

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, MAY 25, 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
Alex Solis, 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

Gino Roncelli, Winners Foundation
Darin Sharer, Winners Foundation
Larry Swartzlander, California Authority of Racing Fairs
Cal Rainey, NCOTWINC
Becky Bartling, Sonoma County Fair
Brian Waite, NCOTWINC
Rick Pickering, California State Fair

APPEARANCES

ALSO PRESENT

Tom Martinez, California State Fair

May Davis, ARAC

Josh Rubenstein, Del Mar Thoroughbred Club

Tom Robbins, Del Mar Thoroughbred Club

David Jerkens, Del Mar Thoroughbred Club

Craig Dato, Del Mar Thoroughbred Club

Craig Fravel, Breeders' Cup

Scott Daruty, Monarch Content Management

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

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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

9:38 A.M.

ARCADIA, CALIFORNIA, THURSDAY, MAY 25, 2017

CHAIRMAN WINNER: Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, May 25, 2017, 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; Commissioner Jesse Choper; Commissioner Araceli Ruano; and Commissioner Alex Solis.

Before we go 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 fashion, I'll strictly enforce the three-minute time limit rule for each speaker. The three-minute time limit will be

1 enforced during discussion of all matters, as stated on the
2 agenda, as well as during the public comment period.

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

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

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

23 All right, first of all, approval of the minutes
24 of the April 27th meeting.

25 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, I'd

1 like to point out one typographical error that Commissioners
2 may have noticed.

3 At the top of each page it says "Proceedings of
4 the regular meeting of April 6th, 2017." It should say
5 April 27th, 2017. So we've already noted that correction.

6 CHAIR WINNER: Any other additions or corrections?
7 Is there a motion?

8 MR. CASSIDY: Move.

9 CHAIR WINNER: Commissioner Choper moves.
10 Commissioner Ruano seconds.

11 Commissioner Auerbach?

12 SECOND VICE CHAIR AUERBACH: Yes.

13 CHAIR WINNER: Commissioner Solis?

14 COMMISSIONER SOLIS: Yes.

15 CHAIR WINNER: The Chairman votes yes.

16 Commissioner Krikorian?

17 FIRST VICE CHAIR KRIKORIAN: Yes.

18 COMMISSIONER CHOPER: Yes.

19 CHAIR WINNER: Commissioner Choper, yes.

20 COMMISSIONER RUANO: Yes.

21 CHAIR WINNER: Commissioner Ruano, yes. The
22 minutes are approved.

23 We now got to the Executive Director's report.

24 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.

25 Chairman. All I have this morning is just a brief note

1 about what you'll hear more about later from -- in the
2 report on the Medication Committee meeting yesterday. But
3 we are in the process of beginning the Necropsy Review
4 Program. This is a voluntary program. We're beginning with
5 the horses that were lost during Del Mar last year.

6 And we want to make one simple point. This is
7 intended to be a constructive process from which we can
8 better learn how to take care of our racehorses and how to
9 prevent fatalities going forward. We're confident that
10 after we've begun the process, that will be clear to those
11 that participate. And we hope that word spreads about the
12 nature of it.

13 Other than that, the numbers look very good for
14 the month of April. Of course, we have a different calendar
15 this year than last year. Last year we has Los Al running
16 during April and Santa Anita running further into the Del
17 Mar meet -- or up to the Del Mar meet. That's flip-flopped
18 this year.

19 So the month of April we had very good numbers
20 across the board. Daytime racing was up 12.3 percent.
21 Nighttime racing was up -- was down 2.05 percent.
22 Everything in, up 10.45 percent for the year. We're
23 creeping back in the right direction. Daytime racing is
24 down 4.2, nighttime down 2.9, and overall a shortfall of
25 4.09, year to date.

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

2 CHAIR WINNER: Thank you very much.

3 Let me just point out that items number eight and
4 nine on the agenda will be moved to next month because we
5 didn't have all the necessary materials in hand, so they
6 will not be heard at this meeting.

7 COMMISSIONER CHOPER: Eight and nine?

8 CHAIR WINNER: Eight and nine, Sonoma and Los
9 Alamitos.

10 COMMISSIONER CHOPER: Oh, we're enforcing that
11 rule now.

12 CHAIR WINNER: Public comment period. I have one
13 card. If anybody else would like to speak, please fill out
14 a card.

15 Gino Roncelli. Good morning.

16 MR. RONCELLI: Good morning, Commissioners.

17 CHAIR WINNER: Please identify your name and your
18 organization.

19 MR. RONCELLI: My name is Gino Roncelli, and I
20 represent Winners Foundation today. Welcome to the Great
21 Race Place. It's so much fun to be here this morning,
22 enjoying this.

23 I'd like to introduce some of our board members
24 here today. Mike Kilpack is here, Darrell Haire, Mary
25 Forney, and George Haines, some of our directors.

1 CHAIR WINNER: Welcome.

2 MR. RONCELLI: I'm here to talk about Winners.

3 And first off, I'd like to talk about Bob Fletcher, who is
4 our Director, who has had an unfortunate health problem and
5 has had to retire. So we feel sorry for him. And I named a
6 horse after him, so it's called Bob's All In. And I hope
7 when you see him this summer, that you'll be pulling for him
8 and think about Bob.

9 We've serviced the horse racing industry in
10 California for the last 35 years. We think we've been very
11 successful. And I think you, that know us, can see the
12 results of what we've done and helped a lot of people.

13 We want to introduce today, our new director to
14 explain to you kind of what we're up to, what new things we
15 may be doing to help the industry and help our employees and
16 our workers. So at this point, I'd like to introduce you to
17 Darin Sharer. He's been in the industry many years and has
18 a lot of credentials to back up what he's doing. And he
19 would like to explain to you kind of what we're doing and
20 what we expect to do in the next few years.

21 So with that, I'd like to introduce you to Darin
22 Sharer. Thank you.

23 Darin?

24 CHAIR WINNER: Thank you.

25 MR. SHARER: Good morning. Darin Sharer from --

1 the Winners Foundation Executive Director.

2 I just wanted to say, you know, I'm trying to pick
3 up where Bob left off, we have had a history of helping
4 people with drug and alcohol problems. We're moving beyond
5 that, as well. We're still doing that, but working with
6 anybody that has any kind of crisis problems, be that
7 intervention type of program to help them through that
8 process. Our goal is to help people keep working and, you
9 know, stay healthy. And this has been the goal of Winners
10 for a long time. We're hopeful that we can do that.

11 We have kind of gotten into this area where in the
12 state of California, people should be certified as far as --
13 due to any type of drug and alcohol services, that I am.
14 And we'll be looking at hiring people to do that, as well,
15 so that way we can meet the needs of everybody. We don't
16 want to just meet, you know, a couple folks. We want to be
17 able to meet everybody's needs. And so we're just trying to
18 continue on with that thing.

19 I have to tell you, this is an honor to work at a
20 place like this, and to be working at any kind of track. I
21 show up every day and I think the biggest thing I've got to
22 do is remember everybody's name. I've met more people in
23 the last 90 days than I've met probably in my entire life,
24 so that's been the biggest uphill battle for me. But other
25 than that, everybody's been very gracious and supportive,

1 and that means a lot to me coming in here.

2 This is all I've done for 30 years, is work with
3 people that have problems. And so we hope to continue that
4 tradition.

5 Thank you.

6 CHAIR WINNER: Thank you. And thank you very much
7 for what you're doing, and to the board for what they're
8 doing. The organization is phenomenal. And we all owe you
9 a great debt of gratitude. And also, please convey our
10 prayers and best wishes to Bob and his --

11 COMMISSIONER RUANO: Could I ask a quick question?

12 CHAIR WINNER: Please.

13 COMMISSIONER RUANO: Yeah. Congratulations on the
14 job. I think -- I've read a little bit. I'm relatively new
15 to the Commission here, but I've read a little bit about
16 what you've done, what the foundation has done.

17 Usually when an executive director or a CEO comes
18 into a foundation, they put together a strategic plan,
19 short-term and long-term. And I'm wondering if you'll do
20 that, and if you'll share it with us?

21 MR. SHARER: Absolutely. Absolutely.

22 COMMISSIONER RUANO: Great.

23 MR. SHARER: We've already started working on some
24 of that, to look at some of the budget constraints that we
25 have.

1 COMMISSIONER RUANO: Yeah.

2 MR. SHARER: Obviously, the money is always a
3 little tight.

4 COMMISSIONER RUANO: Yeah.

5 MR. SHARER: So, absolutely, as time goes on, I'd
6 be more than happy to share that.

7 COMMISSIONER RUANO: Perfect. Thank you.

8 MR. SHARER: All right. Thank you.

9 EXECUTIVE DIRECTOR BAEDEKER: And I would just
10 like to point out, Mr. Chairman, Darin didn't mention it,
11 but the Winners Foundation has also done really good work in
12 areas other than substance abuse, particularly problem
13 gaming. And I think everybody in the room, I hope everybody
14 in the room is aware that these aren't -- it's not just help
15 for backside people, but anybody in the industry. And we, I
16 think I must say, have come to take the Winners Foundation
17 for granted, because the work has been so proficient and so
18 professional for such a long time that we just think you're
19 always going to be there and you'll always continue to do
20 that. But as the Commission has heard and endorsed over the
21 last couple of years, it's really important to keep this
22 entity funded, and funded appropriately so they can continue
23 to do the work.

24 CHAIR WINNER: All right. Moving on then to item
25 number four, discussion and action by the Board regarding

1 the request from Northern California Stabling and Vanning
2 Committee to modify the distribution of market access
3 essentially from advance deposit wagering at a rate of 1.1
4 percent as permitted under Business and Professions Code
5 section 19604(f)(5)(E) for wagering conducted by the
6 California Authority of Racing Fairs, CARF, in the northern
7 zone during calendar year 2017.

8 Gentlemen, who's going to go, Larry?

9 MR. SWARTZLANDER: Good morning, Commissioners,
10 Chairman. Larry Swartzlander, Executive Director of CARF.

11 This particular item is the last, I guess, last
12 item in our NCOTWINC Stabling Agreement, that will eliminate
13 the remainder, and in conjunction with Santa Rosa, the \$1
14 million deficit we had from 2016. This is a one-time, 2017
15 only. Next year the budget will be balanced and this will
16 not be required.

17 CHAIR WINNER: Anybody else?

18 MR. RAINEY: No. Just to say -- this is Cal
19 Rainey from NCOTWINC.

20 Just to say that we're requesting that you modify
21 the distribution to a rate of 1.18 percent -- 1.1 percent.

22 SECOND VICE CHAIR AUERBACH: What was it?

23 CHAIR WINNER: 1.1, yeah.

24 MR. RAINEY: 1.1 percent.

25 SECOND VICE CHAIR AUERBACH: What was it before?

1 What was it before, Cal?

2 MR. SWARTZLANDER: I believe it was 1.0.

3 SECOND VICE CHAIR AUERBACH: So it's one-tenth of
4 one percent?

5 MR. SWARTZLANDER: Yes.

6 CHAIR WINNER: Is there any discussion? Is there
7 a motion?

8 COMMISSIONER RUANO: So moved.

9 CHAIR WINNER: Commissioner Ruano moves.

10 COMMISSIONER SOLIS: Second.

11 CHAIR WINNER: Commissioner Solis seconds.

12 Commissioner Solis, how do you vote?

13 COMMISSIONER SOLIS: Yes.

14 CHAIR WINNER: Commissioner Auerbach?

15 SECOND VICE CHAIR AUERBACH: Yes.

16 CHAIR WINNER: The Chairman votes yes.

17 Vice Chair?

18 FIRST VICE CHAIR KRIKORIAN: Yes.

19 CHAIR WINNER: Commissioner Choper?

20 COMMISSIONER CHOPER: Yes.

21 CHAIR WINNER: Commissioner Ruano?

22 COMMISSIONER RUANO: Yes.

23 CHAIR WINNER: The measure carries unanimously.

24 MR. SWARTZLANDER: Thank you.

25 CHAIR WINNER: Thank you.

1 Let me welcome our former chairman. I think I
2 just saw him walk into the room, Chairman Israel.

3 On to item number five, discussion and action by
4 the Board regarding the request from Northern California
5 Stabling and Vanning Committee to modify the distribution of
6 market access fees from advance deposit wagering at the rate
7 of .65 percent as permitted under Business and Professions
8 Code section 19604(f) (5) (E) for wagering conducted by the
9 Sonoma County Fair in the northern zone during calendar year
10 2017.

11 Cal?

12 MR. RAINEY: So again, Cal Rainey from NCOTWINC.

13 Again, the additional funding to Northern
14 California Stabling and Vanning Fund needed to cover the
15 deficit created last year by Sonoma County Fair, it would
16 increase, modify its distribution fees from advance deposit
17 wagering at a rate of .65 percent. That's our request.

18 CHAIR WINNER: Thank you.

19 Becky, did you want to speak?

20 MS. BARTLING: I just came up to support that.

21 CHAIR WINNER: Oh.

22 MS. BARTLING: Becky Bartling, Sonoma County Fair.

23 CHAIR WINNER: Thank you. All right. Any
24 questions on this item?

25 COMMISSIONER SOLIS: Yeah.

1 SECOND VICE CHAIR AUERBACH: Yes.

2 CHAIR WINNER: Okay. We have questions from two
3 Commissioners. We're start with Commissioner Solis.

4 COMMISSIONER SOLIS: Yeah. I just want to know
5 why the different -- you know, the number of -- the 1.1
6 percent, and Sonoma, I guess, is .065 percent.

7 MR. WAITE: Brian Waite, Northern California Off
8 Track Wagering.

9 The difference is involved with the amount of
10 money that gets bet during the fairs and the Sonoma County
11 Fair. So Sonoma County Fair, according to the agreement, is
12 retiring 5 percent of the debt, whereas the California
13 Authority of Racing Fairs with their five fairs is doing 25
14 percent of the debt. So based on the handle from last year
15 is how we came to those percentages to make sure that they
16 generate enough money to cover their portion of the debt.

