



APPEARANCES

COMMISSIONERS

Keith Brackpool, Chairperson

David Israel, Vice Chairperson

Bo Derek

John C. Harris

Jerry Moss

Richard Rosenberg

STAFF

Kirk Breed, Executive Director

Richard Bon Smith, Assistant Executive Director

Robert Miller, Staff Counsel

Jacqueline Wagner, Regulations/Legislation Manager

Mike Marten

ALSO PRESENT

John Bucalo

Jack Liebau

Richard Castro

Daniel Howry

Barry Broad

Brad McKenzie

Debbie Cook

Carlo Fisco

William Anton

Guy Lamothe

APPEARANCES CONTINUED

ALSO PRESENT

Dave Elliott

Norb Bartosik

Tawny Tesconi

Richard Lewis

Tom Doutrich

Craig Fravel

Terry McWilliams

David Rosenfeld

Dennis Mills

Ed Hannah

Don Cameron

Rocco Liscio

Richard Scheidt

Dr. Rick Arthur

Sherwood Chillingworth

Dr. Gregory Ferraro

Cliff Goodrich

Alan Balch

Marsha Naify

Bob Fox

Chris Belluomini

Robert Hartman

George Haines

APPEARANCES CONTINUED

ALSO PRESENT

Joe Coto, Assemblyman

INDEX

	<u>PAGE</u>
<u>Action Items:</u>	
1. Presentation of the California Horse Racing Board Resolution to John Andreini	Deferred
2. Approval of the minutes of the regular meeting of April 15, 2010.	3
3. Public Comment	
4. Report from the Medication and Track Safety Committee.	9
5. Public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1689, Safety Helmets Required, to establish and/or revise standards for safety helmets worn by any person mounted on a horse on the racetrack, mounted in or riding on a sulky, or working as a member of the gate crew. (Note: This concludes the 15-day public comment period. The Board may adopt the proposal as presented.)	12
6. Discussion and action by the Board on the Application to Conduct a Horse Racing Meeting of the San Joaquin County Fair (F) at Stockton, commencing June 16, 2010 through June 20, 2010, inclusive.	29
7. Discussion and action by the Board on the Application to Conduct a Horse Racing Meeting of the California Exposition and State Fair (F) at Sacramento, commencing July 14, 2010 through July 25, 2010, inclusive.	43
8. Discussion and action by the Board on the Application to Conduct a Horse Racing Meeting of the Sonoma County Fair (F) at Santa Rosa, commencing July 28, 2010 through August 15, 2010, inclusive.	46
9. Discussion and action by the Board on the Application to Conduct a Horse Racing Meeting of the Del Mar Thoroughbred Club(T) at Del Mar, commencing July 21, 2010 through September 8, 2010, inclusive.	53

INDEXPAGEAction Items:

- |     |   |     |
|-----|---|-----|
| 10. | Discussion and action by the Board regarding an update from Magna Entertainment Corporation concerning its bankruptcy proceedings and future racing operations.   | 73  |
| 11. | Discussion and action by the Board regarding an update from Oak Tree Racing Association concerning the status of its lease with Santa Anita Park Race Track, including any potential impact the lease may have on its September 29, 2010 through October 31, 2010 allocated race dates.   | 115 |
| 12. | Discussion and action by the Board regarding the amendment to Pacific Racing Association's Application for License to Conduct a Horse Racing Meeting at Golden Gage Fields, commencing December 26, 2010 through June 13, 2010, inclusive, to update the application to reflect Magna International Developments, Inc. as the current parent company of the Pacific Racing Association. | 131 |
| 13. | Discussion and action by the Board regarding the amendment to Pacific Racing Association's Application for Authorization to Operate a Simulcast Wagering Facility to update the application to reflect Magna International Developments, Inc. as the current parent company of the Pacific Racing Association.  | 131 |
| 14. | Discussion and action by the Board regarding the amendment to Los Angeles Turf Club's Application for Authorization to Operate a Simulcast Wagering Facility to update the application to reflect Magna International Developments, Inc. as the current parent company of the Pacific Racing Association.   | 131 |
| 15. | Discussion and action by the Board regarding certification of the eligibility of any prospective operator of a race meeting at the Del Mar Race Track to be licensed to conduct horse racing as required under Food and Agricultural Code section 4356.   | 141 |

INDEXPAGEAction Items:

16.	Discussion and action by the Board on the approval of service, steward and official veterinarian contracts for fiscal year 2010-2011.	144
17.	Closed Session	149
	Adjournment	149
	Certificate of Reporter	150



1 as well as during the public comment period.

2           There's a public comment sign-in sheet for each  
3 agenda item on which the Board invites comments.

4           Also, there's a sign-in sheet for those wishing to  
5 speak during the public comment period for matters not on  
6 the Board's agenda, if it concerns horse racing in  
7 California.

8           Please print your name legibly on the public  
9 comment sign-in sheet. When a matter is open for public  
10 comment, your name will be called.

11           Please come to the podium and introduce yourself  
12 by stating your name and organization clearly. This is  
13 necessary for the court reporter to have a clear record of  
14 all who speak.

15           When your three minutes are up, the Chairman will  
16 ask you to return to your seat so others can be heard.

17           When all the names have been called, the Chairman  
18 will ask if there is anyone else who would like to speak on  
19 a matter before the Board.

20           Also, the Board may ask questions of individuals  
21 who speak.

22           If the speaker repeats himself or herself, the  
23 Chairman will ask if the speaker has any new comments to  
24 make. If there are none, those people will be asked to let  
25 others make comments to the Board.

1 Chairman Brackpool.

2 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

3 Good morning, everybody.

4 Firstly, thank you to Golden Gate for this  
5 wonderful spread they have around the back. But just to  
6 echo what Executive Director Breed was saying, this room  
7 does get noisy.

8 So, if you're over there grazing, do it very, very  
9 quietly and do that.

10 I gather from staff that Item Number 1 is put over  
11 until the next meeting because John was unable to make the  
12 meeting today.

13 So, we'll move right on to Item Number 2, which is  
14 approval of the minutes of the April 15th meeting.

15 COMMISSION VICE CHAIRPERSON ISRAEL: So moved.

16 COMMISSION CHAIRPERSON BRACKPOOL: Do I have any  
17 comments from Commissioners?

18 Okay, the motion moved by Vice Chair Israel and  
19 seconded by?

20 COMMISSIONER MOSS: Second.

21 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
22 Moss.

23 Public comment. I have one request to speak in  
24 the public comment period, John Bucalo, from Barona.

25 MR. BUCALO: I do. Good morning, Chairman, Vice

1 Chairman, Members of the Board. John Bucalo, from Barona  
2 Casino.

3 COMMISSION CHAIRPERSON BRACKPOOL: I think you  
4 have to speak into a different microphone, perhaps.

5 MR. BUCALO: John Bucalo, from Barona Casino Off  
6 Track Betting.

7 At the last meeting, on April 15th, I had asked  
8 the Board and previously wrote a letter requesting satellite  
9 facilities be able to conduct full-card wagering. And it  
10 would increase our revenue, our guests would like to have  
11 it. The cost of offering full-card wagering would be  
12 minimal, if any at all.

13 The reason is we currently have early bird  
14 wagering, which brings our guests in, in the mornings, and  
15 we do not have any clerks. All that they bet with is using  
16 the self-service betting machines, which take money, and  
17 also vouchers, and winning tickets.

18 So, it would not cost any more for operating  
19 expenses, as the tracks mentioned.

20 In addition, we need -- the satellites are all  
21 struggling, we need to find new ways and innovation to try  
22 to make some money and make ourselves financially strong,  
23 and this would help.

24 Although it would not bring a lot of money in,  
25 every little bit helps. And at the conclusion of the year

1 it adds up to a lot.

2           And I know that it was opposed last time by  
3 Hollywood Park and Santa Anita, and I do want to address  
4 this with the Board, that both of those tracks have their  
5 own ADWs where they can bet with -- through the computer and  
6 over the telephone. And on their own ADWs, in California,  
7 they are able to bet full cards. In other words, at -- at  
8 Belmont or Aqueduct, we only take races, usually, from 8:00  
9 to 9:00.

10           And then can bet in California, using an ADW, the  
11 first race, and we cannot. And I think this should be on a  
12 level playing field. ADWs are making a higher percentage,  
13 they're offering rebates to their players.

14           The satellite facilities cannot, they're making  
15 2.33 percent as a commission. That makes every thousand  
16 dollars bet the facility makes \$23. It's very difficult for  
17 operating expenses for satellite facilities.

18           And we all know what's going on in New York right  
19 now. And for us that promote racing, very hard. We try to  
20 put out the best racing we can and the best facility.

21           Playing -- I don't know if you've been to Barona  
22 or not, but we try very hard. They've allowed me to spend a  
23 lot of money in televisions and other things that make the  
24 guests more comfortable when they come.

25           So, I hope that you would consider allowing us to

1 have full card wagering.

2 I asked last time, at the meeting I mentioned that  
3 the satellite should have a survey, and the tracks as well,  
4 and you mentioned to me how about us having one.

5 I took a survey and in three days this is what I  
6 got, 258 people signed a survey, and out of the 258, 255 of  
7 them wanted full card simulcasting and only five of them did  
8 not. And one of them, I don't think, spoke English. I  
9 don't think he knew what --

10 COMMISSION CHAIRPERSON BRACKPOOL: So the five  
11 didn't get a meal voucher?

12 MR. BUCALO: No, they --

13 (Laughter.)

14 MR. BUCALO: But we didn't do that to him,  
15 fortunately.

16 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

17 MR. BUCALO: But it would be very helpful to us  
18 and I'd like to --

19 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,  
20 John.

21 MR. BUCALO: -- petition this Board.

22 COMMISSION CHAIRPERSON BRACKPOOL: You can. On a  
23 serious note, I happen to note that staff have prepared a  
24 response to the letter that you sent. And the reason I know  
25 that is it's sitting on my desk for approval and I didn't

1 get to it in the last two days. So, you will be getting a  
2 response to the letter you sent.

3 MR. BUCALO: Okay, wonderful, thank you so much.

4 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

5 COMMISSIONER HARRIS: And I like the concept. I'm  
6 not sure if it requires a legislative change or what.

7 COMMISSION CHAIRPERSON BRACKPOOL: It's a  
8 legislative.

9 COMMISSION VICE CHAIRPERSON ISRAEL: It's a  
10 legislative change.

11 COMMISSIONER HARRIS: Thanks.

12 MR. LIEBAU: Mr. Chairman?

13 COMMISSION CHAIRPERSON BRACKPOOL: If you would  
14 give that to Jackie, she'll do that.

15 MR. LIEBAU: My name is Jack Liebau, I'm President  
16 of Hollywood Park. I'd just like to correct, for the  
17 record, Hollywood Park does not have a financial interest in  
18 any ADW provider.

19 COMMISSION CHAIRPERSON BRACKPOOL: Right. Thank  
20 you.

21 MR. LIEBAU: Okay.

22 COMMISSION CHAIRPERSON BRACKPOOL: Richard Castro  
23 is the next speaker.

24 MR. CASTRO: Richard Castro, representing Pari-  
25 mutuel Employees Guild, Local 280.

1 I thought two months ago there was going to be an  
2 agenda item on what the future business plan is that you  
3 were looking for, to keep racing going after July 1st.

4 Can you give me an update as to what the  
5 acceptable business plan is? Is there a plan?

6 COMMISSION CHAIRPERSON BRACKPOOL: The item that  
7 you refer to was the Scotwinc/Notwinc business plan that we  
8 had said had to be back here before the end of June. And as  
9 far as I understand, that is set for the June Board meeting.

10 EXECUTIVE DIRECTOR BREED: The end of May.

11 MR. LIEBAU: All right, thank you.

12 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

13 All right, no other public comment we will move  
14 on, we've got a lot of other things to get through before  
15 the noise of live racing gets to us, do that.

16 Just before we start, I'd like to say on a  
17 personal note, and I believe the other Commissioners here,  
18 as well, how sad we were to see the resignation of Ron  
19 Charles. Ron has been a great ambassador to this game.

20 Both as a fan, a horseman, a Commissioner, and  
21 most recently as Chair, I've had very good, straight forward  
22 dealings with Ron.

23 And I think, on behalf of the Board, we wish him  
24 well for the future.

25 The next item is Number 4, a report from the

1 Medication and Track Safety Committee, which met yesterday,  
2 under the Chair of that Committee, Commissioner Derek.

3 COMMISSIONER DEREK: Thank you. Yes, yesterday we  
4 had a meeting, mainly discussion. It was very well  
5 attended. Thank you all for coming and giving us your  
6 input.

7 The first item on the agenda was a report and  
8 discussion regarding Racing, Medication and Testing  
9 Consortium, the RMTTC, April 12th meeting, including  
10 laboratory accreditation, withdrawal time, research and  
11 proposed changes to non-steroidal anti-inflammatory drug and  
12 SAID levels.

13 And there was discussion about changing the  
14 regulation for race day from five micrograms to two  
15 micrograms. We had a lot of input on that and we'll be  
16 discussing it further.

17 There was an update by Executive Director Kirk  
18 Breed on track safety standards programs. And without going  
19 into too much detail, we have the most amazing, advanced  
20 weather, track conditions updated every 15 minutes on the  
21 CHRB website for trainers, anyone interested. And bettors,  
22 evidently, are very interested in these details as well.

23 We also had a report and discussion from  
24 University of California, at Davis, on the necropsy program,  
25 which is going very well and we're learning very much. And

1 the update of the equine injury database.

2 We had a discussion and update on the CHRB drug  
3 testing programs and it's proving to be very successful.

4 Number five was action regarding proposed  
5 amendment to CHRB Rule 1844, Authorized Medication, to  
6 modify levels permitted for procaine subsequent to procain  
7 penicillin administration.

8 And this is one issue that we'd like to move to  
9 the Board.

10 Number six was discussion regarding the  
11 transparency and transferability of the veterinary medical  
12 records. This was -- got a lot of discussion and, as far as  
13 I could tell, it seemed very good for the horse, but  
14 veterinarians and trainers were not very fond of the idea,  
15 so, we'll continue this discussion.

16 Number seven was the proposed amendment to CHRB  
17 Rule 1846.5, Postmortem Examination, to require training and  
18 veterinary medical records on all horses dying within a CHRB  
19 enclosure.

20 And this would require 90 days of medical records  
21 for any horse dying within the enclosure, and this will help  
22 us with our necropsy program.

23 And we would like to move this to the Board, as  
24 well.

25 COMMISSION CHAIRPERSON BRACKPOOL: Okay. So,

1 which items do we want to move to the next Board agenda? It  
2 was items three --

3 COMMISSIONER DEREK: Items 5 and 7.

4 COMMISSION CHAIRPERSON BRACKPOOL: Five and seven.

5 Okay, so staff will take note that five and seven, we'll  
6 prepare the necessary background information and prepare  
7 those for the meeting.

8 Thank you, again, the meeting was well attended, a  
9 spirited discussion. And Commissioner Harris won a race in  
10 between the first and the second item.

11 COMMISSION VICE CHAIRPERSON ISRAEL: That's  
12 perfect. Well, that's the way it should be.

13 COMMISSIONER DEREK: That's right. And I would  
14 also like to encourage everyone to contact to me, the Board,  
15 and Commissioner Harris with any thoughts and suggestions  
16 regarding medication and safety.

17 COMMISSIONER HARRIS: Well, one thing we  
18 discussed, too, is that there could be a voluntary effort.  
19 I mean, I think we need to keep moving forward with the  
20 regulations, but there needs to be more of a voluntary  
21 spirit on the sharing of the vet records and the sharing of  
22 any issues that might impact the necropsy.

23 And I think that -- I don't think it's been that  
24 owners or trainers, on the necropsy, are purposely avoiding  
25 that, but I think they need to be more proactive in

1 providing that.

2 COMMISSION CHAIRPERSON BRACKPOOL: Okay. Before I  
3 move on, Director Breed tells me he believes there was a  
4 card to speak on this issue, although I do not have a card.

5 EXECUTIVE DIRECTOR BREED: No.

6 COMMISSION CHAIRPERSON BRACKPOOL: No. You were  
7 wrong?

8 EXECUTIVE DIRECTOR BREED: I was wrong.

9 COMMISSION CHAIRPERSON BRACKPOOL: Okay. For the  
10 record, Kirk was wrong.

11 (Laughter.)

12 EXECUTIVE DIRECTOR BREED: I was suckered in,  
13 again.

14 COMMISSIONER HARRIS: By who?

15 COMMISSION CHAIRPERSON BRACKPOOL: Yeah, they got  
16 him on that one. Well done.

17 All right. Item Number 5, Jackie, this is the  
18 safety helmet issue that we held over from the last meeting.

19 So, let's read through the title, but that's about it  
20 because everything else is self-evident and I think we were  
21 just waiting until we had the Teamsters position clarified,  
22 a couple of other people that sent in comment letters.

23 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie  
24 Wagner, CHRB staff.

25 Item Number 5 is the public hearing and action by

1 the Board regarding the proposed amendment to CHRB Rule  
2 1689, Safety Helmets Required, to establish and/or revise  
3 standards for safety helmets worn by any person mounted on a  
4 horse on the racetrack, mounted in or riding on a sulky, or  
5 working as a member of the gate crew.

6 This concludes the 15-day public notice period and  
7 the Board may adopt the proposal as presented.

8 As the Chairman mentioned, this is a continuation  
9 from the hearing that was held last month, at the Board's  
10 last month's meeting.

11 The proposed amendment would require any person  
12 working as the gate crew to wear a helmet, in addition to  
13 establishing safety standards for our helmets.

14 The amendment also would require that any person  
15 working as a member of the gate crew would have to wear a  
16 safety helmet.

17 At last month's hearing we heard opposition from  
18 the gate crew members to this proposal and the item was put  
19 over for further discussion in order to allow our Chairman  
20 of the Medication Committee to be in attendance before the  
21 Board took action on the item.

22 COMMISSION CHAIRPERSON BRACKPOOL: Before I ask  
23 any of the Commissioners to speak, we have one speaker on  
24 this issue, Daniel Howry, assistant starter.

25 MR. HOWRY: Yes, my name is Dan Howry, assistant

1 starter, here at Golden Gate Fields.

2 I've been asked to address the issue of assistant  
3 starters wearing helmets by the Assistant Starters of  
4 Northern California.

5 As of now, speaking with the assistant starters,  
6 they all are against the idea for the mandatory helmets for  
7 assistant starters.

8 I know Mike Sherlock has talked to you at the  
9 meeting down in Southern California, concerning the specific  
10 reasons why we do not really want to wear the helmets.

11 I think one of the reasons being the injuries that  
12 assistant starters actually do receive to the head. The  
13 helmet would, more so than not, just protect the top of the  
14 head and the majority of our injuries either come to the  
15 frontal part, the face, or the side, the cheekbone and down.

16 And so we really don't believe that the helmet  
17 would prevent the injuries that we actually receive.

18 There's also a possibility with the rim of the  
19 helmet possibly getting hooked or hung up on specific type  
20 of bits that the horses would be -- that the horses have on,  
21 such as the prong bit or a extension.

22 We're also interested in finding out, if it's  
23 actually been looked into, the type of injuries that  
24 assistant starters do receive in the past on the -- to their  
25 head injury or head area.

1           As I said, we're kind of to the belief that it's  
2 generally to the frontal part or to the sides and the  
3 helmets actually wouldn't prevent those injuries.

4           And then, finally, I guess what we're -- just in  
5 case you do decide to go through the helmet requirement for  
6 assistant starters, we just wish that we would be consulted  
7 on the particular helmet that you're going to come up with,  
8 that we're going to have to be required to use, just so we  
9 can look to see if there's any safety issues that could  
10 actually become more hazardous with the helmet.

11           Thank you.

12           COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

13           Commissioner Derek?

14           COMMISSIONER DEREK: I'm sorry I wasn't at the  
15 meeting last month, I couldn't make it, so I haven't been  
16 able to speak to the Board about this and I don't know  
17 whether we should be waiting and meeting again, or whether  
18 we should vote on this.

19           To me, it seems obvious that an assistant starter  
20 should wear a helmet, but I understand and I understand your  
21 concerns.

22           The visual, that it might impede your visual and  
23 your peripheral vision, I don't see that as a problem,  
24 having worn a helmet for the past year, myself, just to see  
25 what it was like.

1 I think it makes sense to wear helmets.

2 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
3 Israel?

4 COMMISSION VICE CHAIRPERSON ISRAEL: I support,  
5 I'm an advocate of instituting the helmet rule. My  
6 experience is that any time somebody's tried to implement  
7 some sort of safety, helmet situation in sports or even on  
8 the road there's always been pushback because it's not what  
9 people are used to, but at the end of the day it improves  
10 safety.

11 And then I would ask the question, what if someone  
12 is injured, suffers a severe head injury, who works on the  
13 starting gate, whose financial responsibility is it to care  
14 for that person moving forward if no helmet is worn?

15 Are the assistant starters willing to take that  
16 responsibility and waive the liability of the racetracks,  
17 the trainers, the owners? You know, I'd want to know what  
18 the liability issues are as it relates to this.

19 COMMISSION CHAIRPERSON BRACKPOOL: Well, I  
20 think -- Commissioner Harris.

21 COMMISSION VICE CHAIRPERSON ISRAEL: Can he answer  
22 the question?

23 COMMISSIONER HARRIS: Well, to David's point and  
24 to Bo's point, I'm somewhat of a libertarian on this issue,  
25 really, and I don't know if government needs to dictate who

1 wears helmets. And, conceivably, we could wear helmets here  
2 today because this is an earthquake area, the roof could  
3 cave in and it might be slightly safer if we all had helmets  
4 on.

5 In the starting gate issue, I tend to agree with  
6 the crew that, clearly, if their employer is the track,  
7 Golden Gate Fields or Hollywood Park, they are the deep  
8 pocket on the workman's comp, you know.

9 So, if their employer wants them to wear helmets  
10 or whatever safety equipment their employer feels is  
11 appropriate, or if Cal-OSHA feels it's appropriate, then  
12 they should wear it and that would be paid for by their  
13 employer.

14 But to just impose it on someone without data that  
15 can conclusively say there have been some degree of -- the  
16 motorcycle issue there was clearly there were motorcycle  
17 riders that would have been better off if they had helmets.

18 But I don't think we've found that, maybe it's out  
19 there somewhere, but before we mandate things we've got to  
20 see clear evidence that whatever we're mandating has a  
21 beneficial result.

