

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:)
)
Regular Meeting)
_____)

GOLDEN GATE FIELDS
1100 EASTSHORE HIGHWAY
ALBANY, CALIFORNIA

THURSDAY, MAY 26, 2011

10:40 A.M.

Reported by:
Richard A. Friant, CER

APPEARANCES

COMMISSIONERS

Keith Brackpool, Chairperson

Richard Rosenberg

John C. Harris

Jesse Choper

Bo Derek

STAFF

Kirk E. Breed, Executive Director

Michael D. Gowe, Deputy Attorney General

Jacqueline Wagner, Regulations/Legislation Manager

Dr. Rick Arthur, Equine Medical Director

Mike Marten

ALSO PRESENT

Debbie Winick

Michael Lenzini

James Duval, SEIU, Local 1877

Rafael Castaneda

Deborah Russell

Virginia Handley, Paw PAC

Robert Hartman, California Marketing Committee

Tammy Tesconi, Sonoma County Fair

APPEARANCES (CONT.)

ALSO PRESENT (CONT.)

Richard Lewis, Sonoma County Fair

Dave Elliott, California State Fair

Terry McWilliams, Sport Tech

Norb Bartosik, Cal Expo

Chris Korby, CARF

Rick Baedeker

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Action Items:

9. Discussion and action by the Board on the Application 71
for License to Operate a Minisatellite Wagering Facility
by the Southern California Off-Track Wagering Inc.
(SCOTWINC) at The Horseman's Club, in Santa Maria,
California.
10. Discussion and action by the Board regarding the 89
mission statement of the California Horse Racing Board.
11. Discussion and action by the Board on the approval of 92
service, steward and official veterinarian contracts
for fiscal year 2011-2012.
12. Closed Session: For the purpose of receiving advice 100
from counsel, considering pending litigation, reaching
decisions on administrative licensing and disciplinary
hearings, and personal matters, as authorized by section
1126 of the Government Code.
 - A. The Board may convene a Closed Session to confer
with and receive advice from counsel, considering
pending litigation described in the attachment to
the agenda captioned "Pending Litigation," as
authorized by Government Code section 11126(e).
 - B. The Board may convene a Closed Session to confer
with and receive advice from its legal counsel
regarding the pending administrative licensing or
disciplinary matters described in the attachment
to this agenda captioned "Pending Administrative
Adjudications," as authorized by Government Code
section 11126(e).

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(MEETING BEGINS AT 10:40 A.M.)

(The meeting was called to order at 10:40 A.M.)

ALBANY, CALIFORNIA, THURSDAY, MAY 26, 2011

EXECUTIVE DIRECTOR BREED: This is the meeting of the California Horse Racing Board, and we'll come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, May 26, 2011, Golden Gate Fields Race Track, 1100 Eastshore Highway, Albany, California.

Present at today's meeting are: Keith Brackpool, Chairman; Jesse Choper, Commissioner; Bo Derek, Commissioner; John Harris, Commissioner; and Richard Rosenberg.

Also today our -- our counsel is absent today, and in his stead from the Attorney General's Office is Deputy Attorney General Michael D. Gowe. Michael, thank you for coming.

Before we go on to the business of the meeting I need to make a few comments. The Board invites public comment on the matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during a public comment period if the matter concerns horse racing in California.

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

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

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

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

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

1 That concludes my remarks, Mr. Chairman.

2 CHAIR BRACKPOOL: Thank you, Kirk.

3 Good morning everybody. Well, let me first of
4 all start by thanking Golden Gate for their hospitality. I
5 wish we could do this more often. There is no view from a
6 dais like the one we're sitting at here, I can tell you.
7 It's quite extraordinary. And as always, we're very well
8 taken care of as are all of you here at Golden Gate. So
9 it's a pleasure to be back up here again.

10 We have apologies today from Commission Moss who
11 is out of the country, and Vice Chair Israel who is serving
12 on a jury -- on jury duty this morning in a courtroom. But
13 we do -- we do have a quorum. We have five commissioners
14 here. So business as -- business as normal.

15 I have several public speakers today, and I see
16 some are from the same affiliation. As always, we will
17 honor the three minute speaking limit. And please, no
18 duplication of issues when you're from the same
19 affiliation.

20 But with that we'll get right to the --

21 EXECUTIVE DIRECTOR BREED: We've got to do the
22 minutes first.

23 CHAIR BRACKPOOL: Oh, I've got to do the minutes
24 before the public comment, huh?

25 EXECUTIVE DIRECTOR BREED: Uh-huh.

1 CHAIR BRACKPOOL: Okay. Approval of the minutes
2 of the regular meeting of April 28th, 2011, which we held
3 at Hollywood Park.

4 COMMISSIONER CHOPER: So moved.

5 CHAIR BRACKPOOL: Moved for approval by
6 Commissioner Choper. Do I have a second?

7 COMMISSIONER ROSENBERG: Second.

8 CHAIR BRACKPOOL: Oh, hold on. Commissioner
9 Harris has a comment.

10 COMMISSIONER HARRIS: I noted on page 11-11 --

11 COMMISSIONER CHOPER: 111.

12 COMMISSIONER HARRIS: -- it said that TOC would
13 support a rule that voided the claim if the horse broke
14 down, which would eliminate claiming insurance for owners.
15 I don't know if that would necessary eliminate claiming
16 insurance for owners. I mean, maybe it would be tougher to
17 sell an owner.

18 CHAIR BRACKPOOL: Yeah. Let's just lose the --
19 the -- the words voiding the claiming -- or "voiding the
20 claiming insurance," because I think the rest of it was --
21 was correct. But let's -- let's do that.

22 EXECUTIVE DIRECTOR BREED: Got that, Jackie?

23 CHAIR BRACKPOOL: Jackie has that. Yes. She was
24 looking at me when I said it.

25 Did you have something else, Commissioner Choper?

1 COMMISSIONER CHOPER: No.

2 CHAIR BRACKPOOL: Okay. Do I -- I have a second
3 from Commissioner Rosenberg. All in favor?

4 ALL COMMISSIONERS: Aye.

5 CHAIR BRACKPOOL: And the minutes are approved.
6 Okay.

7 Now moving on to public comment, item number two,
8 the first speaker, Debbie Winick, northern trainer. And if
9 speakers would go to the -- the podium where there is a
10 microphone. Actually, the one behind you. It has the live
11 mike there. Thank you. Yes.

12 MS. WINICK: Hi. My name is Debbie Winick, and I
13 am a Northern California --

14 CHAIR BRACKPOOL: Hold on one second. It's the
15 one up there. But just bring it -- I think you can bring
16 it down. There you go.

17 MS. WINICK: Okay.

18 CHAIR BRACKPOOL: Thank you.

19 MS. WINICK: My name is Debbie Winick and I am a
20 Northern California trainer. My concerns today are the
21 rules of the medications and how it will impact our horses.
22 I feel that there needs to be more of a study done on it.
23 You've made a rush to judgment on the race track surfaces,
24 and I feel that that has been a disaster, and that the
25 Northern California Trainers need to be heard and listened

1 to. And also, we would appreciate more meetings in the
2 north from the CHRB. Thank you.

3 CHAIR BRACKPOOL: Thank you, ma'am. The second
4 speaker I have is Michael Lenzini. I apologize to anybody
5 if I don't get the pronunciation.