17 COMMISSIONER SOLIS: Okay. Thank you.

18 MR. WAITE: You bet.

19 SECOND VICE CHAIR AUERBACH: Okay. I have a
20 question.

21 CHAIR WINNER: Commissioner Auerbach?

22 SECOND VICE CHAIR AUERBACH: Yes. I have a
23 question. At the last meeting, we approved a rate change on
24 stabling and vanning from 1.25 to 2 percent. And now this
25 is a market fee, so it's a different fund; is that correct?

1 MR. WAITE: Brian Waite, Northern California Off
2 Track Wagering.

3 Yes. This, the approval that you did for the last
4 meeting to go to two percent, is from the brick and mortar
5 wagering that takes place at the satellites.

6 SECOND VICE CHAIR AUERBACH: And that's also to
7 retire the debt?

8 MR. WAITE: That is to cover this year's vanning
9 and stabling. That two percent will cover the vanning and
10 stabling that's taking place at Golden Gate Fields and
11 Pleasanton this year. The ADW distribution was to retire --
12 the ones that are on the agenda today are to retire last
13 year's debt.

14 SECOND VICE CHAIR AUERBACH: Okay. So let me
15 understand it. Do you feel now, with the actions that the
16 Committee has taken, that you've not only solved the problem
17 of the deficit, but you are going to have sufficient funds
18 to continue for this year? Is that the prognostication,
19 this is what we hope is going to occur?

20 MR. WAITE: That's correct.

21 SECOND VICE CHAIR AUERBACH: Okay.

22 MR. WAITE: With this -- with what was approved at
23 the last meeting and with this, when we leave 2017 the fund
24 will be balanced.

25 SECOND VICE CHAIR AUERBACH: Was there a reason to

1 present it to us in this way rather than one --

2 MR. WAITE: The --

3 SECOND VICE CHAIR AUERBACH: -- one event, so, you
4 know -- because I've been going back and forth in my notes,
5 trying to figure out why we were addressing it on two
6 different occasions, why it was not presented as one kind of
7 a financial plan.

8 MR. WAITE: This -- it was part of the agreement
9 to get as close as we could to the numbers. And some of the
10 bills were coming in, in the first part of '17 for '18. So
11 in order to tie down to those percentages and make sure that
12 they hit back, we needed to get all of the invoices in.

13 SECOND VICE CHAIR AUERBACH: Okay. So it was just
14 happenstance, it was not -- okay. Thank you.

15 MR. WAITE: You're welcome.

16 CHAIR WINNER: Any other questions or discussion?
17 Is there a motion.

18 COMMISSIONER SOLIS: Move.

19 CHAIR WINNER: Commissioner Solis moves.

20 SECOND VICE CHAIR AUERBACH: Second.

21 SECOND VICE CHAIR AUERBACH: Vice Chair Auerbach
22 seconds.

23 Commissioner Ruano?

24 COMMISSIONER RUANO: Yes.

25 CHAIR WINNER: Commissioner Choper?

1 COMMISSIONER CHOPER: Yes.

2 CHAIR WINNER: Vice Chair Krikorian?

3 FIRST VICE CHAIR KRIKORIAN: Yes.

4 CHAIR WINNER: The Chairman votes yes.

5 Vice Chair Auerbach?

6 SECOND VICE CHAIR AUERBACH: Yes.

7 CHAIR WINNER: And Commissioner Solis?

8 COMMISSIONER SOLIS: Yes.

9 CHAIR WINNER: Thank you very much.

10 SECOND VICE CHAIR AUERBACH: Thank you.

11 MR. WAITE: Thank you.

12 CHAIR WINNER: Item number six, discussion and

13 action by the Board the Application to Conduct a Horse

14 Racing Meeting of the California Exposition and State Fair

15 at Sacramento, commencing July 12th, 2017 through August

16 1st, 2017.

17 Gentlemen?

18 MR. SWARTZLANDER: Larry Swartzlander, Director of

19 Racing at Cal Expo.

20 This is an 11-day meet this year at Cal Expo. The

21 overnight purses will be the same purses as Golden Gate. We

22 the same stake's race, the Governor's Handicap. We'll

23 continue to offer the out-of-state incentive. Horses that

24 run for the first time get \$350, the second time \$150.

25 The one major addition this year is that we've

1 basically doubled the incentive program for starts. Horses
2 that start ten times at Cal Expo this year will get \$2,000,
3 whereas last year it was \$1,000. If they have five starts
4 they'll get \$800 where they had \$500 last year.

5 And we've also added another incentive. Anyone
6 that starts two to four gets \$300. The obvious intent here
7 is that we want -- with the stabling and the auxiliary
8 stabling situation, we don't have Pleasanton this year as an
9 auxiliary stable. Golden Gate is our auxiliary stable, and
10 we need to incentivize the trainers to, you know, move their
11 horses over to Cal Expo. I think this would really work.
12 We've had a very positive response. This particular type of
13 program will also be used at Fresno, and I think we'll have
14 a very successful meet.

15 I'll turn it over to Mr. Pickering at this point.

16 CHAIR WINNER: Larry, can you go back. You said
17 horses at -- did you mean trainers that run every --

18 MR. SWARTZLANDER: Trainers.

19 CHAIR WINNER: -- that run ten times?

20 MR. SWARTZLANDER: Did I say horses?

21 CHAIR WINNER: Yeah.

22 FIRST VICE CHAIR KRIKORIAN: Yeah.

23 MR. SWARTZLANDER: Trainers.

24 CHAIR WINNER: Yeah. I think that would be pretty

25 -- I'm not sure I'd want them to be --

1 MR. SWARTZLANDER: We want the horses.

2 CHAIR WINNER: -- running ten times.

3 MR. SWARTZLANDER: But we've got to get the
4 trainers to get the horses over there.

5 FIRST VICE CHAIR KRIKORIAN: They'd have to run
6 every day.

7 MR. PICKERING: Would that be a wagering interest?
8 Rick Pickering, CEO of your California State Fair. And
9 beside me is our Chief of Staff of the California State
10 Fair, Tom Martinez.

11 MR. MARTINEZ: Good morning.

12 CHAIR WINNER: Good morning.

13 MR. PICKERING: Honorable Chairman Winner,
14 distinguished Commissioners, talented executive team
15 members, thank you for the opportunity to put our license
16 application in front of you today. This year represents the
17 164th California State Fair. We have now been also 50 years
18 on the Cal Expo property.

19 Cal Expo was the vision of then Governor Pat
20 Brown, who worked with Walt Disney and his Imagineers and
21 designers. So our 50th Anniversary poster of Cal Expo
22 actually has the Disney flair, if you will. We actually
23 have the monorail. We were able to acquire the California
24 letters from Disney's Corporation, et cetera, so we went
25 with the retro Disney look on our commemorative poster,

1 which can make available to each of you.

2 We're very excited about the racing program this
3 year. Our entire fair marketing program for the second year
4 in a row from our international trade association was
5 selected as the number one advertising marketing campaign in
6 the world for fairs and expositions. There's about 3,000
7 member fairs in our international trade organization. And
8 it was fantastic when we won it a year ago, but to receive
9 it two years in a row for a blue ribbon campaign, we're very
10 pleased.

11 And most recently we've been able to convert our
12 website into ten languages. So we're reaching out in a much
13 bigger way in the Sacramento market and in the state market.

14 You have a copy of our marketing plan. There's
15 some new things in there, as well. We're very happy that
16 we're working with CARF on the out-of-state recruitment
17 program, as well as trying to make a number of California
18 horsemen feel comfortable about shipping to the California
19 State Fair.

20 We're continuing in our confidential negotiations
21 with a potential minisatellite location in Downtown
22 Sacramento, about two blocks from the capital. We can't
23 really divulge the name yet, but we're been working with
24 NCOTWINC, TOC, the private property owners, permitting,
25 things of that nature, until we have enough details. And

1 we've been working hard to keep Executive Director Baedeker
2 up to speed, as well.

3 And with the closing of Pleasanton as a year-round
4 training facility, your State Fair facility is now the only
5 fair in California with a live racing product year-round.
6 Harness operates from September to May. We then transition
7 into the summer race meet at the State Fair. And then we're
8 very honored to be able to continue to provide and meet the
9 needs of owners, trainers, horsemen, players, labor, et
10 cetera. And we're here to answer any questions, should you
11 have them for us.

12 CHAIR WINNER: Thank you very much.

13 COMMISSIONER CHOPER: I'm just curious. You know,
14 the 6.2 average number of runners last year, I mean, I heard
15 you about the \$1,000, \$800, that may be meaningful. It just
16 doesn't strike me as the sort of thing that will raise the
17 number of horses we've got in the races because I just think
18 that that has an enormous impact, that is the small fair.
19 We know it all over
20 the -- but they used to be a lot better at the fair, at the
21 State Fair.

22 And I'm just wondering, I take it you've exhausted
23 the ways in which to get some more horses in? It's got to -
24 - I think it would seem to me, it's got to come -- some of
25 them, at least, have got to come from out of state. Anyway,

1 you get the point.

2 MR. SWARTZLANDER: Yeah. I'd just like to comment
3 on that, Commissioner. This is Larry Swartzlander again,
4 Director of Racing.

5 For the last two years at Cal Expo it was 6.2 two
6 years ago, and it was 6.21 last year. Underpayments were
7 around \$80,000. We've been successful. Handle was up two
8 percent on track and four percent in Northern California. It
9 has worked there. It's one of the fairs in our consolidated
10 purse program. It's very positive for the other fairs
11 where, for example, in Pleasanton, where we run a lot more
12 allowance races, we get an overpayment status.

13 The incentivize program, several years ago we
14 tried a situation. And I made a statement yesterday about
15 purses. It's purses, purses, purses that get you to run. We
16 tried that once at Cal Expo where we raised it 25 percent
17 over with absolutely no change, but it was a bad thing to do
18 because you need to do it to all the fairs. You need to let
19 everybody know that it's for all the fairs. And that's part
20 of our 2018 program, but we have to raise our purses.

21 This trainer incentive program, it comes at a
22 point when, you know, Tom Doutrich, our Racing Secretary, we
23 go to Southern California, we go to Oregon, we go to Utah,
24 we go to Arizona, and we talk. And Tommy talks to these
25 guys on a day-to-day basis. This is what they need, this is

1 what they want, this trainer incentive. If I can't come up
2 with \$2.5 million for the purses, I'll come up with \$200,000
3 for trainer incentive. The next step is to do both.

4 COMMISSIONER SOLIS: I have a question. I see
5 that, again, you're down to just one stake's race.

6 MR. SWARTZLANDER: The last two years has been one
7 stake's race.

8 COMMISSIONER SOLIS: Yes. And I mean, I think
9 it's very important for owners and breeders to have these
10 races, value-wise, for their horses. And especially if you
11 have a filly. It doesn't matter if it's --

12 MR. SWARTZLANDER: Yes.

13 COMMISSIONER SOLIS: -- a \$50,000 race, it's very
14 important for breeding, again, for owners and breeders, so
15 keep that in mind, please.

16 MR. SWARTZLANDER: Yeah. We're very sensitive to
17 that. And, you know, we want to have a continuum. You've
18 got to have the horses from the \$5,000 claimers all the way
19 to the, you know, the stakes' horses. And we look at that
20 every year. And again, it's purses, purses, purses. That's
21 our priority for next year.

22 COMMISSIONER SOLIS: Yeah. People like to see
23 good races, too.

24 MR. SWARTZLANDER: Yes. Absolutely. But you get
25 the purses, you get the horses.

1 FIRST VICE CHAIR KRIKORIAN: It's just my opinion,
2 but when it comes to the stake races, and it's since it's a
3 state program, you know, the State Fair, it would be more
4 appropriate to have Cal-bred, you know, stake races. It's
5 unfortunate you don't have any dedicated Cal-bred stake
6 races, even on a smaller scale. It would be nice to see
7 those.

8 MR. SWARTZLANDER: Well, Commissioner, we have
9 two. We have one \$100,000 at Pleasanton, and then we have
10 another \$100,000 Cal-bred at Fresno at the end of the fair
11 meet. And also, this year, I talked to my racing secretary
12 yesterday, and we will be offering a Cal-bred start
13 allowance, \$40,000, which will have Cal-bred in it also.

14 FIRST VICE CHAIR KRIKORIAN: That's good.

15 CHAIR WINNER: I think the point, as I understood
16 it, though, Larry, was, you know, it is the State Fair.

17 MR. SWARTZLANDER: Yes. I understand that.

18 CHAIR WINNER: And it would be a good idea to at
19 least consider state-bred -- a state-bred stake's race at
20 the State Fair.

21 MR. SWARTZLANDER: I agree.

22 FIRST VICE CHAIR KRIKORIAN: Yeah. Particularly
23 since Del Mar runs at the same -- you know, pretty much at
24 the same time. They have a number of, you know, open stake
25 races.

1 And another question I had was when it talks about
2 other breeds, do you -- what other breeds are you running
3 and how many?

4 MR. SWARTZLANDER: We have the Arabians, the mules
5 and quarter horses.

6 FIRST VICE CHAIR KRIKORIAN: How many Arabian
7 races are you going to --

8 MR. SWARTZLANDER: I would still say it would be
9 around 24 for the entire year. That's what we did last
10 year. Mules are the same category.

11 COMMISSIONER CHOPER: Do you think if you
12 increased the number of races -- you know, I see they go
13 seven average field size --

14 MR. SWARTZLANDER: Yes.

15 COMMISSIONER CHOPER: -- compared to 6.2. Well, I
16 mean, that's not bad. If you put it in percentages, that's
17 very good. Do you think it will help any?

18 MR. SWARTZLANDER: I can tell you exactly how many
19 Arabian horses I have and exactly how many mules I have.

20 COMMISSIONER CHOPER: Yeah.

21 MR. SWARTZLANDER: It's, you know, 35 Arabians and
22 26 mules. No, Commissioner, it would not change.

23 COMMISSIONER CHOPER: Uh-huh.

24 MR. SWARTZLANDER: They just aren't there.

25 COMMISSIONER CHOPER: It's not there. And are

1 there Arabians elsewhere around the country?

2 MR. SWARTZLANDER: Yeah. Part of the -- we have
3 the Wathba (phonetic) program where the sheik over in the
4 United Emirates sponsors two major stakes' races at
5 Pleasanton.