22 COMMISSION CHAIRPERSON BRACKPOOL: I apologize,  
23 Commissioner Israel asked you a question.

24 COMMISSION VICE CHAIRPERSON ISRAEL: It's a  
25 question of liability. Should we not impose the rule and

1 should an assistant starter suffer, you know, an injury,  
2 which would be an egregious, horrible situation, are you  
3 willing to waive liability?

4 MR. HOWRY: Well, as far as liability, I don't  
5 think we'd have to waive liability. If it's an occupational  
6 injury, I really couldn't answer that.

7 COMMISSION VICE CHAIRPERSON ISRAEL: But then  
8 isn't it incumbent on the regulators to try to avoid those  
9 injuries? Because at the end of the day the State and the  
10 employer bear the burden, the financial burden, and the  
11 psychological burden, nobody wants to see anybody get hurt.

12 Look, in hockey there was a movement that took a  
13 long time to require that players wear helmets, there was a  
14 great deal of pushback against it. They grandfathered in  
15 the players that weren't wearing them and they could play  
16 the rest of their careers without them, if they didn't want  
17 to.

18 But they've started wearing them, now, a hundred  
19 percent of hockey players wear helmets and head injuries are  
20 down dramatically.

21 And when football, going back a million years,  
22 instituted facemasks, a lot of players didn't want to wear  
23 them, they said, well, it's going to screw our vision was  
24 actually the big argument.

25 Well, they, in due course, everybody started

1 wearing them and their vision's fine and facial injuries are  
2 down significantly.

3 In auto racing, nobody wanted to wear the HANS  
4 device and then Dale Earnhardt, who was one of the people  
5 who didn't want to wear it, got killed and now everybody  
6 wears it in NASCAR racing, and fatal injuries are down  
7 tremendously.

8 So, in every aspect of sports, when helmets or  
9 these safety devices have been instituted, injuries have  
10 been diminished, but there's always been pushback against  
11 the institution of the change.

12 And, so, you know, I understand you're used to  
13 doing something a certain way, you don't want to change it,  
14 I'm as stubborn as the next guy, probably more so. But it's  
15 probably progress in a good thing.

16 Maybe we have to do it so we can grandfather in  
17 those of you who don't want to wear it, but the guys who  
18 want to wear it can wear it without feeling they're going to  
19 be chastised in any way, or ridiculed. That might be an  
20 easier way to do it.

21 COMMISSIONER HARRIS: Is that an issue, that  
22 people feel they'd be ridiculed if they wore one on their  
23 own?

24 MR. HOWRY: I don't believe they do. The ridicule  
25 part I don't think really comes into play.

1           COMMISSIONER HARRIS: Well, they can take it,  
2 those are pretty tough guys.

3           (Laughter.)

4           COMMISSION VICE CHAIRPERSON ISRAEL: So are hockey  
5 players. You know, the locker room's the locker room.

6           COMMISSION CHAIRPERSON BRACKPOOL: Well, I think  
7 the issue is does it affect the peripheral vision. I mean,  
8 we have an approval now where everybody mounted on a horse,  
9 on a track has to wear a safety helmet and the last hold out  
10 is the starting gate crew.

11           We have data here on how many injuries and, you  
12 know, how many were head injuries, and we're arguing about  
13 where it hit somebody in the head. I don't want it to hit  
14 you in the head and hurt you, period.

15           And I don't want to be having this discussion  
16 after it has hit you in the head and, you know, maimed  
17 somebody. That's not what we're here to do.

18           We're not here to make the job harder, we're not  
19 here to mandate safety issues that I don't think are  
20 critical.

21           To me, the issue that I wanted to discover between  
22 last meeting and this one was the peripheral vision issue,  
23 and we have some pretty good data in here from the experts,  
24 that states that the peripheral vision is not an issue.

25           And, frankly, I think it's considerably less of an

1 issue than the wearing of a baseball cap would be. So, I  
2 just don't think the peripheral vision is really the issue.

3 This is not an easy one. You know, I believe we  
4 should just go ahead and take a vote on this issue and move  
5 on. And, you know, if this is something that needs to be  
6 revisited at some stage in the future, then I think it  
7 should come back to the Medication and Track Safety  
8 Committee first, we can talk about how it's going.

9 And if the Committee members, on that Committee,  
10 believe it warrants coming back to the Board for some  
11 modification, we can do that.

12 We've already addressed the issue that  
13 Commissioner Rosenberg raised, of who would pay for the  
14 helmets, as well.

15 Commissioner Moss?

16 COMMISSIONER MOSS: I just wanted to know, is it  
17 possible you would accept a modification of the current  
18 safety helmet?

19 MR. HOWRY: We'll that's one of the things we're  
20 interested in is that if we are required, that we would have  
21 some kind of input into the actual helmet that management  
22 would be buying for us, that's what we're asking.

23 And also, you know, if it could be phased in, it  
24 would be more accepted by the assistant starters as well.  
25 You know, so, it's a possibility.

1           COMMISSIONER MOSS: It would be a consideration,  
2 perhaps, if you can give us some picture of what you think  
3 might be more acceptable or whatever.

4           COMMISSIONER DEREK: Within the approved helmets  
5 there are many different styles, with visors, without  
6 visors, so that there's nothing that would affect your  
7 peripheral vision.

8           COMMISSION CHAIRPERSON BRACKPOOL: The way the  
9 rule reads here is "The amendment establishes that new  
10 standards requiring the helmets comply with at least one of  
11 the following four product standards."

12           So, it's not that they have to comply with all,  
13 they just have to comply with one.

14           Commissioner Rosenberg?

15           COMMISSIONER ROSENBERG: Well, my question was  
16 related to the same question Commissioner Moss asked. We  
17 heard at the last meeting that there were virtually no  
18 injuries to the top of the head for any assistant starters  
19 in the State.

20           Today, you're saying that there have been injuries  
21 to the front of the face, and here we're approving a rule  
22 without covering the issue of whether the helmets that are  
23 worn by people on our racetrack should all be the same. If  
24 the assistant starter requires to be protected in the face,  
25 that's the most likely place to be hit, then it would seem

1 if they have to wear a helmet, they should wear the one with  
2 something to protect their face.

3 COMMISSION CHAIRPERSON BRACKPOOL: Be careful what  
4 you wish for, it may come true.

5 MR. HOWRY: The problem with that is it would  
6 prevent an assistant starter from pinning a horse down that  
7 becomes agitated in the gate and that's one of the -- about  
8 the only thing, really, we have as far as bringing some of  
9 the horses under control.

10 COMMISSION CHAIRPERSON BRACKPOOL: And we're not  
11 trying to do anything that's making the job harder.

12 Barry, you want to say something before we --

13 MR. BROAD: Yeah, Barry Broad, on behalf of the  
14 Teamsters. Clearly, our assistant starters don't want to  
15 wear these helmets and they don't believe it's going to  
16 enhance their safety and so, we've sort of backed off of our  
17 position supporting it.

18 Although, I have to say that if there is some risk  
19 of injury, whatever appropriate protective gear ought to be  
20 worn. If the protective gear makes it more dangerous for  
21 some reason, then that obviously has to be taken into  
22 consideration.

23 So, that's sort of what our position is, which is  
24 a reversal.

25 COMMISSION VICE CHAIRPERSON ISRAEL: Wait, so you

1 took both sides, your position is both sides. You're  
2 strongly in favor either/or.

3 COMMISSIONER HARRIS: I wish we had better data,  
4 though, because it was implied that there were head injuries  
5 in starting gate crews, where what I read in the report  
6 doesn't substantiate that. It says there were 13 injuries.  
7 This is national, like literally, probably, hundreds of  
8 thousands of days of work, and there were 13 fatal injuries,  
9 but they were other track personnel, which it wasn't  
10 necessarily starting gate.

11 I wish we could drill down in the numbers and show  
12 me somebody that would have been saved if they had a helmet  
13 on.

14 COMMISSION CHAIRPERSON BRACKPOOL: Yeah, but I  
15 don't want to do that, John, because I don't want to wait  
16 until somebody is not with us and then we have the  
17 discussion about the helmet. The idea is --

18 COMMISSIONER HARRIS: But I don't want to be the  
19 guy that passes something that created it. I mean, maybe  
20 it's not broken and we're going to break it.

21 COMMISSION CHAIRPERSON BRACKPOOL: All right.  
22 Well, let's do this, let me ask two questions of staff  
23 before we come up with a motion here, if you would, Jackie,  
24 what is the phase-in time?

25 REGULATIONS/LEGISLATION MANAGER WAGNER: The

1 phase-in time. If the Board were to approve this proposal  
2 as presented, the staff would have to complete the rule-  
3 making file. That would take -- we get the transcript  
4 approximately two weeks after the meeting, we have to  
5 complete the file, send it to the Office of Administrative  
6 Law. They have 30 days in which to make a determination on  
7 the rule as it is presented.

8 If it is approved as presented, it is 60 days  
9 before it goes into effect, so we have about 90 days.

10 COMMISSION CHAIRPERSON BRACKPOOL: Ninety days.  
11 So, what can we do in that 90 days to look at what the  
12 correct helmet would be that would make everybody --

13 REGULATIONS/LEGISLATION MANAGER WAGNER: The  
14 correct helmet, really, is a matter of the assistant  
15 starters. The way the rule is drafted, the helmet only has  
16 to meet one of the four standards.

17 As Commissioner Derek mentioned, there are a  
18 number of helmets that are out there that fall within this  
19 category. We are not mandating that they have to wear one  
20 particular helmet, that is really up to the assistant  
21 starter.

22 COMMISSION VICE CHAIRPERSON ISRAEL: Are there any  
23 tracks that have a house rule that requires assistant  
24 starters to wear helmets?

25 REGULATIONS/LEGISLATION MANAGER WAGNER: I'm not

1 aware of assistant starters.

2 COMMISSION VICE CHAIRPERSON ISRAEL: Los Alamitos?  
3 Los Alamitos? They have helmets, that's what I thought,  
4 I've seen it.

5 So, is there somebody here from Los Alamitos?  
6 Ron?

7 COMMISSIONER HARRIS: Yeah, that's one of the  
8 issues, I don't understand --

9 COMMISSION VICE CHAIRPERSON ISRAEL: Well, let me  
10 finish.

11 COMMISSIONER HARRIS: Well, why do we need --

12 COMMISSION VICE CHAIRPERSON ISRAEL: Wait, John,  
13 let me -- can I finish?

14 COMMISSIONER HARRIS: Yeah, I'm sorry.

15 COMMISSION VICE CHAIRPERSON ISRAEL: All right.  
16 Ron?

17 EXECUTIVE DIRECTOR BREED: Can you come up to the  
18 podium, please?

19 COMMISSION VICE CHAIRPERSON ISRAEL: Is there  
20 somebody here from Los Al?

21 Is that correct, you require assistant starters to  
22 wear helmets?

23 MR. MC KENZIE: We actually don't require them,  
24 they --

25 THE REPORTER: Sir, can you state your name for

1 the record?

2 MR. MC KENZIE: Brad McKenzie, Los Alamitos Race  
3 Course.

4 We didn't require them, they've pretty much done  
5 this on their own. We did it mainly for savings in Worker's  
6 Comp costs, trying to reduce, you know, insurance losses  
7 and, obviously, for their safety. So, it's not actually,  
8 officially mandated, but they as a group did it on their  
9 own.

10 COMMISSION VICE CHAIRPERSON ISRAEL: And it's been  
11 effective?

12 MR. MC KENZIE: They haven't had any problems.

13 COMMISSION VICE CHAIRPERSON ISRAEL: And has there  
14 been any complaint about vision?

15 MR. MC KENZIE: No. And I have to say that, you  
16 know, being an assistant starter for a Quarter Horse race is  
17 as difficult, if not more difficult, than thoroughbred.

18 COMMISSION VICE CHAIRPERSON ISRAEL: Right.

19 MR. MC KENZIE: They're more high strung. But we  
20 have not had any problems, they wear safety vests and they  
21 wear helmets.

22 COMMISSION VICE CHAIRPERSON ISRAEL: Yeah, that's  
23 what I thought.

24 COMMISSION CHAIRPERSON BRACKPOOL: Want to make a  
25 motion?

1           COMMISSIONER DEREK: Yes. I'd like to make a  
2 motion to vote on this.

3           COMMISSION CHAIRPERSON BRACKPOOL: Okay. So,  
4 Commissioner Derek makes a motion to approve the item as  
5 drafted.

6           All in favor?

7           COMMISSION VICE CHAIRPERSON ISRAEL: We need a  
8 second.

9           COMMISSION CHAIRPERSON BRACKPOOL: Yeah, who's  
10 going to second the motion?

11          COMMISSION VICE CHAIRPERSON ISRAEL: I'll second  
12 it.

13          COMMISSION CHAIRPERSON BRACKPOOL: David will  
14 second -- Commissioner Israel seconds the motion.

15          In favor?

16          (Ayes.)

17          COMMISSION CHAIRPERSON BRACKPOOL: Opposed?

18          (Nay.)

19          COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
20 Harris is opposed.

21          COMMISSIONER HARRIS: Just to clarify, my point is  
22 that any individual should be able to wear a helmet, if they  
23 wish. A track, who is the employer, could mandate helmets,  
24 if they wish. I just don't think it's CHRB's role to  
25 intervene in either case.

1 COMMISSION CHAIRPERSON BRACKPOOL: Okay, let's  
2 move on. Item Number 6, application to conduct a horse  
3 racing meeting, San Joaquin County Fair.

4 Who do we have to present for this issue?

5 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie  
6 Wagner, CHRB staff.

7 The application before you is from the San Joaquin  
8 County Fair. They have filed their application to race from  
9 June 16th through June 20th. This is five days. They'll be  
10 racing four days less than they raced in 2009.

11 They are racing Wednesday, Thursday, Friday,  
12 Saturday and Sunday. Ten races per day are proposed for  
13 Wednesdays, Thursdays and Fridays, and 12 races per day on  
14 Saturday and Sunday.

15 They will be racing concurrently with Hollywood  
16 Park from June 16th through June 20th.

17 The first post time is 12:45 p.m.

18 The analysis indicates that we have some  
19 outstanding documents. I am pleased to report that we do  
20 have the documents addressing their ADW providers. Their  
21 ADW providers are XpressBet, TVG, Twinpires, and Youbet.

22 We also received the horsemen's agreements from  
23 the Arabians and the Quarter Horse yesterday.

24 The CTT agreement is still outstanding. The CTT  
25 has notified staff that they do have a concern with the 2010

1 race meeting agreement that addresses the general liability  
2 insurance policy that the CTT would like to see included in  
3 the proposal.

4 The representatives from the fair are here. The  
5 application is up for approval by the Board.

6 COMMISSION CHAIRPERSON BRACKPOOL: Can I say,  
7 before we start hearing this approval, that I understand  
8 somebody had jury duty last month and that's why this was  
9 pushed over to here?

10 MS. COOK: Yes, that's right. That's correct.

11 COMMISSION CHAIRPERSON BRACKPOOL: We cannot have  
12 applications for fairs heard less than 30 days before the  
13 meet is about to start, it just makes it too difficult to do  
14 everything else.

15 So, I understand how difficult jury duty is, but  
16 next time I don't want to be hearing, Jackie, that we've got  
17 somebody, personal reasons, can't make it. However valid  
18 the personal reasons are, we've got to have somebody else  
19 come up because it's very difficult to do this and have  
20 these conversations.

21 Secondly, in the recommendation, you know, we say  
22 we recommend that the Board not approve the application  
23 until the outstanding documents are there, but we're not  
24 having another meeting beforehand. So, it just doesn't work  
25 to have a recommendation like that. We have to have a

1 recommendation that approves it on a conditional basis, but  
2 we've got to do a much better job of getting all of these  
3 documents in.

4 We're not here to sit here and rubberstamp  
5 agreements that we haven't seen.

6 So, we've absolutely got to be much stronger on  
7 getting these agreements in, in time, to be able to do that.

8 So, with that minor rant, I'll allow you to please  
9 state your name and proceed.

10 MS. COOK: My name is Debbie Cook, I'm the CEO at  
11 the San Joaquin County Fair, and I would like to take a  
12 moment to introduce three of my board of directors that are  
13 here with me today.

14 On my left is Nanette Martin, she has been on our  
15 board of directors for 20 years.

16 On her left is Dr. Thomas Streeter, who's been on  
17 the board about eight years.

18 And on my right is Karylene Mann, who has been on  
19 our board of directors for ten years.

20 And I would like to say that we are very excited,  
21 we are celebrating our 150th birthday this year. Horse  
22 racing has been a part of our fair for the entire 150 years.

23 We have some special programs that are planned.  
24 We have a five-day race meet, as Ms. Wagner just said. We  
25 are looking forward to making the most of those five days

1 and celebrating our 150 years.

2 We have several promotions planned that involve  
3 the celebration of 150 years, as well as promoting horse  
4 racing, including social networking signs, e-mail blasts,  
5 some special activities.

6 We will be also having, again this year, the Pink  
7 Ribbon Day, which was very well accepted last year, that is  
8 a breast cancer awareness program. The jockeys were very  
9 gracious and wore pants with a pink stripe and pink helmets.

10 We had special blankets and the pony horses were decked out  
11 in pink, and we expect to do that again. And, again, it was  
12 very well received in the community, as well as in the  
13 industry, I believe.

14 Are there any questions?

15 COMMISSION CHAIRPERSON BRACKPOOL: Yes, I have two  
16 questions that I'll direct to you, but I'll look to Jackie  
17 for concurrence as well.

18 I gather the items still outstanding are the CTT  
19 agreement, that we've just talked about, and I've got a CTT  
20 request to speak to this issue in a moment.

21 And fire clearance, you said?

22 REGULATIONS/LEGISLATION MANAGER WAGNER: The fire  
23 clearance has not been completed as of yet. They do have a  
24 date set, I believe, for that fire clearance.

25 MS. COOK: The fire marshall was expected back

1 late yesterday afternoon and I apologize, I did not get an  
2 update this morning.

3           The last thing we were waiting for was for some  
4 horsemen to move some straw away from the barns and that was  
5 the last thing that would have held it up. And so, that  
6 should be taken care of at any moment.

7           COMMISSION VICE CHAIRPERSON ISRAEL: To move straw  
8 away from the barns?

9           MS. COOK: Yes.

10          COMMISSION VICE CHAIRPERSON ISRAEL: Where the  
11 hell is the straw going?

12          MS. COOK: It was stacked too close to the barns.

13          COMMISSION CHAIRPERSON BRACKPOOL: And those are  
14 the only two outstanding issues?

15          REGULATIONS/LEGISLATION MANAGER WAGNER: Yes,  
16 those are the only two outstanding issues that I'm aware of.

17          COMMISSION CHAIRPERSON BRACKPOOL: Okay. Well, I  
18 think we all wish you very well on your 150th anniversary.

19          MS. COOK: Thanks.

20          COMMISSION CHAIRPERSON BRACKPOOL: We hope it's an  
21 excellent meet. I look forward to coming up and see it.

22          But this approval, I would be happy to make a  
23 motion that we approve it subject to receiving the CTT  
24 agreement and, obviously, the fire certificate to do that.

25          Do I have a second to do that?

1 COMMISSIONER HARRIS: I'll second.

2 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
3 Harris will second.

4 COMMISSIONER HARRIS: Is there a CTT comment on  
5 this?

6 COMMISSION CHAIRPERSON BRACKPOOL: Yes, before we  
7 do that, you're right, I've got to do that.

8 CTT, I apologize. Carlo Fisco is going to come  
9 and speak.

10 Thank you, John.

11 Oh, I actually have two speakers.

12 MR. FISCO: Thank you, Mr. Chairman, good morning.  
13 Carlo Fisco, CTT.

14 I'm happy to report that this morning, prior to  
15 the commencement of the meeting, CTT, on half of its member  
16 trainers, was able to reach agreement on the two substantive  
17 issues that were pending between CARF, San Joaquin Fair, and  
18 our membership.

19 The issue concerning the insurance problem going  
20 forward has been addressed, as well as a prior issue  
21 concerning a previous claim, and we have also been able to  
22 resolve that matter as well.

23 So, we are good to go. As far as a time frame  
24 when presenting the actual finished document, it may be a  
25 couple days, but we have reached an agreement in principle.

1 COMMISSION CHAIRPERSON BRACKPOOL: Good. Well,  
2 you'll continue to work with our staff to make sure those  
3 documents are received, coordinated, et cetera.

4 MR. FISCO: It will be done. And I might also  
5 mention that in the upcoming Items 7, 8, and 9 we have also  
6 reached agreement with --

7 COMMISSION CHAIRPERSON BRACKPOOL: Terrific.

8 MR. FISCO: -- Cal-EXPO, Santa Rosa. And Mr.  
9 Fravel and I met yesterday and we polished off the agreement  
10 for Del Mar.

11 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very  
12 much, Mr. Fisco.

13 MR. FISCO: You're welcome. Thank you.

14 COMMISSION CHAIRPERSON BRACKPOOL: I have one more  
15 speaker on this issue, William Anton.

16 MR. ANTON: Good morning, William Anton. Good  
17 morning.

18 COMMISSION CHAIRPERSON BRACKPOOL: Good morning.

19 MR. ANTON: The problem I have is that Stockton  
20 has \$142,465 in under-payment that was not paid for '08.  
21 And I don't know a nice way of saying it, but I would like  
22 to demand the payment to the owners.

23 Now, TOC, they seem to think they can do what they  
24 wish, have decided, I think in the last few days, to give  
25 that money to Stockton to enhance their purses.

1 Well, I wish them luck because this money belongs  
2 to the owners. It does not belong to the TOC. It does not  
3 belong to CARF. It belongs to the owners.

4 And how hideous for an organization that is  
5 supposed to support the owners to give away their money. I  
6 find no integrity there, none at all. I don't see where  
7 they can make a deal a year and a half after the money was  
8 supposed to have been paid, and CARF is always very slow in  
9 paying their money.

10 I think most of you heard this argument last year  
11 about Sacramento.

12 That being the case, I can only say that the  
13 racetrack cannot expect the owners to subsidize them. The  
14 owners are hurting for money right now, you know it, we're  
15 not making enough money.

16 And the only I can say is they can make all the  
17 deals they want, I just have to hope that -- I consider the  
18 Board, the Commissioners, like the supreme court and you can  
19 overturn this, you can put it any way you like. I really  
20 think you can right this wrong and make them pay this under-  
21 payment.

22 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.  
23 Kirk, do you want to speak to the status of the  
24 over-payment -- the under-payment situation?