6 MR. LENZINI: Okay. That was close enough.

7 CHAIR BRACKPOOL: Correct. Please state your
8 name for the -- for the record.

9 MR. LENZINI: Hi. My name is Michael Lenzini.
10 I'm a small trainer up here at Golden Gate. I come here
11 from Phoenix. I've been here about five years. But about
12 20 years I've been with the fairs.

13 I want you to know that right now, as with most
14 industries, this is a very fragile business. We need to be
15 careful on making any changes because every day we're
16 losing customers, every day we're losing business. This
17 used to be a lot of mom and pops. They used to support
18 this business. They'd help the big trainers fill the
19 races. They are going away. And if we don't do something
20 to help them this business is going down and we'll all be
21 out of a job.

22 There are several things they've brought up.
23 They say that, you know, we don't treat our horses good.
24 Our horses are pampered. Our horses are taken care of.
25 They are so spoiled. By the time they want to be turned

1 out they don't even want to go out of the stall. I mean, I
2 send them out to the ranch to go graze in the grass and it
3 takes them days before they even want to walk out of there
4 because they want to be pampered, they want their baths,
5 they want everything. I think we need to get people back
6 there to see how we pamper these horses and how we take
7 care of them. And they're not being abused by drugs and
8 people, and we need to get more of that.

9 I know they're making some changes on the drug
10 issues, and I think that's -- probably there's some good
11 things in there, and there's a lot of bad things. You've
12 got to understand that as a small trainer we depend on
13 doing a lot of things ourselves. We do -- we do pills.

14 A matter of fact, the other day the steward said,
15 "Well, you got to stop doing that paste. You have to give
16 injections."

17 I said, "Well, if I could afford the injections I
18 would do that."

19 I mean, our tracks right now are so bad that our
20 horses are so body-sore that if we don't help them out it's
21 just like us in the morning. I would like to know, in your
22 medicine cabinet what do you take in the morning to get up
23 and -- and go to work? I mean, we -- we need help
24 ourselves. The horses need a little bit of assistance.

25 We're not trying to drug them to cover up things.

1 We're just trying to help them so they can get through
2 their training. It's therapeutic. I take therapeutic
3 drugs, and I try to do the best for what's -- for my horse.
4 I'm not trying to do anything to hurt him or drug him. I'm
5 against drugs. But there is therapeutic stuff that helps
6 them and we need those.

7 And the last issue I have on the fairs, I've been
8 doing the fairs for 20 years. I know that the fairs are
9 something that people -- they're a pain. I guarantee you
10 they're a pain. Now that I live up here I realize what a
11 pain to go to them and -- and ship your horses and be
12 there. But I think they introduce new fans to the sport.

13 EXECUTIVE DIRECTOR BREED: You have 30 seconds,
14 sir.

15 MR. LENZINI: They introduce new fans to the
16 sport. And I think it's very important to have the fairs
17 because when I go to the fairs and I see how many new
18 people that don't even know the business are coming, we
19 need them and we need to support it. Thank you.

20 CHAIR BRACKPOOL: Thank you. The next speaker I
21 have is Jimmy Duval from SEIU.

22 MR. DUVAL: I'll be very brief.

23 CHAIR BRACKPOOL: Could you please state your
24 name and affiliation --

25 MR. DUVAL: James --

1 CHAIR BRACKPOOL: -- for the record, sir?

2 MR. DUVAL: James Duval, SEIU 1877.

3 CHAIR BRACKPOOL: Thank you.

4 MR. LENZINI: Retiree, but still a part of the
5 racing industry. I've been a part of the racing industry
6 for almost 60 years. I understand that it's a dying
7 industry, and we have to all work together to make it a
8 viable industry again.

9 I just wanted to let the -- the people in this
10 room and the Board know that labor is willing to work with
11 whoever we have to, be it the governor, senators, whatever,
12 to make this a viable industry again. Thank you.

13 CHAIR BRACKPOOL: Thank you, sir.

14 The next speaker, I hope I pronounce this
15 correctly, Rafael Castaneda from SEIU.

16 MR. CASTANEDA: Hello. My --

17 CHAIR BRACKPOOL: Thank you.

18 MR. CASTANEDA: Hello. My name is Rafael
19 Castaneda. I've been working since 16 years old, over 25
20 years. My position is a valet. The danger of this
21 position is injury. We need to increase our benefits and
22 pay. We sacrifice for the track, and all we want is
23 respect and recognition for that, not only the person who
24 has sacrificed, John Sheriff in the paddock, and George
25 Gonzalez when unsaddling after a race. Thank you, sir.

1 CHAIR BRACKPOOL: Thank you very much.

2 The next speaker I have is Deborah Russell from
3 SEIU.

4 MS. RUSSELL: Good morning. My name is Deborah
5 Russell, and I'm with SEIU, USWW.

6 CHAIR BRACKPOOL: It's the microphone to the
7 left.

8 MS. RUSSELL: I know. I usually talk real loud,
9 and I didn't want to scare anyone.

10 My name is Deborah Russell. I am a race track --

11 CHAIR BRACKPOOL: We don't scare easily up here,
12 so it's okay.

13 MS. RUSSELL: Oh. Okay.

14 CHAIR BRACKPOOL: You can do that.

15 MS. RUSSELL: I've been a race track employee for
16 33 years. We, the race track employees, are now facing our
17 employer for the third straight year without any wage
18 increases. And this is the second year in a row that they
19 are demanding cuts to our benefits. We have taken
20 reduction in the workforce and we are now -- and 20 percent
21 of our salary has been taken. Due to this reduction their
22 employers are paying less, and this -- these savings have
23 to be going somewhere. Okay.

24 So what we're asking is for them to just
25 negotiate with us fairly. You know, horse racing in

1 California doesn't exist just to enrich a few. It is
2 created by the State of California to benefit all people
3 and it's time to honor that commitment. We are hard
4 working people and we have sacrificed much. Now we're
5 scratching for the crumb. You know, we're making the
6 bread. We just want a slice. Thank you so much.

7 CHAIR BRACKPOOL: Thank you very much, ma'am.

8 MS. RUSSELL: Oh, excuse me. We have support
9 here. These petitions, I know there are certain protocols
10 so we will be, you know, forwarding them. And thanks
11 again. Leave with reporters. Okay.

12 CHAIR BRACKPOOL: Thank you. Mr. Marten will be
13 happy to take those from you over there.

14 MS. RUSSELL: Oh. Well, thank you.

15 CHAIR BRACKPOOL: Thank you. The next speaker is
16 Virginia Handley from the Paw PAC, Paw as in P-a-w.

17 MS. HANDLEY: Thank you. Hello. I'm Virginia
18 Handley. I'm with Paw PAC. We've been in the California
19 state legislature.

20 CHAIR BRACKPOOL: Can -- can you tell us what the
21 acronym stands for, P-a-w?

22 MS. HANDLEY: Well, see Paw is paw. It stands
23 for paw, like hoof. We should have a hoof PAC. And then
24 PAC is Political Action Committee.

25 CHAIR BRACKPOOL: No, I understand what a PAC is.

1 It's okay.

2 MS. HANDLEY: I know. I think we need to give
3 ourselves and acronym just to answer that question after
4 being asked so many times.

5 So we have been active in the state legislature
6 since 1981. And so I have seen a lot of horse bills, horse
7 racing bills. And so over the years, I wanted to mention,
8 there are some issues that have -- have always come to the
9 forefront, and that I hope that -- that your board is
10 working on.