6 COMMISSIONER CHOPER: I know that.

7 MR. SWARTZLANDER: They're both \$45,000 races.
8 And we also have a couple of what they call Wathba races,
9 which are \$5,000 added to the purse for the Arabians.

10 And so what we do is -- the whole intent of the
11 program was it seemed that California was the one state
12 where most Arabians still resided, and we had an overnight
13 program. The do run in Texas. They run in Delaware.
14 There's some in Florida and some in Michigan. The major
15 stakes' races do bring the horses from these locations. But
16 as far as overnights, we're basically -- they leave after
17 they come. They go for the stakes' races and go back home.

18 CHAIR WINNER: Do you see a difference in wagering
19 on Arabian races versus thoroughbred versus --

20 MR. SWARTZLANDER: Absolutely.

21 CHAIR WINNER: -- versus mules?

22 MR. SWARTZLANDER: Thoroughbreds are by far --

23 CHAIR WINNER: Way up --

24 MR. SWARTZLANDER: -- the greater.

25 CHAIR WINNER: Way up there, compared to the

1 Arabian and mule races?

2 MR. SWARTZLANDER: It would be, if you put them in
3 order, thoroughbreds, quarter horses, Arabians and mules

4 CHAIR WINNER: Yeah.

5 COMMISSIONER CHOPER: Uh-huh.

6 FIRST VICE CHAIR KRIKORIAN: Are the Arabians
7 allowed to train on your facilities?

8 MR. SWARTZLANDER: All CARF facilities, yeah, all
9 fair facilities, yes.

10 FIRST VICE CHAIR KRIKORIAN: Okay. That was a
11 question that had been --

12 CHAIR WINNER: Whether they could train --

13 FIRST VICE CHAIR KRIKORIAN: -- brought up by --

14 CHAIR WINNER: -- at Golden Gate was the --

15 FIRST VICE CHAIR KRIKORIAN: Yeah -- or Golden
16 Gate.

17 CHAIR WINNER: -- was the big issue.

18 MR. SWARTZLANDER: Yes.

19 SECOND VICE CHAIR AUERBACH: As I recall, it was
20 an insurance issue.

21 CHAIR WINNER: Yeah.

22 SECOND VICE CHAIR AUERBACH: Was that ever
23 resolved?

24 CHAIR WINNER: I don't know. We can ask somebody
25 from Golden Gate.

1 SECOND VICE CHAIR AUERBACH: Is somebody from
2 Golden Gate here that could answer that question? This lady
3 seems to indicate she can answer the question.

4 MR. SWARTZLANDER: Yeah. May Davis is here from
5 ARAC.

6 CHAIR WINNER: If you could identify yourself
7 please?

8 MS. DAVIS: Excuse me, my language, so I'm trying
9 talking slowly. My name is May Davis. I work for ARAC in
10 California. And I'm an Arabian rep. And you're asking
11 about insurance, yes, it dropped some this year.

12 SECOND VICE CHAIR AUERBACH: So you have an
13 agreement now?

14 MS. DAVIS: Yes. Because most -- some of the
15 trainers dropped. One year -- one of the trainers last year
16 paid \$397 or where there. This year it dropped down to
17 \$300.

18 SECOND VICE CHAIR AUERBACH: Okay. We don't need
19 the details of the arrangement. We just need to know that,
20 at this point, that you do have one for Worker's Comp.

21 MS. DAVIS: Yes.

22 SECOND VICE CHAIR AUERBACH: Yes. Okay.

23 MS. DAVIS: Also, you're asking about the handle
24 with Arabian and thoroughbred.

25 SECOND VICE CHAIR AUERBACH: Uh-huh.

1 MS. DAVIS: Yes, they are different because always
2 run on the third race, no, and Arabian always on first race
3 or second race, and the handle always bad.

4 SECOND VICE CHAIR AUERBACH: Well, we understand
5 that. But there's also, it's -- we also have to understand
6 that there's a proclivity. We're more accustomed to betting
7 on thoroughbreds, so that would be expected. We're not
8 saying anything bad about Arabians, it's just different.

9 MS. DAVIS: Yes, I understand.

10 SECOND VICE CHAIR AUERBACH: Okay.

11 MS. DAVIS: We went and signed (indiscernible). We
12 went over \$700,000 (phonetic) this year, so -- and we went
13 last race.

14 CHAIR WINNER: And they're betting.

15 MS. DAVIS: So if you can get some last race, that
16 would be nice. We can -- handle will be up.

17 CHAIR WINNER: Also, the Santa Anita race was a
18 big stake's race; correct?

19 SECOND VICE CHAIR AUERBACH: Right.

20 MS. DAVIS: Yes --

21 CHAIR WINNER: Yeah.

22 MS. DAVIS: -- because it's a \$100,000 race.

23 CHAIR WINNER: Yeah.

24 MS. DAVIS: Yeah.

25 SECOND VICE CHAIR AUERBACH: Thank you.

1 MS. DAVIS: You're welcome.

2 CHAIR WINNER: Thank you very much.

3 COMMISSIONER SOLIS: And don't worry about your
4 language. I can understand you a little bit. Get used to
5 it. Okay.

6 I have another question. Again, you guys are
7 running 11 days, one more day than last year; correct?

8 MR. SWARTZLANDER: Correct.

9 COMMISSIONER SOLIS: You're running 12 less races.
10 What's the reason?

11 MR. SWARTZLANDER: Three years ago we ran 12 days,
12 yes. But the issue is that if we don't have a signal in the
13 south that first weekend, on Thursday we don't have a signal
14 in the south, it's just not beneficial. We lose purse money
15 and we lose commissions.

16 COMMISSIONER SOLIS: But again, the horsemen needs
17 to really run the horses, too; no?

18 MR. SWARTZLANDER: That's why I always put 12
19 races in the license, so that I can accommodate those. If I
20 could run 10 or 11 or 12, I'll do it, Commissioner.

21 COMMISSIONER SOLIS: Okay.

22 SECOND VICE CHAIR AUERBACH: I was going to
23 comment that, if everyone else is through with their
24 questions, I hear everybody's concerns. But the truth of
25 the matter is, is that I think that they've taken really

1 aggressive steps to try to get some horses. We don't have
2 horses, guys. I mean, they -- it isn't -- this isn't a
3 Sacramento problem, this is an industry problem. And applaud
4 their efforts to encourage people to come up there and race.

5 I know that it is difficult. And I, for one, want to
6 applaud them for their efforts because they know how hard it
7 is. If we can't get horses at Santa Anita, how are they
8 supposed to get them at Sacramento?

9 So I encourage you to continue on the same path
10 that you're on. I think you're doing what you can in a very
11 difficult environment.

12 CHAIR WINNER: Well, I would like to support what
13 Vice Chair Auerbach said. And yesterday at our Dates
14 Committee meeting, this became a big issue of discussion. It
15 was more about the lack of horses and the lack of horses
16 that are actually running than it was about dates. And we'll
17 discuss that just briefly when we get to that part of the
18 agenda.

19 But the point is, this is a statewide problem.
20 It's a serious problem. It's a population problem, but it's
21 also -- there are other issues involved about -- having to
22 do with the numbers of times that horses are running, et
23 cetera, et cetera. And it's a serious problem, not just in
24 Northern California. And I, too, applaud what you're doing
25 to try to incentivize trainers to bring their horses to Cal

1 Expo and the fair.

2 FIRST VICE CHAIR KRIKORIAN: Yeah. I would just
3 add, I commend all your efforts, as well.

4 MR. SWARTZLANDER: Thank you.

5 FIRST VICE CHAIR KRIKORIAN: And just as a side
6 comment, if you had a turf course, you'd probably be able to
7 attract more horses.

8 SECOND VICE CHAIR AUERBACH: It's hard.

9 COMMISSIONER SOLIS: Uh-huh.

10 SECOND VICE CHAIR AUERBACH: It's hard.

11 MR. SWARTZLANDER: It's on the list.

12 FIRST VICE CHAIR KRIKORIAN: Yeah. I mean, I
13 understand why, that you don't have it. But I'm just
14 saying, if you had it, it would make a bit difference.

15 CHAIR WINNER: Commissioner Choper?

16 COMMISSIONER CHOPER: I know I've said this
17 before, but it didn't stop me in the past, so I'll repeat
18 it.

19 I just think that from the standpoint of a better,
20 the Arabians are almost -- it's the same -- it's very
21 different, for example, in quarter horses. There's a very
22 different handicapping process. Arabians are the same thing
23 as thoroughbreds in terms of handicapping. And now the data
24 available is very -- I mean, the racing form, at least, you
25 know, it's there. You might try to get that data available

1 to other sources of -- for example, I use the sheets. They
2 don't give you any numbers for the Arabians. Maybe you
3 ought to make an effort to -- I'd bet them, if I had those
4 numbers. So that's something you might think about.

5 MR. SWARTZLANDER: Yes, sir.

6 COMMISSIONER CHOPER: That's all.

7 MR. SWARTZLANDER: Yeah. The Arabians, and I
8 understand all the PPs (phonetic) and the statistics of it.
9 Their numbers, obviously, are less than the charts. I mean,
10 I'm a Gordon Jones fan, speed ratings. And when you go look
11 for an Arabian and they only run six furlongs in 1:13 -- I
12 mean, excuse me, 1:17, it's a number that's really low.

13 But you're correct. If we had speed ratings
14 similar to the Arabians, like we do thoroughbreds --

15 CHAIR WINNER: Exactly. No, that's what I'm
16 saying.

17 MR. SWARTZLANDER: -- it would be easier to pick
18 them out, yeah.

19 CHAIR WINNER: Yeah. I mean, it's Arabian to
20 Arabian, though --

21 MR. SWARTZLANDER: Yeah.

22 CHAIR WINNER: -- not Arabian to thoroughbred.

23 MR. SWARTZLANDER: Thoroughbred, yeah.

24 COMMISSIONER CHOPER: Yeah, they're not racing
25 with them, that's right.

1 CHAIR WINNER: Yeah.

2 MR. SWARTZLANDER: Of course, quarter horses and
3 mules both use speed indexes.

4 CHAIR WINNER: Right. Any other thoughts, any
5 other questions? Yes, Commissioner Solis?

6 COMMISSIONER SOLIS: Yes. Another thing that
7 worries me that I see more and more down here, especially in
8 Santa Anita, I know they don't run at the same time as you
9 guys, but it had to do with Golden Gate. You see a lot of
10 \$6,500 claimers that we're getting more and more. And it
11 doesn't claim down here. It takes a lot of those horses
12 from Golden Gate, especially, I mean, Santa Anita being the
13 same as Golden Gate, they should keep that in mind, not to
14 take those horses away from up there.

15 CHAIR WINNER: The problem is, of course, that we
16 don't have enough horses at Santa Anita.

17 SECOND VICE CHAIR AUERBACH: We need more horses.

18 COMMISSIONER SOLIS: And that's --

19 COMMISSIONER RUANO: A quick question?

20 CHAIR WINNER: Yes, please.

21 SECOND VICE CHAIR AUERBACH: It's a circular
22 argument.

23 COMMISSIONER RUANO: First of all, I like the
24 poster. I want to commend you on the outreach and trying to
25 bring in different communities and different demographics.

1 You mentioned that you were trying a few new marketing
2 things this year. And I'm wondering if you could just
3 quickly highlight what those were?

4 MR. PICKERING: Absolutely. In the marketing plan
5 there's a number that are already listed.

6 CHAIR WINNER: Yeah. It's --

7 MR. PICKERING: But in addition to those --
8 because a marketing plan is always a snapshot in time, it
9 should continue to evolve. Tom and I actually have lunch
10 tomorrow with the president and general manager of Univision
11 for Northern California. We've been negotiating with them.
12 We weren't able to put all --

13 SECOND VICE CHAIR AUERBACH: Are we all invited?
14 Is that why you're telling us?

15 MR. PICKERING: Anyhow, they're looking at doing
16 much more with the California State Fair in our marketing
17 efforts. They're excited about horse racing. We had the
18 president of Univision from Northern California as a
19 celebrity wine judge this year during our State Fair wine
20 competition. They've indicated that they would like to be
21 at the track, do live remotes, do things in the Spanish
22 language for us to promote racing and promote the State
23 Fair. That's one particular group.

24 Your State Fair actually has a Cultural Advisory
25 Council that Tom and I both staff that meets on a regular

1 basis with representatives from a variety of different
2 communities, giving us input, advice on how to keep refining
3 and moving the State Fair forward. As the State Fair, we're
4 different than every county fair in that we're charged with
5 representing the state as a whole. So we're always looking
6 for that type of input on how we can bring more people in,
7 because there are certainly multiple communities throughout
8 California, and certainly even in the Sacramento region.
9 That's one of the reasons that we were actually looking at
10 adding potentially 20 more languages to our website.

11 So technology definitely is helping us do that.
12 With Tom's leadership, we have a number of other activities.
13 We now have a Folklorico event taking place our opening
14 Sunday. We have a jaripeo-type event taking place our
15 closing Sunday. We have members of the Latino Caucus that
16 are becoming interested in spending more time at the State
17 Fair. Our closing concert with Melissa Etheridge, we have a
18 large LGBT community that is very excited about that. So
19 just constantly looking at how we can broaden, cast a bigger
20 net.

21 For several years now when we've come with our
22 license, the question from everyone is how do you get more
23 people to the track and bet? I think the question we're
24 hearing today is how do you get more horsemen to the track
25 to run? And we have to make those things work together at

1 the same time.

2 We generate more money than we pay out, which
3 means that extra money that we generate is then used by the
4 other fairs, such as Pleasanton, Humboldt, other folks --

5 SECOND VICE CHAIR AUERBACH: That's why we gave
6 you that --

7 MR. PICKERING: -- because we do a
8 consolidated --

9 SECOND VICE CHAIR AUERBACH: We know that.

10 MR. PICKERING: -- purse program. So we're still
11 generating good handle. And the folks that are coming out
12 are betting on the horses, and it's helping the network
13 affairs, which is what the State Fair is all about anyway.