25 EXECUTIVE DIRECTOR BREED: The law allows the

1 consolidation of purses, number one, and the agreement that  
2 was reached in the under-payment/over-payment agreement is  
3 based upon the horsemen's agreement, which is signed by not  
4 only the horsemen's agreement with the TOC, the  
5 thoroughbreds, but also the quarter horses, and mules, and  
6 whoever else is racing there.

7           And that's a matter of the agreement between the  
8 horsemen and the association.

9           We simply are, as a part of that license, we  
10 simply enforce that agreement. If the horsemen and CARF,  
11 representing the fairs, have agreed to the under-payment  
12 being passed over into the purses for the following year,  
13 they're party to the agreement and the license allows them  
14 to do so.

15           My understanding was in the case of Cal-EXPO, or  
16 the State Fair, and also Stockton, that that under-payment  
17 was paid back to the horsemen. So, I don't know, they might  
18 want to speak to that.

19           COMMISSION CHAIRPERSON BRACKPOOL: Is there  
20 somebody from TOC? Who is here from TOC today?

21           COMMISSIONER HARRIS: I'm not clear on the issue,  
22 just to see if I can clarify it, the way I understand it.  
23 There was an under-payment in '08, so there's some money  
24 that, theoretically, was under-paid to participants in '08  
25 and that was part of the -- there was a contract between TOC

1 and the horsemen which outlined how that was going to be.

2 And as I understood it, over \$50,000 was going to be paid.

3 But then, subsequent to that, TOC and CARF amended  
4 the original agreement and changed that.

5 And so, I think the real thing is, and we can get  
6 a legal opinion on can an agreement be subsequently amended  
7 that was agreed to in '08.

8 MR. ANTON: My question, Mr. Harris, is when did  
9 they redo this agreement, due to the fact that this Stockton  
10 money is still '08.

11 COMMISSION CHAIRPERSON BRACKPOOL: Okay, I would  
12 like to just hear from TOC on the issue, if I may. Guy.

13 MR. LAMOTHE: Good morning, Guy Lamothe,  
14 Thoroughbred Owners of California.

15 I don't think the agreement was changed, per se, I  
16 believe that we followed the agreement, which allows us to  
17 carry forward under-payments from one meet to the next, and  
18 that was the case here.

19 And we met on it, there were reasons for carrying  
20 forward the under-payment from 2008, Stockton, and 2009,  
21 which included what we were seeing with -- what we do at  
22 TOC, if I can back up a step, is we're not just looking at  
23 one particular situation, we're also incorporating the  
24 bigger picture of looking at the fair circuit as well, not  
25 only in the moment for one meet, but to ensure the longevity

1 and ensure the subsequent meets are prosperous.

2 In the case of Stockton, we had a situation in  
3 which they had, in '07, they were racing in the spring, they  
4 flipped their dates in '08 to the fall, then were planning  
5 on flipping their dates back for the fall in '09. So, with  
6 that comes increased uncertainty to what's going to happen.

7 We're concerned with maintaining a consistent  
8 level of purse levels and offering those to the horsemen  
9 year in and year out, over time, without -- we're trying to  
10 manage spikes.

11 So, with that uncertainty, what we saw would be  
12 prudent was to carry forward an amount that we are allowed  
13 to do contractually, with the agreement with CARF and  
14 ourselves.

15 COMMISSION CHAIRPERSON BRACKPOOL: And, Guy, I'm  
16 reading the letter you sent to Kirk May 14th, signed by  
17 yourself and Marsha, that states that the -- according to  
18 the under-payment amount, it was carried forward from 2008  
19 between CARF and TOC and was effectively paid out in the  
20 purse structure of '09.

21 So, your contention is there is nothing from '08,  
22 there's an '09 carryover.

23 MR. LAMOTHE: Well, let me answer your question  
24 and at the same time address something Mr. Anton said, that  
25 he claimed that the monies were not paid and the monies

1 belong to the owners. We absolutely agree with him, it does  
2 belong to the owners, and if there's any implication that  
3 something was done otherwise, I would say absolutely not.

4 Those monies were -- from '08, that were carried  
5 forward, were built into the purse program for '09. Okay,  
6 so they're added to the pool.

7 COMMISSION CHAIRPERSON BRACKPOOL: Right, so your  
8 contention is they're paid to owners, they just may not be  
9 the same owners.

10 MR. LAMOTHE: They may or may not be. It's the  
11 same thing with any other meet out there.

12 And, in fact, the '09 Stockton meet, for the meet,  
13 itself, incurred an over-payment of, I believe, \$60,000.  
14 So, there was more paid out there, you know, than what was  
15 generated, even with the carry forward. So, these monies  
16 don't leave the system, they're still in the purse program  
17 and we're doing it to support the fair racing.

18 COMMISSION CHAIRPERSON BRACKPOOL: Here's what I'd  
19 like to do on this issue, because I think it's unfair to  
20 make -- this is an issue that affects almost every fair, and  
21 I don't want the inference being that this is a San Joaquin  
22 Fair issue, because that's not the case. In isolation, it  
23 may have happened here.

24 What I would like to do at either the next, or the  
25 July Board meeting, one of the two, is I would actually like

1 to have this issue as an agenda item and let's get the  
2 backgrounds, that we've got everything in context, let's  
3 have some presentations of how it's been resolved and are  
4 there any alternative views on how it could be resolved.

5 Because I don't want to be reacting to a letter  
6 that's being passed around on the dias up here and looked at  
7 for the first time.

8 So, let's do this properly, let's do a little  
9 research into what it is and then I think, Mr. Anton, we can  
10 attempt to at least have out the issues, perhaps address the  
11 issues. Whether or not they get addressed to any one  
12 person's satisfaction, I can't guarantee. But let's at  
13 least do that.

14 MR. LAMOTHE: TOC would be happy to comply with  
15 that. We feel that we've made our best attempts to comply  
16 with that.

17 I'd like to ask if there are specific regulatory  
18 or legal questions that we can address in advance of that,  
19 to be better prepared for that meeting.

20 COMMISSION CHAIRPERSON BRACKPOOL: And we'll work  
21 with staff on that to get you those questions, so that you  
22 can take a look at that.

23 But I think this deserves a separate agenda item  
24 because I think it is an interesting issue. I know  
25 Commissioner Harris has raised it a couple of times.

1           And I don't want to do this, as I say, in the  
2 isolation of agreements that may or may not be in context of  
3 the overall discussion.

4           MR. ANTON: One small question.

5           COMMISSION CHAIRPERSON BRACKPOOL: One small  
6 question, we have a lot to move through.

7           MR. ANTON: I understand and I don't want to take  
8 up all your time. They did set a precedence last year by  
9 paying the '08 in Sacramento and now, all of a sudden, they  
10 took it and just wanted you to know that.

11          COMMISSION CHAIRPERSON BRACKPOOL: And that's the  
12 type of thing I want to get into when we have a separate  
13 agendaized item.

14          So, with that, we move back to the motion. We had  
15 a motion by Commissioner Derek to -- what was it, I've  
16 forgotten, it was five minutes ago, now. I don't know who  
17 was proposing the motion, but to go with the fair.

18          I proposed it, John --

19          COMMISSIONER HARRIS: Yeah, I seconded it.

20          COMMISSION CHAIRPERSON BRACKPOOL: John seconded  
21 it. So, Commissioner Harris seconded.

22          All in favor?

23          (Ayes.)

24          COMMISSION CHAIRPERSON BRACKPOOL: Okay.  
25 Approved. Thank you.

1 MS. COOK: Thank you.

2 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

3 Have a good fair.

4 MS. COOK: Thank you.

5 COMMISSION CHAIRPERSON BRACKPOOL: Item Number 7,  
6 discussion and action by the Board on the application to  
7 conduct a horse racing meeting at Cal-EXPO, at Sacramento,  
8 commencing July 14th, 2010 through July 25th, 2010.

9 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie --

10 COMMISSION CHAIRPERSON BRACKPOOL: I've said it,  
11 you don't need to say it again, Jackie.

12 REGULATIONS/LEGISLATION MANAGER WAGNER: Okay.

13 Jackie Wagner, CHRB staff.

14 Cal-EXPO has filed their application to race July  
15 15th through the 25th. This is ten days and it's one day  
16 less than they raced in 2009.

17 The application lists Cal-EXPO as racing Wednesday  
18 through Sunday both weeks, with ten races per day.

19 The first post time is 1:45 p.m., daily, and they  
20 will have a 3:45 p.m. post on Friday.

21 The analysis indicates that they have outstanding  
22 items. We are pleased to report that we have received the  
23 outstanding items. The only item missing from this  
24 application is the fire clearance and that has been  
25 scheduled, and will be completed prior to the race meeting.

1           Staff would recommend that the Board approve the  
2 application contingent upon the receipt of the fire  
3 clearance.

4           COMMISSION CHAIRPERSON BRACKPOOL: Which, again,  
5 is different from the recommendation that was in here  
6 because you didn't have CTT.

7           REGULATIONS/LEGISLATION MANAGER WAGNER: Correct.  
8 That's correct.

9           COMMISSION CHAIRPERSON BRACKPOOL: So, given that  
10 we now have Mr. Fisco's statement that we now have CTT  
11 agreements for all of the fairs on the agenda today, the  
12 only thing we're missing is the fire clearance.

13           Is there an issue with the fire clearance?

14           MR. ELLIOTT: Dave Elliott, Cal-EXPO. No issue.  
15 We had our first visit on May 13th, the State Fire Marshall.  
16 We schedule that well in advance. Her next visit is  
17 tomorrow and we don't believe that there are any outstanding  
18 or minor issues, she just didn't want to sign off.

19           We'll have all of those issues taken care of  
20 before her visit tomorrow.

21           COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

22           Do I have any questions from Commissioners?  
23 Commissioner Rosenberg?

24           COMMISSIONER ROSENBERG: No questions.

25           COMMISSION CHAIRPERSON BRACKPOOL: No. Just

1 leaning forward.

2 COMMISSIONER ROSENBERG: Yes, to see you.

3 COMMISSIONER HARRIS: Is there -- this is, you  
4 know, different dates than you normally had. Are you going  
5 to ramp up your promotion to let people know that the State  
6 Fair is different?

7 BARTOSIK: Norb Bartosik, General Manager at Cal-  
8 EXPO.

9 In answer to your question, Commissioner Harris,  
10 the answer is absolutely yes. We're tracking ticket sales  
11 with advanced promotions. We're working on special  
12 promotions for opening day at the track, as well.

13 Our ticket sales are equal to at least last year  
14 and our advance promotion was over a million dollars last  
15 year. So, we think that the word's getting out, things are  
16 working. We're positive with it. Our entertainment lineup  
17 is the best we've had. The racing program looks to be  
18 coming together. And we're looking forward to the new dates  
19 and the new programs.

20 COMMISSION CHAIRPERSON BRACKPOOL: Thank you. I  
21 think the fact there are no questions reads well.

22 Before you leave, I have a speaker. Again, Mr.  
23 Anton.

24 MR. ANTON: I'll just go ahead and abstain,  
25 there's 127,000 that Stockton has, but if we could combine

1 that with -- Sacramento with the Stockton, but we can deal  
2 with it later.

3 COMMISSION CHAIRPERSON BRACKPOOL: Well, thank you  
4 very much for your consideration on that. And I do promise  
5 we'll have this on the agenda as a proper subject and look  
6 forward to having your responses to that as well. Thank  
7 you.

8 Do I have a motion for the fair?

9 COMMISSIONER MOSS: So moved.

10 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
11 Moss makes the motion.

12 COMMISSION VICE CHAIRPERSON ISRAEL: Second.

13 COMMISSION CHAIRPERSON BRACKPOOL: And seconded by  
14 Commissioner Israel.

15 All in favor?

16 (Ayes.)

17 COMMISSION CHAIRPERSON BRACKPOOL: Motion  
18 approved. Have a good fair.

19 MR. BARTOSIK: Thank you very much.

20 MR. ELLIOTT: Thanks.

21 COMMISSION CHAIRPERSON BRACKPOOL: Item Number 8,  
22 discussion and action by the Board on the application to  
23 conduct a horse racing meeting at the Sonoma County Fair, at  
24 Santa Rosa, commencing July 28th, 2010 through August 15th,  
25 2010.

1           REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie  
2 Wagner, CHRB staff.

3           The Sonoma County Fair has filed their  
4 application. They will be racing July 28th through August  
5 15th. This is 15 days, five days more than they raced in  
6 2009. They are proposing to race a total of 162 races, and  
7 this is 52 races more than they raced in 2009.

8           They will be racing Wednesday through Sunday, with  
9 ten races per day on Wednesdays, Thursdays and Fridays, 12  
10 races on Saturdays and Sundays.

11           They will be racing concurrently with Del Mar from  
12 July 28th through August the 15th.

13           Their first post time is 12:45 p.m.

14           Their advanced deposit wagering providers are  
15 XpressBet, TVG, Twinspires, and Youbet.

16           And as with the other applications, the analysis  
17 lists some outstanding items. I am pleased to report that  
18 the only thing missing from this item is the fire clearance.

19           And staff would recommend that the Board approve the  
20 application contingent upon the receipt of the fire  
21 clearance.

22           COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

23           Go ahead.

24           MS. TESCONI: Tawny Tesconi, the Fair Manager at  
25 the Sonoma County Fair.

1           We're very excited to be including a third week of  
2 racing into our race meet this year. Our bonus week will  
3 fall August 11th through August 15th.

4           And we're doing a lot to promote that third week  
5 of racing. We're seeing our box seat holders, who have been  
6 offered the opportunity to pre-purchase the additional bonus  
7 week, so we're seeing about a 50 percent purchase of those.

8           We're also doing a lot of bounce-back  
9 opportunities during our regular two weeks of fair, giving  
10 people coupons to come back to get a voucher to bet.

11           We actually spoke, yesterday, with doing the  
12 Weiner Dog races, which I'm sure horse racing doesn't  
13 appreciate the fact, but it is a great draw for racing, for  
14 our event. And we're looking at doing Weiner Dogs on  
15 Sunday, August 8th, and Sunday, August 15th, during our  
16 bonus week, which will be a great opportunity to bring some  
17 people out, who may not necessarily come out.

18           We have started, two years ago and we continue to  
19 expand, our fan promotion programs within our meets. We do  
20 a lot of t-shirt throws, a lot of owners for a day programs,  
21 and stuff like that, to really create an event around our  
22 racing programs. It's been very successful.

23           We started a VIP tent program two years ago and  
24 we're at the point where we're almost sold out with our VIP  
25 tent program, which sits next to our racing grandstands and

1 encourages people to have their company parties, and  
2 experience our racing program at the same time.

3 COMMISSION CHAIRPERSON BRACKPOOL: Excellent.  
4 Commissioner Israel?

5 COMMISSION VICE CHAIRPERSON ISRAEL: Do you have a  
6 drug testing program in place for your weiner dog races?

7 (Laughter.)

8 MS. TESCONI: Yes, we do. It's really hard to get  
9 the urine tests, but we make it happen.

10 COMMISSIONER HARRIS: What's the day rate for  
11 training one of those dogs?

12 COMMISSION CHAIRPERSON BRACKPOOL: We don't want  
13 to see out sausage is made, let alone test it.

14 So, anyway, but, no, again, thank you, this one's  
15 well in advance, it's good.

16 Are you concerned with horse population issues  
17 with the extra number of days?

18 MS. TESCONI: Well, I think in general there's a  
19 concern about horse population. I don't believe,  
20 necessarily, for our third week it's any different than I  
21 think for our first couple weeks.

22 But we are talking about doing some special things  
23 for our trainers during the third week, having a spaghetti  
24 feed, or Italian, and making sure that we show them how  
25 appreciative we are that they stay with us for that third

1 week. So, we're hoping that that will keep the team  
2 together.

3 COMMISSION CHAIRPERSON BRACKPOOL: Maybe even have  
4 a few of them in the VIP tent.

5 MS. TESCONI: Yes, absolutely.

6 COMMISSION CHAIRPERSON BRACKPOOL: There you go.

7 COMMISSIONER HARRIS: I wonder, could you take a  
8 look on our stakes program to make them all overnight  
9 stakes, so that the Cal-bred added money could be included?  
10 It wouldn't really cost you that much.

11 MR. LEWIS: Richard Lewis, Sonoma County Fair.  
12 Originally, we had them scheduled for overnights, but with  
13 agreements with TOC, they would like to see some guaranteed  
14 stakes.

15 COMMISSIONER HARRIS: Could TOC comment as far as  
16 why that is?

17 MR. LEWIS: I cannot answer for them.

18 COMMISSION CHAIRPERSON BRACKPOOL: No, I'm saying,  
19 this is a request, could we have Guy or Marsha comment on  
20 why they want guaranteed stakes. Commissioner Harris -- can  
21 you come up to the podium?

22 COMMISSIONER HARRIS: The difference is on  
23 overnight stakes there's a Cal-bred fund, which would add 30  
24 percent to the purse of the stake, and part of that comes  
25 from the CTVAs and city funds, and then a smaller amount

1 comes from the purse fund.

2 But the problem is you're overlapping Del Mar and  
3 to get people to stay in the north, a little bit better  
4 stakes program might help.

5 MR. LAMOTHE: Guy Lamothe, Thoroughbred Owners of  
6 California.

7 MR. DOUTRICH: Tom Doutrich, Racing Secretary,  
8 Cal-Fairs.

9 MR. LAMOTHE: The question is why there are  
10 guaranteed stakes at the fair level?

11 COMMISSIONER HARRIS: Well, why wouldn't you want  
12 to make them consistently overnight stakes to entitle them  
13 to the Cal-bred bonus program? I mean, they would be open  
14 races, but the Cal-Breds would have a higher incentive to  
15 run in them.

16 MR. LAMOTHE: Yeah, and I'll let Bomber [sic] get  
17 into the details. But, you know, we're presented with the  
18 purse proposal and stakes program by CARF, and we discuss it  
19 with TOC, with our Racing Fairs Committee.

20 If they were all overnight stakes and they were  
21 all eligible for the Cal-bred bonuses, you get into budget  
22 constraints, you increase the purse liability, and if that's  
23 the case then, in turn, we would have to lower purses on all  
24 the other levels to compensate.

25 The purses generated are what they're projected,

1 those don't change. It's just a matter of how you want to  
2 move around your purse and stakes program.

3 MR. DOUTRICH: I think Guy basically hit it right  
4 on the button that -- I'm sorry.

5 COMMISSIONER HARRIS: The other microphone.

6 MR. DOUTRICH: Guy basically hit it right on the  
7 button, it comes down to a budget situation for each fair.  
8 Obviously, we'd like to give more to each stake and give to  
9 each purse.

10 So, basically, it comes down to with the attitude  
11 of Fresno it becomes six and six, so I believe we have six  
12 guarantees and six overnight stakes.

13 COMMISSIONER HARRIS: And could somebody prepare a  
14 scheduling showing how much it's really going cost your  
15 purse fund? Because my theory is it's not going to cost  
16 your purse fund very much.

17 MR. DOUTRICH: Yeah, I believe I can get that to  
18 you. See how much it's going to cost us.

19 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.  
20 Submit it to staff, if you would, and they'll distribute it  
21 out to us. Thank you.

22 MR. DOUTRICH: Thank you.

23 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

24 All right, do I have a motion to approve the Santa  
25 Rosa Fair?

1 COMMISSIONER DEREK: So moved.

2 COMMISSIONER MOSS: Second.

3 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
4 Derek makes the motion. Commissioner Moss seconds the  
5 motion.

6 All in favor?

7 (Ayes.)

8 COMMISSION CHAIRPERSON BRACKPOOL: Approved.

9 Have a good fair.

10 MS. TESCONI: Thank you.

11 COMMISSION CHAIRPERSON BRACKPOOL: Item Number 9,  
12 discussion and action by the Board on the application to  
13 conduct a horse racing meeting of the Del Mar Thoroughbred  
14 Club at Del Mar, commencing July 21st, 2010 through  
15 September 8th, 2010, inclusive.

16 REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie  
17 Wagner, CHRB staff.

18 Del Mar has submitted their application for the  
19 2010 racing season. They'll be racing July 21st through  
20 September the 8th, this is 37 days, the same number of days  
21 that they raced in 2009.

22 They are proposing to race a total of 336 races or  
23 8.6 races per day.

24 They will be racing five days per week, Wednesday  
25 through Sunday the first six weeks, six days per week

1 Wednesday through Monday the seventh week, and eight races  
2 per day Thursday and Friday, nine races per day on  
3 Wednesdays, and Sunday, August the 10th. They will have ten  
4 races per day on Saturdays, Sundays, opening day, Labor Day,  
5 and closing day. On Pacific Classic Day, which is August  
6 the 28th, they will be racing 11 races on that day.

7           They are going to be racing concurrently with the  
8 dates allocated to Santa Rosa, Ferndale, Cal-EXPO and  
9 Pacific Racing Association.

10           Post time, first post time is two o'clock in the  
11 afternoon.

12           Their application, the analysis lists outstanding  
13 items, and we are pleased to report that we have received  
14 everything that was listed as outstanding. The only thing  
15 that we have not received is the fire clearance, which will  
16 be -- the inspection will take place closer to the opening  
17 day of the race meeting, and we have not received the track  
18 safety inspection, which will be forwarded to us once it's  
19 completed.

20           Staff would recommend that the Board approve the  
21 application contingent upon us receiving those two missing  
22 items.

23           COMMISSION CHAIRPERSON BRACKPOOL: Okay, I have a  
24 public speaking request by you, Craig, on this issue.

25           MR. FRAVEL: I'm just trying to follow the

1 technicalities here, I'm sorry. I know how we're --

2 COMMISSION CHAIRPERSON BRACKPOOL: So, let's hear  
3 your presentation, first, and then I have some speakers at  
4 the back.

5 MR. FRAVEL: Well, I think our application is  
6 pretty self-explanatory. We're optimistic, cautiously  
7 optimistic about this year's meet.

8 Our advance season sales are actually  
9 significantly stronger at this point last year -- than they  
10 were last year. We are seeing some resurgence in our group  
11 sales efforts, with some banks, and financial institutions,  
12 and real estate companies that had canceled in prior -- last  
13 year, in particular, showing renewed interest in returning.

14 And that was probably the weakest part of our  
15 attendance last year was a 30 percent drop in our group  
16 sales department. So, I wouldn't suggest that we'll get  
17 back in groups to the level we were at in 2008 or 2007, but  
18 we are seeing some improvement.

19 And, certainly, we opened our advance sales on our  
20 online ticketing system I believe last Wednesday. We are up  
21 six percent on our online sales that first day, better up  
22 than down.