11 One, very importantly, is the retirement program.
12 I understand there is a retirement program. Where is any
13 money for the retirement program? What happens to these
14 horses after they are retired from the track or they don't
15 make it to the track? Because we have a lot of horses in -
16 - in need in California that have no place to go and can
17 end up going to Mexico or Canada for slaughter. If there's
18 any sort of report about that or anything in writing I
19 would love to see how -- what is the progress of that -- of
20 your program for that.

21 And also, the -- the issue of the surfaces of the
22 tracks and as to whether synthetic tracks actually lessens
23 the injuries from stuff I've read that -- that it does.
24 And -- and I think if -- if so then there's an obligation
25 for that to be required to minimize the injuries to the

1 horses.

2 And also I commend you for your continuing action
3 about the drugs and the drugging of horses and how that can
4 impact. I think a lot of people don't trust the results of
5 horse racing if they think that drugs have been involved
6 such as we have with the other sports, too, where it used
7 to be more of a skill. For people that -- that betted on
8 the horses it was something of skill. And -- and if people
9 think that drugs are involved then they don't have the
10 confidence in their own calculations. Thank you.

11 CHAIR BRACKPOOL: Thank you. I have no further
12 speaker cards for public comment. So that concludes the
13 public comment item on the agenda.

14 Moving on to item number three, public hearing
15 and action by the Board on the proposed addition of CHRB
16 Rule 1500.1, Random Drug Testing, to allow random drug
17 testing of jockeys, apprentice jockeys and drivers under
18 specified conditions, and the proposed amendment to CHRB
19 Rule 1498, Physical Examination, to require drug screening
20 during the annual jockey and drivers' physicals.

21 I understand Jackie Wagner will present from
22 here.

23 MS. WAGNER: Jackie Wagner, CHRB Staff. The
24 proposal before the Board is just as the chairman has read
25 it. This is a proposed -- proposal to add to the Board's

1 rule CHRB Rule 1500.1 which would provide a framework in
2 California under which California jockeys, apprentice
3 jockeys and drivers may be subject to random drug testing.

4 The proposed regulation would provide that the
5 jockeys, apprentice jockeys and drivers are subject to
6 random drug testing, as well as testing for cause, and that
7 failure to submit to -- failure to submit to or to complete
8 a drug test would constitute a refusal to be tested. The
9 rule also outlines the parameters under which the program
10 would be administered.

11 The proposal has been noticed for 45 days. And
12 during that 45-day public comment period staff did receive
13 a comment from the Jockeys' Guild. They submitted a
14 comment in opposition to the proposed implementation of the
15 drug testing unless all other racing association employees
16 such as starters, outriders, stewards are also required to
17 be tested. They did state that the proposed procedures
18 were satisfactory to them. However, it opposed the
19 proposal unless it was expanded to include the other
20 persons who handled horses or were responsible for the
21 integrity of the sport. That is the only comment that we
22 received in regards to this proposal.

23 And staff would recommend that the Board adopt
24 the proposal as presented.

25 CHAIR BRACKPOOL: Thank you. I see Commissioner

1 Harris leaning forward, eager to start the discussion.

2 COMMISSIONER HARRIS: This is a project that's
3 been ongoing for several years really. And I can
4 appreciate the very broad concern to expand it. But this
5 is what we have right now and we can -- we'll look at
6 expanding.

7 But the purpose of this is -- is really a safety
8 thing for the jockeys because they're riding against each
9 other. You don't want to be riding against somebody else
10 that is impaired. And their health benefits are -- are
11 very important. And all of this testing is done really for
12 the integrity of the sport. So I -- I feel it's a very
13 good measure to move on with.

14 CHAIR BRACKPOOL: Commissioner Rosenberg.

15 COMMISSIONER ROSENBERG: I just wanted to ask, is
16 -- is Mr. Broad here?

17 CHAIR BRACKPOOL: No.

18 COMMISSIONER ROSENBERG: Okay. I just have a
19 question. The etcetera in his letter is coming out broad
20 because it mentions etcetera, "besides stewards, outriders,
21 starters and other employers, unless all other employers
22 such as starters" -- that should be -- I presume. I don't
23 know what employers needs are in that sense. So he's not
24 here to answer the question. But I presume he means a
25 broader category than just those listed by adding etcetera.

1 CHAIR BRACKPOOL: Commissioner Choper.

2 COMMISSIONER CHOPER: Well, we well understand
3 that jockeys have some qualms about being singled out.
4 They agree with the -- with -- with the reasons for the
5 rule.

6 And see, I would just add a little bit to what
7 Commissioner Harris said is it seems to me that of all of
8 the groups connected here they're the ones who pose the
9 greatest danger to themselves. You know, they're out there
10 going 35 miles an hour on these horses right now. And to
11 the horses, which is a good reason to begin at least with
12 them.

13 And the other is that they're the ones who pose
14 the greatest danger to the confidence of the public. You
15 know, someone said earlier, the trainer who -- who was
16 here, who spoke, I don't know if he's still here, yes, you
17 know, the -- the -- the fact, no one's -- none of these
18 rules are addressed to the great majority of people, the
19 great majority of trainers. But you -- the -- the fact
20 that most, a high percentage of -- an enormous percentage
21 of them are law abiding is not a reason for passing a rule.
22 Because there are some people we know, whether they be
23 trainers or jockeys or lawyers or what have you, who don't
24 live by the rules.

25 And therefore you -- you pass rules to make it

1 expensive, embarrassing, and to pose a deterrent to those
2 people misbehaving. And they're the -- they're the ones
3 who have the greatest consequences, and they are in respect
4 to this rule.

5 So no one is saying the jockeys take -- are more
6 subject to drug abuse or whatever else, you know, this is
7 testing for than anybody else. But they're the ones who
8 pose the strongest -- the strongest reason for doing it.
9 And, you know, maybe -- maybe we'll extend it some day. I
10 don't -- I don't -- you know, I'm certainly not suggesting
11 that it ought to be or it will be or what have you, but I
12 think there's a good reason for it. They should not feel
13 singled out as though they're bad people. They're not bad
14 people. Quite the -- and most of them I'm sure don't take
15 drugs. But the -- the few who do pose the greater danger,
16 not only to themselves, the other jockeys on a race track,
17 and to the confidence of the public.

18 CHAIR BRACKPOOL: Commissioner Derek.

19 COMMISSIONER DEREK: No. No. I think
20 Commissioner Choper said it all very well.

21 CHAIR BRACKPOOL: Well, in reading the staff
22 analysis of this issue it reminds me that I think this
23 issue came up in my first or second meeting of -- of being
24 a commissioner. So it certainly has been -- been up on the
25 agenda for some time. And I know Commissioner Harris

1 had -- had done a lot of work on it before when he was
2 chair.

3 So I think that the idea of expanding it is
4 perhaps something that at a forthcoming Medication and
5 Safety Committee meeting could be agendized. We could
6 start to hear the issues of are we talking about expanding
7 it just for the sake expanding it, are we talking about
8 expanding it for a real reason, who would it be, etcetera.
9 And I think that's -- that's a perfectly good place to --
10 to start.

11 The -- the only detailed question I have on it,
12 and this is really just to make a point, there's been a lot
13 of commentary about California's medical marijuana program
14 and the issue of, you know, do the feds even believe it's
15 legal, and is it a federal versus state issue or whatever.
16 And I do see that we've got a subsection in here that says,
17 "The Board may take into consideration the possession of an
18 identification card in determining whether or not it will
19 file a complaint," or whatever. But it does not give an
20 exemption just because you happen to have a card.