14 COMMISSIONER RUANO: Great. Thank you.

15 CHAIR WINNER: Thank you.

16 MR. MARTINEZ: Do you mind if I --

17 CHAIR WINNER: Yes, please.

18 MR. MARTINEZ: In addition to the incentives --
19 I'm sorry, Tom Martinez, California State Fair. Good
20 morning.

21 Just briefly, in addition to the incentives, which
22 Larry mentioned and some of the marketing efforts that Rick
23 has highlighted in our program, there's so many other things
24 that we're doing internally to drive attention and focus to
25 the grandstand area when we have our guests that arrive at

1 the State Fair. There are some things that we're doing,
2 some of them are subliminal, but a lot of them incorporate
3 new signage that we're providing this year, some programs,
4 activities out in that area, in that facility.

5 But we, as Rick mentioned, we are providing a new
6 marketing effort focused towards some of our Spanish-
7 language communities via radio and television news. We have
8 some morning programs that are going to be set up in the
9 Spanish-language committee, taking place at the grandstand,
10 highlighting some of the jockeys activities, and trainers.
11 So we're working to provide Spanish-language focus regarding
12 horse racing, in particular, during this upcoming fair for
13 the Spanish-language community, as well as some other
14 communities. But we have a unique relationship right now
15 with Univision that we're excited about.

16 COMMISSIONER RUANO: Excelente.

17 MR. MARTINEZ: I just wanted to put that in there.

18 SECOND VICE CHAIR AUERBACH: That's good to hear.

19 All good. Thank you.

20 CHAIR WINNER: All right. Are there any other
21 questions?

22 COMMISSIONER CHOPER: One more question.

23 CHAIR WINNER: Yes?

24 COMMISSIONER CHOPER: I noticed that you kicked up
25 their parking fee pretty well. You make a judgment

1 of -- I take it that's for the whole fair, not just for the
2 races?

3 MR. PICKERING: Mr. Commissioner, as any business,
4 the cost of doing business continues to increase and
5 revenues continue to be stagnant in general.

6 COMMISSIONER CHOPER: Yeah.

7 MR. PICKERING: Last time, admission and parking
8 were raised at the California State Fair was in 2000 -- I'm
9 sorry, 2008, so nine years ago. So we did a complete
10 analysis and felt that a family of fair, if we raised the
11 admission rate it would impact the entire family
12 differently than simply raising the parking rate --

13 COMMISSIONER CHOPER: I see.

14 MR. PICKERING: -- which can be shared by
15 everyone.

16 We also are mandated by the Governor on our Clean
17 Energy Program. So we're adding 14 electric vehicle
18 charging locations this year during the State Fair. We're
19 also incentivizing a bike program with bike valet service,
20 in order to encourage people not to drive their gas-operated
21 car to the State Fair, and to recognize alternative means of
22 transportation.

23 So, yes, we have received some emails and phone
24 calls. But our goal was to keep the admission prices, the
25 carnival prices the same and raise parking. Parking in the

1 Sacramento region, particularly with the new Kings Arena
2 downtown, parking rates have skyrocketed throughout the
3 Sacramento region as it continues to develop, so we are very
4 much aware of that.

5 As a state agency, we receive zero money from the
6 state, the county or the city. So we have to operate, like
7 many of you do, as a business, but also on the fishbowl of
8 government.

9 COMMISSIONER CHOPER: Yeah. I did want to say,
10 it's very difficult for -- I find it very difficult for me
11 to outthink you, you know, in terms of the throws of what
12 you're doing.

13 MR. PICKERING: Well, we're very honored to
14 see --

15 COMMISSIONER CHOPER: You need to --

16 MR. PICKERING: -- carnival rides in the middle of
17 Santa Anita's track today.

18 COMMISSIONER CHOPER: We need some miracles. Can
19 you --

20 MR. PICKERING: Well, I think --

21 COMMISSIONER CHOPER: -- work those things out for
22 us?

23 MR. PICKERING: I think certainly now that Golden
24 Gate is the only year-round thoroughbred training facility
25 in the north, with the ability of Golden Gate to cooperate

1 in the fairs, we appreciate that relationship. Sometimes
2 it's adversarial. But many times, as you've seen in earlier
3 items today, it's very cooperative. So the ability to get
4 horsemen to come out of Golden Gate Fields and run the fairs
5 is very important for the grooms, the owners, the trainers,
6 the jockeys, et cetera, not lay up at Golden Gate Fields
7 during the State Fair but take a ride out.

8 For example, we have the opportunity this year,
9 we're celebrating farm labor in the state of California.

10 CHAIR WINNER: Right.

11 MR. PICKERING: And the Chavez Foundation, we've
12 reached out to a variety of organizations to bring people to
13 the state fair, because you and I don't eat without farm
14 labor's contribution, farmworkers. Yet again, it's reaching
15 out to another part of the community. UFW is actually
16 helping us in some regards, getting more people to come out
17 to the fair and get them, once they're in the fair, to the
18 track, introduce them to the sport of kings, or not.

19 CHAIR WINNER: All right. Is there -- thank you,
20 Rick.

21 Is there a motion to approve, pending the fire
22 clearance? I understand there's still a few issues with
23 respect to the fire clearance, which are --

24 COMMISSIONER CHOPER: What else is new?

25 CHAIR WINNER: -- in the process of being

1 resolved. But pending the fire clearance inspection being
2 provided to Staff, is there a motion to approve?

3 FIRST VICE CHAIR KRIKORIAN: Yeah.

4 COMMISSIONER RUANO: So moved.

5 COMMISSIONER RUANO: Okay. Commissioner -- Vice
6 Chair Krikorian moves, and Commissioner Ruano seconds.

7 Commissioner Ruano, how do you vote?

8 COMMISSIONER RUANO: Yes.

9 CHAIR WINNER: Commissioner Choper?

10 COMMISSIONER CHOPER: Yes.

11 CHAIR WINNER: Vice Chairman Krikorian?

12 FIRST VICE CHAIR KRIKORIAN: Yes.

13 CHAIR WINNER: The Chairman votes yes.

14 Commissioner -- Vice Chair Auerbach?

15 SECOND VICE CHAIR AUERBACH: Yes.

16 CHAIR WINNER: Commissioner Solis?

17 COMMISSIONER SOLIS: Yes.

18 CHAIR WINNER: Thank you. Have a wonderful fair.

19 FIRST VICE CHAIR KRIKORIAN: Good luck.

20 MR. PICKERING: And we certainly would like you
21 all to attend the Governor's Cup and help present the trophy

22 --

23 CHAIR WINNER: Thank you.

24 MR. PICKERING: -- or at least Mr. Baedeker, if
25 you're not able to all make it to Sacramento.

1 CHAIR WINNER: All right, moving on, item number
2 seven, discussion and action by the Board on the Application
3 to Conduct a Horse Racing Meeting of the Del Mar
4 Thoroughbred Club at Del Mar, commencing July 19th, 2017
5 through September 5th, 2017, inclusive.

6 Gentlemen, good morning.

7 MR. RUBENSTEIN: Good morning.

8 CHAIR WINNER: Who's on? Josh, who's going to
9 start.

10 MR. RUBENSTEIN: Yeah, I'll kick it off. Josh
11 Rubenstein, Del Mar Thoroughbred Club. Good morning. Our
12 esteemed leader, Joe Harper, apologizes. He is not here.
13 He's battling a cold, so you will see him this summer.

14 While the Breeders' Cup is not until the fall,
15 it's generated a ton of excitement for the upcoming summer
16 season. Ticket sales are very strong. Media coverage,
17 because of Breeder's Cup, is even stronger than it normally
18 is. So while we're excited for the fall, it's definitely
19 having some impact on the summer, as well.

20 In an effort to provide -- give time for our
21 racing surfaces to be in optimal condition, we're going back
22 to a seven-week season this year, as opposed to eight.
23 We've had an eight-week summer season the last two, so we're
24 going back to seven weeks. We've also conducted, Tommy will
25 provide details shortly, an extensive track renovation

1 program led by Dennis Moore, so we're excited about that,
2 and Tommy will provide details.

3 In terms of some new things this summer at Del
4 Mar, we've got a brand new state-of-the-art video board,
5 high definition, eight millimeter from Daktronics. We think
6 people are going to be absolutely blown away when they see
7 it. It's, you know, the same technology that they have at
8 Cowboy Stadium, so it's really terrific.

9 And we'll also be using the Pick 6 jackpot that is
10 currently in play at Santa Anita. So 15 percent of the Pick
11 6 pool will be in a carryover pot for a single-ticket
12 winner.

13 MR. ROBBINS: Thank you. Tom Robbins, Del Mar.

14 As Josh mentioned, Dennis Moore has joined our
15 team, and Dennis being the Track Superintendent to Santa
16 Anita, he'll be our Director of Track Maintenance. And
17 we're thrilled to have Dennis as part of our Del Mar family.

18 What I would first like to say is thanks to Santa
19 Anita, specifically to Keith and to Joe, for helping to make
20 this happen, and for them recognizing the importance on our
21 Southern California circuit of having training and racing
22 surfaces that are more similar than dissimilar. And when
23 Dennis came onboard he came down to Del Mar and he took a
24 thorough look at our main track and made some changes, made
25 some minor modifications, took it down to the subbase.

1 And the most significant thing that Dennis did was
2 change the banking to match Santa, which we think is very,
3 very important. We went from four percent around the turns
4 to five percent. And, you know, again, this is something
5 that we think is going to be beneficial to the horses.

6 He also will bring the same maintenance routine,
7 maintenance program from, you know, trying to make the track
8 for training in the morning, more in the morning,
9 consistent, and afternoon to afternoon consistent. And he's
10 been successful at Santa Anita. And we're looking forward
11 to that, as well, for Del Mar.

12 Dr. Mick Peterson, who has been with Del Mar and
13 at Santa Anita, will be there pre-meet. And he has
14 collected data through the years and has collected data from
15 Santa Anita, as well, in terms of the opening of their meet.

16 And so he's going to be there, as soon as the fair ends on
17 July 4th. And we'll be working with Dennis and his crew in
18 determining how to get this track to the optimum condition
19 when horses first arrive.

20 So again, we're thrilled to have Dennis and think
21 this is a major step for moving forward and doing what's
22 best for the animal.

23 CHAIR WINNER: Tommy, are you -- I'm sorry. Go
24 ahead.

25 MR. ROBBINS: No, go ahead. I'm sorry.

1 CHAIR WINNER: I was just going to ask, are you
2 not limiting stall space to -- trainers stall space?

3 MR. ROBBINS: Yeah. I was just going to talk
4 about some of the other safety initiatives that --

5 CHAIR WINNER: Okay. Go ahead. I apologize.

6 MR. ROBBINS: No, that's fine. We -- things that
7 you're going to see this year.

8 As Josh just mentioned, we are operating a seven-
9 week meet, as opposed to what we've been the last few years
10 at eight weeks. We are -- that will have us have a few
11 extra days to get things in better condition, not just the
12 main track but the backside, as well, the stable area, as
13 well.

14 We are going to reduce our horse population.
15 We're going from some years over 2,000, well over 2,000,
16 getting it down to a number that pretty much approximates
17 what the population is at Santa Anita, about 1,850 or so.

18 We started last -- late last summer a program
19 where after the first two renovation breaks, we reserved the
20 main track for ten minutes for workers only. It cut back on
21 the traffic a little bit, had a little bit cleaner racetrack
22 for those that were seriously working three-eighths of a
23 mile or longer. That will continue again this year.

24 We're also working with Dr. Arthur and our
25 regulatory veterinarians in terms of trying to assist to

1 find potential horses at risk, something we talked about
2 yesterday a little bit, namely horses that our veterinarians
3 haven't seen maybe on a regular basis, horses that may come
4 down from Golden Gate Fields that they haven't seen forever,
5 and try to give them a heads-up on being able to look at
6 these horses, four-year-old un-started maidens, a topic that
7 was talked about yesterday at the Medication meeting, horses
8 that we have the come in potentially from our Ship and Win
9 Program, too. So we're assisting or trying to assist in at
10 least identifying these horses for our veterinarians to be
11 able to have an advance look at. We think that's going to
12 be beneficial.

13 Switching gears a little bit and getting into a
14 subject that we talked about yesterday in short fields, Ship
15 and Win Program, it's coming back. We've had it now for
16 about -- kind of lost track, it's been awhile, but several
17 years, six or seven years that it's been --

18 SECOND VICE CHAIR AUERBACH: I think it's --

19 MR. ROBBINS: -- a very successful program. And
20 we've enhanced it a bit this year. As we talked yesterday,
21 Mr. Krikorian, it's not a cure-all for short fields, but
22 it's certainly something that has assisted us through the
23 years. It's basically a rewards program for our owners and
24 trainers or any owners and trainers that haven't been to Del
25 Mar before, that if they bring a horse that last raced

1 outside of California, we reward them. You know, it's an
2 expensive proposition. It's been successful. We track the
3 horses. Not only does it support the Del Mar summer meet,
4 but it helps the meets that follow Del Mar, as well. We
5 track these horses. And not only do they add to our
6 competitive racing and field size, but they do help
7 subsequent meets that follow us. So that is back.

8 We are working with our partners or worked with
9 our partners in this effort, TOC, in boosting the
10 participation bonus from \$1,000 to \$1,500, in addition to
11 still the 30 percent increase or 30 percent bump on any
12 purse money that an eligible Ship and Win horse earns from
13 that first start at Del Mar. It's been a great program and
14 we've seen the evidence of it. And again, we know we're
15 fighting reduced foal crops and a shortage of horses, so
16 we're trying to do our part to help bolster the population.

17 Happy to answer any questions at this point. If
18 not, I'm going to kick it over to David Jerkens, our Racing
19 Secretary.

20 SECOND VICE CHAIR AUERBACH: I have one question.

21 MR. ROBBINS: Sure.

22 SECOND VICE CHAIR AUERBACH: Do you have any early
23 indication of the support that you're going to get this year
24 for Ship and Win?

25 MR. ROBBINS: Yeah. We -- you know, it is a

1 program that about 70 percent has been a result of our local
2 owners and trainers.

