there's actually a different mechanism that
12 CARF is using to pay their 30 percent. And then Santa Rosa
13 is paying a little portion of it also. So by the end of
14 this year the fund will be at zero and we will have met our
15 stabling and vanning obligations for this year, for the --

16 COMMISSIONER RUANO: Thanks.

17 MR. MORRIS: -- year in total.

18 COMMISSIONER RUANO: Thank you.

19 CHAIR WINNER: Any other questions?

20 EXECUTIVE DIRECTOR BAEDEKER: Can I make one
21 comment?

22 CHAIR WINNER: Yes, please.

23 EXECUTIVE DIRECTOR BAEDEKER: I always like to
24 clarify this, just so that there's no misunderstanding. But
25 essentially what the associations and the horsemen are

1 deciding to do here is to reduce their net bottom line --

2 CHAIR WINNER: Yeah.

3 EXECUTIVE DIRECTOR BAEDEKER: -- in order to
4 increase this percentage from 1.25 to 2 percent. This is
5 not an increase in the takeout.

6 MR. MORRIS: Right. Nothing.

7 EXECUTIVE DIRECTOR BAEDEKER: The players are not
8 paying any part of this.

9 CHAIR WINNER: Right.

10 MR. MORRIS: Zero.

11 CHAIR WINNER: Right.

12 EXECUTIVE DIRECTOR BAEDEKER: Also, while I'm --

13 COMMISSIONER CHOPER: That was the purpose of my
14 question.

15 MR. MORRIS: Yeah.

16 CHAIR WINNER: Right.

17 EXECUTIVE DIRECTOR BAEDEKER: And I might -- so
18 I'll just say it now instead of later, the new law requires
19 that what you're doing here actually be presented to the
20 Board before November 1st of the ensuing year. So just be
21 put on -- and I know, because the law was passed late, you
22 couldn't do it. But you have to come back for plans for
23 2018 by November 1st.

24 MR. MORRIS: Got it.

25 CHAIR WINNER: Of this year?

1 EXECUTIVE DIRECTOR BAEDEKER: Correct.

2 CHAIR WINNER: A motion?

3 SECOND VICE CHAIR AUERBACH: Yes.

4 FIRST VICE CHAIR KRIKORIAN: No. Wait.

5 CHAIR WINNER: Oh, hold on. I'm sorry.

6 FIRST VICE CHAIR KRIKORIAN: I have a --

7 CHAIR WINNER: Vice Chairman Krikorian?

8 FIRST VICE CHAIR KRIKORIAN: The one thing that

9 troubles me about this is -- that's troubling me about

10 stabling and vanning specifically is that there's no

11 unrelated third-party audit of the actual inventory of the

12 horses, and this is something that really bothers me. And I

13 don't know if it's in our regulation to require that this be

14 made part of this agreement to go from -- increase the thing

15 to two percent. But if that's the case, I mean, personally

16 I would not support this without adding that condition --

17 CHAIR WINNER: Well, that would be --

18 FIRST VICE CHAIR KRIKORIAN: -- because I think

19 it's important.

20 CHAIR WINNER: -- third-party audit?

21 MR. MORRIS: So I'm not sure what you're auditing,

22 because you do have the right to audit.

23 FIRST VICE CHAIR KRIKORIAN: The inventory.

24 MR. MORRIS: The Stabling and Vanning Fund, you

25 have that authority to audit that.

1 CHAIR WINNER: What about the horse and --

2 FIRST VICE CHAIR KRIKORIAN: But we don't have --

3 MR. MORRIS: The horse counts, the horse counts,
4 the TOC counts them, Golden Gate counts them, CARF counts
5 them. But if any time you want a third party to come
6 down --

7 FIRST VICE CHAIR KRIKORIAN: It's not unrelated.

8 MR. MORRIS: -- we're happy to have them walk
9 along. Unfortunately, it doesn't take as long as it used to
10 up there because there's not as many horses as there were.
11 But they're counted on a monthly basis by the three parties
12 that sign the agreement. And we compare numbers and they're
13 always pretty close.

14 FIRST VICE CHAIR KRIKORIAN: Well, it's not an
15 unrelated third party. And we don't get a report on it on a
16 monthly basis. And they're not telling us how many horses
17 there are, what their ages are, any information. This is
18 all blind to racing, so --

19 MR. RAINEY: Cal Rainey at Golden Gate Fields.

20 So the CTT is not an unrelated party. However,
21 they do also have representatives that count the horses at
22 Golden Gate Fields and Pleasanton, unlike other places.

23 FIRST VICE CHAIR KRIKORIAN: You're generating
24 about \$12 million in revenue, somewhere around there. And
25 you should be able to spend \$40,000 or \$50,000 a year to

1 have an unrelated third party monitor the actual inventory
2 of the horses.