21 So I think that was handled particular well. And
22 I think that was a point that we'd all spent some time on
23 before, so I'm pleased to see how that got -- that got
24 done.

25 EXECUTIVE DIRECTOR BREED: Thank you.

1 CHAIR BRACKPOOL: So I think that was -- I think
2 that was good.

3 So I think with that, I think this is -- this is
4 an excellent first step first forward. I think we can
5 talk, as I say, about expanding it at the forthcoming
6 safety and medication meeting. But I for one would be
7 happy to make a motion to -- to approve this -- this new
8 rule.

9 Do I have a second?

10 COMMISSIONER ROSENBERG: Second.

11 CHAIR BRACKPOOL: Seconded by Commissioner
12 Rosenberg. All in favor?

13 ALL COMMISSIONERS: Aye.

14 CHAIR BRACKPOOL: The -- the motion carries and
15 the rule carries.

16 MS. WAGNER: The Board, if I may address the
17 Board, we do have a companion rule that goes with rule --
18 CHRB Rule 1500.1, and that's the proposed amendment to CHRB
19 Rule 1498. This rule would require the drug screening
20 during the annual jockey and drivers' physicals to include
21 a drug test to test to screen for the substances that are
22 described in the rule that the Board just passed.

23 We -- this has been sent out for 45 days. We did
24 not receive any comments on this particular rule. And
25 Staff would recommend that the Board adopt this rule as

1 presented.

2 CHAIR BRACKPOOL: Yeah.

3 COMMISSIONER CHOPER: So moved.

4 CHAIR BRACKPOOL: Commissioner Choper makes the
5 motion.

6 COMMISSIONER HARRIS: Second.

7 CHAIR BRACKPOOL: Commissioner Harris seconds the
8 motion. All in favor?

9 ALL COMMISSIONERS: Aye.

10 CHAIR BRACKPOOL: Motion passes. Thank you.

11 Item number four, there's been confusion on item
12 number four. I don't actually believe there's an issue in
13 front of us today. But I have a speaker on the -- on the
14 issue, Robert Hartman in his role as I guess Chair of the
15 CMC. And perhaps just give your explanation of what, if
16 anything, you'd like us to discuss today.

17 MR. HARTMAN: Robert Hartman on behalf of the
18 California Marketing Committee. The committee has not
19 taken up any -- any conversation about this agenda item.
20 We do have a board meeting scheduled for June 8th where
21 we -- where the board will be talking about the possibility
22 of using California Marketing Committee funds to claim
23 horses or to buy horses. We do not know if that will be --
24 I do not know if that will be approved by the board or
25 where this could possibly go.

1 So just thought this item was a little premature
2 to be on -- on this month's agenda. It may be something we
3 have to tackle in the future. But as of right now the CMC
4 has no action taken on -- on -- on this item.

5 CHAIR BRACKPOOL: And if I -- if I just may, this
6 came about from a series of discussions. And it was one of
7 a number of ideas that were discussed for increasing horse
8 population in -- in California. At the time there was a
9 question raised by somebody as to whether the CHRB's rules
10 would actually permit this to -- to -- to happen. This is
11 obviously a CMC discussion about whether they want to do
12 it. But from the CHRB's perspective did we have an
13 overarching rule that would stop this.

14 And so it was put on to the agenda at the last
15 moment to make the time table. And in the intervening
16 period of time it was determined that it would not -- that
17 our rules would not, probably, affect this one way or the
18 other. But this is not -- the issue is not whether we
19 think this is the CMCs role or not. That's not our -- that
20 not the agenda item. It was particular to this -- to this
21 rule. And we do not believe that the rule applies to any
22 horse claimed out of state.

23 So I think Commissioner Harris has a comment.
24 But there's -- there's not an item in front of us to -- to
25 take a vote.

1 COMMISSIONER HARRIS: We haven't decided.

2 CHAIR BRACKPOOL: Correct.

3 COMMISSIONER ROSENBERG: I have a question,
4 because --

5 CHAIR BRACKPOOL: Commissioner Rosenberg.

6 COMMISSIONER ROSENBERG: If the CMC held such a
7 board meeting and then decides to appropriate funds to go
8 through this process, as I recall the -- the board does not
9 have jurisdiction to approve that. We merely get a report
10 on the budget.

11 CHAIR BRACKPOOL: Correct. .

12 COMMISSIONER ROSENBERG: Isn't that correct?

13 CHAIR BRACKPOOL: Correct.

14 COMMISSIONER ROSENBERG: So I would urge the
15 CMC -- this is a major step, that it should be discussed in
16 depth before it's --

17 CHAIR BRACKPOOL: I don't think that's what --

18 COMMISSIONER ROSENBERG: -- there are a lot of
19 issues --

20 CHAIR BRACKPOOL: I think that's --

21 COMMISSIONER ROSENBERG: -- there are a lot of
22 issues out there that people will have comments on.

23 CHAIR BRACKPOOL: Right.

24 COMMISSIONER ROSENBERG: Okay.

25 CHAIR BRACKPOOL: And Commissioner Choper.

1 COMMISSIONER CHOPER: This only is going to apply
2 to CMC purchases?

3 CHAIR BRACKPOOL: If it applies.

4 MR. HARTMAN: If it applies at all, yes. It's
5 just -- it's just premature to even have --

6 COMMISSIONER CHOPER: I understand that.

7 MR. HARTMAN: -- have a debate about it.

8 COMMISSIONER CHOPER: The proposal is to single
9 out. And the funding for the CMC comes from the tracks?

10 CHAIR BRACKPOOL: No.

11 COMMISSIONER CHOPER: It comes from --

12 MR. HARTMAN: It's a percentage of handle from
13 satellites.

14 COMMISSIONER CHOPER: It comes from our budget,
15 from the Board's budget?

16 CHAIR BRACKPOOL: No. It's a portion of the bet.
17 It's a portion of the bet.

18 MR. HARTMAN: Of the takeout.

19 CHAIR BRACKPOOL: Of the takeout.

20 COMMISSIONER CHOPER: A portion of the takeout,
21 which is mandated by the Board?

22 CHAIR BRACKPOOL: By the -- by the -- yeah. It's
23 mandated by statute. And we have review rights over the
24 budget but not direct line item approvals.

25 COMMISSIONER CHOPER: But I -- but I wanted

1 the -- I wanted to say that I saw one of the email
2 commentators recently question the legality of -- of this.
3 And it does seem to me that the legal opinion that was
4 provided to you from a law firm that I saw was correct.
5 And I think there are other points that could be added to
6 it.

7 If these are purchases being made by state funds,
8 which they certainly may be, that is they're state mandated
9 funds, then the ordinary rules of discrimination against
10 interstate commerce. There's a special exception for that
11 up under the -- under the court's rules.

12 And the second is it -- it occurs to me that a
13 good argument can be made that this is not a discrimination
14 against interstate commerce, it's a discrimination against
15 local commerce, that is it favors importing of -- you know,
16 it doesn't favor anything else like that.

17 So I think whether it's a wise rule or not, I
18 don't know. There's been some comments around on that,
19 too, and I'm sure you're going to think about that.

20 MR. HARTMAN: Yeah. The California Marketing
21 Committee will have that conversation on June 8th.

22 CHAIR BRACKPOOL: This -- this law lesson brought
23 to you at no additional charge by the CHRB from Professor
24 Choper.

25 COMMISSIONER CHOPER: Yeah. You get what you pay

1 for ordinarily.