3 SECOND VICE CHAIR AUERBACH: Right, and I
4 understand that.

5 MR. ROBBINS: And, you know, we've come very close
6 to trying to get new stables. David has been out on the
7 road, just returned from trips to Arlington and Kentucky.
8 We've come close to getting actual stables. We think that
9 with Breeders' Cup being positioned at Del Mar in November,
10 that certainly from a stakes' standpoint, we don't have
11 stakes that lead up to Breeders' Cup, our stakes' program,
12 because it's at the beginning of the fall meet --

13 SECOND VICE CHAIR AUERBACH: Right.

14 MR. ROBBINS: -- of Del Mar.

15 SECOND VICE CHAIR AUERBACH: However, you've got
16 them up the road, so --

17 MR. ROBBINS: Yeah. So, you know, we do have some
18 interest. And I don't want to jinx it, and David --

19 SECOND VICE CHAIR AUERBACH: No.

20 MR. ROBBINS: -- can talk a little more about
21 that, but we --

22 SECOND VICE CHAIR AUERBACH: I didn't mean to jinx
23 that.

24 MR. ROBBINS: Yeah. No.

25 SECOND VICE CHAIR AUERBACH: I was just curious.

1 MR. ROBBINS: But it is -- we're seeing some added
2 interest and appreciation for that program, as well.

3 COMMISSIONER SOLIS: I have a question. Getting
4 back to the track, I know Dennis and I, we took a walk to
5 the quarter pole to (indiscernible) just to give him an idea
6 of all the riders, where the track came out and then came
7 in. And he said he was going to do something with it. Do
8 you know, did he do it?

9 MR. ROBBINS: He's true to his word. He actually,
10 through the GPS, discovered where the problem was, and it's
11 been fixed. And we welcome you down there, and we want to
12 get you down there before the meet opens to take a look at
13 it yourself, so it's been fixed.

14 SECOND VICE CHAIR AUERBACH: You can't ride now.

15 COMMISSIONER SOLIS: Yeah, I know. I just want to
16 thank you guys because, I mean, you guys do really a great
17 job all around, and you're always looking for ways to keep
18 horses and jockeys safe. And we really appreciate you.

19 MR. ROBBINS: Thank you.

20 David?

21 MR. JERKENS: Good morning. David Jerkens, Racing
22 Secretary, Del Mar. I'm just going to touch on our stakes'
23 schedule for the 2017 season.

24 We have a 36-day meet this year, and we're
25 presenting 41 states. So we're going heavy with our stakes'

1 program once again this summer, highlighted by the TVG
2 Pacific Classic again this summer. We're hosting five
3 Breeders' Cup Win-and-You're-In Stakes. And as Tommy
4 mentioned, we're going to continue to be aggressive. And
5 our office is going to contact trainers nationwide. We've
6 received more interest in our particularly stakes' races
7 this summer, so we're going to, you know, continue to be
8 aggressive on that front.

9 Regarding purses, in our discussions with TOC, we
10 felt it was important to maintain 2016 levels. So our purse
11 structure will have slight modifications to allow for a
12 minimum purse of \$20,000. We felt that was important in our
13 discussions with the TOC where bottom purse has a two in
14 front of it at Del Mar this summer.

15 You know, other than that, our purses still remain
16 amongst the highest in the country and we're optimistic
17 moving forward. And I'd be happy to answer any questions.

18 CHAIR WINNER: Craig?

19 MR. DATO: Craig Dato from Del Mar.

20 The changes we've made this year to the marketing
21 plan are a result of key findings from our 2016 research
22 project we did. And I'd like to thank Chairman Winner. He
23 assisted with writing that and analyzing that, and we really
24 appreciate it.

25 We surveyed not only our current fans, but we also

1 surveyed the San Diego market in general to see the
2 differences between the two samples. And some of the key
3 findings included the fact that, A, our frequent visitors
4 are more likely to be motivated by their interest in horse
5 racing. That's fairly intuitive. So for that crowd we
6 turned to our database.

7 And the database is all about our Diamond Club,
8 which is our loyalty club, free to join. We now have over
9 225,000 members of the Diamond Club. And to this audience
10 we push racing, wagering, and value. They've shown us that
11 they are price sensitive, so we push those messages out to
12 them, and I'll touch on that in a little bit.

13 We communicate to this crowd, generally through
14 traditional mail, through email, and also through social
15 media. So it really allows us to be very effective and very
16 efficient in communicating to this target audience.

17 The second key finding is that the general market
18 in San Diego has a much greater interest in non-racing
19 event. So this is the newcomers and the occasionals, so we
20 try to pull them in for a concert or a food festival or
21 something else, and then we try to turn them into racing
22 fans when they're there.

23 So to this end, we've added a number of new events
24 this year. We've kind of gone event crazy. We have 29
25 major events in 26 days. So on Saturdays, almost every

1 Saturday we have more than one event going on, whether it be
2 a concert and a food fest, or something along those lines.

3 So again, once we get them in it's on us to try to
4 educate them and turn them into race fans, and there's a
5 number of things we do to try to make that happen; newcomer
6 seminars every day that are very, very well attended, and
7 this starts right from the basics about here's where the
8 finish line is.

9 We also have handicapping seminars that are a
10 little more advanced and more about picking winners. We
11 have what we call the Daily Racing Form Easy Form that they
12 produce for us for big event days, which is putting the
13 Racing Form in much easier to understand terms and educating
14 people. We pass them out at these events. And we also have
15 staff handicappers throughout the facility to help people
16 understand how to use the betting machines, and how to read
17 a program, et cetera, et cetera.

18 But I still believe the number one thing we do for
19 fan education is that we pass our free programs. I've found
20 throughout the years, or we found out that newcomers don't
21 even know to buy a program. And if you don't buy a program,
22 how in the heck can you make a bet? So for years now we've
23 been passing out free programs. And because we know that
24 all the newcomers are going to get a program, we make our
25 program a newcomers guide in and of itself. So you put

1 those in their hands, and at least that's a first start.

2 Another key finding from the research was that our
3 customers are concerned about the value of food and beverage
4 that we offer. So we've made strides here to come up with a
5 number of different discounts. However, we're targeting the
6 discounts at horsemen and regular players. All the research
7 has shown that the people who come once or twice a meet,
8 come for a concert, aren't nearly as price sensitive. And,
9 frankly, they're used to paying the higher prices that they
10 might pay at the Staples Center or a Padre game, or
11 something along those lines.

12 So some of the things we do include Free and Easy
13 Wednesdays where, if you're a member of the Diamond Club,
14 you get in for free. You get a free seat, of course a free
15 program, and you get half off on various food and beverage
16 items from beers and sodas. This year it included
17 margaritas and some tacos.

18 We have a Happy Hour Friday, trying to get those
19 Friday concert goers to come early and take in more races,
20 so we have a number of drink specials on Fridays.

21 And then finally, something we've done for a year
22 now that's been very popular, and this is for horsemen and
23 for Diamond Club members, it's called our \$30.00 for \$20.00.

24 You give us \$20.00, we give you \$30.00 in food scrip that
25 can be used anywhere in the park. So it's basically a 33

1 percent discount for anybody who's a horsemen and anybody
2 who's a member of the Diamond Club. And you can do this
3 each and every day and you can save them up and spend them
4 on one big day, if you like. But this is a way of
5 selectively taking care of our regular players and our
6 horsemen.

7 So I mentioned that we have gone event crazy, and
8 a lot of these events are not related to horse racing. But
9 we also realize that we need to do events for our serious
10 players. And I want to tell you about one event that we've
11 been doing now that's seeing significant growth, and it's
12 our Handicapping Contest.

13 The way it works is you put up \$7,000. We take
14 \$2,000 of that and put it in the prize pool, and then you
15 have a \$5,000 bankroll for which to bet off of, for purposes
16 of the contest. That's the key factor here. This is not a
17 mythical betting contest. This is real money that adds to
18 the handle.

19 We're projecting about 125 players for this
20 tournament, which will be in the second weekend. We don't
21 take a cent out of the entry fees. We give it all back in
22 prize money. We put these guys up in a nice sky room on the
23 sixth floor. We give them free food and beverage. And we
24 have found that over 60 percent of the participants in these
25 handicapping contests are from out of state. So when they

1 come, we know they're big players by virtue of being the in
2 tournament. We're able to wine and dine them. We're able
3 to get to know them. We're able to invite them back.

4 And I'm happy to say that based on past numbers,
5 we anticipate these 125 players over the two days to bet
6 over \$1 million just in the contest, which represents about
7 15 percent of our handle on that day. In addition, it's a
8 little harder to track, but based on some research we've
9 done, they bet about 30 percent more outside the contest.
10 There's some bets you can't bet in the contest, like Pick 6s
11 and such. These guys are big players. We pray for a
12 carryover when they're on track, and these guys will play
13 it.

14 So this is something that players really like,
15 something that we're going to try to enhance every year. And
16 who knows, we may even add a second one later in the meet.

17 But the point is, I think we have a healthy mix of
18 programs targeted at our regulars, again, that's value and
19 wagering. And also we have events targeted at the San Diego
20 market in general. These people want events that are non-
21 horse-racing related with the goal, again, of getting them
22 out for something other than horse racing but turning them
23 into race players. So that's really what the marketing plan
24 is emphasizing this season.

25 I'm happy to take any questions.

1 SECOND VICE CHAIR AUERBACH: I have one question,
2 one comment. You guys do everything so well. And I think I
3 say this every single year, it's great to get the discounts
4 on the food. Can we do anything about the food? And I'm
5 very serious. Nobody's going to say anything? And I
6 understand it, but it --

7 CHAIR WINNER: Are you talking about the quality
8 or the --

9 SECOND VICE CHAIR AUERBACH: Yes.

10 CHAIR WINNER: What are you talking about?

11 SECOND VICE CHAIR AUERBACH: I am talking about
12 the quality of the food. I mean, Del Mar is first class in
13 every regard, except for the quality of the food that's
14 available for purchase.

15 MR. RUBENSTEIN: Well, you and I had a discussion
16 about a turkey sandwich, right --

17 SECOND VICE CHAIR AUERBACH: We did --

18 MR. RUBENSTEIN: -- a couple years go.

19 SECOND VICE CHAIR AUERBACH: -- one time.

20 MR. RUBENSTEIN: And --

21 SECOND VICE CHAIR AUERBACH: I mean, it was
22 so --

23 MR. RUBENSTEIN: Right. So --

24 SECOND VICE CHAIR AUERBACH: I sent you a picture,
25 but you couldn't --

1 MR. RUBENSTEIN: You did.

2 SECOND VICE CHAIR AUERBACH: -- find the turkey in
3 it.

4 MR. RUBENSTEIN: So anyway, we went to the
5 concessionaire and we actually -- or they changed the way
6 the turkey sandwiches are put together, more meat, thicker
7 slices. So, yeah, there are ways that we can improve.

8 I think overall, when you look at the food
9 offerings, you know, we have improved over the last few
10 years, taco stands. As Craig said, you know, we're trying
11 to also provide value. But certainly, if there are things
12 that jump out, we're always willing to listen.

13 SECOND VICE CHAIR AUERBACH: Well, it's the same.
14 I know I say this all the time, and I know you guys can't
15 say anything, but I think if it comes out all the time, that
16 other people who are responsible for signing the contract
17 with various vendors will hear that there is a lot of
18 dissatisfaction, not just amongst us who are here. But I
19 hear people talking when they're there and they're like --
20 if you grade everything at Del Mar, you give an A+, until it
21 gets to the food.

22 MR. DATO: Well, I will say this, of those 29
23 events, 9 of them are going to be food events this year,
24 things like the Barbecue State Championship, things like
25 Tacotopia, things like Burger and Brew. So we are trying to

1 bring in --

2 SECOND VICE CHAIR AUERBACH: Bring in other --

3 MR. DATO: The Food Truck Festival --

4 SECOND VICE CHAIR AUERBACH: Got it.

5 MR. DATO: -- is another big one. So we're trying
6 to bring in outside entities that are well known for their
7 food, their gourmet food, frankly, and trying to spice it up
8 --

9 SECOND VICE CHAIR AUERBACH: Okay.

10 MR. DATO: -- no pun intended.

11 SECOND VICE CHAIR AUERBACH: Thank you.

12 COMMISSIONER SOLIS: So you're saying that Josh is
13 not going to cook no more?

14 CHAIR WINNER: All right.

15 COMMISSIONER RUANO: I just want to commend you on
16 the plan. I mean, I just think it's brilliant that you're
17 researching, testing, trying and executing on the ideas.

18 MR. DATO: Thank you.

19 COMMISSIONER RUANO: That's great.

20 CHAIR WINNER: Like everyone else, I agree. You
21 guys are doing a great job and we appreciate it very, very
22 much. We appreciate what you're doing about safety and
23 doing everything that you can, and we very much appreciate
24 that. And, of course, all of the other aspects of marketing
25 programs, et cetera, the Ship and Win Program, everything

1 about what you're doing, we really appreciate.

2 FIRST VICE CHAIR KRIKORIAN: I have one question
3 on -- and I also commend you on all you've done, it's great.

4 But one question I have was on the -- during the
5 course of the meet and with all these different events, do
6 they take place on the track surface?

7 MR. RUBENSTEIN: Oh, none. No.

8 FIRST VICE CHAIR KRIKORIAN: Okay.

9 MR. RUBENSTEIN: During the season? No, nothing
10 happens --

11 FIRST VICE CHAIR KRIKORIAN: So there's nothing
12 there --

13 MR. RUBENSTEIN: -- other than racing --

14 FIRST VICE CHAIR KRIKORIAN: -- right, that
15 effects --

16 MR. RUBENSTEIN: -- and training.

17 FIRST VICE CHAIR KRIKORIAN: -- the surface.
18 Okay. Thank you.

19 CHAIR WINNER: All right. Is there a motion? Do
20 we have all the documents?

21 EXECUTIVE DIRECTOR BAEDEKER: There are a couple
22 of things that are pending inspections that are listed here.
23 They're not considered to be problematic.

24 CHAIR WINNER: All right.

25 EXECUTIVE DIRECTOR BAEDEKER: So you can make that

1 -- if you want to do the same, make it subject to --

2 CHAIR WINNER: Okay.

3 EXECUTIVE DIRECTOR BAEDEKER: I think one of them
4 is actually after you -- or maybe both are actually after
5 you start the meet, are they not?