3 MR. MORRIS: Northern California Stabling and
4 Vanning doesn't generate. The south generates that amount.
5 Now NOTWINC does generate that, but this aside of NOTWINC.

6 FIRST VICE CHAIR KRIKORIAN: Well, I'm just
7 talking about it globally.

8 EXECUTIVE DIRECTOR BAEDEKER: And, Commissioner,
9 are you -- when you say inventory, I get the impression
10 you're talking about more than just numbers. You want to
11 know classifications, you know --

12 FIRST VICE CHAIR KRIKORIAN: Yes, to the extent --

13 EXECUTIVE DIRECTOR BAEDEKER: -- by age and by --

14 FIRST VICE CHAIR KRIKORIAN: Yeah, to the extent
15 that it's reasonable.

16 EXECUTIVE DIRECTOR BAEDEKER: -- by condition book
17 fit and so forth, is that what you're after?

18 FIRST VICE CHAIR KRIKORIAN: That's correct.

19 CHAIR WINNER: Mr. Avioli?

20 MR. AVIOLI: Yes. Greg Avioli, Thoroughbred
21 Owners of California.

22 Commissioner Krikorian, to your point, we are
23 concerned, as well, particularly in the south, it's where we
24 focused our efforts at first, with the lack of detailed
25 information readily available, essentially digitally

1 available, like any other major business today, think of
2 Moneyball and baseball where all the stats are right there,
3 that would allow us to see exactly which horses are on the
4 backstretch, which works they've had, which races they've
5 had, and logically, which races they would then be most
6 likely to run in. And we think, in fact, we focused on that
7 with today's -- the cancellation of today's card.

8 I think we're, at the TOC's perspective, we're
9 still using old systems and old technologies. So we have
10 begun a process, hired a third-party consultant to,
11 hopefully by the end of this year in the south, have that
12 information available. And we understand that Santa Anita
13 is working on a parallel process.

14 So it's not exactly the audit that you're talking
15 about. But in terms of getting the results of knowing
16 exactly what horses are within our on-track and auxiliary
17 stabling and using that information to help card full racing
18 cards, that's what we're focusing on at the TOC.

19 EXECUTIVE DIRECTOR BAEDEKER: And there will be an
20 automated mechanism. I always say this, and I realize it
21 doesn't address your concern because it's still a year off,
22 but there will be an automated mechanism once the
23 microchipping is done at all of the enclosures. Because
24 then, with a push of a button, the microchip links to the
25 past performances of a horse, to the Encompass System. And

1 so at that point you'll know day by day exactly what's on
2 the backside, what's left and so forth, but we're a year
3 away from that.

4 SECOND VICE CHAIR AUERBACH: We're on the -- only
5 a year? Because we're on the verge of having it.
6 Unfortunately, we're not there yet.

7 FIRST VICE CHAIR KRIKORIAN: Well, this has been
8 going on for the last two years.

9 SECOND VICE CHAIR AUERBACH: Right.

10 FIRST VICE CHAIR KRIKORIAN: I don't know why we
11 can't implement something now. I don't know why we need to
12 wait until technology changes or something else changes. I
13 don't know why this can't be implemented, you know, today,
14 literally, and then we know where we stand.

15 Why would anybody be opposed to having a third-
16 party --

17 SECOND VICE CHAIR AUERBACH: I don't know that
18 they're --

19 FIRST VICE CHAIR KRIKORIAN: -- you know, check?

20 SECOND VICE CHAIR AUERBACH: -- opposed so much
21 as -- and I don't want to speak for the participants, but I
22 know the confusion that exists with people that know what
23 they're looking at calling an outside third party who
24 doesn't really have a feel for what they're looking at.
25 It's not always as simple as we would think, unless

1 somebody --

2 FIRST VICE CHAIR KRIKORIAN: Well, right now we
3 don't have anything.

4 SECOND VICE CHAIR AUERBACH: Right.

5 FIRST VICE CHAIR KRIKORIAN: Okay.

6 SECOND VICE CHAIR AUERBACH: Right.

7 FIRST VICE CHAIR KRIKORIAN: So do we want to work
8 with nothing or do you want to --

9 EXECUTIVE DIRECTOR BAEDEKER: Wait.

10 CHAIR WINNER: Hold on.

11 FIRST VICE CHAIR KRIKORIAN: -- implement
12 something?

13 CHAIR WINNER: Okay. Mr. Balch?

14 MR. BALCH: Alan Balch, California Thoroughbred
15 Trainers.

16 I think what's been overlooked here, now talking
17 about the north, and I agree with everything --

18 FIRST VICE CHAIR KRIKORIAN: I'm talking about the
19 north --

20 MR. BALCH: -- Mr. Avioli said.

21 FIRST VICE CHAIR KRIKORIAN: -- and the south --

22 MR. BALCH: Both.

23 FIRST VICE CHAIR KRIKORIAN: -- which both are --

24 MR. BALCH: Both.

25 FIRST VICE CHAIR KRIKORIAN: -- my concern.

1 MR. BALCH: Both. But this came up with the
2 north. And I've said this before and I'm happy to say that
3 there's been a lot of progress in this.