2 CHAIR BRACKPOOL: Commissioner Harris.

3 COMMISSIONER HARRIS: Well, setting aside the
4 legal issues which I think are somewhat moot anyway because
5 I can't see how the timing would work to where the actual
6 claiming rule would be a problem, but I think conceptually
7 the whole idea is not very sound. I think the way we
8 encourage people to race in California is to first work it
9 on the people we have here now and keep them racing, to
10 keep their horses here and just possibly, I mean, fine,
11 we'll send missionaries to other states trying to bring --
12 bring people to California. But just to use -- even though
13 this is really California Marketing funds, to use that to
14 just go purchase a horse just doesn't sound right to me.

15 And the original purpose of California Marketing
16 was to encourage people to come to the races, basically, or
17 bet -- bet the races and attend the races and all that. It
18 was -- they kind of backed into the thing saying, well, if
19 more people would go to the races we'd have bigger fields,
20 and if we make the fields bigger we could do this and that,
21 which arguably you could say.

22 But I think that CMC has gotten away from its
23 basic purpose. And maybe it's just kind of given up and
24 it's hopeless to get more people to the races. I hate
25 to -- hate to -- to see that. I'd like to see the funds

1 spent on something that gets more -- more fans into the
2 facility.

3 CHAIR BRACKPOOL: Well, shortly we'll have a
4 review of the CMC expenditures for last year, and I think
5 that will be the appropriate time to -- to get into
6 those -- those issues. Thank you, Robert.

7 Item number five has been withdrawn and put over
8 to the June agenda. That was the application for the Del
9 Mar meet. We will hear it in its entirety in the -- in the
10 June agenda.

11 Item number six, discussion and action by the
12 board on the application to conduct a horse race -- horse
13 racing meeting of the Sonoma County Fair at Santa Rosa,
14 commencing July 27th, 2011 through August 14th, 2011,
15 inclusive.

16 And, Jackie, when you present, if you would
17 introduce the co-presenters please.

18 MS. WAGNER: Jackie Wagner, CHRB Staff. The
19 application before the Board is from the Sonoma County
20 Fair. They have submitted their application to race from
21 July 27th through August the 14th. This is 15 days, and
22 it's the same number of days that they raced in 2010. They
23 are proposing to race a total of 162 races, which is the
24 same number that they ran in 2010.

25 They will be racing Wednesday through Sunday with

1 ten races per day on Wednesdays, Thursdays and Fridays, 12
2 races per day on Saturdays and Sundays. They will be
3 racing concurrently with the allocated days of the Del Mar
4 race meet on July 27th through August the 14th. Their
5 first post-time is 1:15 p.m.

6 Their advance deposit wagering providers are
7 XpressBet, TVG and Twinpires. They still have outstanding
8 a fire clearance which is -- I believe it has been
9 scheduled and will be submitted as we get closer to the
10 opening day for the fair.

11 We do have representatives from the fair, Tawny
12 Tesconi and Richard Lewis. The representatives are here.

13 CHAIR BRACKPOOL: Thank you. Good morning.

14 MS. TESCONI: Good morning.

15 CHAIR BRACKPOOL: I attended the fair last year
16 and I enjoyed it very much. It was very, very good racing.
17 So why don't you tell us what you're doing to improve even
18 on last year.

19 MS. TESCONI: Tawny --

20 CHAIR BRACKPOOL: And please state your name.

21 MS. TESCONI: Tawny Tesconi, the Fair Manager of
22 the Sonoma County Fair. We're very excited about our
23 racing this year. Last year, as you know, we ran 15 days
24 of racing with 13 days of fair. And so we had five days of
25 our race meet that stood alone following our 13 day fair.

1 But as successful as that was we made a leap of faith that
2 we think we can have a more successful race meet if we
3 actually have that race meet running with the fair date.

4 So although our fair probably didn't warrant an
5 extra four days of fair we did make a decision this year,
6 in our 75th year, to actually have a 17-day fair with 15
7 days of racing. What that does for us, obviously, is it
8 always has a fair program on top of our race meet. And
9 secondly, we actually picked up another weekend. So it
10 will be a three weekend experience versus a two weekend
11 experience. And so from both the fair side and the race
12 side we think that will be a big advantageous move for us.

13 In addition, we are spending additional money on
14 our facilities. As you know, we made a big investment with
15 our turf track several years ago. One of the reasons why
16 we don't have the fire clearance, actually, is because
17 we're doing a major re-haul of our barn sprinkler system,
18 putting in some additional check valves. And so that
19 project should be completed next week. And so the fire
20 marshal was waiting for us to complete that before he came
21 and did his inspection.

22 And you should know, also, we have a fire marshal
23 on our facility every day who does an inspection every day
24 of our fair. So of course safety's important to us.

25 The other wonderful great things we're doing this

1 year is we have a lady's hat day program. We're selling a
2 maximum of 250 tickets. It's a program that's benefiting a
3 local agency in our area that supports children. And so
4 we're going to have 250 women on Saturday, July 30th for a
5 tea, and lots of big hats. We've already seen some of
6 them. So that is really getting a lot of play in our
7 community because of the benefit it's providing and just
8 the uniqueness of the event. So that's an exciting thing.

9 We have our VIP tent program which is -- has
10 taken off. It's in its third year. And every day of the
11 races we typically sell a VIP tent program, bringing a lot
12 of new people to the race program. People who probably
13 wouldn't have necessarily enjoyed a race meet, they're
14 coming and they're experiencing our racing program. So I
15 think we helped build a lot of fans that way.

16 Derby Dogs again, actually three Sundays of Derby
17 Dogs. The night before our fair opens we have a grand
18 opening in our Hall of Flowers, and Russell Baze is our
19 special guest for that night to help promote racing again.

20 CHAIR BRACKPOOL: Thank you. I had a couple --
21 Commissioner Choper, go first.

22 COMMISSIONER CHOPER: You go ahead.

23 CHAIR BRACKPOOL: No. Go ahead.

24 COMMISSIONER CHOPER: Well, first I want to
25 congratulate you. You're wondering why. I've been on --

1 I've been on the Board, I think for five years, and we've
2 all kinds of these applications, you know, for one thing or
3 another. My memory is not what it used to be but I want to
4 say this, you're the first one that I can recall that has
5 nothing missing. You explained the -- you explained the
6 fire clearance. That was -- I had that marked down and
7 that's a good thing.

8 My other question is this, and I'm not -- I mean,
9 you're -- you know what is going to be the best revenue
10 source for what you do. But on the -- on the place pick
11 nine or ten, I take it ten is the maximum; is that right?
12 I take it it's the biggest the pari-mutuel machines handle.
13 And you start at 1:15, which is 45 minutes before Del Mar.
14 So you're -- you're going to run two races before Del Mar.
15 And very often those first two races are non-
16 thoroughbred -- are -- are mixed breed races.

17 I would just think you ought to consider doing it
18 on races 3 to 12 instead of 1 to 10 for both the -- the
19 number -- in terms of number of people there and in terms
20 of the number of people who are attracted to making that
21 bet.

22 MR. LEWIS: Richard Lewis, Director of Racing.
23 With the horse shortages that we're having nowadays, maxing
24 out at ten races on weekends would probably be the best way
25 to go in trying to control the number of races during the

1 weekday.

2 COMMISSIONER CHOPER: No. If you only have ten
3 that's a whole different matter. But when it's -- I'm only
4 saying if you have more than ten. And the most you can put
5 in the thing is ten anyway; right? Then I would leave it
6 to ten and I'd make it the last ten races of the day, even
7 if it's all of it. That's all.