23 So, we are moving forward optimistically on this  
24 meet.

25 There were a couple of amendments that we

1 submitted to Mr. Breed, requesting a change in our wagering  
2 menu on the Pick 4 bet. We wanted to go to a minimum  
3 denomination of 50 cents. We've done a lot of work looking  
4 at similar activity undertaken by Keeneland and we think  
5 that offering that opportunity on the late Pick 4, that we  
6 offer, will be a significant opportunity for bettors to bet  
7 at lower denominations, and we think that will be good for  
8 our handle, as well.

9 I have handed out something to you, to follow up  
10 on an undertaking that I made at, I believe, one of the  
11 Committee meetings several -- you know, a month ago or two  
12 months ago. And that was to start taking a look at whether  
13 we want to make some modifications in our presentation of  
14 odds, partially in response to the perceptions about late  
15 odds shifts, but also whether or not there were different  
16 presentations that would be more useful to the gambling  
17 public.

18 COMMISSION CHAIRPERSON BRACKPOOL: It's like being  
19 in Paris.

20 MR. FRAVEL: I'm sorry?

21 COMMISSION CHAIRPERSON BRACKPOOL: It's like being  
22 in Paris. It's the only other place that they do it like  
23 that.

24 COMMISSION VICE CHAIRPERSON ISRAEL: San Diego and  
25 Paris.

1 MR. FRAVEL: Well, I do -- they're very similar  
2 places.

3 I do want to say, first of all, that I don't think  
4 this is something that should be undertaken just by Del Mar.

5 You know, I think if we're going to do this it needs to be  
6 done as a circuit, perhaps more so than -- and I want to  
7 personally thank Terry McWilliams and his programmers at  
8 Scientific Games, who put a lot of time and effort into  
9 coming up with these mockups and analyzing the programming  
10 challenges that might be inherent in this.

11 If we were to start it for the Del Mar meet, we  
12 would have to make a decision, from a programming stand  
13 point, by this coming Monday.

14 And we held a focus group last night with a group  
15 of our core fans from the Del Mar Satellite, and I think the  
16 feedback on that was that they were relatively lukewarm on  
17 the question. They weren't like gung ho about it, nor were  
18 they gung ho in opposition. There was sentiment expressed  
19 for at least maintaining the decimal or the standard odds  
20 presentation on the simulcast signal, but cycling the \$2 win  
21 will pays, perhaps, which are a little more accurate on a  
22 moment by moment basis.

23 COMMISSION CHAIRPERSON BRACKPOOL: I think, given  
24 what a huge change this would be, I would much rather see  
25 this debated at both Chairman Rosenberg and Chairman Moss's

1 Committee before we just leap into this, and one track doing  
2 it and not the other tracks doing it.

3 MR. FRAVEL: And we agree completely. I just  
4 wanted you to know that we've been working on it and wanted  
5 you to have at least the preliminary look at it.

6 We may go ahead and cycle the \$2 win pays, anyway,  
7 as part of our simulcast, which would not negatively impact  
8 any other presentations, wouldn't be a dramatic change.

9 COMMISSION CHAIRPERSON BRACKPOOL: Right.

10 MR. FRAVEL: But I agree if this is going to  
11 happen, it should be done at least statewide, in a  
12 coordinated fashion.

13 COMMISSION CHAIRPERSON BRACKPOOL: Yeah. But to  
14 go to your point about the late shift of odds, the late  
15 shift of odds, you're saying, wouldn't happen so much  
16 because you'd be getting closer and closer to the threshold  
17 before the money --

18 MR. FRAVEL: Correct. I mean, the odds are  
19 necessarily rounded, so, there are many different increments  
20 of actual will pays that could occur within one particular  
21 range of odds.

22 COMMISSION CHAIRPERSON BRACKPOOL: Right, right.

23 MR. FRAVEL: And if you have odds that are at the  
24 bottom end of one range and, you know, a relatively small  
25 bet shifts them to the top end of another range it looks

1 like a large shift. But it, actually, in terms of real  
2 dollars, may not necessarily be the same.

3 So, the idea behind showing the will pays and  
4 perhaps making those available on our website as a cycle, so  
5 that people can see them, would be a step forward.

6 COMMISSION CHAIRPERSON BRACKPOOL: And we  
7 effectively do it with daily doubles and some things,  
8 anyway, so --

9 MR. FRAVEL: Right, we do have -- the will pay is  
10 nothing new, we do that for triples, and doubles, and all  
11 kinds of other bets, and the Pick 6, even.

12 COMMISSION CHAIRPERSON BRACKPOOL: Right.

13 MR. FRAVEL: So, I wanted to present that to you,  
14 just so you know that we're working on it. I think the next  
15 step would be, like you said, for the Commissioners'  
16 Committee to see what the rest of the tracks and the  
17 horsemen feel about it.

18 COMMISSION CHAIRPERSON BRACKPOOL: Okay.

19 COMMISSIONER HARRIS: You know, on the pari-mutuel  
20 side, Del Mar's obviously a fabulous track and you're doing  
21 well, but one of the problems I see is the availability to  
22 bet, the ease of wagering is tough at Del Mar, at times,  
23 because where the seating is pretty far removed from the  
24 actual pari-mutuel machines. And I know over the last few  
25 years there have been attempts to have more hand-held

1 devices and more kiosks to bet, but is anything being  
2 pursued for this year on that?

3 MR. FRAVEL: Well, yeah, we are -- Terry can  
4 address, specifically, how many hand-held units we're going  
5 to have out there from Sci Games, but those will be  
6 available.

7 We do have tellers, who have hand-held devices,  
8 walking around and taking bets in almost every location in  
9 the facility.

10 COMMISSIONER HARRIS: Yeah, Saratoga has done  
11 well, with they've got a device in each box just about.  
12 Because I think we lose a lot of wagers, especially in the  
13 last few minutes, if people have to get up and go find a  
14 window and all that.

15 MR. FRAVEL: I don't disagree. I guess we are  
16 compromised by the fact that we have some lines, which have  
17 become unusual at racetracks these days but --

18 COMMISSION VICE CHAIRPERSON ISRAEL: That's a good  
19 thing.

20 COMMISSIONER HARRIS: Well, lines are a good thing  
21 but --

22 MR. FRAVEL: I'd rather fight to find things more  
23 conveniently for the customers and not rely on that.

24 COMMISSION CHAIRPERSON BRACKPOOL: Terry, are you  
25 going to respond to the increase?

1 MR. MC WILLIAMS: Terry McWilliams, Scientific  
2 Games, very quickly. Yes, we have a number of both personal  
3 wagering devices and more public account wagering devices  
4 that we have been encouraging all the racetracks -- and Del  
5 Mar, actually, for one, has taken a large interest in that.

6 Because, obviously, it is a self-service device, so it  
7 makes the transaction real fast.

8 But we do not have them in quantities in the  
9 boxes, as Commissioner Harris is suggesting, but they  
10 certainly could be made available. And we have walk-up  
11 terminals, the teller operated, mobile terminals that Craig  
12 was referring to, as well.

13 COMMISSIONER HARRIS: Is there any thing in the  
14 industry going on to create some kind of an app that could  
15 be on an i-Phone or something like that?

16 MR. FRAVEL: I was going to tell, the XpressBet,  
17 we met with several weeks ago, and they are hoping to have  
18 an i-Phone app that would be fully operational by our meet.  
19 They couldn't promise that.

20 And I believe the other ADW companies, as well,  
21 are either working on or have i-Phone applications that  
22 would be -- and other PDA applications that would be  
23 downloadable.

24 COMMISSION CHAIRPERSON BRACKPOOL: Right. And I  
25 understand Hollywood's working on something like that, as

1 well, that we heard about last time.

2 I have to say that I read the -- hearing no other  
3 questions -- I read the marketing report in detail, I  
4 thought it was an excellent report.

5 The one thing that I would like to continue to  
6 see, it's something we've harped on for a lot, is there's a  
7 great deal of data about the increased attendance from the  
8 targeted demographic base which is I think defined as 18 to  
9 34, in that. But there was nothing in there about what we  
10 do to educate that new audience, when they arrive at the  
11 facility, about horse racing, how to bet on horse racing, et  
12 cetera, et cetera.

13 And the criticism that I hear from young, new  
14 attendees all the time is we get in there and it's, frankly,  
15 a bit overwhelming and didn't really understand, you know,  
16 what to do and how to do it.

17 I just -- this is not particular just to you, but  
18 it is particular to you, A, because you're sitting here and,  
19 B, because you are going out and targeting that.

20 I had this same conversation with Hollywood Park  
21 when we talked about the Friday night program, as well.

22 You know, I know it's difficult, but I just think  
23 we've got to make more of an effort to do that.

24 MR. FRAVEL: I don't disagree. I do think we do  
25 make significant efforts, particularly in our group sales

1 department. When we have groups, we actually do send  
2 handicappers up to give lessons to those groups, that's  
3 where we know that we have many novices coming in with our  
4 groups, so we do make a special outreach to them.

5           Del Mar, also, and I believe Hollywood does this  
6 as well, our admission price includes a program, so every  
7 single patron coming in gets a program, and those programs  
8 all have verbal descriptions of what horses have done in  
9 past races, so that past performances are -- a lot of those  
10 people won't buy a Forum, or past performances, so it gives  
11 them something to grab a hold of and to think they have a  
12 fighting chance.

13           So, those are a couple of things we do, but I  
14 agree there's probably more that we can do.

15           COMMISSIONER MOSS: You have -- I know you have  
16 the morning seminar for potential new owners, how many  
17 mornings a week do you have those?

18           MR. FRAVEL: Well, the new seminars for owners are  
19 typically run by the Thoroughbred Owners of California, so  
20 Guy could answer that more, how many they have planned  
21 during the meet. I think it's usually two.

22           COMMISSIONER MOSS: Yeah, I'm just wondering  
23 because you do get a turnout for those, and I'm wondering if  
24 you wouldn't get turnouts for new people, you know, just  
25 wanting to -- are there for the weekend and get a better

1 understanding of it.

2 MR. FRAVEL: Well, we also, we have that down in  
3 our Clocker's Corner, our version of Clocker's Corner, which  
4 has no corner. But we do have a handicapper seminar there  
5 every morning of the week. And we also have our Donuts  
6 Days, which happen twice during the meet, which we -- we  
7 don't give handicapping because there's a lot of kids there,  
8 but we have trainers and jockeys, and try to give people  
9 some educational background on the races, so we do work on  
10 that.

11 COMMISSIONER MOSS: Yeah, I think that's great,  
12 thank you.

13 COMMISSION CHAIRPERSON BRACKPOOL: Before you go,  
14 I have a comment card here. Richard, I see you wrote three  
15 people's name on this comment card. Does that mean you're  
16 speaking on behalf of three people?

17 MR. CASTRO: No, that means I've brought two  
18 expert witnesses with me.

19 COMMISSION CHAIRPERSON BRACKPOOL: Ah, very good.  
20 Well, this card has your name on it, so please begin.

21 MR. CASTRO: My name is Richard Castro,  
22 representing Pari-Mutuel Employees Guild.

23 We would like you to approve this application,  
24 pulling out the Del Mar.com portion of it, which we feel is  
25 illegal, which we do not have a contract with. We look at

1 Del Mar.com as an ADW company, and the statute clearly says  
2 that they must have a contract with us.

3 My two expert witnesses, one, Barry Broad, over at  
4 the coffee table, will give you the legislative history.

5 COMMISSION CHAIRPERSON BRACKPOOL: It's more like  
6 a reluctant witness to me, than an expert one, standing over  
7 there.

8 MR. CASTRO: And my second witness prefers to be  
9 called "Ruler," R-u-l-e-r, that would be David Rosenfeld, R-  
10 o-s-e-n-f-e-l-d. That's the gentleman right here.

11 COMMISSION CHAIRPERSON BRACKPOOL: Okay.

12 MR. CASTRO: He is our lawyer.

13 COMMISSION CHAIRPERSON BRACKPOOL: And is the card  
14 requesting that Mr. Ruler speak?

15 MR. CASTRO: Mr. Ruler shall speak and he will  
16 speak with authority. Mr. Ruler, please take the  
17 microphone.

18 MR. ROSENFELD: There's no way Richard can  
19 embarrass me or anybody else.

20 I was asked to speak -- there's no way Richard can  
21 embarrass me or anybody else. So, having said that, I'm  
22 prepared to talk about this.

23 I am the lawyer for Local 280 and I've handled  
24 their business for a long, long time.

25 Our concern here is that the ADW statute provides

1 that you can have an ADW provider that doesn't provide  
2 anything else. And the staff reports says, in addition,  
3 DMTC, the law for a Del Mar branded ADW platform.

4 The statute doesn't talk about some racing  
5 association offering some other platform. The word  
6 "platform" doesn't appear in the statute. DelMarBets.com.  
7 "And we'll provide ADW services on a year-round basis.  
8 DelMarBets.com is an extension of XpressBet.com."

9 Well, XpressBet.com is an ADW provider. There's  
10 nothing in the statute that says there's a definition or a  
11 contemplation of something called an extension.

12 It goes on to say that "XpressBet will provide the  
13 technical support."

14 Well, this means that Del Mar is not in that  
15 sense, or any sense, an ADW provider.

16 And the reason this system was set up this way was  
17 to insulate or isolate the ADW providers and the racing  
18 associations, because the staff report points out that "An  
19 ADW provider has to have a written agreement with racing  
20 associations."

21 Well, in fact, you have no written agreement here  
22 because you have Del Mar simply setting up this kind of  
23 phony entity, what we've always called an alter ego, as part  
24 of this platform when, in fact, the statute says if you're  
25 going to have ADW, it's got to be done by an ADW licensed

1 provider.

2           And as proof of what's going on here, apparently  
3 what's happened is a couple of our members have been told  
4 that they will be given some additional duties to deal with  
5 this platform.

6           So, it isn't as thought this is a separate ADW  
7 provider, it's a racing association trying to act like, in  
8 part, an ADW provider. And, certainly, if they didn't need  
9 the technical support of XpressBet, they'd be doing the ADW  
10 providing, themselves.

11           The statute doesn't allow that. It says you got  
12 to have a separate ADW provider. You can't set up some  
13 separate alter ego or some other relationship, it has to be  
14 separate.

15           COMMISSION CHAIRPERSON BRACKPOOL: I understand  
16 your point.

17           Mr. Broad, do you want to speak?

18           MR. BROAD: Yes, Barry Broad. I actually got  
19 hired by SEIU during the year of the ADW legislation to help  
20 with it. Without getting into the details, there was a sort  
21 of a social contract here. Everyone recognized that ADW was  
22 obviously going to further erode betting, live betting at  
23 tracks. Everyone understood that. It was where everything  
24 was going and it's clearly where everything has gone.

25           Whether that was a good decision or a bad

1 decision, that was the corrective decision at the time.

2           Since then, I would say that the jobs that were  
3 promised to replace the jobs that were lost have just not  
4 been delivered, the social contract was broken.

5           Whether people want to argue fine, hairsplitting  
6 legal points about it, they understood what they were  
7 signing up for and they need to argue it.

8           COMMISSION CHAIRPERSON BRACKPOOL: You've never  
9 argued any of those.

10          MR. BROAD: What?

11          COMMISSION CHAIRPERSON BRACKPOOL: You've never  
12 argued any hairsplitting legal points.

13          MR. BROAD: Never.

14          COMMISSION CHAIRPERSON BRACKPOOL: I just wanted  
15 to be clear on it.

16          MR. BROAD: No. When I speak, I speak directly  
17 from the Lord.

18          (Laughter.)

19          MR. BROAD: Anyway. As is well known, you're  
20 relatively new, you are forgiven. Anyway --

21          COMMISSION VICE CHAIRPERSON ISRAEL: I thought it  
22 was because you had no hair to split, basically.

23          (Laughter.)

24          MR. BROAD: Yeah, I lost it --

25          COMMISSION CHAIRPERSON BRACKPOOL: My clock just

1 went forward, your three minutes are up.

2 (Laughter.)

3 MR. BROAD: Anyway, so, I think the -- I think  
4 it's up to the Horse Racing Board here to try to enforce  
5 this deal. Mr. Castro's union deserves the benefit of the  
6 bargain that it struck. And that is the bottom line. And I  
7 think the industry needs to find ways to sign a deal and get  
8 it done, and just -- you know, we're not talking about ten  
9 million jobs here, we're just --

10 COMMISSION CHAIRPERSON BRACKPOOL: All right,  
11 we'll on the Del Mar issue, so before we start expanding it  
12 --

13 MR. BROAD: Right.

14 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,  
15 Barry.

16 Craig, response?

17 MR. FRAVEL: Well, I'm always reluctant to  
18 contradict God. But I do believe that the subject that Mr.  
19 Broad is referring to goes well beyond this particular  
20 instance, and it's a grievance that I believe our mutual  
21 clerks have had for a long time with the ADW companies,  
22 about their representation.

23 So, setting that aside, in terms of the legal  
24 arrangement, I also disagree with Mr. Rosenberg.

25 For clarification, DelMarBets.com, it's not

1 DelMar.com, we have our own website that is DelMar.com.  
2 DelMarBets.com is a white label version of XpressBet. It is  
3 a contractual arrangement, pursuant to which we have agreed  
4 to slightly different terms. Actually marketedly different  
5 terms for the economics of that transaction, which benefit  
6 horsemen and tracks much more significantly than the  
7 traditional ADW arrangement.

8           And, more importantly, at the end of the term we  
9 were entitled to receive the names and information about  
10 customers who actually sign up for DelMarbets.com.

11           Other than that, all of the activities that take  
12 place in terms of accepting the wagers, processing the  
13 wagers, processing accounts, handling customer service,  
14 everything is done by XpressBet.

15           So, you know, if you want to call it an alter ego,  
16 those are cute legal terms that I learned in law school, as  
17 well, to try and accuse somebody of wrong doing. We're not  
18 doing anything wrong here, we've fully disclosed what we're  
19 doing. We filed a copy of the agreement with the Board.

20           It is simply a white label product, it is a  
21 marketing arrangement and it is significantly better  
22 advantaged to us and to our horsemen.

23           As far as representation and jobs for Mr. Castro's  
24 employees, there were deals cut on that. We'd be happy to  
25 sit down and talk to them about whether there are things

1 that can be done. Those discussions should involve  
2 XpressBet and the other ADW companies because, candidly,  
3 they're the employers, we don't hire anybody.

4 We do have a couple of their members, who we  
5 utilize to make cash bets from a Del Mar Bets account, as a  
6 customer service feature, and we went out of our way to make  
7 sure that the union was represented in those jobs.

8 So, you know, I'd be happy to spend days  
9 discussing this with Mr. Miller and staff about the  
10 legalities, but we believe we're on very firm ground.

11 COMMISSION CHAIRPERSON BRACKPOOL: All right. And  
12 can I just ask, as a process point, Richard, have you or any  
13 of your learned expert counsel filed the arguments with the  
14 Board, that you just made, or are you making them now, in  
15 oral argument, only?

16 MR. CASTRO: Given a little history, Del Mar did  
17 this last year and I don't believe it was in their  
18 application. And I couldn't find in the transcript where it  
19 was discussed and I--

20 COMMISSION CHAIRPERSON BRACKPOOL: I just want an  
21 answer to my question directly, this is process only, have  
22 you filed something with the Board that outlines the  
23 arguments that you have just had your advisors articulate in  
24 front of us?

25 MR. CASTRO: Specifically, in writing, no, I have

1 not.

2 COMMISSION CHAIRPERSON BRACKPOOL: Okay, thank  
3 you. Thank you.

4 COMMISSIONER ROSENBERG: Mr. Chairman?

5 COMMISSION CHAIRPERSON BRACKPOOL: Yes,  
6 Commissioner Rosenberg?

7 COMMISSIONER ROSENBERG: Just to clarify, Mr.  
8 Fravel, you referred to it as a comment that I made, you  
9 used my name. You meant, I think, the Ruler over there,  
10 didn't you?

11 MR. FRAVEL: Oh, well, his name also happens to be  
12 pretty similar to yours.

13 COMMISSIONER ROSENBERG: You think so?

14 MR. FRAVEL: But I would sooner call you the Ruler  
15 than him.

16 (Laughter.)

17 COMMISSION CHAIRPERSON BRACKPOOL: Okay. If I  
18 have no other comments on this issue, I'd like to --

19 COMMISSION VICE CHAIRPERSON ISRAEL: Just for the  
20 record, I think you wanted to correct the track  
21 superintendent.

22 MR. FRAVEL: We sent a letter to Mr. Breed, the  
23 track superintendent was mistakenly listed as Steve Wood  
24 and, actually, Richard Tedesco will be performing those  
25 duties.

1 MR. BROAD: Thank you.

2 COMMISSION CHAIRPERSON BRACKPOOL: Thank you. Do  
3 I have a motion?

4 COMMISSIONER ROSENBERG: So moved.

5 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
6 Rosenberg moves to approve the item.

7 COMMISSION VICE CHAIRPERSON ISRAEL: Second.

8 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
9 Israel seconds the item.

10 All in favor?

11 (Ayes.

12 COMMISSION CHAIRPERSON BRACKPOOL: Motion  
13 approved.

14 MR. FRAVEL: Thank you.

15 COMMISSION CHAIRPERSON BRACKPOOL: Have a good  
16 meet.

17 Item Number 10, discussion and action by the Board  
18 regarding an update from Magna Entertainment Corporation  
19 concerning its bankruptcy proceedings and future racing  
20 operations.

21 And I guess we'll really be hearing from MID. But  
22 maybe everybody could introduce themselves, address  
23 themselves, so that we know where we are.

24 Are we looking for an extra chair?

25 MR. MILLS: No, I think we're covered.

1                   COMMISSION CHAIRPERSON BRACKPOOL: If you would  
2 please give your names and positions, that would be helpful  
3 for the reporter.

4                   MR. MILLS: Mr. Chairman, my name is Dennis Mills,  
5 the Chief Executive Officer of MID.

6                   And I would introduce my team, but before we do,  
7 before I introduce the team I would like, on behalf of our  
8 Chairman, Frank Stronach, to acknowledge the fantastic job  
9 that Ron Charles has done over the last five and half years  
10 working, not just in California, but throughout North  
11 America. He has made a phenomenal contribution to the  
12 business and I'm sure he will continue to do so after he has  
13 a short rest. Which you all know, in this business from  
14 time to time you need to take a short rest.

15                   Mr. Chairman, I'd like to introduce Don Cameron,  
16 the Chief Operating Officer of MID.

17                   Rocco Liscio, our Chief Financial Officer, who  
18 will be describing our financial sort of structure and  
19 business structure of MID, which was one of the requests.