4 So talking about the north for the time being,
5 there is an Encompass System. If there is any upside to the
6 consolidation of all of the inventory in the north into
7 Golden Gate Fields, in working on this just within the last
8 month with the Racing Office at Golden Gate Fields, and the
9 management at Golden Gate Fields is absolutely right on top
10 on a daily basis of the identities and the numbers of every
11 horse on the Golden Gate backstretch. We can have that
12 printed out, read out, provided to the Racing Board, if you
13 like, because it is now available.

14 It is much more difficult in the south because the
15 full implementation of the Encompass System has not been
16 accomplished yet but will be under the supervision of Mr.
17 Hasson, the consultant. In the south, it's much more
18 difficult because of the number of stable areas and the ins
19 and outs from one place to another and so forth. But in
20 Golden Gate, I think it's being done extremely well right
21 now, and I think Mr. Rainey can probably provide you all
22 that information in a day or two.

23 FIRST VICE CHAIR KRIKORIAN: All right. Then we
24 could have a third-party, unrelated party compile the
25 information that's put together by the gatekeeper at Golden

1 Gate.

2 MR. BALCH: Sure. And it --

3 FIRST VICE CHAIR KRIKORIAN: But there should be
4 no problem with the south. See, we've got horses at
5 different locations, so they need to be checked.

6 MR. BALCH: Well, it's only more difficult in the
7 south because of the principle of the ins and outs have to
8 be properly identified.

9 FIRST VICE CHAIR KRIKORIAN: Well, I don't see the
10 difficulty. Explain what the difficulty would be.

11 MR. BALCH: Well, because you have stable gates.
12 You have multiple stable gates at Santa Anita. You have a
13 gate in and out at San Luis Rey. You have a gate in and out
14 at Los Alamitos. And at Los Alamitos, you have mixed-breed
15 racing. So it is more difficult, complicated.

16 But in terms of theoretically, it shouldn't be, I
17 agree with you. It just has to be implemented.

18 MR. MORRIS: Joe Morris.

19 CHAIR WINNER: Joe?

20 MR. MORRIS: From the south, TOC has Joe Hasson
21 working on it. We also have a database person working on
22 it. We had the people from Encompass out here two weeks ago
23 to go over it. You know, we had never been able to get Los
24 Al within its own thoroughbred daytime category. At the end
25 of last week, that was done. We did training on the

1 inventory control side of it with San Luis Rey people, Los
2 Al people, Santa Anita people. And we're also using more
3 technology from what they can give us, now that that
4 database is correct on, we call it the hustle report, but on
5 how to hustle horses into races.

6 So there's a joint effort going on now between
7 TOC, CTT and Santa Anita on improving that. But for the
8 first time since I've been around, it's the first time in
9 the south, we've actually had Los Al on the system.

10 We did a roster count of every trainer in the
11 south a month ago where we had every one of them. Some of
12 them didn't like it very well, but every one of them wrote
13 down the number of horses, the names of their horses on a
14 sheet for us. We compared and audited that to what was in
15 the Encompass System. So we know as of a week ago we've
16 scrubbed that and it's substantially correct.

17 CHAIR WINNER: And all the trainers --

18 MR. MORRIS: Every one of them filled out the
19 report and we put it in. And then we audited that, versus
20 what's in the -- what was in the Encompass System, so that
21 we could know that that information was as correct as it can
22 be. I mean, every day with an in or an out, it can change,
23 but it was substantially correct. And the south is
24 completely online as of the end of last week.

25 So there is progress being made. We do know the

1 horses from the trainer list, from our Encompass, and then
2 from our racing offices.

3 FIRST VICE CHAIR KRIKORIAN: You had the same
4 conversation for the last two years.

5 SECOND VICE CHAIR AUERBACH: I think that --

6 FIRST VICE CHAIR KRIKORIAN: Nothing's changed.

7 SECOND VICE CHAIR AUERBACH: I think Commissioner
8 Krikorian is probably worried about people not really
9 knowing and understanding the inventory, considering that we
10 couldn't fill the card on Thursday. And if we had that list
11 and we had a lot of confidence in it --

12 FIRST VICE CHAIR KRIKORIAN: Well, you're also
13 asking us --

14 SECOND VICE CHAIR AUERBACH: -- maybe somebody
15 could figure out --

16 FIRST VICE CHAIR KRIKORIAN: -- to increase what
17 they get, you know, almost 50 percent. And, you know, we
18 don't have any system in place that, you know, assures us of
19 what the actual --

20 SECOND VICE CHAIR AUERBACH: The inventory is
21 declining and the costs are going up, and that's kind of
22 hard to reconcile.