6 MR. RUBENSTEIN: I think just fire.

7 MS. WAGNER: (Off mike.) Fire. Fire clearance is
8 the only outstanding. And we have --

9 EXECUTIVE DIRECTOR BAEDEKER: Okay.

10 MS. WAGNER: -- (indiscernible).

11 CHAIR WINNER: Okay. Is there a motion to
12 approve, pending the reception --

13 COMMISSIONER CHOPER: So moved.

14 CHAIR WINNER: -- by Staff --

15 COMMISSIONER RUANO: Second.

16 CHAIR WINNER: -- of the fire. Moved by
17 Commissioner Choper, seconded by Commissioner Ruano.

18 Commissioner Solis?

19 COMMISSIONER SOLIS: Yes.

20 CHAIR WINNER: Commissioner Auerbach? Speak
21 loudly.

22 SECOND VICE CHAIR AUERBACH: Yes.

23 CHAIR WINNER: Yes. Chairman votes yes.

24 Vice Chair 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: Have a wonderful meet. Look
6 forward to seeing you there.

7 FIRST VICE CHAIR KRIKORIAN: Eight and nine are
8 out?

9 CHAIR WINNER: Eight and nine are out.

10 (Colloquy)

11 CHAIR WINNER: Item number 10, discussion and
12 action by the Board regarding a request from the Del Mar
13 Thoroughbred Club for approval to write medication race
14 conditions for the Breeders' Cup Race Worldwide
15 Championships races to include any horse that tests positive
16 for any anabolic steroid or other prohibited substance in a
17 Breeders' Cup Limited out-of-competition test sample within
18 six months prior to the Breeders' Cup is ineligible to
19 participate in the Breeders' Cup World Champions [sic].

20 Good afternoon, Mr. Fravel.

21 MR. FRAVEL: Mr. Chairman --

22 CHAIR WINNER: Nice --

23 MR. FRAVEL: -- it's very nice to be here.

24 CHAIR WINNER: Nice to see you, sir.

25 Tommy, who's going to lead off?

1 MR. FRAVEL: You notice, he's leaning back; right?

2 Just by way of disclosure, I want to disclose that
3 Commissioner Auerbach gave me a kiss on the cheek on the way
4 up here. So if that --

5 CHAIR WINNER: Uh-oh.

6 MR. FRAVEL: -- disqualifies her in some
7 fashion --

8 CHAIR WINNER: Her vote, we'll have to --

9 MR. FRAVEL: -- I thought you might want to know
10 about that.

11 CHAIR WINNER: She'll have to --

12 SECOND VICE CHAIR AUERBACH: I'll recuse myself.

13 CHAIR WINNER: -- recuse from any voting.

14 COMMISSIONER RUANO: Conflict.

15 MR. FRAVEL: Yes. But Craig Fravel, President and
16 CEO of the Breeders' Cup. As you know, the Breeders' Cup
17 will be here at Del Mar, November 3rd and 4th, 2017, after
18 an extraordinarily successful appearance here at Santa Anita
19 in 2016.

20 As you may recall, we had an issue related to a
21 steroid administration and positive in the championships,
22 which I will not go into because I believe that's subject to
23 an enforcement action, so it's probably best not to discuss
24 that in any great detail. But the incident brought to light
25 the fact that California has inplaced (phonetic) a steroid

1 rule that allows the administration of a steroid with the
2 filing of a confidential. And subsequently, only violation
3 takes place if and when a horse tests positive during a
4 race.

5 And, you know, I'll be frank, you know, I was
6 personally surprised because most of us, I think, five or
7 six years ago believed that we had virtually eliminated
8 steroid administration from racing or training in general.
9 And the fact that the rules in many states were written a
10 little bit differently on that subject came to light, and it
11 became imperative that we address that issue, particularly
12 for the championship.

13 So what we did was we had some conversation with
14 the Executive Director, the Equine Medical Director, and
15 modeled an out-of-competition testing program that we
16 already had in place in terms of testing, but we didn't have
17 the enforcement mechanisms within the rule. And so we based
18 this on the current rule that allows the racing secretary to
19 establish conditions for a particular race meet.

20 I will add that the rules that we drafted are
21 essentially the same as the out-of-competition model rules
22 that are now pending, and I believe this Board has adopted
23 them for notice and comment, although we felt it was
24 imperative to get these in place well in advance of the
25 championships, first of all, to give horsemen notice that

1 the rules will be in effect. And secondly, we were not
2 highly confident that the model rule as proposed by the
3 California Horse Racing Board would be in effect by the time
4 of the championship. So we're really trying to move the
5 clock forward here, be proactive in this. Again, it's
6 basically the same rules as the RCI/RMTC endorsed model
7 rules.

8 And I should add, I think it's particularly
9 important in the case of the Breeders' Cup, we are a truly
10 international championship. We have horses coming from all
11 over the world, from South America, from France, from Great
12 Britain and Ireland. And in order to attract those horses
13 to race against American horses, we have to have -- they
14 have to have the confidence that they're not racing against
15 horses that have an advantage over them in terms of
16 training. And certainly, if you're able to administer an
17 anabolic agent or blood doping agent in this country in
18 advance of a championship in a sixth-month period, I think
19 the general consensus is that there's an advantage to that
20 training regimen.

21 So we are trying to make sure that our
22 international participants, as well as the participants who
23 come in from other states in this country who have more
24 stringent rules on steroid administration are not treated
25 unfairly.

1 So happy to answer any questions you might have,
2 but I think this has been fully vetted through counsel, as
3 well as the Equine Medical Director and Staff, and I would
4 appreciate your consideration.

5 CHAIR WINNER: Thank you very much, Craig.

6 Are there any questions? All right. Hearing
7 none, I think we should go ahead and entertain a motion on
8 this.

9 SECOND VICE CHAIR AUERBACH: Move.

10 CHAIR WINNER: Commissioner -- Vice Chair Auerbach
11 moved.

12 COMMISSIONER SOLIS: Second.

13 CHAIR WINNER: And Commissioner Solis seconds.

14 Commissioner Auerbach? Commissioner Auerbach?
15 I'm looking that way and going that way.

16 SECOND VICE CHAIR AUERBACH: Yes.

17 COMMISSIONER CHOPER: Keeping her on her toes.

18 CHAIR WINNER: Votes yes.

19 Commissioner Solis?

20 COMMISSIONER SOLIS: Yes.

21 CHAIR WINNER: Chairman votes yes.

22 Commissioner Krikorian?

23 FIRST VICE CHAIR KRIKORIAN: Yes.

24 CHAIR WINNER: Commissioner Choper?

25 COMMISSIONER CHOPER: Yes.

1 COMMISSIONER RUANO: Yes.

2 CHAIR WINNER: Commissioner Ruano? Done.

3 MR. FRAVEL: Mr. Chairman, thank you very much.

4 I just wanted to add, we're extremely excited
5 about coming back here this year, coming to Del Mar this
6 year. It's going to be an extraordinary event, I think.
7 We've got a lot of things planned. Our ticket sales have
8 exceeded expectations to this point. But I do want to point
9 out that we still have tickets available. So if you read
10 the term sold out anywhere within the next week or two,
11 that's not accurate. You can still buy some good seats and
12 some general admission in the field. But we are fully
13 planning on having a capacity crowd on November 3rd and 4th.
14 And we thank you for all your support.

15 CHAIR WINNER: We thank you, and we thank you for
16 coming to Del Mar. It's something we're all very excited
17 about and looking forward to. And we expect it to be a
18 spectacular couple of days. Thank you.

19 SECOND VICE CHAIR AUERBACH: I just have one
20 question. Are you window dressing today?

21 MR. FRAVEL: I support everything.

22 SECOND VICE CHAIR AUERBACH: Okay.

23 COMMISSIONER RUANO: Wow.

24 MR. FRAVEL: When I was working at Del Mar, they
25 were never allowed to speak, so --

1 SECOND VICE CHAIR AUERBACH: Oh, I see.

2 MR. FRAVEL: -- we just --

3 COMMISSIONER SOLIS: I just want to add another
4 thing, that I'm glad with you guys doing this, especially
5 racing being so global nowadays. And, I mean, all these
6 things are so important because even, you know, we see more
7 of the horses going back to Europe now. So the closer we
8 get to their rules, it's going to help us all. So thank you.

9 MR. FRAVEL: Thank you.

10 CHAIR WINNER: Thanks, Craig. Good to see you.

11 MR. FRAVEL: You too.

12 CHAIR WINNER: Let's go on to item number 11,
13 discussion and action by the Board regarding a presentation
14 from Monarch Management describing how they prepare and
15 bundle simulcast agreement packages for its clients'
16 racetracks.

17 What is the action? I don't know that there is.

18 EXECUTIVE DIRECTOR BAEDEKER: There is no action.

19 CHAIR WINNER: Yeah, I don't think so.

20 EXECUTIVE DIRECTOR BAEDEKER: This is just an FYI
21 for the Board.

22 CHAIR WINNER: Right. Right. This is just an
23 error in the agenda.

24 EXECUTIVE DIRECTOR BAEDEKER: I think --

25 CHAIR WINNER: There's no action.

1 EXECUTIVE DIRECTOR BAEDEKER: I think, Mr.

2 Chairman --

3 CHAIR WINNER: It's just discussion.

4 EXECUTIVE DIRECTOR BAEDEKER: -- many questions
5 were asked when --

6 CHAIR WINNER: Right.

7 EXECUTIVE DIRECTOR BAEDEKER: -- particularly in
8 light of the ADW situation when the licenses were approved,
9 and this by the Board. And Monarch came before the Board
10 and said that they were not going to allow the signal to a
11 couple of licensees in the state. And so there were a
12 number of questions asked. And so we figured that it would
13 be a good idea just to put it on the agenda, let Scott, let
14 Monarch, you know, answer your questions and make us all a
15 little smarter.

16 CHAIR WINNER: Scott, good morning.

17 MR. DARUTY: Good morning. Scott Daruty. I'm
18 President of Monarch Content Management. And as you all
19 know, I also serve in an executive role for the Stronach
20 Group. In that capacity, one of my responsibilities is to
21 oversee the operations of Monarch Content Management.

22 Monarch is a business that has seven employees, in
23 addition to myself, who spend, pretty much, their full time
24 on simulcasting issues. We represent 15 different
25 racetracks across the country, including all of the

1 thoroughbred tracks in the state of California. We
2 represent them in the purchase of simulcast signals, and
3 also in the sale of their own simulcast signals into the
4 national marketplace and into the international marketplace.

5 Each of our member racetracks pays a small fixed
6 annual fee that helps defer the cost of our team. Monarch
7 itself is not a profit center. We don't make money. We're
8 here to help ensure that the racetracks we represent and
9 their associated horsemen's groups receive fair value for
10 the product they create.

11 Historically, simulcasting was almost an
12 afterthought to the management teams at a lot of racetracks.

13 You'd have somebody who would, you know, make the morning
14 line, perhaps work in another department, and on the side
15 would send out and receive simulcast contracts. That's not
16 to be critical of those individuals, but it wasn't an area
17 of the business where there was a real cohesive plan or a
18 real cohesive implementation of what, you know, what is
19 really the most important part of our business now. Racing
20 is a very complicated business. And the people who put on
21 the races every day do an incredible job.

22 But we all know at this point, probably 85 percent
23 or more of the handle comes from off-track locations. And
24 so the goal of Monarch is to make sure we bring a
25 professional management to that part of the business and

1 ensure that our represented customers achieve the most fair
2 and adequate compensation possible.

3 If you take yourself back to 2010, which is the
4 year Monarch was formed, the State of California's
5 Legislature passed SB 1072 which authorized an increase in
6 the takeout on certain exotic wagers, with the goal of that
7 increased takeout being paid exclusively into purses to help
8 support racing in California.

9 As you all know, the way the economics of
10 simulcasting works, if there is a takeout increase, all of
11 that money accrues to the out-of-state wagering locations,
12 and none of it finds its way back into the State of
13 California's purses, unless there is a negotiation with
14 those out-of-state locations which results in them agreeing
15 to pay money into California's purses.

16 So the industry was sort of scratching its head
17 back in 2010 as to, okay, how are we going to implement
18 this. And I can tell you from my experience, I think it
19 would have been a disaster if each racetrack in California
20 would have gone out independently and tried to negotiate a
21 1072 deal with all the out-of-state locations. And so what
22 the industry, in my opinion, very wisely did was join this
23 consortium and let Monarch go out and implement the 1072
24 price increases or takeout increase.

25 So that's behind us, obviously. That was sort of

1 a one-time push. And that was accomplished successfully.

2 So what does Monarch do today?

3 Well, we serve three, what I believe to be, very
4 important functions in the area of simulcasting. We oversee
5 wagering and compliance with respect to the simulcast
6 signals that our client racetracks produce. We work on
7 expanding the distribution, both domestically and, probably
8 more importantly, internationally for those simulcast
9 signals. And then, also, we bring about what I believe to
10 be an efficiency in the negotiation and contracting process.

11 So I'm going to talk about each of those briefly, one by
12 one.

13 As far as wagering compliance, again, historically
14 there wasn't a ton of thought given to simulcasting. If a
15 new location, whether that be a new OTB in some other state
16 opened up or a new ADW company launched, it would go out to
17 the industry and talk to each racetrack and say, hey, I'm a
18 new business and I want your content. And there wasn't
19 always a lot of thought done as to is this somebody we want
20 to be selling our content to.

21 So in the Monarch world, what we do when we're
22 approached by a new simulcast location, again, be it brick
23 and mortar or be it ADW, we run background checks on the
24 principals. We check licenses and make sure that they are
25 licensed and are in good standing and are generally

1 complying with the law in their operations. I can give you
2 a couple of examples of things, you know, we've come across.

3 We were approached by a new ADW a few years ago
4 that said it was licensed by the State of Idaho. They
5 presented us with a fancy looking piece of paper that said
6 State of Idaho on it and had the seal, and said ADW License.

7 Many racetracks across the country went ahead and sold
8 their simulcast signals to that ADW.

9 We kind of scratched our head a little bit because
10 knowing the business the way we do, there really aren't any
11 national ADWs that are licensed in Oregon [sic]. There's a
12 couple of jurisdictions that issue what are called multi-
13 jurisdictional licenses, and Idaho wasn't one of them. So
14 we actually got on the phone with the Idaho regulators and
15 asked them about the license. And lo and behold, they said,
16 "Well, we don't think these guys are operating out of state.