8 CHAIR BRACKPOOL: Anybody else with any comments?
9 I had a couple.

10 Firstly, going to Commissioner Choper's accolade
11 for completion of the document, Jackie, I have one comment
12 to you which is you had a recommendation to the Board in
13 here of not approving until everything is done. And I
14 thought that what I had said at the last meeting was that
15 we would approve if everything is done except the fire
16 clearance because we understand that depending o the time
17 frame prior to that we were okay. So if everything is in
18 except the fire clearance then I would want to see a
19 positive recommendation subject to the fire clearance. I
20 don't want to see a negative recommendation just because of
21 the fire clearance. That's the only one, and that's a
22 timing issue. So that's -- that's my -- that's my first
23 point. That's internal to us.

24 So Commissioner Rosenberg.

25 COMMISSIONER ROSENBERG: Yeah. Is there any

1 change from last year on your betting -- on the bets
2 available?

3 CHAIR BRACKPOOL: I hadn't finished.

4 COMMISSIONER ROSENBERG: Oh, I'm sorry.

5 CHAIR BRACKPOOL: That's okay. I thought you
6 were asking about the fire -- but go ahead and ask your --

7 COMMISSIONER ROSENBERG: That's been put out.

8 CHAIR BRACKPOOL: Huh?

9 COMMISSIONER ROSENBERG: That's been put out.
10 Anyway, my question was on betting. So my question --

11 CHAIR BRACKPOOL: Okay. So go ahead,
12 Commissioner Rosenberg.

13 COMMISSIONER ROSENBERG: Any change in the nature
14 of the bets this year versus last year in terms of the
15 specific bets? Have you added some, taken some off? For
16 example, did you have a Pick 6 last year? Because I see
17 you don't have one this year. I didn't see.

18 MR. LEWIS: We still have the Pick 6. It's a
19 \$2.00 Pick 6 on the last 6 races.

20 COMMISSIONER ROSENBERG: Okay. That's not in our
21 notes. Okay. I see. The wagering program. Okay. Did I
22 miss it? No, it's not in here. But you -- you have --

23 MR. LEWIS: And then following the rest of --

24 COMMISSIONER ROSENBERG: But you have a Pick 5,
25 as well; correct?

1 MR. LEWIS: We have a Pick 5 --

2 COMMISSIONER ROSENBERG: In the last five?

3 MR. LEWIS: -- finishers.

4 COMMISSIONER ROSENBERG: Right.

5 MR. LEWIS: Yes.

6 COMMISSIONER ROSENBERG: Oh, finishers?

7 MR. LEWIS: The first five finishers in a race,
8 not the pick five that --

9 CHAIR BRACKPOOL: It's a High 5.

10 MR. LEWIS: We have the High 5.

11 COMMISSIONER ROSENBERG: Okay. So this number --
12 this number 3, \$.50 Pick 5 on last 5 races, oh, okay, I
13 see. But that not a Pick 5. It's like -- what do we call
14 it at Hollywood Park --

15 MR. LEWIS: High 5.

16 COMMISSIONER ROSENBERG: High 5, yeah. Okay.
17 Got it.

18 CHAIR BRACKPOOL: Is that it, Richard?

19 COMMISSIONER ROSENBERG: Yes.

20 CHAIR BRACKPOOL: Okay. Commissioner Harris.

21 COMMISSIONER HARRIS: Was any thought given to --
22 to some sort of a lower takeout on an early Pick 5 like --
23 like Hollywood Park is doing or is that -- did that come up
24 at all?

25 MR. LEWIS: I believe as a member of CARF we're

1 trying to stay balanced throughout the summer and not
2 individual fairs having different betting formulas.

3 COMMISSIONER HARRIS: Oh. So on the -- I can't
4 remember, how -- how does that work on that Ferndale
5 overlap this year versus last year?

6 MR. LEWIS: Ferndale will be overlapping with
7 Santa Rosa the last three days, Friday, Saturday and
8 Sunday. During that period Santa Rosa will try to have a
9 quarter horse race a day, along with the thoroughbreds.
10 The remaining emerging breeds, mules and Arabians will go
11 to support the Humboldt County Fair.

12 CHAIR BRACKPOOL: I have two -- two questions
13 before we're done. I just see you -- you say early
14 wagering will not be offered. Is the fair not open before
15 the races start?

16 MR. LEWIS: Well, I think what is meant by early
17 wagering is before ten o'clock when we start taking
18 simulcast. So when we take our first simulcast race --

19 CHAIR BRACKPOOL: Oh, I see.

20 MR. LEWIS: -- at ten o'clock wagering is open.

21 CHAIR BRACKPOOL: Okay. Maybe, Jackie, we can
22 figure out how to better define that. Because it appears
23 in this document as if you can't wager before the races --

24 MS. WAGNER: Until both -- right.

25 CHAIR BRACKPOOL: -- start, and that's just not a

1 good way of doing it. And --

2 COMMISSIONER HARRIS: Because Saratoga's first
3 post would be one o'clock, ten o'clock.

4 CHAIR BRACKPOOL: So ten o'clock.

5 MR. LEWIS: Yeah. Usually the first simulcast
6 race is between 9:30 and 10 o'clock depending on --

7 COMMISSIONER HARRIS: So you'd -- you'd open by
8 then anyway.

9 MR. LEWIS: -- what cards are going.

10 CHAIR BRACKPOOL: You're open by then?

11 MR. LEWIS: Yes.

12 CHAIR BRACKPOOL: So let's just better define
13 these in the applications.

14 And I think I recall -- I visited I think almost
15 every fair so I might -- I might have gotten you mixed up,
16 but I don't think so. But you were talking about redoing
17 the paddock.

18 MS. TESCONI: Oh, I forgot that.

19 CHAIR BRACKPOOL: I did remember properly.

20 MS. TESCONI: Yes. I forgot that. We're --
21 we're right in the middle of actually -- we've ripped out
22 the old paddock, so we better have a paddock by the 25th,
23 hopefully. But, yes, we are putting in a brand new
24 paddock, beautiful paddock, and expanded the paddock we had
25 by about one-and-a-half times. Very nicely designed.

1 We're looking at 12 stalls, and beautiful.

2 We even increased the infield, the inside part of
3 the paddock to allow for more trainers and owners'
4 representation there. It's going to be a turfed area
5 within that area, so it's going to be very, very
6 attractive. We're very excited. And very safe too. We
7 had some concerns, as you know, for our stall walls in the
8 past, and putting in stucco walls, so very attractive.

9 CHAIR BRACKPOOL: Well, I'll leave you with a
10 final editorial comment that perhaps goes to a wider
11 audience than just Santa Rosa, and that is that I, for one,
12 will be very supportive when I see race associations or
13 fairs reinvesting some of the return they're getting into
14 their capital facilities. And it's very nice to actually
15 have someone in front of us investing in the capitol
16 facilities. So I'm pleased you've done that. And I highly
17 recommend the fair to anyone who -- who gets to go.

18 MS. TESCONI: Thank you.

19 MR. LEWIS: Thank you.

20 CHAIR BRACKPOOL: With that I will make a motion
21 to -- to approve the application. Do I have a second?

22 COMMISSIONER DEREK: Second.

23 CHAIR BRACKPOOL: Seconded by Commissioner Derek.
24 All in favor?

25 ALL COMMISSIONERS: Aye.

1 CHAIR BRACKPOOL: Motion approved. Have a good
2 fair.

3 MS. TESCONI: Thank you.

4 MR. LEWIS: Thank you.

5 CHAIR BRACKPOOL: Item number seven, discussion
6 and action by the Board regarding a report from the
7 California Exposition and State Fair regarding the status
8 of its malfunctioning tote board. Jackie?