23 FIRST VICE CHAIR KRIKORIAN: But those are two
24 different things.

25 MR. RAINEY: Cal Rainey at Golden Gate Fields.

1 Excuse me.

2 I just wanted to say, also, that Golden Gate
3 Fields has been working along with the CHRB for the last two
4 years to implement a chip program in all the thoroughbreds
5 at the racetrack at Golden Gate. And the majority of our
6 thoroughbreds are chipped now at Golden Gate. And that's
7 going to tie into the Encompass System that Executive
8 Director Baedeker mentioned. And we've been working with
9 the CHRB Staff to get that accomplished, but it's a process.

10 FIRST VICE CHAIR KRIKORIAN: Right, but --

11 CHAIR WINNER: I'm sorry. Go ahead. Go ahead,
12 Commissioner.

13 FIRST VICE CHAIR KRIKORIAN: It doesn't -- but it
14 doesn't -- you know what, you can put chips in horses but it
15 doesn't tell you what's in a stall.

16 EXECUTIVE DIRECTOR BAEDEKER: It does. It does,
17 Commissioner.

18 FIRST VICE CHAIR KRIKORIAN: No. It tells you if
19 a horse is in a stall if has a chip.

20 EXECUTIVE DIRECTOR BAEDEKER: But the chip, once
21 it's read --

22 SECOND VICE CHAIR AUERBACH: Yeah. It tells you
23 everything.

24 EXECUTIVE DIRECTOR BAEDEKER: -- interfaces with
25 the, probably the Equibase --

1 MR. RAINEY: Equibase.

2 EXECUTIVE DIRECTOR BAEDEKER: -- yeah, and
3 populates all of those fields. So as soon as a horse
4 arrives at the stable gate and is swiped, then the racing
5 secretary knows that he's got a horse that's just come onto
6 the grounds that fits these conditions.

7 FIRST VICE CHAIR KRIKORIAN: I know. But it
8 doesn't tell you if the stall is being used for -- if there
9 are stalls being used for something else. It doesn't tell
10 you if there's ponies in stalls. It doesn't tell you if
11 there's someone sleeping in a stall, if somebody's using
12 stalls for supplies or whatever they might be doing.

13 CHAIR WINNER: Dr. Arthur?

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

16 I follow this issue, not from a Racing Office
17 perspective but from an epidemiological perspective. And I
18 will tell you, we have better data today on who's in what
19 stall or what barn than we've ever had. The Santa Anita,
20 Del Mar, San Luis Rey Downs, I think, is very, very
21 accurate.

22 Probably you would find it about 98 or 99 percent
23 accurate from your survey, Joe.

24 MR. MORRIS: Yes.

25 EQUINE MEDICAL DIRECTOR ARTHUR: And Los Alamitos

1 was a weakness.

2 Obviously, unless you go into each stall and lift
3 up the lip, you're not going to know. But we have other
4 processes in place. We know which horses are working. We
5 can follow all those. And those are fairly well monitored
6 by everybody in the racing environment.

7 So, yes, I understand your frustration. And
8 there's no question that auxiliary stabling, I think, had
9 been abused in some locations, but there is technology
10 available. How it eventually is used by the Racing Office,
11 I think that's for other people to work on. I know
12 Encompass has been doing that. But we do have a better
13 handle today on who's where and when than we've ever had
14 before.

15 FIRST VICE CHAIR KRIKORIAN: It's just not -- it
16 may be better but it still doesn't -- there's no one
17 checking.

18 EQUINE MEDICAL DIRECTOR ARTHUR: If you look at --
19 well, I'm not entirely sure that's true, but I'll let these
20 guys defend that.

21 But if you look at the number of horses that --
22 thoroughbreds that start in California, there's about 6,000
23 individual thoroughbreds that start in California. We have
24 12 different facilities now, or 13, I can't remember what it
25 is. They move in and out. There's probably 20 or 30 in-

1 and-outs here a day. Yes, it is a complicated process, and
2 that's why we go to the microchip.

3 But once you have the microchip, once you have the
4 horses ID and you know where he is, it ties back to his
5 entire race record. I'll send you a printout of a couple of
6 stables and you can see what's available.

7 CHAIR WINNER: Would it be possible to provide the
8 information that you -- one of the things is you have it, we
9 don't. We don't have a lot of that information that you
10 have. And apparently there are an awful lot of folks
11 involved in the process of doing this so-called audit, if
12 you want to call it that, internal audit. And it would be
13 probably very helpful if we had access to all of that
14 material that you have, so we can have a better idea of what
15 you're seeing. I mean, everybody who has spoken seems to
16 be -- feel comfortable with what you have. But it's hard for
17 us to be comfortable because we don't see the same stuff you
18 do.

19 MR. SWARTZLANDER: This is Larry Swartzlander with
20 CARF.

21 Just to comment, too, you know, in the north, over
22 the last two years, we've had an extensive improvement on
23 accountability horses, and one of the reasons Pleasanton was
24 closed.