20                   Ed Hannah, a lawyer and counselor.

21                   And also, I'd like to announce, today, the  
22 appointment of the new President of Santa Anita and Golden  
23 Gate Fields, Mr. George Haines.

24                   As you know, George Haines was practically born at  
25 Santa Anita. His father worked there and he went on to work

1 as the mutuel manager from 1954 to '84, and went on to  
2 become the assistant general manager. And up until last  
3 night he was the vice president of operations and general  
4 manager, and now he's the president. And so this should  
5 give California racing great comfort that we have a man who  
6 is in charge, with tremendous history and experience.

7 He's been with Santa Anita through the glory years  
8 and we hope that he will continue to be instrumental in  
9 returning the track and racing in California to the stature  
10 that it richly deserves.

11 Mr. Chairman and Members of the Board, I'd like to  
12 read a short, a very short, a couple of excerpts from a  
13 letter that we had prepared for the Board, and that  
14 essentially, all I want to touch on is that which pertains  
15 to initiatives in California.

16 As you know, 15 working days ago, or April the  
17 30th, MI Developments acquired direct control of Santa Anita  
18 Park, Golden Gate Fields, Gulf Stream Park, the Maryland  
19 Jockey Club, which includes Pimlico and Laurel Park,  
20 Portland Meadows, XpressBet and Amtote, by going effective  
21 with a plan of reorganization for the assets of Magna  
22 Entertainment Corp., which was previously confirmed by the  
23 U.S. Bankruptcy Court.

24 And since that period of time there have been a  
25 lot of activity, but I would like to just focus today on

1 those issues that pertain to California.

2 In February, 2010, MID was asked to help broker a  
3 solution concerning the stalemate in MEC's bankruptcy court  
4 over Scotwinc, and Notwinc and other statutory claimants.

5 MID did so.

6 The claims of Scotwinc and most statutory  
7 claimants have been settled and approved by the U.S.  
8 Bankruptcy Court.

9 Discussions concerning Notwinc and the remaining  
10 statutory claimants are ongoing, but MID is optimistic a  
11 settlement can be reached there was well.

12 MID supports the current legislative changes that  
13 have been proposed to the California Legislature concerning  
14 regulatory relief relating to wastewater from concentrated  
15 animal feeding operations at racetracks.

16 MID also supports the current legislative changes  
17 proposed concerning takeout rates.

18 MID has engaged in discussions with Breeders' Cup,  
19 but nothing concerning these discussions can be disclosed as  
20 a result of confidentiality obligations between MID and the  
21 Breeders' Cup.

22 MID has stated that Santa Anita requires less  
23 restrictions on racing days for Santa Anita to become  
24 commercially viable as a racing operation.

25 MID hopes that it can work collaboratively with

1 the California Association of Racing Fairs.

2 MID hopes that it can arrive at a new working  
3 relationship with Oak Tree.

4 MID wishes to work with the California industry in  
5 developing new types of bets that will appeal more broadly  
6 to the U.S. consumer and particularly to the younger  
7 demographic.

8 MID has made a commitment to the California  
9 Thoroughbred trainers to fund an initiative to examine  
10 alternative racing surfaces at Santa Anita.

11 MID believes that the California industry should  
12 adopt unlimited out-of-state simulcasting. California  
13 residents can already bet on all out-of-state races through  
14 advanced deposit wagering.

15 MID believes that the California industry should  
16 better realize the benefit of many satellite locations. It  
17 is unfortunate, in MID's view, that Golden Gate Fields has  
18 been unable to open a downtown San Francisco minisatellite  
19 location and that Santa Anita has not been able to benefit  
20 from the additional minisatellite locations in the greater  
21 Los Angeles area.

22 In summary, Mr. Chairman and Members, we want to  
23 reach out, we want to cooperate. And as I mentioned to you  
24 two weeks ago, our Chairman, Frank Stronach, and our team  
25 would come back in June to present what we believe would be

1 a comprehensive plan to get these assets in a profitable  
2 condition, again.

3 Thank you.

4 And I would introduce Mr. Rocco Liscio, who would  
5 talk about our -- or Ed Hannah, our counsel, who would talk  
6 about our business structure and then our financial  
7 considerations. Go ahead, Ed.

8 COMMISSION CHAIRPERSON BRACKPOOL: Well, I think  
9 some of those issues will come up under some of the  
10 additional items that we have on the agenda.

11 Before we got off of the letter that you've just  
12 referred to --

13 MR. MILLS: Yes.

14 COMMISSION CHAIRPERSON BRACKPOOL: -- and handed  
15 to us, because this seems to be somewhat of a recurring  
16 theme by both MID, as an entity, and your Chairman, in both  
17 what, I guess, an MID role and a personal role, as well,  
18 which is bemoaning the regulation that exists in the State  
19 of California.

20 My understanding is that MID, from reading your  
21 filings, made an independent decision that acquiring the  
22 assets of MEC was in the best interest of MID and all of its  
23 holders, be it debt, equity, et cetera. Am I correct?

24 MR. MILLS: That is correct.

25 COMMISSION CHAIRPERSON BRACKPOOL: When you

1 acquired those assets, were the laws in California different  
2 two weeks ago than what they are today?

3 MR. MILLS: No, the laws weren't different.

4 COMMISSION CHAIRPERSON BRACKPOOL: Right. So, you  
5 made the investment and reported on what a great investment  
6 it was because of all the tremendous opportunities that were  
7 out there, but now all we hear is regulations have to  
8 change, regulations have to change, California's broken,  
9 California's, you know, outdated by 50 years, et cetera.  
10 Can we tie those statements together?

11 MR. MILLS: Well, excuse me, I'm not sure I  
12 understand your point. Are you suggesting that the current  
13 structure is not worthy of review?

14 COMMISSION CHAIRPERSON BRACKPOOL: That wasn't my  
15 question.

16 I asked you the question, when you purchased these  
17 assets --

18 MR. MILLS: Yes.

19 COMMISSION CHAIRPERSON BRACKPOOL: -- right, you  
20 were fully aware of what the regulations were --

21 MR. MILLS: Absolutely.

22 COMMISSION CHAIRPERSON BRACKPOOL: -- and yet you  
23 still believed you were acquiring, over all, good assets.

24 MR. MILLS: Absolutely, and we stand by that.

25 COMMISSION CHAIRPERSON BRACKPOOL: Okay, and so

1 that was my question on that issue.

2           The second item, again, is that in reading your  
3 annual report, you refer to each of the tracks that you've  
4 purchased around the country solely by their real estate  
5 acreage, no mention of what the track does, what it offers,  
6 or anything else.

7           And so, when I look at that, and Santa Anita, for  
8 instance, is described as 305 acres, Golden Gate is  
9 described as 120, I could look it up, 120 acres, whatever  
10 the number is, everything is just described as acreage. But  
11 there is nothing in there that talks, in your letter to  
12 shareholders, that talks about the racing possibilities of  
13 those entities.

14           So, are we really to believe that MID genuinely  
15 has an interest in horse racing or does it really just have  
16 an interest in the underlying acreage?

17           MR. MILLS: Well, I think that -- I think that if  
18 you look at our filings closely, you will see that  
19 Gulfstream Park, which is an asset that we acquired, before  
20 we acquired it, it had a 50 percent tax rate on the slot  
21 system in California. Since we acquired it, it --

22           COMMISSIONER ROSENBERG: Florida.

23           MR. MILLS: Florida, I mean. It dropped to 35  
24 percent.

25           Since we acquired the asset, the joint venture

1 with Forest City on the retail, it has opened up and it has  
2 been successful, and it has made a tremendous contribution  
3 to the racing program at Gulfstream Park.

4 I'm sure you're aware, you look at the numbers,  
5 Gulfstream Park has had one of its most successful meets in  
6 six years.

7 So, we believe that there -- we believe that there  
8 is a model that exists, where we could make these assets  
9 better. And we're not just going to take them over and  
10 defend the status quo. It is our hope and it is our  
11 intention to work with all stakeholders to try and get  
12 regulations amended, changed so that the sustainability of  
13 the racetrack can't be debated.

14 COMMISSION CHAIRPERSON BRACKPOOL: So, can I ask  
15 you, have you introduced or sponsored any legislation to go  
16 ahead and make those regulatory changes that you desire?

17 MR. MILLS: Mr. Chairman, as you are well aware,  
18 we took over these assets 15 working days ago, and that is  
19 why I said to you two weeks ago that we needed a little more  
20 time to come and present specific ideas in your June  
21 meeting.

22 You thought it would be prudent if we came out to  
23 at least get the discussion started, and we agreed, and  
24 that's why we're here today. But we've only had these  
25 assets for 15 working days.

1           COMMISSION CHAIRPERSON BRACKPOOL: I was actually  
2 thinking about the California legislative calendar, because  
3 all of the quotes I read from either yourself or your  
4 chairman, in the newspaper stories, as well as in here, you  
5 know, bemoan the amount of regulation and the fact that this  
6 Racing Board has the power to be able to tell you which days  
7 you can race or which days you can't race. And we  
8 understand that is a change you intend to make.

9           I just wondered whether that was legislation that  
10 you intend to sponsor in this legislative session?

11          MR. MILLS: The answer is no, we intend to  
12 collaborate, as we have said repeatedly, with all  
13 stakeholders in California. But I think that it would be  
14 more transparent for us to say that we're coming out here to  
15 try and work at amending things, rather than just coming out  
16 and letting them continue to drift, because the current  
17 drift doesn't work.

18          Commissioner Israel?

19          COMMISSION VICE CHAIRPERSON ISRAEL: Well, I'm  
20 just a regular guy, so I'm trying to figure out some things.  
21 MEC no longer exists and no longer has control of the  
22 assets; is that correct?

23          MR. HANNAH: MEC technically continues to exist as  
24 the bankrupt estate of MEC.

25          COMMISSION CHAIRPERSON BRACKPOOL: Please identify

1 yourself?

2 MR. HANNAH: Oh, sorry. Ed Hannah, counsel to MI  
3 Developments.

4 COMMISSION CHAIRPERSON BRACKPOOL: Okay.

5 MR. HANNAH: Technically, MEC continues to exist  
6 as an estate in the bankruptcy court.

7 COMMISSION VICE CHAIRPERSON ISRAEL: Right.

8 MR. HANNAH: But all of the racing assets of MEC  
9 have been transferred to MI Developments, Inc., and they're  
10 owned by MI Developments, Inc.

11 COMMISSION VICE CHAIRPERSON ISRAEL: Okay.

12 MR. HANNAH: So, I will walk you through the chart  
13 of --

14 COMMISSION VICE CHAIRPERSON ISRAEL: All right, so  
15 MI Developments is the company that's going to -- that  
16 proposes to operate Santa Anita, Golden Gate Fields, and all  
17 the ancillary?

18 MR. HANNAH: Technically, we will not be the  
19 entity operating. Technically, we will be the entity owning  
20 the operating entity.

21 COMMISSION VICE CHAIRPERSON ISRAEL: Okay, you're  
22 owning, okay.

23 Let me read you from pages 26 and pages 27,  
24 California Horse Racing Law 2010. I think it will be called  
25 Section 19483.

1 "Unless the Board finds that the purpose  
2 of this chapter will be better served  
3 thereby, no license to conduct a horse  
4 racing meeting at any track shall be  
5 issued to any person or held by any  
6 person having any financial interest in  
7 the conduct of any horse racing meeting  
8 by any person at any other track in the  
9 State. Ownership of stock in one  
10 corporation by another corporations  
11 constitutes a financial interest within  
12 the meaning of this section."

13 Section 19484:

14 "Unless the Board finds that the purpose  
15 of this chapter will be better served  
16 thereby, no person licensed under this  
17 article to conduct a horse racing  
18 meeting at any place, track or enclosure  
19 shall own or acquire any stock, or hold  
20 or obtain any other financial interest  
21 in any other track of another such  
22 licensee or in the operation thereof, or  
23 in the authorization of authorized  
24 wagering on the results of horse races  
25 at any such other track."

1 Now, those two laws apply in the State of  
2 California. They would tend to make it illegal -- it would  
3 suggest to me that it would, therefore, be illegal for MID  
4 or any of its subsidiary companies to operate Golden Gate  
5 Fields, Santa Anita and XpressBet.

6 In other words, you got to choose. You get to own  
7 and operate one in the State of California.

8 MR. HANNAH: I know the provision exists in the  
9 law, the provision has been there for a long time. That is  
10 the situation that Magna Entertainment Corporation was in  
11 since it acquired its second racetrack in California.

12 COMMISSION VICE CHAIRPERSON ISRAEL: A waiver was  
13 granted to Magna Entertainment Corporation.

14 MR. HANNAH: The Board -- the Board has always  
15 granted that waiver and permitted that to happen.

16 COMMISSION VICE CHAIRPERSON ISRAEL: Right, but  
17 that corporation no longer is the shareholder in question,  
18 MID is.

19 MR. HANNAH: I believe that the waiver applied to  
20 the assets, applied to the licensees, and the licensees  
21 continue to exist.

22 COMMISSION VICE CHAIRPERSON ISRAEL: The licenses  
23 are now defunct.

24 MR. HANNAH: But, you know, if what you're saying  
25 is the Board has the right to do or not do --

1 COMMISSION VICE CHAIRPERSON ISRAEL: That's right.

2 MR. HANNAH: -- the law is clear, the Board has  
3 that right.

4 COMMISSION VICE CHAIRPERSON ISRAEL: That's right.

5 MR. HANNAH: I'm not going to quarrel with you on  
6 that.

7 COMMISSION VICE CHAIRPERSON ISRAEL: You know, and  
8 for us citizenship is an issue, being a good citizen, being  
9 a good member of this State and this community.

10 And, clearly, by abrogating, at least with Oak  
11 Tree, which is going to come up next, you've put them in  
12 jeopardy, that's a charitable organization with an eminent  
13 board, that's done a lot of good over the last 41 years for  
14 California, and California racing, and a lot of  
15 organizations.

16 You've also put in jeopardy California's ability  
17 to host, for the next five years, the Breeders' Cup.

18 Now, the Breeders' Cup generates, as I understand  
19 it, in the last couple of years, about \$60 million in  
20 economic activity for Arcadia, the San Gabriel Valley and  
21 Los Angeles County. That's important, that's a lot of jobs,  
22 that's important to a lot of people.

23 Now, all of this is in jeopardy, now, because you  
24 want to change how you've done business and how MEC did  
25 business to a way that MID does business.

1           Now, that's not going to gender a lot of good  
2 feelings among a lot of people in the racing community.  
3 That's not an expression of goodwill.

4           What I see, when I see you guys sitting there, I  
5 see BP, someone who's coming into exploit our land and our  
6 people, and take it away to wherever you go, and benefit by  
7 the work and hard labor of the people in California, and not  
8 really give much back.

9           You're disrupting something. There are a lot of  
10 things about California racing that need to change, but you  
11 propose to disrupt some things that work.

12           And, you know, I learned a long time ago don't fix  
13 what ain't broke, and Oak Tree ain't broke. You know, we  
14 got an issue here with that.

15           MR. MILLS: So, Mr. Commissioner, your point is  
16 taken and as we said in our letter, we met yesterday with  
17 the president of Oak Tree, and we said that we would go back  
18 and meet with him on June the 4th, and it is our hope that  
19 we can come up with something that is constructive for both  
20 parties.

21           COMMISSION VICE CHAIRPERSON ISRAEL: Well, strong  
22 arm don't work. You know, I grew up in New Jersey, you  
23 know, in a town of New Jersey, where the leading cause of  
24 death was wearing a wire, probably.

25           (Laughter.)

1                   COMMISSION VICE CHAIRPERSON ISRAEL: And the  
2 second leading cause of death was going swimming with  
3 concrete shoes. So, you know, strong arm tactics aren't  
4 really effective, I learned that from a lot of losers I grew  
5 up with.

6                   MR. MILLS: Well, with respect, Mr. Commissioner,  
7 we're not strong arming anyone and we're not using wires, or  
8 whatever you referred to, that's not our approach.

9                   COMMISSION CHAIRPERSON BRACKPOOL: I think,  
10 Dennis, you have to understand that there has been a great  
11 deal of concern as to what the takeover would mean. Your  
12 chairman came out and made various statements that almost  
13 universally, in the California horse racing world, were  
14 taken to be hostile statements. You know, if we can't race  
15 year round, we will close it down. You know, there will not  
16 be a new track unless we get, there will not be, et cetera.

17                   Your first act as MID, right, is to go out and  
18 cancel a nonprofit for the benefit of horsemen's lease.

19                   Now, I don't know whether anyone down here has any  
20 public relations background but, to me, that didn't seem  
21 like the opening act of we're different, this is going to be  
22 the right way to do this.

23                   So, that is why you have raised the level of  
24 concern that you have. I then read various documents you  
25 have, such as describing all of the facilities only by the

1 total number of acres that they have, and that doesn't calm  
2 my concerns, and it's probably the same for everybody else  
3 here, right.

4 We have, you know, testimony going back where your  
5 chairman came out two years ago, three years ago, and made  
6 various comments about what he felt about the California  
7 horse racing industry and what he was going to do to change  
8 it, and the commitments he was going to make. Those  
9 commitments didn't happen.

10 So, it may be a different corporate entity, but  
11 it's controlled in identical percentage equity terms by the  
12 same person. So, it's very, very difficult to sit here and  
13 say that was then, this is now, without people -- people  
14 genuinely sitting there, scratching their heads, saying,  
15 well, I wonder what is different now, what did happen to the  
16 bonds at Santa Anita.

17 MR. MILLS: Mr. Chairman, I want to repeat, we  
18 took these assets over 15 days ago. We said that we would  
19 come back with a comprehensive plan for the meeting in June  
20 and we hope that we can pass your test, that's our hope.

21 COMMISSION CHAIRPERSON BRACKPOOL: Right, I  
22 understand. I'm just sitting here, explaining to you --

23 MR. MILLS: Your point is taken.

24 COMMISSION CHAIRPERSON BRACKPOOL: -- why people  
25 on the Board feel as strongly as they do and why people

1 within the industry feel as strongly as they do. You know,  
2 there is a very determined process that we have in  
3 California if you wish to change a law. You know, go get a  
4 member of the Legislature to agree with you, to carry that  
5 bill. That bill, then, has to make it through various  
6 committees, both houses, the Assembly and the Senate, and it  
7 has to be signed by the then governor for it to become law.

8 Right. We have been holding, since January of  
9 this year, regular legislative meetings, because this  
10 Governor has been very supportive in his comments, since  
11 January, about the fact we need changes.

12 Every single Commissioner, sitting up here, has  
13 made those changes, has made -- has echoed the fact that we  
14 need those changes.

15 Every meeting we have here people stand in front  
16 of us and testify about the changes that are necessary. We  
17 have certain absolutes that are very difficult to change  
18 here. We have initiatives that have been approved by  
19 voters. We have tribal compacts that we have to deal with.  
20 We have different issues in this State to other states.

21 I would still contend that our racing product is  
22 second to none in the United States, that our weather is  
23 second to none, our ability to host major events is second  
24 to none. But we have constraints that we have to operate  
25 within.

1           And I think what is not appreciated is when we see  
2 public statements that stand up as if nobody else in this  
3 room, and I'm now going to take the liberty of speaking for  
4 the horse racing generally, in this room, as if nobody else  
5 in this room believes we need any change, and everybody else  
6 believes everything is fine. That's not the case at all.

7           I don't think MID owns the right to say, you know,  
8 we're the only people who are for change and you're all a  
9 bunch of, you know, ostrichs stuck out there with your head  
10 in the sand for the last 50 years. That's not the case and  
11 that's what we're reacting and responding to.

12           MR. MILLS: I accept your comments, Mr. Chairman.

13           COMMISSION CHAIRPERSON BRACKPOOL: Do I have  
14 comments from other Commissioners?

15           COMMISSIONER ROSENBERG: I have a question.

16           COMMISSION CHAIRPERSON BRACKPOOL: Yes,  
17 Commissioner Rosenberg.

18           COMMISSIONER ROSENBERG: Yeah, Mr. Mills, before I  
19 go and ask the question, I got to make full disclosure here  
20 that I also was raised in a small town in New Jersey, with  
21 the same kinds of --

22           (Laughter.)

23           COMMISSIONER ROSENBERG: But my question is, in  
24 your letter, the third paragraph talks about MID as a public  
25 company, which must obtain an adequate rate of return. You

1 make the comment that:

2 "MID conducted detailed discussions with  
3 the entity interested in running Santa  
4 Anita Racetrack and offered to lease  
5 Santa Anita to that entity.

6 Unfortunately, that entity was unwilling  
7 to pay rent on Santa Anita as a  
8 racetrack that provided anywhere near a  
9 market rate of return."

10 And my first question is, did those discussions  
11 take place in the last couple of weeks since MID took over  
12 the property from bankruptcy?

13 MR. HANNAH: Those discussions took place more  
14 than in the last couple of weeks, they were quite a while  
15 ago. And there's not a lot more we can say because we're  
16 under confidentiality restrictions with the entity.

17 COMMISSION VICE CHAIRPERSON ISRAEL: Well, who  
18 were they with?

19 MR. HANNAH: We can't disclose that.

20 COMMISSION CHAIRPERSON BRACKPOOL: I don't think  
21 that was the question. I think the question that the  
22 Commissioner -- the first question is --

23 COMMISSIONER ROSENBERG: Well, the first question  
24 was, was it basically during the bankruptcy proceeding that  
25 these discussions took place with --

1 MR. HANNAH: It was during the occurrence of the  
2 bankruptcy proceeding.

3 COMMISSIONER ROSENBERG: I presume it wasn't  
4 technically with MID? It was with MEC, correct?

5 COMMISSION CHAIRPERSON BRACKPOOL: It would have  
6 been with MEC, correct?

7 MR. HANNAH: No, they were with MID at that time.

8 COMMISSION CHAIRPERSON BRACKPOOL: They were with  
9 MID?

10 MR. HANNAH: With MID, yes.

11 COMMISSION CHAIRPERSON BRACKPOOL: As a  
12 prospective owner of MEC?

13 MR. HANNAH: One has to remember what happened  
14 during the bankruptcy proceeding. We were the secured  
15 creditor in respect of a large amount of money to MEC. MID  
16 had always been clear in its public statements that it  
17 wanted to maximize the value of the loans that it had  
18 outstanding to MEC.

19 There was, as this letter states, basically, MEC  
20 was being supervised by the bankruptcy court, it had  
21 retained its own advisors, Miller Buckparr (phonetic), they  
22 were running a sales process in respect of all of the  
23 assets.