9 MS. WAGNER: Jackie Wagner, CHRB Staff. April
10 29th, 2011 steward's minutes reported that the tote board
11 located at the California Exposition and State Fair was
12 shut off for races 9 through 15 due to a malfunctioning
13 at -- of the tote board. The minutes went on to state that
14 this had been an ongoing problem, and that in addition to
15 that April 29th malfunction the tote board had
16 malfunctioned for nine other occasions.

17 Staff contacted the Cal Expo management and they
18 gave us the information that they did indeed own the tote
19 board. However, Sport Tech Incorporated is the contractor
20 responsible for the maintenance and operation of the
21 electronics. We have representatives from Sport Tech and
22 from Cal Expo to update the Board on the status of their
23 tote board.

24 CHAIR BRACKPOOL: Are they going to graphically
25 point the fingers in the circular fashion that the letters

1 did?

2 MR. ELLIOTT: No.

3 CHAIR BRACKPOOL: Okay. So why don't you -- why
4 don't you go ahead and give us an explanation of -- I mean,
5 it's, you know, one thing to have one malfunction. It's
6 one thing to have two malfunctions. I mean, for me to get
7 a report sitting up here that says, "During the racing week
8 or May 12th through 14th it happened to operate without a
9 problem," is just not the standard that's acceptable here.
10 I mean, this has gone on. This was December the 20th,
11 three times in January, twice in February, once in March,
12 and twice in April. I mean, that's just unacceptable
13 for -- for a race meet that's being, you know, transmitted
14 nationwide. And it's -- it's a poor reflection on
15 California. So that's why this is on the agenda.

16 So, Dave, why don't you go ahead and give us a
17 status report on it. But I'm certainly not happy about
18 this.

19 MR. ELLIOTT: The -- the status of the tote
20 board --

21 CHAIR BRACKPOOL: State your name. David, state
22 your name.

23 MR. ELLIOTT: Oh, I'm so sorry. Dave Elliott,
24 California State Fair. Sorry.

25 The tote board is working. There have been some

1 intermittent problems with the tote board. The -- the --
2 the straw that broke the camel's back, if you will, was
3 Sport Tech thought it was in the best interest of
4 everybody, instead of putting out -- instead of putting out
5 bad tote information on the board, that one particular
6 night in question they shut it down. I thought it was the
7 right decision.

8 The tote board itself, we didn't put the tote
9 board display on our simulcast signal. The video graphics
10 that are generated from tote are the backups that have been
11 used to send down simulcasts. I understand. It's
12 difficult for us, as well. Sport Tech, every time there's
13 a problem out there Sport Tech has been out there trying to
14 determine what the cause of the problems have been. We
15 have the oldest tote board, not the structure but the
16 electronics. We still have the -- I don't know the -- the
17 Frannie Packard --

18 MR. MCWILLIAMS: Frannie Packard.

19 MR. ELLIOTT: -- Frannie Packard boards, that's
20 our tote board. We don't have the LED -- is it LED --

21 MR. MCWILLIAMS: Correct.

22 MR. ELLIOTT: -- LED boards that the other tracks
23 have. The problem, from what I understand, they've --
24 they've purchased -- purchased equipment. We have a room
25 in the tote board to where they've installed equipment.

1 We're hopeful that we go forward now and that there are no
2 more problems with the malfunction of the tote board.

3 I would like to say though, yes, the biggest
4 problem was having to shut the tote board down that one
5 night. In the past the other problems that -- the
6 malfunctions that I believe that were spoken about were
7 basically, you know, one -- maybe one flipper on one number
8 wasn't, you know, flipping correctly. And the tote tech
9 would go out there and they would fix the tote board. So
10 they've -- they've been on it.

11 There's no excuses. There's been problems.
12 Sport Tech has been on the problems. They have now, I
13 believe, found a solution to all of the problems and I am
14 hopeful and -- but when the tote board was -- was in -- in
15 really bad shape the one night in question we didn't put
16 the tote board on. It's not going out over the airwaves.
17 It was basically seen by the people at Cal Expo on track,
18 absolutely, it was, and not a good thing. However, the
19 video graphics have remained up for the simulcast signal
20 that we put out. I have no excuses, other than to tell you
21 there have been malfunctions. And now we've gotten
22 confirmation from Sport Tech that they have -- believe they
23 have solved the problem.

24 CHAIR BRACKPOOL: Well, let's hear from Sport
25 Tech as to the confidence level we have as to whether we've

1 solved the problem.

2 MR. MCWILLIAMS: Mr. Chairman, members of the
3 Board --

4 CHAIR BRACKPOOL: Please speak into the --

5 MR. MCWILLIAMS: -- Terry McWilliams, Sport Tech.

6 You are in receipt of a letter, a response
7 letter, that we sent to the Board dated May 17th that tried
8 to explain to some degree some of the issues that happen
9 with tote boards and -- and what we have done since then.

10 We have -- in the cases that Dave is referring
11 to, the majority of the cases, except for the one where it
12 was shut down for the night, a simple resetting of the
13 board controller is what will rectify this situation. And
14 it is many times just the cause of too much data actually
15 being sent to the board at the same time. And if you reset
16 the controller that will refresh the field board and -- and
17 bring it into proper operating --

18 CHAIR BRACKPOOL: There must be a pretty constant
19 amount of data that gets sent on almost every race. I
20 mean, you don't suddenly have 20 extra horses in a race and
21 different permutations; right?

22 MR. MCWILLIAMS: Yes. What we have done to --

23 CHAIR BRACKPOOL: It's a pretty steady handle, a
24 pretty steady entry level.

25 MR. MCWILLIAMS: What we've done to try to

1 mitigate that particular issue is that we actually added,
2 as the letter stated, a piece of equipment called a
3 statistical multiplexer, stat mux, and that is -- that --
4 that device basically manages the data in a much better
5 fashion than we had before. So that was one of the things
6 we did.

7 The other thing that we did -- another thing we
8 did was we moved the controller device into an air
9 conditioned area of the back of the field board that Cal
10 Expo has its audio equipment in. We just recently bought a
11 new air conditioner for that because the old one was
12 running on its last leg. So that's -- that's going to be
13 helpful, as well.

14 Finally, what we've offered to do for Cal Expo is
15 actually to rewire all of the indicators completely.
16 Because wiring is subject to elements and -- over the
17 course of time; and it's also subject to age. And so we
18 are working with them now to get the field board in a type
19 of a situation where we'll rewire it, and then we will get
20 much better performance out of it.

21 CHAIR BRACKPOOL: And what is your confidence
22 level that it is fixed?

23 MR. MCWILLIAMS: Well, I can't sit here with a
24 straight face and tell you that it's never going to
25 malfunction on any one occasion or more, multiple

1 occasions. What I will tell you is, and I -- and I think
2 Dave is correct, that -- that we have been very responsive.
3 We will continue to be as responsive as we possible can.
4 And I do believe that with the rewiring, the addition of
5 the -- the new piece of electronics, that stat mux, as well
6 as the air -- locating the controller in the air
7 conditioning, that we are going to have a much better
8 performance. But, you know, the -- let the future, you
9 know, make its case.