25 But also in this accountability, and I'll speak to

1 Pleasanton because we did it there, Encompass is a very,
2 very good system. It also has the capability of
3 manipulating the horses. You could go and ask how many
4 horses have run in the last 30 days? How many horses have
5 run in the last 60 days? But again, the system, when you
6 talk third party, it's garbage in, garbage out. Whoever is
7 putting the information into the database is the one that's
8 going to control whether it's correct or not correct.

9 Is there a third party that could go in and
10 substantiate that? That would become very difficult because
11 that third party, we already have the CTT involved, the TOC,
12 CARF, Golden Gate. The third party being somebody outside
13 those organizations would have to physically go to each
14 stall to verify that the information is correct. I don't
15 see how you could -- how we could actually do that type of
16 an audit, you know, on a continual basis.

17 FIRST VICE CHAIR KRIKORIAN: But they don't
18 necessarily have to go to every stall. They can spot
19 check --

20 MR. SWARTZLANDER: You could do that, yeah.

21 FIRST VICE CHAIR KRIKORIAN: -- just like you do a
22 lot of your other procedures that are done on the racetrack.
23 But right now you don't have anything.

24 MR. SWARTZLANDER: But I say that before you never
25 saw CARF go down and count stalls.

1 FIRST VICE CHAIR KRIKORIAN: Why would you be so
2 concerned to spend somewhere under, you know, \$70,000 to
3 \$80,000 to hire somebody to do this, when you're dealing
4 with millions and millions of dollars that you're asking
5 for?

6 MR. SWARTZLANDER: Two years ago nobody did it.
7 Now we've got CTT, TOC, CARE, Golden Gate all doing it.

8 FIRST VICE CHAIR KRIKORIAN: Well, you might be
9 doing it, but you're not sharing the -- you're not sharing
10 the --

11 MR. SWARTZLANDER: We can do that very easily.

12 FIRST VICE CHAIR KRIKORIAN: And there's no one
13 that can substantiate if it's accurate or not.

14 MR. MORRIS: You know, each of our tracks has a
15 stabling office, and there's two or three, four people in
16 those offices, and they're tracking this stuff on a daily
17 basis. Trucks are calling them when horses are coming in.
18 We're tracking it when they're going out. There's in-and-
19 out slips. There's timely inputting of the data. It is
20 tracked, and it's tracked on a daily basis.

21 Now the fact that you don't have the reports, we
22 can fix that. We can give you the reports. That's an easy
23 fix. But it's inaccurate to say it's not tracked because
24 it's tracked on a daily basis.

25 And the other point I'd like to make on that is

1 it's funded by the racetracks and the purses. So neither of
2 us, I won't speak for Greg, but the racetracks don't want to
3 spend any extra money than they have to on that. And I'm
4 sure on the purse side, they don't either.

5 So it is tracked. It's tracked on a daily basis.

6 FIRST VICE CHAIR KRIKORIAN: Uh-huh. Well, you
7 haven't convinced me, but I'm just one person.

8 EXECUTIVE DIRECTOR BAEDEKER: Maybe a starting
9 point would be to provide those reports so that the
10 Commissioners --

11 MR. MORRIS: Happy to.

12 EXECUTIVE DIRECTOR BAEDEKER: -- can see exactly
13 what you're talking about.

14 MR. MORRIS: Yeah.

15 CHAIR WINNER: Okay. Any further discussion? Is
16 there a motion to approve --

17 SECOND VICE CHAIR AUERBACH: So moved.

18 CHAIR WINNER: We're on item number ten.

19 Commissioner Auerbach moves.

20 Commissioner Choper?

21 COMMISSIONER CHOPER: Yeah.

22 CHAIR WINNER: Commissioner Choper seconds.

23 Commissioner Auerbach?

24 SECOND VICE CHAIR AUERBACH: Yes.

25 CHAIR WINNER: Chairman votes yes.

1 Commissioner Krikorian?

2 FIRST VICE CHAIR KRIKORIAN: No.

3 CHAIR WINNER: Commissioner Krikorian votes no.

4 Commissioner Choper?

5 COMMISSIONER CHOPER: Yes.

6 CHAIR WINNER: Commissioner Ruano?

7 COMMISSIONER RUANO: Yes.

8 CHAIR WINNER: The motion carries by a four-to-one
9 vote. Okay.

10 Moving on to number 11, item number 11, public
11 hearing and action by the Board regarding the proposed
12 amendment to CHRB Rule 1696, The Start, to provide that the
13 stewards may declare a horse a non-starter in any instance
14 where a horse receives an unfair start through no fault of
15 the horse. This concludes the 45-day public comment period.
16 The Board may adopt the proposal as presented.