24 We were not a part of that sales process, but we  
25 were monitoring it because, obviously, we wanted to achieve

1 the greatest possible value in the realization of our  
2 security on those loans.

3 So, during that entire process, MID was having  
4 discussions with people on various assets concerning ways in  
5 which that value could be maximized.

6 COMMISSION VICE CHAIRPERSON ISRAEL: Who, from  
7 MID, had the conversations that were described in the  
8 letter, on the bottom of page 1 and onto page 2. Those are  
9 the conversations you're referring to, right, Richard?

10 COMMISSIONER ROSENBERG: Yes. The bottom of page  
11 1.

12 COMMISSION VICE CHAIRPERSON ISRAEL: Yeah.

13 MR. MILLS: The management of MID had discussions  
14 with that party.

15 COMMISSION CHAIRPERSON BRACKPOOL: Let me ask you  
16 a question because you may not be familiar, because this has  
17 been a subject of every Board meeting since I've been on the  
18 Board, beginning in October, which is the Scotwinc/Notwinc  
19 amounts owed.

20 I have to say that it's pretty tough for me to sit  
21 here and read these words, "In February 2010 MID was asked  
22 to help broker a solution concerning the stalemate in MEC's  
23 bankruptcy court over Scotwinc, Notwinc, and other statutory  
24 claimants."

25 MR. MILLS: Right.

1           COMMISSION CHAIRPERSON BRACKPOOL: As far as we  
2 understand, MEC had adamantly refused to pay over what were  
3 absolutely trust monies, monies held in trust. The  
4 California Legislature passed legislation that stated these  
5 were monies held in trust.

6           Did MID also oppose these motions to pay this  
7 money prior to becoming a broker in February of 2010?

8           MR. HANNAH: No, the only action that MID ever  
9 officially took in the bankruptcy court was after this  
10 settlement and solution had been reached, we filed a  
11 statement of support in favor of the settlement and the  
12 solution.

13           COMMISSION CHAIRPERSON BRACKPOOL: So, who were  
14 the managers of MEC that were opposing the payment of these  
15 statutory claims during the bankruptcy?

16           MR. HANNAH: That, I can't really give you the  
17 answer to because, as Mr. Mills stated earlier, MEC was  
18 basically a corporation under the supervision of the  
19 bankruptcy court, with its own management team that was  
20 running that process.

21           COMMISSION CHAIRPERSON BRACKPOOL: So, but the  
22 management team who were running the bankruptcy process,  
23 what happened to them?

24           MR. HANNAH: The senior management team of MEC  
25 has -- they're all gone, right, because they no longer have

1 those assets. There's a plan administrator in place under  
2 the bankruptcy process.

3 COMMISSION CHAIRPERSON BRACKPOOL: Right, so who  
4 were the senior managers of MEC that the California racing  
5 entities were reporting into? I'm trying to get to the  
6 personnel.

7 MR. HANNAH: I can only tell you the names of  
8 persons I'm aware of.

9 COMMISSION CHAIRPERSON BRACKPOOL: Yeah.

10 MR. HANNAH: The CEO through that process was a  
11 gentleman by the name of Greg Rayburn. The CFO was a  
12 gentleman by the name of Blake Tohana. The general counsel  
13 was an individual by the name of Bill Ford.

14 COMMISSION CHAIRPERSON BRACKPOOL: So, nobody in  
15 the MID management team signed or supported those motions at  
16 all, even though you were the DIP lender, you never took a  
17 position as the DIP lender on any of those motions?

18 MR. HANNAH: Mr. Brackpool, I was present at a  
19 meeting, I believe, with you, and Mr. Mills, and Mr.  
20 Stronach in February, in which we reported to you at that in  
21 respect of all of those issues, we had not gotten involved  
22 within the context of the bankruptcy court. And that was  
23 because there were procedures and mechanisms put in place  
24 respecting Magna Entertainment Corporation very early in the  
25 bankruptcy process, in which they wanted to be sure that it

1 was -- the management was occurring in a way that Mr.  
2 Stronach was not directly involved.

3 MID was still an entity, of which the Stronach  
4 Trust controlled, so that's why we took, other than, you  
5 know, efforts to protect the value of our assets and  
6 monitoring what was going on in the process, we never took  
7 an active role in the bankruptcy proceedings until the point  
8 at which, in January, a plan of reorganization was jointly  
9 proposed by MID, by the Unsecured Creditors Committee to the  
10 court, and by MEC, to the court, which resulted in these  
11 assets now coming in the possession of MI Developments.

12 At that meeting in February, and that's what this  
13 letter is referring to, you specifically raised the Notwinc  
14 and Scotwinc issues.

15 COMMISSION CHAIRPERSON BRACKPOOL: Right.

16 MR. HANNAH: And you asked us to get involved. At  
17 that point we actually indicated to you that we didn't feel  
18 we could get involved, for the very reasons I just stated  
19 and, hopefully, you recall that.

20 We went away from that meeting, we understood the  
21 importance of the issue to California, we understood the  
22 request that you had made, and we did get very actively  
23 involved.

24 In fact, I was one of the individuals who was  
25 very, very actively involved in trying to come to those

1 conclusions. You can check with Drew Couto, who was acting  
2 on behalf of those entities, I'm sure he will confirm that.

3 We then came to the solution that I think everyone  
4 was --

5 COMMISSION CHAIRPERSON BRACKPOOL: No, I know what  
6 happened, I know what happened post then.

7 MR. HANNAH: One thing I would like to go on  
8 record, just to make it clear to everybody, the settlement  
9 that was reached was a settlement that was reached in  
10 respect of the southern part of California.

11 Right now we are engaging in discussions on the  
12 northern part of California. The northern part of  
13 California is actually the flip side of what was going on in  
14 the south. We are owed, or the Magna former -- the Pacific  
15 Racing Association is owed significant amounts of money by  
16 Notwinc, and the amounts of money that the Pacific Racing  
17 Association are owed by Notwinc, a very significant  
18 component of that are actually statutory deductions that  
19 weren't being paid to us.

20 So, you know, I understand the desire and the  
21 vigilance of this Board in trying to assure that statutory  
22 deductions are paid but, you know, I asked for the same  
23 vigilance, I wanted to show you that we were, especially now  
24 MID, that we are the controlling entity of Pacific Racing  
25 Association, we now have a subsidiary that is owed a

1 significant amount of money that are statutory deductions.

2 COMMISSION CHAIRPERSON BRACKPOOL: But in answer  
3 to my specific question, as a secured lender and as the  
4 debtor in possession lender did you ever file any objections  
5 to the statutory payments being paid out?

6 MR. HANNAH: No, we -- MID did not file any  
7 objections to that. The only matter it filed was in support  
8 of the Scotwinc settlement.

9 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

10 COMMISSION VICE CHAIRPERSON ISRAEL: I'd like to  
11 ask you to explain what legislative changes you support,  
12 those which you oppose, those which you might propose?

13 MR. MILLS: Mr. Israel, we mentioned to your  
14 Chairman and we say here that as we've taken these assets  
15 over 15 working days ago, and we would like to come back and  
16 be very specific next month.

17 COMMISSION VICE CHAIRPERSON ISRAEL: I understand.  
18 But you come here with a letter --

19 MR. MILLS: Yes.

20 COMMISSION VICE CHAIRPERSON ISRAEL: -- that's,  
21 you know, not a short letter, it's four or five pages. You  
22 know, I write for a living so I get to count -- I count  
23 pages. And, you know, in this letter there are a lot of  
24 sweeping statements and it's incumbent upon us to inquire  
25 what you mean?

1 MR. MILLS: Well, for example, on page 3 we're  
2 very specific. "The current legislative changes that are  
3 being proposed to the California Legislature concerning  
4 regulatory relief relating to wastewater from concentrated  
5 animal feeding operations."

6 COMMISSION VICE CHAIRPERSON ISRAEL: Okay.

7 MR. MILLS: That's a -- that is something that we  
8 support and hope is achieved because it's a \$20 million  
9 capex for Santa Anita if it's not achieved.

10 COMMISSION VICE CHAIRPERSON ISRAEL: Okay. Well,  
11 then, I need more specificity, such as what you just  
12 provided, on this bullet point: "MID has stated that Santa  
13 Anita requires less restrictions" -- actually, it should be  
14 fewer, if somebody were writing properly -- "on racing days  
15 for Santa Anita to be commercially viable as a racing  
16 operation."

17 What do you mean by that?

18 MR. MILLS: Well, as you are aware, there is a  
19 challenge to creating Santa Anita as a sustainable entity  
20 with the current number of racing dates and we're hoping  
21 that there comes a time in the future that we may end up  
22 with more racing dates.

23 COMMISSION CHAIRPERSON BRACKPOOL: Well, let me  
24 just respond to that for a moment. If you go back over the  
25 decades, Santa Anita was a remarkably successful operation.

1 It was a remarkably profitable operation.

2 What has changed for Santa Anita is not that it's  
3 running on a reduced racing schedule, what has changed are  
4 the economics of our great sport. And that has changed for  
5 everybody.

6 Now, one possible solution to that may be you race  
7 more. And if you have read any of the testimony of either  
8 this Board and/or the committees that all of us look after  
9 and run, you will see that that's definitely been something  
10 we've talked about. But we've also talked about many, many  
11 other ideas and initiatives as well.

12 What we get and, you know, I can read various  
13 press statements from your chairman, that have been made as  
14 recently as a couple of weeks ago, are threats.

15 MR. MILLS: There's no intention to threat, Mr.  
16 Chairman. There are times when our chairman comes across as  
17 a threat, but you can't challenge his love or passion for  
18 the thoroughbred industry.

19 COMMISSION VICE CHAIRPERSON ISRAEL: Let me -- I  
20 used to -- let me finish. I used to live in Chicago for a  
21 while, when Richard --

22 (Laughter.)

23 COMMISSION VICE CHAIRPERSON ISRAEL: -- when  
24 Richard J. Daley was the mayor, and he used to say things  
25 like "shoot to kill" that he really didn't intend, and he

1 would always say "write what I mean, not what I say." Is  
2 that what you're suggesting here?

3 MR. MILLS: Well, Mr. Israel, I'm sure you're  
4 aware that -- and I guess you're referring to the chairman  
5 right now?

6 COMMISSION VICE CHAIRPERSON ISRAEL: Yes, I am.

7 MR. MILLS: Our chairman has invested close to a  
8 half a billion dollars, personally, in the thoroughbred  
9 racing industry over the last 25 years.

10 COMMISSION VICE CHAIRPERSON ISRAEL: Okay, thank  
11 you.

12 MR. MILLS: You can't debate his love or his  
13 passion for the industry, or his personal financial  
14 commitment to the industry.

15 What we're saying here is that sometimes in the  
16 joust of a debate things are said, it's no different than  
17 what you've just said about wires and whatever the other  
18 expressions are that you used.

19 COMMISSION VICE CHAIRPERSON ISRAEL: You wear a  
20 wire under your shirt.

21 MR. MILLS: Pardon me?

22 COMMISSION VICE CHAIRPERSON ISRAEL: Wearing  
23 wires, you wear it under your shirt, it transmits to the  
24 cops.

25 MR. MILLS: Well, whatever you were saying, I knew

1 you didn't mean it literally and it was a colloquialism.

2           So, as you use colloquialisms, sometimes our  
3 chairman does.

4           But, please, his commitment to the thoroughbred  
5 industry is pretty --

6           COMMISSION VICE CHAIRPERSON ISRAEL: His insisting  
7 he wants to race 52 weeks a year, three days a week, a  
8 colloquialism?

9           MR. MILLS: Yes.

10          COMMISSION VICE CHAIRPERSON ISRAEL: Oh, it is.  
11 Okay.

12          COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
13 Derek?

14          COMMISSIONER DEREK: Yeah, I'd like to make a  
15 comment. You keep repeating that you've only been there for  
16 15 days.

17          MR. MILLS: We've had control of the asset, yes.

18          COMMISSIONER DEREK: You've had control 15 days,  
19 you've been so disruptive, potentially damaging to some of  
20 our best institutions in California racing in 15 days and  
21 now you're asking for 30 days, approximately, to report back  
22 to us --

23          MR. MILLS: Oh, next month, yes.

24          COMMISSIONER DEREK: -- how you're going to, as I  
25 see, repair or correct these damages. And I don't -- I

1 don't know why we should have to wait that long. I would  
2 like to see some kind of progress as you go along, some kind  
3 of report on how you're correcting these situations. The  
4 whole industry had to step up and help Oak Tree in your 15  
5 days.

6 MR. MILLS: I think that's a fair request. We'd  
7 be happy to give you progress --

8 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
9 Moss. Commissioner Moss?

10 COMMISSIONER MOSS: I think in any kind of a  
11 business operation or in any kind of a situation there is  
12 the matter of timing. And as you can tell from this Board,  
13 and I think from the industry as a whole, we've passed that  
14 time. You know, we need to know what our largest investor  
15 is planning to do.

16 There's the area of the debt that's owed to these,  
17 a debt of trust that I think our Chairman referred to, but  
18 more than that there's the industry in itself, they need  
19 certainty, they need to know what's happening at this great  
20 race place. They need to deal with where they're kids are  
21 going to go to school next year. I mean, there's a whole  
22 range of things, are we going to New York to run our horses  
23 or are we going to stay here?

24 This is a major point, the Breeders' Cup can give  
25 us -- may give California a tremendous opportunity of

1 rebirth, an incredible situation. I mean, I think the  
2 Chairman mentioned \$60 million a year flooding into the  
3 State because of these events and perhaps we can have an  
4 extended stay of the Breeders' Cup. We need to know  
5 something. We've been delayed, and delayed, and delayed  
6 and, you know, I mean this is something I would say to  
7 Frank, personally, we need answers. And the more we get  
8 answers and the quicker we get answers, I think you'll find  
9 this Board to be more receptive.

10 MR. MILLS: Mr. Moss, your point is taken. I  
11 can't debate with you, we agree. We just took these assets  
12 over, we're moving as fast as we can, and we will -- I will  
13 take Commissioner Derek's point and as fast as we can get  
14 things done, we'll report to you.

15 COMMISSION CHAIRPERSON BRACKPOOL: But what I want  
16 you to understand, then we'll move onto the next item, but  
17 what I want you to understand is you go to that mission  
18 statement we have there, right, part of our function is to  
19 promote horse racing.

20 To go to Commissioner Derek's point, right, MID  
21 has come in here and you're like a bull carrying around your  
22 own china shop. It has been an unmitigated disaster in your  
23 first 15 days in terms of helping promote the sport.

24 We all, up here, have an absolutely obligation to  
25 promote this sport. You have an -- as I told you this

1 directly, you have every right to go and seek legislative  
2 relief, changes, and everything else.

3           What we are also upset about up here is not your  
4 right to be able to do it, we're not arguing your right to  
5 be able to do it, every special interest in here has got  
6 some piece of legislation that they're trying to run through  
7 and they'll be successful or they won't be successful, or  
8 whatever.

9           But we try and do it in a way that maintains the  
10 integrity of the sport with the betting public and everybody  
11 else, that's what we're here trying to do.

12           So, my humble advice to you is you just need to  
13 tone it down a little bit, because if you're still working  
14 on what your proposals really are, then don't say anything  
15 until you know what your proposals really are, instead of  
16 the statements that have been made in the first 15 days.  
17 And that's really my point.

18           We have some speakers before you go to the issue  
19 and then we'll go --

20           MR. HANNAH: Chairman Brackpool, may I just,  
21 please, make one statement?

22           COMMISSION CHAIRPERSON BRACKPOOL: You may.

23           MR. HANNAH: And this isn't meant to be  
24 confrontational, it's not meant to be a threat. You know,  
25 after the dialogue I've just heard, I'm confused as to what

1 confrontation and a threat is. I do know what a wire is.

2 COMMISSION VICE CHAIRPERSON ISRAEL: Good.

3 MR. HANNAH: But I do know under the wire act,  
4 it's a different definition.

5 But, anyways, the one thing and it's why it's in  
6 this letter and, you know, I heard Commissioner Derek's  
7 comment and, as Dennis said, it is understood and it's taken  
8 by us to take away and consider.

9 But the reason why the language was put in this  
10 letter about when the sale process was being run, not by us,  
11 but by others, the most serious bidders, the ones offering  
12 the greatest amount of money were offering the money only on  
13 Santa Anita as a real estate asset.

14 You know, or MID, I represent, so I'm just counsel  
15 to them, MID came in and through the plan of reorganization  
16 now has control of the California racing assets in Santa  
17 Anita Park.

18 You know, the one thing that's in this letter and  
19 maybe we haven't focused on it enough, it's the call to  
20 action at the end. It's, you know, as an industry, let's  
21 collaborate to achieve a comprehensive solution to make  
22 California horse racing commercially viable.

23 COMMISSION CHAIRPERSON BRACKPOOL: But that's what  
24 we've been saying.

25 MR. HANNAH: Yes. But please understand that, you

1 know, you're referred to MID as an unmitigated disaster and  
2 the unmitigated disaster --

3 COMMISSION CHAIRPERSON BRACKPOOL: No, I didn't  
4 refer to MID, I said the initial 15-day entrance was an  
5 unmitigated disaster.

6 MR. MILLS: Your point is taken.

7 MR. HANNAH: Yeah. But, you know, the point I'm  
8 trying to make, and please to help people understand, is the  
9 unmitigated disaster probably would have been this asset  
10 being acquired by a third party, that wasn't prepared to  
11 even try to make racing part of it.

12 COMMISSION CHAIRPERSON BRACKPOOL: Right. And I  
13 did not refer to MID as an unmitigated disaster, I referred  
14 to the entrance.

15 MR. HANNAH: Yes. And that's why I wanted  
16 to -- yes, thank you.

17 COMMISSION CHAIRPERSON BRACKPOOL: Before  
18 we -- no, don't go, we have some speakers to the issue.

19 MR. HANNAH: Oh, sure.

20 COMMISSION CHAIRPERSON BRACKPOOL: Richard --

21 MR. SCHEIDT: It's Scheidt.

22 COMMISSION CHAIRPERSON BRACKPOOL: -- Scheidt,  
23 from the TOC.

24 MR. SCHEIDT: I've been all kinds of names, as you  
25 can imagine. Thank you for trying, I appreciate that.

1           My name is Richard Scheidt and I'm the TOC  
2 Director of Operations for Northern California.

3           I'm not here in front of you today on behalf of  
4 TOC, but instead, here at the request of Arnold Zecher,  
5 who's the Chairman of TRAC, T-R-A-C.

6           Arnold has asked me to read a letter to you on his  
7 behalf, as he's not been able to make it here today.

8           The letter reads:

9           "Chairman Brackpool and honorable  
10 Members of the Board, as many of you are  
11 aware, in early 2009 the TOC established  
12 a Thoroughbred Racing Association of  
13 California, known as TRAC, for the sole  
14 purpose of acquiring or leasing Santa  
15 Anita Park when Magna Entertainment went  
16 into bankruptcy. TRAC is a nonprofit  
17 entity and its mission is preserve the  
18 quality of racing by operating  
19 racetracks throughout California in  
20 perpetuity. TRAC is comprised of  
21 established business leaders with strong  
22 ties to the Thoroughbred racing  
23 industry. Although TRAC is a nonprofit  
24 entity, the goal of TRAC is to make  
25 money. The net income from racing

1 operations, however, will be reinvested  
2 in the facilities and purses benefitting  
3 all horsemen. Virtually every racing  
4 organization in California expressed  
5 support of this venture. When the  
6 bankruptcy courts ruled that MID could  
7 acquire Santa Anita as a creditor of  
8 Magna, Magna pulled the property from  
9 the bankruptcy sale with the objective  
10 of MID owning it. TRAC continued to  
11 negotiate with MID in hopes of leasing  
12 and operating Santa Anita on a long-term  
13 basis. That, too, was stopped when MID  
14 decided they wanted to operate the  
15 track, themselves. The TOC and other  
16 individuals invested significant amount  
17 of money to facilitate this process and  
18 were disappointed when discussions were  
19 halted. Nonetheless, the goal of TRAC  
20 continues and the purpose of this letter  
21 is to express to CHRB that TRAC is  
22 dedicated to operating Thoroughbred  
23 racetracks throughout California. In  
24 that regard we are very interested in  
25 and more than willing to accept racing

1 dates to accomplish this goal through  
2 the acquisition or leasing of a  
3 facility. TRAC wants to work with any  
4 Southern California venue to facilitate  
5 and manage a successful racing circuit  
6 in our State. In that regard, we feel  
7 that operating tracks on a not-for-  
8 profit basis will ensure stability in  
9 horse racing and TRAC is committed to  
10 making racing better for owners,  
11 trainers, jockeys and the industry as a  
12 whole. With Oak Tree operating its  
13 historical meet and TRAC operating the  
14 remaining Santa Anita dates, horsemen  
15 would be in control of their future and  
16 have only one objective, preserving  
17 quality horse racing in California. The  
18 founders of TRAC are available to help  
19 in any way they can. Thank you for your  
20 time and please do not hesitate to  
21 contact Arnold Zecher so he can provide  
22 additional information and answer any  
23 questions. Sincerely, Arnold Zecher."

24 COMMISSION CHAIRPERSON BRACKPOOL: Thank you. Can  
25 you please provide MID with all that information?

1 MR. SCHEIDT: Sure, I have --

2 COMMISSION CHAIRPERSON BRACKPOOL: Would you  
3 entertain a discussion with Mr. Zecher?

4 MR. MILLS: We're open to anybody who comes to us,  
5 that would try and make California racing better. We  
6 continue to talk to people about making California racing  
7 better.

8 COMMISSION CHAIRPERSON BRACKPOOL: Well, given  
9 that Mr. Zecher has outed himself out of the confidentiality  
10 agreement, I assume that this is the party that you were  
11 referring to or were there possibly two?

12 MR. HANNAH: I do not want to violate the terms of  
13 a nondisclosure agreement, so I can't -- we can't comment on  
14 that.

15 COMMISSION VICE CHAIRPERSON ISRAEL: You're a good  
16 lawyer.

17 MR. SCHEIDT: I have copies for all the folks.

18 COMMISSION CHAIRPERSON BRACKPOOL: Thank you, that  
19 would be very good. Thank you very much, indeed.

20 We're now going to move to -- you can actually  
21 stay where you are, if you would.

22 Oh, before we go, Dr. Arthur would like to speak  
23 to this issue, I apologize.

24 DR. ARTHUR: Yes, Dr. Arthur, Equine Medical  
25 Director for the California Horse Racing Board.

1 I would like to point out that there are statutory  
2 monies due the Center for Equine Health, at the University  
3 of California, in the sum of \$56,138 and to the Maddy  
4 Laboratory in the sum of \$108,971 that have not been paid  
5 and are still outstanding.