17 This is just a license solely and exclusively for them to
18 take customers in Idaho. And we don't know what they do
19 outside of the state. We don't regulate it. We don't
20 oversee it." And at that point we declined to sell the
21 Monarch content to that operator.

22 Another example was a new ADW operator that called
23 and wanted our content. And we said, "Well, do you comply
24 with California Law? Because you're not licensed in
25 California, and therefore you're not allowed to take

1 California customers.”

2 And they said, “Of course, we did.”

3 And so we had somebody here in California go on
4 their website, sign up for an account. It asks for an
5 address. You make up an address, you know, 123 Mickey Mouse
6 Road, and you put it in, no problems at all. We funded the
7 account with a check that this person had printed with his
8 California address right on the check, which, of course, did
9 not match with the address that had been submitted to open
10 the account, sent the money. They deposited the check, and
11 the next day he could place bets from California through
12 this ADW. So we declined to sell them the content.

13 There’s many, many instances of this sort of
14 thing. I will point out, one of the recent hot topics in
15 our industry is, whether you want to call it fantasy
16 contests on horse racing or handicapping contests, there’s
17 been a proliferation of online businesses essentially taking
18 bets on our content without paying anything back to the
19 tracks and horsemen.

20 The Monarch team has taken a lead within the
21 industry in pursuing that issue and trying to ensure that
22 the racetracks and horsemen receive fair compensation. And
23 while we’re not done yet, I am optimistic that, in the
24 relatively near future, we’re going to have a business model
25 in place within the industry that will ensure compensation

1 to the racetracks and horsemen putting on the show.

2 So that's wagering compliance.

3 Expanded distribution. We've spent great effort,
4 which we can do with a centralized staff that's funded by 15
5 racetracks, as opposed to a single track trying to do this
6 on their own, we've spent significant time trying to
7 increase the distribution to Monarch tracks throughout the
8 world. That includes distribution to Australia.

9 That includes distribution to many South American
10 countries. I've personally been to South America three
11 times in the last three years, working on deals. We now
12 sell our simulcast signals into Panama, Peru, most recently
13 Chile, Brazil, all of which are important markets. It's not
14 a huge piece of business today, but it is something that's
15 going to grow with time. We've also made efforts in Europe
16 and elsewhere. So that's the second part of what we do.

17 And then, you know, lastly, there's the actual
18 simulcast negotiation and documentation in and of itself. We
19 think we bring a tremendous efficiency to that process.
20 Again, to have each racetrack in California go out and
21 negotiate its own simulcast contracts every time its meet is
22 about to start is not a very efficient way to go about this.

23 I do note that on the buying side within the
24 simulcast industry there have long been buying consortiums,
25 and I'll give you a couple of examples. The MidAtlantic

1 Cooperative is a group of about 20 racetracks on the East
2 Coast that have all gotten together and work as a buying
3 cooperative. So, you know, prior to Monarch, if, for
4 example, Del Mar Race Track wanted to go sell its signal to
5 those 20 racetracks, they would deal -- Del Mar, you know,
6 would deal with this consortium.

7 The State of Nevada has its own buying consortium.
8 So when we negotiate, we don't negotiate with, you know,
9 first the Venetian Casino, and then the MGM Casino, and then
10 the casinos in Reno, et cetera. There's one consortium that
11 represents every single casino in the state of Nevada, and
12 we negotiate with that group.

13 Canada is another example where the whole country
14 of Canada, every racetrack, every OTB is represented by
15 Woodbine and buys signals as a group.

16 So there's certainly logic to it. There's
17 certainly efficiency to it. So we thought we would bring
18 that efficiency and logic to the sell side of the business,
19 in addition to the buy side. So we negotiate with simulcast
20 locations to sell the signals of our member racetracks.

21 I'd note, and this is important, we are a sale's
22 agent only. We do not make the final determination of what
23 deal any of our member tracks accepts or does not accept.
24 So when we're out negotiating a sale of Monarch signals, we
25 try to ensure that we achieve a host fee rate that we

1 believe is fair within the marketplace and that adequately
2 compensates our racetracks and our horsemen. But ultimately
3 the decision of whether or not to accept a particular rate
4 that we have negotiated falls with each and every one of our
5 racetracks to make their own individual decision.

6 Likewise, as I mentioned, in some of our
7 compliance investigations, we've made determinations in the
8 past not to sell to certain locations. That decision is not
9 binding on our member racetracks. And there are examples
10 where we've decided not to sell to somebody, and some of our
11 member racetracks have decided to move forward on their own
12 deal, and they did a deal directly with that location. So
13 that's fully within their right.

14 So that's, you know, that's a bit about Monarch,
15 what we do and we're hoping to achieve.

16 I will say, in appearing before this Board in the
17 past, I have at times sensed some tension, at least from
18 some members of this Board, over Monarch and its role.
19 We're certainly not here to try to force ourselves on this
20 industry. I happen to think our representation is a very
21 good thing for the California racetracks. And I happen to
22 think it's the right thing for the California industry. But
23 if this Board were to mandate that we no longer do that,
24 we'd certainly follow that mandate. I mean, again, it's not
25 a profit center for us. We're doing it because we think

1 it's the right thing to help support the industry.

2 I'd only suggest that if you were going to make
3 that sort of determination, that you don't do so without
4 hearing from Del Mar, the fairs, or Los Alamitos, who we
5 represent in the thoroughbred part of their business, not in
6 the quarter horse, and also perhaps even the TOC.

7 So that's my presentation. If you have any
8 questions, I'd be happy to address them.

9 CHAIR WINNER: Thank you, Scott, very much. It
10 was very thorough.

11 Any questions for Scott?

12 COMMISSIONER SOLIS: I do.

13 CHAIR WINNER: Yes. Yes, Alex?

14

15 COMMISSIONER SOLIS: I'm going to try to see how I
16 can ask this question. And it's, you mentioned that have
17 your signal in Panama; correct?

18 MR. DARUTY: Correct.

19 COMMISSIONER SOLIS: Yes. Not that I'm going to
20 say that Panama would do anything illegal, but --

21 CHAIR WINNER: Never.

22 COMMISSIONER SOLIS: -- but I know a lot of places
23 in Panama, that they get this signal illegally. It's -- I
24 mean, it doesn't benefit any of us.

25 Are you guys -- can you do something with the

1 government of Panama to try to --

2 MR. DARUTY: Yes.

3 COMMISSIONER SOLIS: -- eliminate that or --

4 MR. DARUTY: Yes.

5 COMMISSIONER SOLIS: -- I don't know how to put
6 it.

7 MR. DARUTY: Very --

8 CHAIR WINNER: But it's not just Panama who
9 is --

10 MR. DARUTY: Yeah. Very good question.

11 CHAIR WINNER: -- pirating the signal. A lot of
12 people -- a lot of places are.

13 MR. DARUTY: Yeah. Very good question.

14 COMMISSIONER SOLIS: A lot of places.

15 MR. DARUTY: And let me address that, but let me
16 first just give a touch of background on Panama.

17 A number of years ago, not all that far, but I
18 don't remember exactly, four or five years ago, the wagering
19 in Panama was on a separate pool basis. So it was great
20 that we were selling our signals to Panama. But for various
21 reasons, technical and otherwise, they were not actually
22 comingling those wagers into our pools. We made a tremendous
23 effort to get the comingled wagering because we always
24 prefer that. We always prefer all the bets to come into our
25 pools to increase the liquidity. So for the past several

1 years the wagering in Panama has been on a comingled basis,
2 which I think is a good thing for our industry.

3 With respect to your particular question on
4 piracy, we do work directly with the racetrack in Panama.
5 They have a legal licensed network of OTBs, and our signals
6 are presented to customers, both at the racetrack and in
7 those OTBs. Our signals are provided, the audio-visual
8 signals are provided into the marketplace in as a secure a
9 manner as is reasonably possible. If somebody wants to
10 steal the signals, it is certainly possible to do so, but we
11 do take care to protect them.

12 Now, what do we do about pirates? It is in Panama
13 and it is in many other Latin American countries where
14 locations steal our audio-visual signals and then simply
15 book the bets and pay their customers track odds, but don't
16 pay any fees to the racetracks, don't pay any fees to the
17 U.S. horsemen. And that is a challenge.

18 I'll give you an example in Mexico where there was
19 a lot of piracy in Mexico. And Monarch actually hired a law
20 firm in Mexico and paid the law firm in Mexico as part of
21 our service. That's not something we go back to our member
22 racetracks. We didn't go to Del Mar and ask for them to
23 pitch in, or CARF and ask for them. It's just part of what
24 we do.

25 And in Mexico the good news was this booked

1 wagering was taking place at actual licensed Mexico casinos.

2 So we were able to apply pressure through the regulators
3 and the Mexican law firm we hired, went to the regulators
4 and said, hey, we've got licensed casinos that are stealing
5 the intellectual property of U.S. racetracks, and it
6 actually worked. We were actually able to get rid of a lot
7 of that piracy.

8 Now in some other markets where the pirates are
9 not licensed, regulated casinos, it's much harder to put
10 pressure on them because, basically, they're just as quick
11 to ignore their local laws as they are the U.S. laws.

12 So I don't have any great answer, other than to
13 say it is something that we take very seriously. It is
14 something we spend time and energy and money trying to
15 pursue. I think we do a pretty good job. I think it's
16 impossible to do a perfect job.

17 COMMISSIONER SOLIS: Thank you.

18 CHAIR WINNER: Rick?

19 SECOND VICE CHAIR AUERBACH: I have one question.

20 CHAIR WINNER: Go ahead, Commissioner Auerbach.

21 SECOND VICE CHAIR AUERBACH: You said something
22 that concerned me a little bit, that you had a sense that
23 maybe, you know, people were trying to cut out Monarch or
24 something, and like from the questions of the Board. And I
25 wondered, were you reading tea leaves? I don't know where

1 you got that sense --

2 MR. DARUTY: Well --

3 SECOND VICE CHAIR AUERBACH: -- that anybody felt
4 that way.

5 MR. DARUTY: I certainly hope I'm wrong. And I
6 don't have, you know, a specific time in mind as I stand
7 here. But I have left some of these discussions with a
8 sense that there was some discomfort or dissatisfaction in
9 certain Board Members with Monarch.

10 SECOND VICE CHAIR AUERBACH: Well, going as far as
11 you went, I think, maybe was -- maybe you're too sensitive.

12 But I think that part of the job of the Board is to find
13 out what you do, find out how you do it, like you did this
14 morning. Your explanations, I think, were appreciated
15 because I think some Board Members really don't know how you
16 function.

17 I remember being there when you started Monarch,
18 not when you, personally, but when Monarch started. And I
19 think every once in a while it's probably a good idea for
20 people who deal with us to realize that the Board changes
21 and there's new members. And sometimes if you explain the
22 function of the group that you're with, I think it's useful.

23 I think, actually, what I really think, Chuck, is
24 maybe each of the groups that we deal with, for example, it
25 might not be a bad idea at some point to have the TOC stand

1 up and tell us really what their function is about --

2 CHAIR WINNER: I think that's a very good idea,
3 Commissioner.

4 SECOND VICE CHAIR AUERBACH: -- what they do, how
5 they operate. And I think if we do this -- you know, you
6 just educated some of us on the function. And I think
7 sometimes we question people and they get concerned or
8 upset, and I think it's more us trying to educate ourselves
9 about what's going on. So I just wanted to clear that up.

10 And by the way, Alex is available to go down there
11 and straighten things out for you.

12 MR. DARUTY: Okay. Thank you.

13 SECOND VICE CHAIR AUERBACH: He told me.

14 MR. DARUTY: I appreciate your comments very much.

15 CHAIR WINNER: Are there any other comments?

16 COMMISSIONER RUANO: Yeah. I just wanted to say,
17 as a new Board Member, I would really appreciate having
18 folks come in.

19 CHAIR WINNER: You know what, I really think that
20 Commissioner Auerbach's recommendation is a really good one.
21 And I'd ask Staff to --

22 SECOND VICE CHAIR AUERBACH: Consider it.

23 CHAIR WINNER: -- to try to consider on each
24 agenda, for each meeting have at least one
25 organization --

1 SECOND VICE CHAIR AUERBACH: Like SCOTWINC --
2 CHAIR WINNER: -- make a presentation, right, to
3 tell us --
4 SECOND VICE CHAIR AUERBACH: -- so we can --
5 CHAIR WINNER: -- especially the new Members, so
6 that --
7 COMMISSIONER RUANO: Well, and it could be --
8 CHAIR WINNER: -- everybody has a good idea
9 of --
10 COMMISSIONER RUANO: Yeah.
11 CHAIR WINNER: -- what everybody in the
12 industry --
13 COMMISSIONER RUANO: And I don't want --
14 CHAIR WINNER: -- is doing.
15 COMMISSIONER RUANO: For the new Members. I don't
16 want to burden old Members. But maybe they could just talk
17 about things that they're doing differently if they've --
18 CHAIR WINNER: No. The truth is it doesn't burden
19 old Members. I mean, I learned some things today that I
20 didn't know --
21 COMMISSIONER RUANO: Okay.
22 SECOND VICE CHAIR AUERBACH: So did I.
23 CHAIR WINNER: -- from Scott's presentation. It's
24 always very, very helpful. I thought it was a very thorough
25 and positive presentation. I appreciate it.

1 MR. DARUTY: Thank you.

2 CHAIR WINNER: Thank you.

3 All right, Medication, Safety and Welfare
4 Committee discussion.

5 Are you going to give a report?

6 SECOND VICE CHAIR AUERBACH: Yes, sir. All right.

7 So we met yesterday. And these are some of the
8 notes that we took, that Mike too for me because I'm not
9 very good at it, and these are very complete.

10 We had Dr. Uzal with UC Davis -- did I say his
11 name right, Rick?

12 EXECUTIVE DIRECTOR BAEDEKER: Yes.

13 CHAIR WINNER: Yeah.

14 SECOND VICE CHAIR AUERBACH: -- okay -- with UC
15 Davis presented an annual report on the Necropsy Program for
16 the fiscal year '15-16. And the program performed
17 postmortems on all of the 205 horses that died within CHRB-
18 regulated facilities.