17 Were there any public comments?

18 MS. WAGNER: No. No comments were received.

19 CHAIR WINNER: Thank you.

20 Darrel?

21 MR. MCHARGUE: The last time we were here we put
22 this over for comment period. And I'm here to answer any
23 questions. I saw Hal Colburn did a good analytical review
24 on the regulation. And he gave an overview on what the
25 regulation will accomplish. And I'm here to answer any

1 questions you have.

2 EXECUTIVE DIRECTOR BAEDEKER: In a nutshell,
3 Darrel, the language that it -- the strikethrough language
4 really only called for two instances where the steward may
5 declare a horse a non-starter. And yet in practice there
6 were other instances where the stewards did declare a horse
7 a non-starter.

8 For instance, I remember one at Golden Gate Fields
9 where the assistant starter had the horses head turned
10 behind the barrier between the stalls, and the assistant
11 start wasn't ready for the start. The gate was sprung and
12 that horse was completely left, through no fault of its own.
13 The assistant starter had the head turned, anticipating that
14 more horses were going to load. And so that technically
15 wasn't addressed by the rule. But I think the stewards have
16 been probably acting upon a fairness rule.

17 This new language gives the stewards more
18 discretion, correct me if you think I'm wrong, in declaring
19 a horse a non-starter based on the fairness of the start,
20 whether or not, through no fault of the horse, the horse did
21 not receive a fair start or actually received an advantage
22 over the rest. So there is more discretion given to the
23 Board of Stewards through this new rule. Is that a fair
24 description?

25 MR. MCHARGUE: You're correct. The new proposal

1 does allow for that. It gives the stewards a broader
2 authority to make those decisions on unfair starts versus an
3 advantaged start, and this rule covers that area. This is
4 an area that stewards have been declaring horses non-
5 starters for a number of years. And there have been -- it's
6 been favorable. You know, if a person doesn't have an
7 opportunity to win their bet, they shouldn't lose their bet.

8

9 CHAIR WINNER: Right.

10 MR. MCHARGUE: So they always get the refund.
11 They didn't lose the amount that they wagered when they do
12 declare it a non-starter.

13 CHAIR WINNER: Okay. As I think I said, this has
14 already gone through the 45-day comment period. There were
15 no comments.

16 So is there a motion to approve?

17 SECOND VICE CHAIR AUERBACH: Yes. So moved.

18 CHAIR WINNER: Commissioner Auerbach moves.

19 COMMISSIONER CHOPER: Second.

20 CHAIR WINNER: Commissioner Choper second.

21 Commissioner Auerbach?

22 SECOND VICE CHAIR AUERBACH: Yes.

23 CHAIR WINNER: The Chairman votes yes.

24 Vice Chairman Krikorian?

25 FIRST VICE CHAIR KRIKORIAN: Yes.

1 CHAIR WINNER: Commissioner Choper?

2 COMMISSIONER CHOPER: Yes.

3 CHAIR WINNER: Commissioner Ruano?

4 COMMISSIONER RUANO: Yes.

5 CHAIR WINNER: The motion carries unanimously.

6 Thank you, Darrel.

7 MR. MCHARGUE: Very good.

8 CHAIR WINNER: The next item says discussion and
9 action by the Board. I don't know that there's any action.
10 That's just an error in the -- okay.

11 Discussion by the Board regarding an update on the
12 2017 horse racing-related legislation.

13 Mr. Laird?

14 MR. LAIRD: Phil Laird, CHRB Staff.

15 There is quite a few bills slated right now in
16 front of the legislature. In fact, Capital Public Radio had
17 a piece the other day on how many horse racing bills there
18 are --

19 SECOND VICE CHAIR AUERBACH: Yeah.

20 MR. LAIRD: -- this year, so it's interesting.
21 But the majority of bills, I can say, are actually either
22 spot bills or holding for something else that's coming down
23 the line. So I'm happy to either go through these one by
24 one or maybe point out the more -- the bills that kind of
25 deserve a little more highlighting at this stage. But

1 otherwise, nothing too earthshattering.

2 You'll see, for instance, internet poker is back
3 on there, but it hasn't moved at all this session. And I
4 think it's anticipated that it's got a very slim chance, if
5 any, at making its way this year.

6 CHAIR WINNER: It would require, as I understand
7 it, some agreements between the various tribes, et cetera,
8 that have not been reached at this point, which have to do
9 with the poison pill PokerStars issue.

10 MR. LAIRD: Exactly. Exactly. Otherwise, I could
11 point out just that AB 1508 popped up. And this is
12 regarding the amount that cities and counties receive from
13 racetracks and satellite facilities.

14 CHAIR WINNER: Yeah.

15 MR. LAIRD: Right now they get a certain
16 percentage of on-track handle. And what this legislation
17 would do would establish that advance deposit wagers made on
18 track would be counted towards that percentage cut that
19 they'd get. This is obviously sort of in line with some of
20 the new geolocation efforts --

21 CHAIR WINNER: Right.

22 MR. LAIRD: -- being done privately between ADWs
23 and the associations and TOC. But obviously this --

24 SECOND VICE CHAIR AUERBACH: That was going to be
25 my question there. Is that going to lead to a further

1 reduction of purses because of the way the cuts are taken?