6 That does not include \$39,000 for TCO2 testing at  
7 Santa Anita and Golden Gate Fields, which the University  
8 recognizes was a unsecured asset.

9 COMMISSION CHAIRPERSON BRACKPOOL: But listing the  
10 statutory payments --

11 DR. ARTHUR: We're talking about statutory  
12 payments.

13 COMMISSION CHAIRPERSON BRACKPOOL: Okay, but  
14 listing the statutory payments, the Chapter 11 process is a  
15 well-defined, well-structured process. So, were they listed  
16 as statutory payments and, if so, were they paid? And if  
17 not, why not?

18 MR. ARTHUR: They were not paid and the University  
19 lawyer did consult with Mr. Miller and with the AG's office  
20 that was consulting with the Horse Racing Board.

21 COMMISSION CHAIRPERSON BRACKPOOL: Right. But my  
22 point is that they must, therefore, and I can ask MID this,  
23 they must not have been listed by the court as statutory  
24 payments.

25 MR. HANNAH: I believe the situation is I do not

1 believe that the Regents of California were a plaintiff in  
2 the action that was brought before the Chapter 11 court  
3 concerning the statutory payments. And I believe that they  
4 have filed a claim in the Chapter 11 court, but they have  
5 described them as a tax priority payment. And I think, you  
6 know, we're not -- there's a plan administrator that's  
7 dealing with the bankrupt estate for MEC. I'm not sure how  
8 they plan to deal with that claim, but I think they were  
9 confused by the characterization of it as a tax priority  
10 payment.

11 MR. MILLS: But we will follow through and report  
12 back to you on this subject.

13 MR. HANNAH: Yes.

14 COMMISSION CHAIRPERSON BRACKPOOL: That would be  
15 good, yes. And my only point, Rick, is to be fair to these  
16 guys for a moment, at the end of the day, when there's a  
17 plan confirmation, there is a schedule of which payments  
18 they have to make. I'm absolutely sure they have made all  
19 of the payments that are on that schedule.

20 If these are not on there, then it's an ongoing  
21 dispute in front of the court. But let's hear back.

22 MR. HANNAH: But we will follow through.

23 COMMISSION CHAIRPERSON BRACKPOOL: And if we could  
24 not wait until the next Board meeting, if we could see some  
25 correspondence that lists them.

1 MR. HANNAH: Absolutely, we'll do that right away.

2 COMMISSION CHAIRPERSON BRACKPOOL: And you can  
3 just characterize what the nature of the claimant is and  
4 what the court's response is.

5 MR. HANNAH: Yeah, we'll request that from the  
6 plan administrator at MEC, because it's not our process,  
7 it's their process.

8 DR. ARTHUR: I think this is a good citizenship  
9 issue that the Board should take into consideration.

10 I would also like to point out that we heard about  
11 how terribly California has been operated in a regulatory  
12 structure. I would challenge these people to produce how  
13 much cash flow came out of California to support MEC over  
14 the history they've been here, and you're talking about well  
15 over a hundred million dollars.

16 COMMISSION CHAIRPERSON BRACKPOOL: Okay, thank  
17 you.

18 You wished to say something else, Dennis?

19 MR. MILLS: We're not going to comment on that.

20 COMMISSION CHAIRPERSON BRACKPOOL: No, I wasn't  
21 asking you to, that was why.

22 MR. MILLS: Okay.

23 COMMISSION CHAIRPERSON BRACKPOOL: Let's go to  
24 Item Number 11. We are going to require responses from MID,  
25 I'm sure. So, if you wish, some of you can stay, some of

1 you can go. But I would ask Mr. Chillingworth to come forth  
2 on Item Number 11.

3 MR. CHILLINGWORTH: Good morning. I'm Sherwood  
4 Chillingworth, Executive Vice President of Oak Tree Racing.

5 And before we get into a discussion of the -- our  
6 specifics on our negotiations with MID as to extending our  
7 lease, I'd like to run back over a little history about Oak  
8 Tree.

9 It was founded in 1969 by eight guys, who took out  
10 their own money, in those days it was probably four or five  
11 million dollars, today that's not very much, in those days  
12 it was, and they took the risk of opening that meeting.

13 And the idea was that from the end of Del Mar to  
14 the beginning of Santa Anita there was a big hiatus in the  
15 schedule and, as we all know, owners, and trainers and the  
16 people who work for them are dependent on running races and  
17 earning money.

18 So, this group thought it would be a good idea to  
19 form this not-for-profit company and dedicate all of its  
20 profits to the industry, for industry purposes.

21 One of the things that -- yesterday, we talked  
22 with Mr. Mills and his officials and I asked him when they  
23 were going to make their proposal to us and that succeeded  
24 three others we had. He said June 4th.

25 And he admonished me to remember that Santa Anita

1 was not making sufficient profit to be a justifiable  
2 economic investment. So, I got from that, that maybe we  
3 were going to be asked to give money to Santa Anita to  
4 rectify that problem.

5 Right now we give them over \$4 million a year,  
6 they take 75 percent of our profits, so it's not a  
7 insignificant amount. Apparently, somebody on the satellite  
8 radio, I guess Matt Haggerty, from the Daily Racing Form,  
9 said we were paying a dollar a year rent. Well, I wish he'd  
10 come here and pick up the bill.

11 At any rate, one of the things we have a problem  
12 with is that if you increase the rate of return to Santa  
13 Anita and Golden Gate Fields, this is going back to satisfy  
14 the shareholders, people that live out of the state,  
15 probably most of them, and the money that we're getting is  
16 going directly to the industry, is going to California to  
17 help the -- our main purpose in life is to make things  
18 better for the industry and one of our major goals is to  
19 increase purses because we're losing owners.

20 So, we think that we're taking all of our money  
21 and giving it to charity and to the racing industry, not to  
22 our shareholders. And I think that's important, if we're  
23 trying to improve racing in California, we've got to start  
24 spending money here.

25 Alluding back to our negotiations, Dennis and I,

1 and Don Cameron met for lunch on May 6th and we were talking  
2 about the extension and the conditions thereof, and they  
3 said we only have two requests of you. And I listened to  
4 both of them and I thought they were -- even though they  
5 required us to put up some capital, which we're not required  
6 to do under our present lease, that it was acceptable.

7           So, I checked with our executive committee, they  
8 agreed to it. So, I called them back and said, yes, we're  
9 all set, and they said we'll be in tomorrow morning, at ten  
10 o'clock, to sign the written agreement.

11           They showed up at eleven o'clock and said, well,  
12 we have a problem with our bankruptcy proceedings and we  
13 have to return immediately to Toronto, but we'll send you a  
14 format, you know, a proposal by Friday. I didn't get one  
15 for that Friday or the following Friday, and I kept sending  
16 them e-mails saying where's the contract.

17           I finally received one signed by Don Cameron,  
18 which was, just to put it mildly, well beyond our economic  
19 capabilities.

20           In addition there to, they wanted to take away our  
21 dates for the Breeders' Cup and give us no compensation.

22           Well, if you will look at our records, which we  
23 have, the year that we run Breeders' Cup live we lose a  
24 million dollars in our earlier meet and I can show you the  
25 states on that, it just absolutely works like a plot every

1 year. We compared 2002, 2004 with 2003, which was a  
2 Breeders' Cup year, and we lost a million dollars either  
3 side.

4 We averaged 2004, '05, and '06, and '07 against  
5 2008 and '09, we lost a million dollars every year average.

6 So, we can't do without the income derived from  
7 Breeders' Cup, it ruins the rest of our meet.

8 I'm told that we are going to be treated equitably  
9 and they're going to make a proposal to us in July -- excuse  
10 me, on June 4th, and I just want to be sure that this is  
11 going to be a reasonable proposal.

12 We have, fortunately, some friends in the  
13 business, both Hollywood Park and Del Mar have agreed to let  
14 us run there, if we have to leave. We've been at Santa  
15 Anita for 41 years, we'd like to preserve that tradition.

16 And one of our founders, the last founder alive is  
17 Dr. Robbins, and his desire would be to stay at Santa Anita.

18 But we have to look at the economic facts and if we're  
19 going to help the industry out, we have to be able to make  
20 some money to do it.

21 So, that's my statement.

22 COMMISSION CHAIRPERSON BRACKPOOL: Okay. I have  
23 some public speakers. Would anybody on the Board like to  
24 speak before I ask the public speakers?

25 COMMISSION VICE CHAIRPERSON ISRAEL: Thank you,

1 Chilly.

2 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
3 Derek?

4 COMMISSIONER DEREK: I'm just wondering, the  
5 demands that you asked, that you couldn't financially agree  
6 to, are you able to tell us what those were?

7 MR. CHILLINGWORTH: Well, I don't want to  
8 embarrass anybody here, but the total --

9 COMMISSIONER DEREK: I think you were embarrassed,  
10 big time.

11 MR. CHILLINGWORTH: The total amount involved was  
12 in excess of, I would guess, 15 or 16 million dollars.

13 COMMISSION VICE CHAIRPERSON ISRAEL: Over how much  
14 time?

15 MR. CHILLINGWORTH: Well, it would be to  
16 immediately to give them -- to loan them \$10 million to put  
17 in their track and other facilities. We would pay for 25  
18 percent of all track related capital related improvements.  
19 Right now, we give them two and a half million dollars a  
20 year in rent, which was designed to cover our not having to  
21 make capital improvements.

22 And we just -- we're -- our net worth is probably  
23 12 and a half million dollars, without paying the taxes,  
24 first, to get the money to give to them.

25 COMMISSION CHAIRPERSON BRACKPOOL: We understand

1 the point.

2 MR. CHILLINGWORTH: Yeah.

3 COMMISSION CHAIRPERSON BRACKPOOL: We understand  
4 the point.

5 And again, I think before I go to the public  
6 speakers, I think again, the representatives from MID,  
7 sitting here, I'm sure will have received probably very good  
8 legal advice that they had every right to cancel this lease.

9 I just make the point that we have asked this question by  
10 MEC's representative every single meeting since October and  
11 we have been given assurances that got warmer, and warmer  
12 and warmer, so much so that we were looking for sun lotion.

13 And this happened with 24 hours to go at the end  
14 and that's what gets everybody so upset, it becomes a major  
15 issue in all of the racing publications, and all of the  
16 sudden everybody is cross-firing everywhere, and so that's  
17 the concern we have.

18 But before I get to -- I'm going to make a  
19 statement on behalf of the Board in a moment, before I do  
20 that, I'd like to have some public speakers.

21 So, if you'd stay where you are for this.

22 MR. MILLS: Yeah.

23 COMMISSION CHAIRPERSON BRACKPOOL: I guess, first  
24 of all, I would ask, just as a matter of organizational  
25 decency, whether MID wishes to respond to anything that's

1 been said or would just like the record to stand with Mr.  
2 Chillingworth's statement.

3 COMMISSIONER MOSS: The record stands.

4 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,  
5 Dennis.

6 So, let's go in order here, I have Gregory Ferraro  
7 from the UC Davis Center for Equine Health. Dr. Ferraro, I  
8 apologize.

9 DR. FERRARO: That's fine. I am Dr. Greg Ferraro,  
10 I'm the Director of the Center for Equine Health, at UC  
11 Davis.

12 And I'm sure I'm not telling the Board anything  
13 they don't already know, but I wanted to make a public  
14 record of it. That as the founding president of Southern  
15 California Equine Foundation several years ago, 1976, and as  
16 now the current Director of the Center for Equine Health at  
17 UC Davis, I can tell you that neither of those organizations  
18 would exist had it not been for Oak Tree.

19 Oak Tree funded the original Southern California  
20 Equine Foundation program. They're responsible for the  
21 hospitals being present on the back side of the racetracks.  
22 They're -- as a co-designer of the Kimsey ambulance and the  
23 Kimsey splint, I can tell you that those items would not  
24 exist had it not been for Oak Tree willing to put up the  
25 money to develop the concept and institute those devices on

1 the back side, those ambulances that are now in use world  
2 wide.

3 We turn to the Center for Equine Health, from 1973  
4 until 1987 Oak Tree virtually supported the Center for  
5 Equine Health until 1987, when the simulcast account  
6 wagering bill was passed and the Center began to receive  
7 support from the industry in general.

8 Oak Tree was the primary supporter of that  
9 institution.

10 So, much of the advancements that have been made  
11 in the care of horses, racehorses, particularly, can be  
12 directly related to Oak Tree's willing to step up to the  
13 plate. They have continued to support us for over 35 years.

14 Every year they have contributed money to us,  
15 significant amounts of money. And so, without their support  
16 or without a support of an organization similar to Oak Tree,  
17 much of the advancement in the care and treatment of horses  
18 would not be possible.

19 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very  
20 much, indeed.

21 Next, I have Cliff Goodrich. Cliff wants to  
22 describe himself as a long-time concerned industry member.

23 Do we all get this editorial description of  
24 ourselves?

25 MR. GOODRICH: Well, it said your affiliation, so

1 I felt I had to --

2 COMMISSION CHAIRPERSON BRACKPOOL: Ah.

3 COMMISSION VICE CHAIRPERSON ISRAEL: Well, you are  
4 long and one of --

5 MR. GOODRICH: And I really am unaffiliated and,  
6 really, my comments are unsolicited.

7 COMMISSION CHAIRPERSON BRACKPOOL: I understand.

8 MR. GOODRICH: But I preceded, actually, Mr.  
9 Charles and now Mr. Haines, and congratulations, George, as  
10 president of Santa Anita, I was president for some 15 years,  
11 was the chief negotiator of the original Oak Tree lease, and  
12 this is probably, now, the step-child of that lease.

13 In the under-statement of the year, it is a lease  
14 that greatly favors the landlord. I negotiated on behalf of  
15 the landlord, Los Angeles Turf Club. At the end of the day,  
16 could Magna make more money if there were no Oak Tree?  
17 Probably.

18 But I think, and I hope, and I've never had the  
19 pleasure of meeting Mr. Mills or his team, but I think there  
20 is no doubt, and I am a big advocate of Santa Anita's, there  
21 isn't anybody in this room or in the industry that believes  
22 as Santa Anita goes, so goes the industry in California, if  
23 not the United States.

24 And I think that is what is so frightening, as  
25 Chairman Brackpool indicated, of the opening act of the

1 first 15 days under MID, because Oak Tree has been an  
2 exemplary licensee for 41 years. No one has done this  
3 industry more good.

4 I realize Magna operates for profit, but at times  
5 you have to do what's best for the whole. And without  
6 interfering, hopefully, in any way with the contractual  
7 process, I do hope things are worked out between Santa Anita  
8 and Oak Tree because I can tell you, Mr. Mills, this  
9 industry realizes its future lies in Santa Anita's future,  
10 and collaboration is the key word.

11 And I hope the opening act does include Oak Tree  
12 because I think it will get things off to a better start.

13 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,  
14 Cliff.

15 MR. CHILLINGWORTH: By the way, in the first  
16 comment, he made that deal before I got there.

17 (Laughter.)

18 COMMISSION CHAIRPERSON BRACKPOOL: That was going  
19 to be in your performance review by your own board, Cliff.

20 Next speaker, Alan Balch.

21 MR. BALCH: Alan Balch. My affiliation is CTT,  
22 but I'm appearing as a private individual and a fellow, with  
23 Joe Harper over here, from the Jurassic era.

24 When Chilly and I talked about me standing up for  
25 Oak Tree, which is a great pleasure to do, it occurred to me

1 that 39 years ago tomorrow I went to work at Santa Anita.

2 I was in my early twenties, Joe had started a few  
3 weeks earlier, he was in a closet in the accounting  
4 department at Santa Anita. That was the acorn from which  
5 the mighty Oak Tree grew.

6 I represented L.A. Turf before Cliff did. I,  
7 ultimately, became a senior vice president at Santa Anita  
8 and was involved in these negotiations pre-Chilly.

9 When Oak Tree was formed, those original founders,  
10 only one of whom are still alive today, were jointly and  
11 severally liable for the risk taken in starting that  
12 meeting.

13 People think, now, there was no risk. Joe and I  
14 were talking the other day, the first opening day we were  
15 both there, we were sitting in the Brazilian Room at Santa  
16 Anita, wondering when the first car would come into the  
17 parking lot.

18 People have forgotten what a tremendous investment  
19 Oak Tree made to fill out that calendar. And these  
20 founders, who sat there, by the time in the mid-eighties,  
21 when Oak Tree was very successful by them, most of the  
22 original founders were still there, and for the first  
23 Breeder's Cup negotiation, which I'm sure Cliff was in, and  
24 I was in, Joe was in, to talk about those people standing  
25 the risk of putting the Breeders' Cup on and making that

1 contribution. Which, over all the Breeders' Cup that Oak  
2 Tree has hosted, has been a multiple of many millions of  
3 dollars in direct contribution to the Breeders' Cup, not to  
4 mention bringing those \$60 millions into California and  
5 California racing many times over.

6 Oak Tree is that kind of an asset, it is an  
7 exemplar of the sport, and everybody who has been here for  
8 all these decades understands that.

9 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

10 Marsha. Marsha Naify.

11 MS. NAIFY: Hi, Marsha Naify, Chair TOC. I'm here  
12 representing, today, the Board of Directors of the  
13 Thoroughbred Owners of California, and the over 9,000  
14 horsemen and women who own racehorses across this State.

15 We believe that the Oak Tree Racing Association is  
16 essential to racing and owners in California. Oak Tree has  
17 been a mainstay of racing for over 40 years in Southern  
18 California.

19 We owe a tremendous debt of gratitude to Dr. Jack  
20 Robbins and the other founders of Oak Tree.

21 Today, Oak Tree is considered one of the finest  
22 race meets in the United States and is well renowned for its  
23 turf racing.

24 Due to its excellent management, Oak Tree has been  
25 selected to host five Breeders' Cup World Thoroughbred

1 Championships, and the Oak Tree Charitable Foundation has  
2 contributed over \$4.7 million to industry charities in its  
3 40 years of existence.

4 We cannot imagine a racing calendar that does not  
5 include an Oak Tree meet. And if Oak Tree cannot reach an  
6 agreement with MID, then that meet should be run at another  
7 facility and our board would fully support such a move.

8 Thank you.

9 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,  
10 Marsha.

11 The last speaker I have on the issue, Bob Fox,  
12 California Thoroughbred Breeders Association.

13 MR. FOX: Thank you, Mr. Chairman. Bob Fox, on  
14 behalf of the California Thoroughbred Breeders Association.

15 Doug Burge wanted to be here, but he had another  
16 commitment and was unable to make it.

17 I just wanted to make one comment and that is, as  
18 all of you know, the CTBA and Oak Tree have had a long-  
19 standing, excellent relationship. And I think when you  
20 listen to the contributions that Oak Tree has made, that  
21 were listed by Dr. Ferraro, you'll understand why.

22 And so I just wanted to make sure that the Board  
23 understood that CTBA fully supports Oak Tree, what they've  
24 done in the past and what we know they can do in the future.

25 Thank you.

1 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very  
2 much.

3 Before I make a motion, do any other Commissioners  
4 have anything to say or to --

5 MR. BELLUOMINI: Can I make one comment?

6 COMMISSION CHAIRPERSON BRACKPOOL: Please.

7 MR. BELLUOMINI: This was unplanned, I'll be  
8 really brief. I'm Chris Belluomini, I've been here for a  
9 year, and I just wanted to say thank you to the Oak Tree  
10 Charitable Association for your charitable gift to us. And  
11 if you know what the RTC already does, and without your  
12 support, you know, again, with the closure of Bay Meadows  
13 and other things, we've taken a hard hit. But thank you to  
14 organizations, like the Oak Tree Association, that has  
15 helped us. So, thank you and we'd love to see it continue  
16 to be supported.

17 COMMISSION CHAIRPERSON BRACKPOOL: Thank you,  
18 thank you.

19 Look, I think it's been very clear from the  
20 testimony we've received from the public speakers, as well  
21 as the Board's comments during the day, that we believe that  
22 Oak Tree is vital to the industry, the contributions it  
23 makes to the industry are paramount, they're not  
24 replaceable. And we absolutely believe that Oak Tree must  
25 continue.

1           So, I'm going to make the following motion and  
2 then ask for a vote, and I'll read the motion.

3           "The California Horse Racing Board hereby  
4           finds, based upon the report of Oak Tree  
5           Association, Executive Vice President  
6           Sherwood Chillingworth, that the venue  
7           previously occupied by the Oak Tree  
8           Racing Association is 'not available for  
9           racing' for 2010. Therefore, pursuant  
10          to the provisions of Business and  
11          Professions Code Section 19532.1, the  
12          California Horse Racing Board authorizes  
13          the Oak Tree Racing Association to  
14          utilize the 2010 race dates allocated to  
15          the Association at another thoroughbred  
16          horse racing venue in the Central or  
17          Southern Zones."

18          That is the motion. Obviously, if that motion is  
19 passed, there would be a revised application to come back,  
20 making sure we had all of the paperwork, et cetera.

21          But I'm happy to offer that motion.

22          COMMISSION VICE CHAIRPERSON ISRAEL: I'll second  
23 it.

24          COMMISSION CHAIRPERSON BRACKPOOL: Vice Chairman  
25 Israel seconds the motion.

1 Do I have -- all in favor?

2 (Ayes.)

3 COMMISSION CHAIRPERSON BRACKPOOL: The motion  
4 carries unanimously.

5 MR. CHILLINGWORTH: Thank you very much. Thank  
6 you.

7 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

8 (Applause.)

9 COMMISSION CHAIRPERSON BRACKPOOL: Moving on to  
10 Items 12, 13 and 14, I would like to take in unison, because  
11 they're the MID licensing motions.

12 So, could I have MID or Pacific Racing and LATC  
13 represented? Please come forth.

14 MR. MILLS: Mr. Chairman, on these issues Mr.  
15 Haines will be --

16 COMMISSION CHAIRPERSON BRACKPOOL: Please, once  
17 again, for the record, just state your name, or whoever's  
18 speaking, for the court reporter.

19 MR. MILLS: Dennis Mills, CEO of MID.

20 MR. HANNAH: Ed Hannah, counsel with MID.

21 COMMISSION CHAIRPERSON BRACKPOOL: Thank you.

22 MR. HARTMAN: Robert Hartman, General Manager,  
23 Golden Gate Fields.

24 MR. HAINES: George Haines, President, Santa Anita  
25 Racetrack.

1 COMMISSION CHAIRPERSON BRACKPOOL: Eventually.

2 MR. HAINES: Thank you.

3 MR. CAMERON: Don Cameron, CEO of MID.

4 COMMISSION CHAIRPERSON BRACKPOOL: Okay. Look,  
5 we've been through this the last hour, I think you have a  
6 good feel as to what's going on. As Commissioner Moss said,  
7 we want you to be involved in this, we want you -- you're an  
8 owner of -- we would like this to be a successful venture.  
9 Let's hope we can put the last 15 days behind us and get off  
10 on a better footing.