19 He had some interesting stats for us. He told us
20 that 90 percent of the catastrophic injuries were
21 preexisting, which means that there may, and I'm putting the
22 emphasis on the word may, have been opportunities to prevent
23 the fatal injuries. However, Dr. Arthur later added that
24 not all preexisting injuries, including some microfractures,
25 would show up on a scan.

1 So this is an area where the technology is
2 unfolding, I think at a rapid rate. And we are trying to
3 take advantage of it and learn what we can do to alleviate
4 some of these potential problems.

5 Eighty percent of the equine fatalities at CHRB
6 racing and training enclosures result from muscular -- oh,
7 boy, I'm good today -- musculoskeletal injuries during
8 racing and training, and a smaller percentage from illness
9 and other mishaps. Dr. Uzal stressed that many of the
10 injuries are preventable if horsemen and vets receive and
11 understand this information. And the program is going to
12 establish a residency program that would help with outreach,
13 fatality reviews, and pathology protocols.

14 I asked for more details, specifically on what we
15 can do to prevent these injuries. And Dr. Arthur said, for
16 example, Dr. Stover has been working on developing
17 techniques for identifying some preexisting injuries with
18 readily available ultrasound and providing information to
19 alert trainers and vets when a horses at greatest risk of
20 injury need to be examined, and to take steps beyond
21 standard diagnosis, which would be helpful.

22 CHAIR WINNER: That's right.

23 SECOND VICE CHAIR AUERBACH: Alan Balch said there
24 have been discussion on installing MRI equipment on the
25 backside, which would clearly help in identifying

1 preexisting conditions. Now, I asked how we are going to
2 get this information about protocol to responsible vets, and
3 Dr. Arthur said that was a challenge. Obviously, this is
4 something we have to figure out how to do. Rick Baedeker
5 suggested possibly requiring some amount of continuing
6 education on racetrack-specific issues for veterinarians.

7 Next we discussed the Fatality Review Program that
8 we are proceeding with on voluntary basis in California,
9 beginning with equine fatalities during the 2016 summer meet
10 at Del Mar. They're going to be informal. We're going to
11 make available anyone from -- if the trainers want to have
12 representatives from the CTT or anyone wants to have a
13 representative from any of the various boards, they can,
14 they don't have to. It's completely voluntary.

15 Now these programs are in existence now in New
16 York and Kentucky, and they're voluntary, and they're very
17 successful. And we are hoping to have the same kind of
18 cooperation here. We understand it's going to be a little
19 slow in the beginning. But we do hope to emulate what's
20 gone in other parts of the country.

21 And the whole point of having a review is not to
22 cast dispersions or point fingers, but to help us learn
23 whatever it is we can learn about what maybe could have been
24 done differently to help the horse. Sometimes there isn't
25 anything, but sometimes there is. And the best way to

1 address these problems is to educate ourselves, and that's
2 all we're trying to do.

3 The next thing we're going to talk about was
4 ARCI's model rule for the Vet's List. And Dr. Arthur
5 explained the major differences between our current rule and
6 the model rule, which would add two different provisions for
7 going on the Vet's List for positive tests, either post-race
8 or out-of-competition testing. Dr. Arthur identified other
9 differences that will need to be addressed before the matter
10 comes to the full Board. And adopting the model rule change
11 will make things much more uniform nationally. As horses
12 ship between various jurisdictions, when we all get on the
13 same page, we'll make everybody's lives simpler.

14 And the next thing we talked about was the
15 medication surveillance during training, as proposed at our
16 Committee meeting. And this is something that I'm very,
17 very proud of. And I think the -- our local industry and
18 community should be very proud of. Dr. Arthur said that
19 since we began this program March 25th, with the excellent
20 participation of practicing vets and trainers, too, we've
21 been able to collect the data on all but one training
22 fatality, and that was an unusual case. We've also been
23 expanding our testing program, including the postmortem
24 samples.

25 And I, for one, am very grateful and want to make

1 sure we all understand that we took on this program, rather
2 than try to come up with protocols and regulations and rules
3 and putting everybody under the gun, we trusted the members
4 of the community to do this survey for us. The intent
5 behind is, for those of you who were not part of it, was we
6 wanted to find out if the medications used in the morning
7 during training were excessive, but we didn't want to have
8 to go through all the protocols, and it takes time, to find
9 out if we have excessive medications being used in training.

10 And what we developed under Dr. Arthur's guidance
11 was a protocol when, God forbid, we lost a horse during
12 training, we would immediately get the blood samples of
13 those horses. And we put this into a protocol that was
14 completely voluntary, nobody had to do it, and the results
15 were amazing.

16 And the bottom line to the results, nine of the
17 ten horses that we could use the protocol on, we found no
18 glaring medication overages or nothing that was out of the
19 ordinary and would cause us concern that we were over-
20 medicating or utilizing anything that did not fit our common
21 protocols.

22 Somebody pointed out, I think it was Alan Balch,
23 that it was a small sample. I respectfully disagree. I
24 think that when you do something so random that no one has
25 any idea that you're doing it, when the horses go out to

1 train it the morning there isn't one trainer who sends out a
2 horse anticipating that they're going to lose the horse that
3 day. So no one was using any other normal -- anything other
4 than they normally do. No one was saying, oh, well, this is
5 for a test and we know it's a test. Nobody knew that these
6 horses would end up being tested. There was no way to know
7 it. And the fact that we did not have any egregious
8 medication violations or any egregious pointing to
9 substances we're not supposed to use or anything else, is
10 critical in understanding that, in my opinion, that the vets
11 and the trainers, on at least our local community, have the
12 message and are not doing things that are inappropriate with
13 the horses.

14 Dr. Arthur, would you agree that that is a fair
15 conclusion from what we did?

16 EQUINE MEDICAL DIRECTOR ARTHUR: Yes, I agree.

17 SECOND VICE CHAIR AUERBACH: So I wanted to call
18 attention, because we call people out all the time for what
19 they do wrong. And this was, I want to point out again,
20 this was voluntary. We didn't have to pass a CHRB rule.
21 And I know all of us up here would really not pass these
22 rules. We would rather that the community act in a
23 responsible fashion so that we don't have to play Mommy and
24 Daddy. And don't really like that. So I wanted to thank
25 everybody publicly.

1 And then the last thing that we talked about
2 was -- now I'm going to go back to making rules -- is a rule
3 to require continuing education for trainers as a condition
4 of license renewal. And also, we already have, as Rick
5 Baedeker pointed out, education modules available. We're
6 talking about all kinds of protocols where trainers can
7 utilize continuing education. And also we talked about
8 looking at the way trainers are licensed and improving that
9 procedure, and making sure that the people that we license
10 are better versed in what it is they're supposed to do.

11 And once again, thank you everybody.

12 CHAIR WINNER: Thank you very, very much, Vice
13 Chair.

14 Specifically on the last point, continuing
15 education, we've been talking about that now for as long as
16 I've been on the Board, as I recall. We really need to get
17 that implemented, that is as a condition of re-licensing,
18 trainers must go through continuing education.

19 EXECUTIVE DIRECTOR BAEDEKER: Yeah, Mr. Chairman,
20 you're absolutely right. Since I've been here, we've had
21 this as a high priority. And it's been a frustrating
22 experience, I think, for all of us. And I think we've
23 reached the conclusion that we've been aiming a little too
24 high. We've been developing modules, largely through Dr.
25 Stover at UC Davis, working with Dr. Arthur. And it's just

1 been a slow, careful attempt at maybe being -- maybe it's
2 been too careful, the process. As a result, we have ended up
3 with very, very sophisticated training tools that will be
4 invaluable to a certain percentage of trainers that will
5 take advantage of those.

6 But we've reached the conclusion that in order to
7 get this done we need to borrow a lot of work that's been
8 done around the country already by the Jockey Club, by ROPE,
9 by University of Kentucky, bring all of the best work
10 together. And we've contacted each of those entities and
11 they've agreed to work with us and provide a broad menu of
12 educational items from which a trainer can choose. So we
13 are really ready.

14 The only thing now that's holding us up is the
15 technology of hosting all of this material and providing the
16 mechanism to certify that an individual has, as a matter of
17 fact, completed the hours. We're also talking about
18 webinars, and we're talking about, possibly, even a live
19 class environment like they're doing in New York. So we are
20 now at the point where we are going to make it a reality
21 here in the new future.

22 CHAIR WINNER: Thank you very, very much.

23 Any other questions?

24 COMMISSIONER SOLIS: Yes.

25 CHAIR WINNER: Please, go ahead.

1 COMMISSIONER SOLIS: I think we were talking
2 yesterday, too, that we would like to see like Golden Gate,
3 Los Alamitos and San Luis Rey Downs do the same program that
4 we're doing at Santa Anita.

5 SECOND VICE CHAIR AUERBACH: We would like them
6 to.

7 COMMISSIONER SOLIS: We would to, yeah.

8 SECOND VICE CHAIR AUERBACH: But it's not -- I
9 don't know that the participants have --

10 CHAIR WINNER: You want to speak into the mike?

11 SECOND VICE CHAIR AUERBACH: We would like to.
12 Once again, Commissioner Solis, it would up to the personnel
13 in those locations to want to cooperate. Perhaps Dr. Arthur
14 can --

15 COMMISSIONER SOLIS: Well, I mean, that --

16 SECOND VICE CHAIR AUERBACH: -- shed some light
17 about how to do that.

18 COMMISSIONER SOLIS: Yeah. That would be great. I
19 mean, that would accelerate the process of learning more
20 about --

21 SECOND VICE CHAIR AUERBACH: Right.

22 COMMISSIONER SOLIS: -- the whole thing.

23 EQUINE MEDICAL DIRECTOR ARTHUR: Dr. Arthur,
24 Equine Medical Director.

25 You know, the purpose of this, I guess, run-

1 through --

2 SECOND VICE CHAIR AUERBACH: Controlled

3 environment.

4 EQUINE MEDICAL DIRECTOR ARTHUR: -- pilot program
5 here at Santa Anita was actually to develop protocols as to
6 how this would be done, with the intention of sending this
7 out to other facilities. Just remember, Santa Anita is very
8 unique in terms of having an equine hospital and a
9 laboratory right on the site. So there are some logistical
10 things that need to be worked out. We understand what those
11 are, and we will be working with that.

12 Golden Gate Fields has a reasonably well equipped
13 laboratory there and will be able to participate very
14 easily. But San Luis Ray Downs, Los Alamitos, some of the
15 fairs would be more difficult.

16 SECOND VICE CHAIR AUERBACH: How about Del Mar,
17 are they equipped to --

18 EQUINE MEDICAL DIRECTOR ARTHUR: Del Mar has --

19 SECOND VICE CHAIR AUERBACH: -- participate?

20 EQUINE MEDICAL DIRECTOR ARTHUR: -- a hospital
21 that doesn't really have a laboratory that would be able to
22 handle some of this. And we will extend -- this will be
23 done at Del Mar.

24 SECOND VICE CHAIR AUERBACH: Okay.

25 EQUINE MEDICAL DIRECTOR ARTHUR: Okay. For sure.

1 We'll make it work there.

2 SECOND VICE CHAIR AUERBACH: Good. Thank you.

3 CHAIR WINNER: Thank you.

4 All right, the last item is a report on the Race
5 Dates Committee, and it will be a very brief report.

6 Vice Chair Krikorian and I held a meeting
7 yesterday. It was a very wide-ranging discussion that had
8 more to do with horse population and field size than it did
9 race dates. We didn't talk specifically about any specific
10 race dates or recommendations from the various stakeholders
11 with respect to race dates.

12 We did discuss the pros and cons of a single
13 California race circuit, obviously the objective being
14 whether it's that or whatever we end up implementing,
15 including leaving the race dates as they are this year. As
16 some of you know, we're on a rolling three-year schedule
17 that we implemented last year. And several of those who
18 spoke, including Santa Anita and Del Mar, supported the
19 concept -- or I guess it was Santa Anita and Los Alamitos
20 supported the concept of continuing with that three-year
21 roll.

22 But primarily, we discussed -- it was an open-
23 ended discussion with respect to the problems that we have
24 in California in terms of field size and the impact that
25 that has on wagering, and the impact that that has on

1 purses, and the impact that that has on field size, et
2 cetera. So it's very circular. It's a problem. I think we
3 all recognize it. It was a good discussion. Various ideas
4 came forth.

5 We agreed to have another meeting in July. And we
6 asked the various participants who were there, and anyone
7 else who wasn't there who has any thoughts and
8 recommendations about this, to come to the July meeting with
9 some specific ideas about how to deal with the population
10 problem and the field size problem.

11 We don't want to get in a situation where we're
12 forcing horses that shouldn't be running. We don't want to
13 force trainers to put horses who aren't -- who shouldn't be
14 racing into a race. At the same time, we have --
15 approximately half of the horses who are stabled here at
16 Santa Anita haven't run during the meet. I don't know over
17 those numbers are absolutely accurate, but I think they're
18 pretty close, Scott, I'm not positive. I mean, it's a real
19 problem.

20 So those are the kinds of things we dealt with.

21 Do you want to add anything?

22 FIRST VICE CHAIR KRIKORIAN: No. I'm just hoping
23 that at the July meeting we get some important feedback from
24 the racing community.

25 CHAIR WINNER: I agree. And I think we will.

1 Hopefully everyone will, who was at the meeting, or anyone
2 else who has some thoughts, will come back at the July
3 meeting with their thoughts. And at the July meeting, we'll
4 be talking more about specific race dates for next season.

5 FIRST VICE CHAIR KRIKORIAN: Like Donald Trump
6 would say, it was a beautiful meeting.

7 CHAIR WINNER: Only this one was.

8 All right, anything else? Is there a motion to
9 adjourn?

10 FIRST VICE CHAIR KRIKORIAN: Moved.

11 CHAIR WINNER: Commissioner -- Vice Chair
12 Krikorian moves.

13 COMMISSIONER RUANO: Second.

14 CHAIR WINNER: And Commissioner Ruano seconds.
15 The meeting is adjourned. Thank you all very, very much for
16 attending and for your help.

17 (The regular meeting of the California Horse Racing Board
18 adjourned at 11:30 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 2nd day of June, 2017.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

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

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

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

June 2, 2017