2 MR. LAIRD: Yes, I believe it would, so --

3 SECOND VICE CHAIR AUERBACH: It would. I know.

4 CHAIR WINNER: Yeah.

5 SECOND VICE CHAIR AUERBACH: That's what I was --

6 CHAIR WINNER: I mean, they're going to end up
7 taking money out of the --

8 SECOND VICE CHAIR AUERBACH: Right.

9 MR. LAIRD: Uh-huh.

10 CHAIR WINNER: Right.

11 EXECUTIVE DIRECTOR BAEDEKER: I believe this is
12 coming from outside the industry; correct?

13 MR. LAIRD: This is coming from --

14 CHAIR WINNER: This is coming from Arcadia --

15 MR. LAIRD: -- Arcadia.

16 SECOND VICE CHAIR AUERBACH: It's from cities.

17 CHAIR WINNER: -- or places like Arcadia --

18 EXECUTIVE DIRECTOR BAEDEKER: That's right.

19 SECOND VICE CHAIR AUERBACH: Cities and --

20 CHAIR WINNER: -- correct?

21 SECOND VICE CHAIR AUERBACH: Yeah.

22 MR. LAIRD: Yes.

23 CHAIR WINNER: I mean, Arcadia has been
24 complaining for a long time that they're --

25 SECOND VICE CHAIR AUERBACH: That they're not --

1 CHAIR WINNER: -- not getting what they used to
2 get out of racing.

3 SECOND VICE CHAIR AUERBACH: And that's because of
4 the ADW --

5 CHAIR WINNER: Yeah.

6 SECOND VICE CHAIR AUERBACH: -- taking that.
7 That's all -- it is all tied to the geolocations,
8 absolutely.

9 The other thing I was disappointed in, and I don't
10 know how to do this but I guess I have to talk to somebody,
11 on AB 1667, which I know is, at this point, which is a poker
12 thing that's not going anywhere, is that, you know, when
13 they got down to the little bitty takeouts they've got 1.15
14 for jockey health and welfare and 1.15 for jockey
15 retirement. And I don't see anything in it for horse
16 retirement. And I think if we actually ever do get it done,
17 even a small piece, I think it would be appropriate.

18 So I don't know if we can talk to the author of
19 the bill and -- not that it's going to make much different
20 if it doesn't pass.

21 CHAIR WINNER: Yeah.

22 SECOND VICE CHAIR AUERBACH: But if it does, even
23 just a very small acknowledgment that we have to take care
24 of the equine athletes.

25 CHAIR WINNER: That bill, I don't know, I mean,

1 Greg is here and others are here, I don't know that that
2 bill is going anywhere.

3 SECOND VICE CHAIR AUERBACH: I don't know think
4 it's going to go anywhere anyway.

5 CHAIR WINNER: If it does, I mean, I
6 still have a lot of problems with that bill.

7 FIRST VICE CHAIR KRIKORIAN: Right.

8 CHAIR WINNER: If it doesn't go anywhere, I'll
9 just --

10 SECOND VICE CHAIR AUERBACH: Leave it alone.

11 CHAIR WINNER: -- keep them to myself. If it
12 looks like it's ever going anywhere, I'd like to comment
13 because I don't think racing gets nearly enough out of it.

14 MR. AVIOLI: This is Greg Avioli, TOC.

15 I can tell you a recent development. As you
16 mentioned, Mr. Chairman, what blocked that bill last year
17 was issues around PokerStars, which was an out-of-state
18 poker operator, and the tribes split with the PokerStars
19 coalition on one side and the non-PokerStars on the other.
20 Just today it's been reported that San Manuel has now
21 dropped out of the PokerStars coalition. Three others
22 there, so it's Morongo and three card rooms. Two of the
23 card rooms are now under either federal investigation or
24 indictment. So it appears that the PokerStars coalition is
25 pretty much done.

1 The other thing I would mention to you is this is
2 a two-year cycle. No one really expects this bill to move,
3 meaning the legislature will carry over all bills from this
4 year into next year.

5 CHAIR WINNER: Yeah.

6 MR. AVIOLI: Most of the activity on this bill
7 will end up next year.

8 So there is going to be some movement on this bill
9 because there's definitely continued interest in having a
10 daily fantasy sports bill. And the people -- and the
11 legislators know that they're either going to have address
12 all these issues together in one form or another, given --
13 at least the TOC has been very clear that we will oppose any
14 daily fantasy sports bill as an infringement into horse
15 racing's internet exclusivity, unless there is something in
16 it for horse racing.