11 However, there are many, many unanswered questions  
12 at this stage. And I think that the feeling here is  
13 certainly one that we need some protection. We have the  
14 issues that we have to discuss, that Vice Chairman Israel  
15 raised, which are the issues as to multiple ownership, which  
16 is prohibited without a waiver.

17 We've got various statements that have been made  
18 that let's hope they were colloquialisms. But if they're  
19 not colloquialisms, then we'll need some body armor to  
20 protect ourselves against them.

21 So, what I would like to do is to make a series of  
22 motions that would effectively grant the licenses, but grant  
23 them for a defined short-term period until you can provide  
24 us with the information that your letter says you're going  
25 to provide us with, our staff have the chance to ask every

1 question we have, we can look at the suitability of you  
2 owning the three interests and whether that's good for  
3 racing or bad for racing, we can see where we end up.

4           And it gives you a chance to respond in a timely  
5 fashion, which you were very open with me about, Dennis,  
6 that said you needed some time to be able to put all the  
7 information together.

8           So, you know, I don't think we want to do anything  
9 that penalizes anybody in the short term, but we do need  
10 these answers.

11           And I don't think that I would be prepared,  
12 certainly, not speaking for the others, but I don't think I  
13 would be prepared to vote for a long-term, permanent license  
14 based on what we've seen, endured or heard over the last,  
15 you know, days and today. But let's hope that the answers  
16 are there and we can all work together.

17           As you've correctly say, you've now got several  
18 hundred million dollars invested in this, so you should be  
19 as incentivized as anyone to make sure this happens.

20           I believe we can all work together on some  
21 legislation. But again, as I said, nothing stops you  
22 running your own, that's absolutely your right to be able to  
23 do that. But everything has to be done, in our view, in the  
24 name of promoting this great sport and do that.

25           MR. MILLS: We understand and respect your view.

1           COMMISSION CHAIRPERSON BRACKPOOL: So, with that  
2 and to move the meeting along, unless you have something  
3 else, David, before I start?

4           Okay, so to do that, let me -- one second.

5           Okay, as for Agenda Item Number 12, the Board  
6 moves to approve the amended application of the Pacific  
7 Racing Association to conduct the remainder of the  
8 winter/spring race meet at Golden Gate's racetrack through  
9 the June 13th date, the remainder of the meet, up to and  
10 including the date of the July meeting of the California  
11 Horse Racing Board, tentatively set for July 22nd, 2010, at  
12 the Del Mar simulcast facility, Del Mar, California.

13           As for Agenda Item Number 13, the Board moves to  
14 approve the Pacific Racing Association application for  
15 authorization to adopt the simulcast wagering facility at  
16 Golden Gate Fields to and including the date of the July  
17 meeting of the California Horse Racing Board, tentatively  
18 set for July 22nd, 2010, at the Del Mar simulcast facility,  
19 Del Mar, California.

20           As for Agenda Item Number 14, the Board moves to  
21 approve the Los Angeles Turf Club, Inc. application for  
22 authorization to operate the simulcast wagering facility at  
23 Santa Anita Park to and including the date of the July  
24 meeting of the California Horse Racing Board, tentatively  
25 set for July 22nd, 2010, at the Del Mar simulcast facility,

1 Del Mar, California.

2           The Pacific Racing Association, the Los Angeles  
3 Turf Club and their parent, Magna International Developments  
4 Investments, Inc., are hereby reminded that race dates  
5 previously allocated to the two associations are not the  
6 property of those associations.

7           All horse racing dates granted in California have  
8 been, are now, and will remain under the exclusive  
9 jurisdiction of the California Horse Racing Board.

10           Further, the Pacific Racing Association, the Los  
11 Angeles Turf Club, and Magna International Developments  
12 Investments, Inc. are hereby notified that the California  
13 Horse Racing Board intends to place on the Board's June  
14 meeting agenda an item requiring the three above entities to  
15 submit detailed reasons and plans as to why the Board should  
16 allocate any future race dates to the Pacific Racing  
17 Association, Los Angeles Turf Club.

18           The agenda item shall state the reasons and plans  
19 and are to be submitted to the executive staff -- that  
20 should have been the July Board meeting, not the June Board  
21 meeting. To the executive staff by July the 1st, 2010, and  
22 to require representatives of those three entities to attend  
23 the July Board meeting and explain those reasons.

24           MR. MILLS: So, for clarification, Mr. Chairman,  
25 where you mentioned June there, towards the end, you meant

1 July.

2 COMMISSION CHAIRPERSON BRACKPOOL: July.

3 MR. MILLS: Fair enough.

4 COMMISSION CHAIRPERSON BRACKPOOL: No, it's on the  
5 June --

6 EXECUTIVE DIRECTOR BREED: It would be a June  
7 agendaed item.

8 COMMISSION CHAIRPERSON BRACKPOOL: Well, it would  
9 be a June agenda item and submit the package by July the  
10 1st.

11 STAFF COUNSEL MILLER: For clarification purposes,  
12 Robert Miller, counsel for the California Horse Racing  
13 Board. The agenda item in June will be the official  
14 notification to you of the July meeting.

15 MR. MILLS: Right.

16 STAFF COUNSEL MILLER: But since the Board needs  
17 and the executive staff needs that plan and your reasoning  
18 prior to the meeting, that's why the July 1st date is there.

19 MR. MILLS: Mr. Chairman, if I may just have one  
20 small amendment, I think in two places you referred to our  
21 corporate name as Magna International Developments, Inc.  
22 The proper name is MI Developments, Inc. If that change  
23 could please be made?

24 COMMISSION CHAIRPERSON BRACKPOOL: Yes, the court  
25 reporter will please make the change to the correct name, MI

1 Developments, Inc.

2 And before we take the vote, Commissioner Harris?

3 COMMISSIONER HARRIS: I think it would also be  
4 prudent to have something, I'm not sure how we do it, but  
5 some sort of a guarantee from MI Developments on the  
6 financial worthiness. I don't know if we can guarantee all  
7 the vendors --

8 COMMISSION CHAIRPERSON BRACKPOOL: That's what  
9 will become part of the package. So, all they're being  
10 granted right now is a license to continue to operate until  
11 the date of the July meeting. In between that they have to  
12 submit the package and we will debate at the July meeting,  
13 as a Board, what we believe any additional security or  
14 guarantees are that we require.

15 COMMISSIONER HARRIS: Yeah, because that's going  
16 to be a key point.

17 MR. MILLS: Mr. Chairman, following up on Mr.  
18 Harris's point, we did come prepared to talk about our  
19 financial worthiness, but we're quite happy to defer it  
20 until the next meeting.

21 COMMISSION CHAIRPERSON BRACKPOOL: Well, I want to  
22 do it in the context of what we need from the licenses when  
23 we see the plans.

24 MR. MILLS: Fair enough.

25 COMMISSION CHAIRPERSON BRACKPOOL: Because if I

1 take the colloquialisms as facts, then I would have some  
2 different issues that would have to be addressed with the  
3 guarantees.

4 MR. HAINES: And I'd like for everybody to  
5 understand that the waivers of the restrictions imposed by  
6 law, on granting multiple licenses to the same entity, are  
7 only temporary and will be reviewed by us and we will  
8 consider whether or not to continue them.

9 We're in a position now, in the State of  
10 California, where there are no longer any other conflicts,  
11 other than the ones held by MI Developments. Bay Meadows no  
12 longer operates in two different race meets, they only  
13 operate Hollywood Park. And Youbet is in the process of  
14 being taken over by Churchill Downs, so it would no longer  
15 be owned by any other licensees, such as Mr. Liebau.

16 So, you know, the sole remaining conflict in the  
17 State is Magna.

18 MR. MILLS: Okay.

19 COMMISSION CHAIRPERSON BRACKPOOL: So, with that  
20 can I ask for -- I will -- I have made the motion by reading  
21 it out. Can I ask for a second?

22 MR. HAINES: Second.

23 COMMISSION CHAIRPERSON BRACKPOOL: Second,  
24 Commissioner Israel.

25 All in favor?

1 (Ayes.)

2 COMMISSION CHAIRPERSON BRACKPOOL: All opposed?

3 No. No, John's here. John's an aye, as well. So,  
4 unanimous.

5 Before you go, I have one speaker, who has just  
6 handed me a card at the end, Craig Fravel wishing to speak  
7 on these items.

8 MR. FRAVEL: Yeah, Mr. Chairman, I believe  
9 Mr. Israel clarified what I was going to comment on, that if  
10 there is a finding inherent in this motion that it is in the  
11 best interest of California racing that they operate more  
12 than one entity, I would hope that if other parties have an  
13 interest in challenging that at future meetings, that would  
14 not be changed by this motion, so that's what I was going to  
15 say.

16 COMMISSION CHAIRPERSON BRACKPOOL: No, this motion  
17 just protects the status quo of what was, you know, the PRA  
18 and LATC --

19 MR. FRAVEL: Right.

20 COMMISSION CHAIRPERSON BRACKPOOL: -- until  
21 they're -- and as far as the clarification of dates, I  
22 understand what counsel had said because I had spoken to him  
23 about it before. I'm not sure, if I was sitting in the  
24 audience, I would have understood it.

25 So, following this meeting, please make it a point

1 to become absolutely crystal clear as far as our dates. We  
2 just have a procedure that has to follow, that is not  
3 entirely logical, but it's because of a public records --

4 MR. HANNAH: I think it's materials in by July 1,  
5 to be on the agenda of the July 22nd meeting.

6 COMMISSION CHAIRPERSON BRACKPOOL: It is, but we  
7 have to notice it on the June meeting to be able to do it,  
8 so you have it from there.

9 MR. HANNAH: Thank you.

10 COMMISSION CHAIRPERSON BRACKPOOL: Thank you very  
11 much.

12 MR. MILLS: Thank you.

13 COMMISSION CHAIRPERSON BRACKPOOL: Before I move  
14 to the -- thank you.

15 Before I move to the last item on the agenda, I  
16 have to apologize, Assemblyman Joe Coto is here, Chair of  
17 the GO Committee. And I apologize, he's been sitting here,  
18 but I had to get through that last issue.

19 So, I'd like us all to welcome a great Legislator.

20 (Applause.)

21 COMMISSION CHAIRPERSON BRACKPOOL: A friend and  
22 supporter. And, Assemblyman, I apologize we had to wait for  
23 that until we went through, otherwise, I'd have had you  
24 speaking on a bunch of issues and that probably wouldn't  
25 have been where you wanted to go.

1           Okay. Item Number 15, discussion and action by  
2 the Board regarding certification of the eligibility of any  
3 prospective operator of a race meeting at the Del Mar Race  
4 Track to be licensed to conduct horse racing as under the  
5 Food and Agricultural Act 4356.

6           Jackie, are you speaking to this?

7           REGULATIONS/LEGISLATION MANAGER WAGNER: Jackie  
8 Wagner, CHRB staff. I'm just going to give you a little bit  
9 of background on this particular item.

10          COMMISSION CHAIRPERSON BRACKPOOL: Quickly.

11          REGULATIONS/LEGISLATION MANAGER WAGNER:  
12 Absolutely. The Food and Ag Code provides that the CHRB  
13 shall, at the request of the Commission, certify the  
14 eligibility of any prospective licensee or user of the  
15 property to be licensed to conduct a race meeting at the Del  
16 Mar Race Track.

17          The least of the Del Mar Race Track expired at the  
18 end of 2009. However, Del Mar was granted a one-year lease  
19 to operate the facility through December 31st, 2010.

20          Our staff counsel was informed by the DAG that --  
21 who's working with the Commission, that the CHRB will be  
22 asked to certify the eligibility of the prospective licensee  
23 for the Del Mar Track.

24          COMMISSION CHAIRPERSON BRACKPOOL: I'm sorry. Can  
25 we be quiet at the grazing station, if we can? Thank you.

1           REGULATIONS/LEGISLATION MANAGER WAGNER: In  
2 response to that, staff is putting forth Board Rule 1432,  
3 which is the Board may demand information as the proposed  
4 formula for the Board to consider, when it receives  
5 the --

6           COMMISSION CHAIRPERSON BRACKPOOL: This is really  
7 a timing issue?

8           REGULATIONS/LEGISLATION MANAGER WAGNER: Yes, it  
9 is.

10          COMMISSION CHAIRPERSON BRACKPOOL: Which is all  
11 we're doing here is that we're notifying people that if they  
12 wish to apply, under the RFP --

13          REGULATIONS/LEGISLATION MANAGER WAGNER: Correct.

14          COMMISSION CHAIRPERSON BRACKPOOL: -- they have to  
15 tell us who they are and fill out their application with us  
16 by June the 1st.

17          REGULATIONS/LEGISLATION MANAGER WAGNER:  
18 Absolutely. And the Board -- our other suggestion is the  
19 Board may wish to require those prospective operators of Del  
20 Mar to present a detailed proposal, which includes a five-  
21 year projection for the facility, as well as the other  
22 components that are in the rule.

23          COMMISSION CHAIRPERSON BRACKPOOL: Yes,  
24 definitely.

25          Before I go to a vote on this, make a motion,

1 Craig Fravel, you wish to speak on this issue?

2 MR. FRAVEL: No, I just wanted to correct  
3 something in the agenda that indicated that the proposals  
4 were due on the 2nd, I believe. The proposals are due on  
5 August 16th, but your time frame, I think, works fine for  
6 everybody.

7 COMMISSION CHAIRPERSON BRACKPOOL: Yeah. So,  
8 Jackie, if we make this motion and approve this, will we  
9 post a notice, send out a notice, include it in the bidder's  
10 pack, what will happen?

11 REGULATIONS/LEGISLATION MANAGER WAGNER: The RFP,  
12 as I understand it, has -- will be submitted by the DAG.  
13 Once they identify who their prospective operators are,  
14 they're going to contact us and ask us what our plan would  
15 be, how we will be evaluating them. And at that time we'll  
16 let those prospective operators know that this is what the  
17 Board wants to do, we want to see a projected proposal from  
18 them for five years.

19 COMMISSION CHAIRPERSON BRACKPOOL: Right.

20 REGULATIONS/LEGISLATION MANAGER WAGNER: And we'll  
21 go from there.

22 MR. FRAVEL: I do think it's important to note,  
23 though, that the RFP actually requires applicants to produce  
24 evidence that they are eligible for such certification. So,  
25 that may require -- for example, if somebody already owns or

1 holds a license in California, the Board may have to make a  
2 finding that they're eligible to go for the same financial  
3 interests, discussion you just went through.

4 COMMISSION CHAIRPERSON BRACKPOOL: Right.

5 MR. FRAVEL: So, I think the work needs to be done  
6 prior to -- like my earlier point, it needs to be done prior  
7 to --

8 COMMISSION CHAIRPERSON BRACKPOOL: No, I  
9 understand. I understand.

10 So, Jackie, do you have wording of a motion for me  
11 here, because I'm happy with the June 1st motion, but I  
12 almost need a motion, some wording that --

13 REGULATIONS/LEGISLATION MANAGER WAGNER: I don't  
14 have any right off the top of my head, but the motion could  
15 contain the components that --

16 COMMISSION CHAIRPERSON BRACKPOOL: Well, I'll tell  
17 you what, I'll tell you what, why don't we do this, while  
18 we're going to go to Item 16, and while we do, you and  
19 Commissioner Smith [sic] are going to sit there and you're  
20 going to draft the wording of the motion that says June the  
21 1st, and submit the detailed plan by, you know, date X.  
22 It's just a matter of coming up with wording, so we don't  
23 waste everybody else's time while we're drafting a motion.

24 So, we're going to come back to Item 15 in one  
25 minute -- or counsel, yeah, would be even better.

1           And we're going to go to Item 16 on the agenda.  
2 Item 16 is discussion and action by the Board on the  
3 approval of the service, steward and official veterinarian  
4 contracts for fiscal year 2010-2011.

5           Commissioner -- I mean, Assistant Director Bon  
6 Smith, please.

7           ASSISTANT EXECUTIVE DIRECTOR SMITH: Mr. Chairman,  
8 Bon Smith, Assistant Executive Director.

9           Before you, you have a list of our proposed  
10 estimated fiscal year 2010-11 service contracts. This is a  
11 requirement of State Contracting Manual that boards and  
12 commissions receive a copy of the motion approving and  
13 authorizing execution of the agreement of these contracts in  
14 excess of \$5,000 each.

15           Included are our service contracts for drug  
16 testing, for hearing officers, for court reporting, for our  
17 claims processing with the State Controllers Office, for our  
18 veterinarians and stewards.

19           COMMISSION CHAIRPERSON BRACKPOOL: I have read  
20 them. I've read exhibit. Does anybody have any questions  
21 on the exhibit?

22           Commissioner Harris looks as if he's about to have  
23 one.

24           COMMISSIONER HARRIS: No.

25           COMMISSION CHAIRPERSON BRACKPOOL: No. Maybe?

1           COMMISSIONER HARRIS: No, I think it's just clear  
2 that all these people are necessarily contracted with, but  
3 they could be contracted with.

4           ASSISTANT EXECUTIVE DIRECTOR SMITH: That's  
5 correct, these are not amounts of money that are committed  
6 to be expended with these, they're maximums.

7           COMMISSION CHAIRPERSON BRACKPOOL: These are the  
8 maximums that would be under there, right.

9           VICE CHAIRMAN ISRAEL: Up to and including.

10          COMMISSION CHAIRPERSON BRACKPOOL: Yes.

11          COMMISSIONER HARRIS: And then none of these imply  
12 that someone has a certain assignment.

13          COMMISSION CHAIRPERSON BRACKPOOL: No.

14          ASSISTANT EXECUTIVE DIRECTOR SMITH: No.

15          COMMISSION CHAIRPERSON BRACKPOOL: All in favor?  
16 Well, someone make a motion. Commissioner Rosenberg's going  
17 to make the motion, he says he hasn't had one today.

18          COMMISSIONER ROSENBERG: Would you like to  
19 rephrase that for me?

20          COMMISSION CHAIRPERSON BRACKPOOL: And  
21 Commissioner Moss would like to second the motion.

22          COMMISSIONER MOSS: Sure.

23          COMMISSION CHAIRPERSON BRACKPOOL: And  
24 Commissioner Israel will refrain from any more New Jersey  
25 colloquialisms.

1 VICE CHAIRPERSON ISRAEL: Yeah.

2 COMMISSION CHAIRPERSON BRACKPOOL: And so motion  
3 approved, thank you.

4 Back to motion 15, Jackie, are you going to read  
5 me the motion? Okay.

6 REGULATIONS/LEGISLATION MANAGER WAGNER: The  
7 motion for Item 15 will be as follows, the CHRB hereby moves  
8 to require prospective licensees to submit documentation as  
9 required by Rule 1432, to include a detailed proposal and  
10 disclosure of its proposed racing program, purse program,  
11 officials, principals or shareholders, plant premises,  
12 facility finances, lease agreements, agreements, contracts  
13 and such other information as the Board may require to  
14 determine the eligibility and qualifications of the  
15 association or person to conduct a race meeting.

16 COMMISSION CHAIRPERSON BRACKPOOL: Okay, I'm happy  
17 to make that motion.

18 Do I have a second?

19 VICE CHAIRPERSON ISRAEL: Second.

20 COMMISSION CHAIRPERSON BRACKPOOL: Commissioner  
21 Israel seconds the motion.

22 Before we take a vote on the motion, Craig Fravel,  
23 from Del Mar.

24 MR. FRAVEL: I think the motion left out a date  
25 that it has to be filed by.

1 COMMISSION CHAIRPERSON BRACKPOOL: Ah, I didn't  
2 think so, I thought you said June 1st.

3 REGULATIONS/LEGISLATION MANAGER WAGNER: June 1st,  
4 is that what we had decided? June 1st.

5 COMMISSION CHAIRPERSON BRACKPOOL: Counsel, I  
6 thought it was June 1st that we had to have the  
7 applications --

8 STAFF COUNSEL MILLER: I thought it was August the  
9 17th or 16th.

10 COMMISSION CHAIRPERSON BRACKPOOL: Let's read the  
11 motion, again, with the correct dates in there.

12 MR. FRAVEL: August the 16th was the date by which  
13 the proposals have to be filed. So, your process has to be  
14 complete before then. I don't want to tell you when you  
15 should set your dates.

16 COMMISSION CHAIRPERSON BRACKPOOL: Right.

17 MR. FRAVEL: What I'm saying is that the process  
18 has to accommodate that.

19 COMMISSION CHAIRPERSON BRACKPOOL: Well, June 1st  
20 is unreasonable if we're today telling somebody on May 17th,  
21 so June 15th. So, June 15th.

22 REGULATIONS/LEGISLATION MANAGER WAGNER: Submitted  
23 by June 15th.

24 COMMISSION CHAIRPERSON BRACKPOOL: Yeah. So, the  
25 motion is -- if this works for the court reporter, the

1 motion is taken as read, with the date inserted as June  
2 15th, or would it be clearer if we re-read the motion?

3 REGULATIONS/LEGISLATION MANAGER WAGNER: No.

4 COMMISSION CHAIRPERSON BRACKPOOL: No. So, we're  
5 good with June 15th.

6 I made the motion, probably the most confused  
7 motion I've ever made in my life, Commissioner Israel  
8 seconded.

9 All in favor?

10 (Ayes.)

11 COMMISSION CHAIRPERSON BRACKPOOL: That concludes  
12 the Open Agenda items. This Board will now convene into  
13 Closed Session and come back after Closed Session to adjourn  
14 the meeting. Thank you.

15 (Thereupon the California Horse Racing Board

16 Regular Meeting resolved into Closed

17 Session at 1:33 p.m. and the

18 Public Session reconvened at 2:12 p.m.)

19 COMMISSION CHAIRPERSON BRACKPOOL: Do you want to  
20 say something?

21 COMMISSIONER DEREK: Meeting adjourned.

22 (Thereupon, the California Horse Racing Board

23 Regular Meeting adjourned at 2:12 p.m.)

24 --oOo--  
25

CERTIFICATE OF REPORTER

I, RICHARD A FRIANT, a Certified Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing Meeting of the California Horse Racing Board; that thereafter the recording was transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said meeting, or in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of May, 2010.

---

Richard A. Friant, CER\*\*D-479