17 So I think we're talking about these issues every
18 month. But we don't expect a lot of action on it until
19 2018.

20 SECOND VICE CHAIR AUERBACH: Well, if and when it
21 comes again, Greg, I think what I'm saying to you is if we
22 get to make little modifications, I would like to see
23 something for retired horses.

24 MR. AVIOLI: Yeah.

25 CHAIR WINNER: I'd like to see more than a little

1 modification.

2 SECOND VICE CHAIR AUERBACH: Well, I'm --

3 MR. AVIOLI: Yes and yes.

4 SECOND VICE CHAIR AUERBACH: Yes and yes. Got it.

5 And --

6 CHAIR WINNER: And both, by the way, not just
7 poker. And I'm glad to hear that San Manuel was dropped out
8 of that, if it helps move something along that's beneficial
9 to racing. I still think Morongo, I don't know about the
10 card clubs, but Morongo is going to have something to say
11 before it's all over, as well.

12 MR. AVIOLI: Right.

13 CHAIR WINNER: Does that leave Morongo as the only
14 tribe that's involved in that?

15 MR. AVIOLI: Yes.

16 CHAIR WINNER: Correct?

17 MR. AVIOLI: Yes. Correct.

18 CHAIR WINNER: That's what I thought.

19 MR. AVIOLI: Okay.

20 CHAIR WINNER: Okay. And also with the fantasy,
21 the daily fantasy sports, whatever negotiations go on there,
22 again, we're giving them exclusivity.

23 MR. AVIOLI: Absolutely.

24 CHAIR WINNER: And that's true with poker, too.

25 MR. AVIOLI: Right. We would appreciate your sage

1 counsel as we move forward.

2 SECOND VICE CHAIR AUERBACH: Phil, I have --

3 CHAIR WINNER: I don't know if it's sage, but I'm
4 happy to be of counsel.

5 SECOND VICE CHAIR AUERBACH: Phil, on AB 1499,
6 obviously these bills all kind of run together, but what's
7 the effect on horse racing with this?

8 MR. LAIRD: You know, on that one specifically,
9 there isn't much. A little bit of fair funding has been
10 wrapped into Horse Racing Law. As we know, horse racing
11 used to be a big contributor to fair funding, and then that
12 kind of got rewritten back in, I think it was 2010, 2011,
13 with then there being just a General Fund designation to
14 funds. And then that got eliminated for a few years, so the
15 fairs were kind of having to be self-sufficient. They're
16 now starting to receive more money from the General Fund.

17 But essentially, my understanding of this bill at
18 this moment is that it really doesn't impact horse racing at
19 all. It's just one of those ones that happens to fall
20 within our set of laws in the Business and Professions Code.

21 SECOND VICE CHAIR AUERBACH: Okay.

22 MR. LAIRD: And I did forget to mention, there was
23 one bill that wasn't added here because it was just
24 introduced last week, but happy to announce Assembly
25 Concurrent Resolution 63, which was a bill recognizing the

1 careers of Jockey Mike Smith and the racehorse Arrogate. So
2 that was a good nod to --

3 SECOND VICE CHAIR AUERBACH: That's nice.

4 MR. LAIRD: -- California racing and the success
5 it's been here. And we're certainly happy to see the
6 legislature take that step at recognizing our industry.

7 CHAIR WINNER: That's a concurrent resolution, so
8 it doesn't have any legal effect?

9 MR. LAIRD: No, just honorable effect.

10 CHAIR WINNER: Right.

11 SECOND VICE CHAIR AUERBACH: Bragging rights.

12 CHAIR WINNER: Right. And, obviously, well
13 deserved.

14 MR. LAIRD: Absolutely.

15 CHAIR WINNER: We all agree on that.

16 Any other questions? Any other comments? Okay.
17 Thank you, Phil.

18 Is there a motion to adjourn? I don't think we
19 have an executive session.

20 EXECUTIVE DIRECTOR BAEDEKER: We do not.

21 CHAIR WINNER: Correct?

22 EXECUTIVE DIRECTOR BAEDEKER: Correct.

23 CHAIR WINNER: Is there a motion to adjourn?

24 SECOND VICE CHAIR AUERBACH: So moved.

25 CHAIR WINNER: Okay. We'll adjourn in memory of

1 John Van de Kamp, if that's okay with everyone.

2 SECOND VICE CHAIR AUERBACH: Yes.

3 COMMISSIONER RUANO: Yes.

4 CHAIR WINNER: Moved by Commissioner Auerbach,
5 seconded by Vice Chairman Krikorian.

6 All in favor?

7 ALL COMMISSIONERS: Aye.

8 CHAIR WINNER: Any opposed? We're adjourned.

9 Thank you all for attending.

10 (The regular meeting of the California Horse Racing Board
11 adjourned at 11:28 a.m.)

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CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 4th day of May, 2017.



MARTHA L. NELSON, CERT**367

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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 4, 2017