10 CHAIR BRACKPOOL: Commissioner Rosenberg.

11 COMMISSIONER ROSENBERG: Is there a budget
12 approved to rewire the board?

13 MR. MCWILLIAMS: Yes, sir. I have secured
14 approval from our corporate --

15 COMMISSIONER ROSENBERG: Sport Tech is paying for
16 that?

17 MR. MCWILLIAMS: Yes, sir.

18 COMMISSIONER ROSENBERG: Has Sport Tech given any
19 quotes to the fair for a new board or recommended a new
20 board?

21 MR. MCWILLIAMS: We have not. We actually did
22 take a look to see what particular options there may be
23 with the existing board inventory that we have in
24 California, because we have probably about \$4 million to \$5
25 million worth of inventory, new field board equipment in

1 California. Some of it goes to the fairs. Some of it is
2 at this track here, as you can see, and -- and in Southern
3 California, as well. And there may be some options where
4 we can utilize some of that equipment that is sitting
5 fallow, if you will, when one race track or the other is
6 not racing and it is sitting there. However, there would
7 be some ongoing expense involved with that that we want to
8 discuss with Cal Expo as --

9 COMMISSIONER ROSENBERG: So would you lease --

10 MR. MCWILLIAMS: -- as an option to bring the --

11 COMMISSIONER ROSENBERG: You would lease it to
12 them, in other words?

13 MR. MCWILLIAMS: No. No, sir. We would not
14 lease it to them. It's just that we have some -- for
15 example, when Santa Anita is dark their -- that equipment
16 that is in the field board that belongs to us, that -- that
17 field board equipment stays there. Okay. And so there is
18 a possibility that we could move that up or, you know, for
19 some period of time to Cal Expo. It would have to be
20 returned, obviously, for the -- for the Santa Anita meet.
21 But we have some other equipment that we can juggle, as
22 well, during the time that Santa Anita runs and we need it
23 back there. So there -- there are some options. We've
24 looked at them.

25 But to answer your question specifically, I have

1 not made any proposals to them, besides rewiring the
2 existing board. And I -- and if they are -- if they wish
3 to -- to entertain a proposal that would look at our
4 ongoing cost of moving this equipment back and forth we'd
5 be happy to sit down and talk with them about it.

6 MR. ELLIOTT: Which we would. We would be
7 interested in entertaining any proposal that they would
8 come up with.

9 CHAIR BRACKPOOL: Commissioner Harris.

10 COMMISSIONER HARRIS: I'm not really clear on the
11 other -- Sacramento is basically almost a year-round
12 facility. But do the other fairs, do they have their tote
13 board there all the time or are those tote board -- that
14 tote board actually arrives at Stockton or Fresno or
15 wherever?

16 MR. MCWILLIAMS: Yeah. Commissioner Harris,
17 there's -- there's -- there's two pieces of the field
18 board. There are the indicators, per se, which show all of
19 the digits. Okay. And then there is the programmable
20 message board. So there's two pieces to that.

21 We actually have two sets, two complete sets that
22 we use at the fair. So we install the indicators and the
23 message board at fair number one, and then use our second
24 set to go and install in the next fair while fair number
25 one is being run. So we are -- so we do have, you know,

1 more than enough equipment for the fairs to take care of
2 that.

3 COMMISSIONER HARRIS: Okay. I mean, that's --
4 that's rational. But, I mean, it doesn't -- it's not like
5 the Fresno tote board is there all the time and --

6 MR. MCWILLIAMS: No, sir.

7 COMMISSIONER HARRIS: -- I didn't go someplace
8 else and --

9 MR. MCWILLIAMS: They -- they get moved from one
10 to the other. But we have two sets.

11 COMMISSIONER HARRIS: But the Sacramento one is
12 there all the time.

13 MR. MCWILLIAMS: Because they have their year-
14 round racing, yes, sir.

15 COMMISSIONER ROSENBERG: So how do you charge for
16 this? If you don't lease to people how do they pay for it?

17 MR. MCWILLIAMS: Well, we're not -- well, I
18 haven't made a proposal to them yet. But --

19 COMMISSIONER ROSENBERG: Oh, no, no, in general.
20 If you --

21 MR. MCWILLIAMS: But we're not -- but -- but we
22 don't intend on charging them for the use of the equipment
23 necessarily. What we are looking at is trying to quantify
24 what our ongoing costs of T and E and moving this and --
25 and the -- and the labor involved with moving this

1 equipment back and forth from one field board to the other,
2 back to the other field board on an annual basis and say,
3 okay, well, here's an option. This is what our costs are,
4 will you make us whole on that and, you know, perhaps we
5 can do something. I'm negotiating. I'm negotiating, you
6 know --

7 CHAIR BRACKPOOL: Commissioner Harris.

8 MR. MCWILLIAMS: -- against myself here, but --

9 COMMISSIONER HARRIS: But they -- I presume that
10 you're basically -- you are contracting with them for a
11 bundle of services, including the actual pari-mutuel system
12 and there's, you know, all kinds of components. But it's
13 not like so much for this and so much for that. It's just
14 a package of things that -- that they're paying you -- you
15 for.

16 MR. MCWILLIAMS: Yes, sir. The -- the contract,
17 which all of the entities, the racing entities in
18 California are signatories to, specifies exactly how much
19 equipment of what type is provided as -- you know, for the
20 licensees.

21 CHAIR BRACKPOOL: Well, when I read this report
22 and I hear your oral report, you know, we've got several
23 problems here that you now say have been mitigated, you
24 hope they've been mitigated, etcetera. I just would
25 caution you that if this item is on the agenda again in the

1 next couple of months I don't think the board will be
2 taking it as easily as you may think they are today. So,
3 you know, this has got to get -- this has got to get fixed
4 there. Sometimes I understand, things go wrong and they
5 need to get fixed. But let's really put some effort into
6 making sure this gets done.

7 MR. MCWILLIAMS: I understand your seriousness,
8 sir.

9 CHAIR BRACKPOOL: Thank you.

10 MR. ELLIOTT: And I wanted also -- it's been six
11 racing days since they've done the work that we've been
12 problem free. So I'm hoping --

13 CHAIR BRACKPOOL: Good.

14 MR. ELLIOTT: -- that it continues on.

15 CHAIR BRACKPOOL: Good. I'm hopeful as well. I
16 just say, let's make sure it hasn't and is not -- not in
17 front of us again in the near term. Thank you.

18 This brings us on to item number eight,
19 discussion and action by the board on the application to
20 conduct a horse race meeting of the California Exposition
21 and State Fair at Sacramento, commencing July 13th, 2011
22 through July 24th, 2011, inclusive.

23 MS. WAGNER: Jackie Wagner, CHRB Staff. The
24 application before you is as the chairman has indicated.
25 Cal Expo is proposing to race from July 13th through July

1 the 24th. This is ten days, the same number of days that
2 they raced in 2010. July 13th will be simulcast only.
3 Their live racing will commence on July the 14th.

4 They are proposing to race a total of 84 races.
5 This is 16 less than they raced in 2010. They will be
6 racing Thursday through Sunday the first week, and
7 Wednesday through Sunday the second week, with eight races
8 per day on Wednesdays, Thursdays, and ten races per day on
9 Friday, Saturday and Sunday. Their post times, the first
10 post-time is 1:45 p.m. daily, and they will have a 3:45
11 p.m. post on Friday.

12 Their ADW providers are XpressBet, TVG and
13 Twinpires. The application is missing the name of the
14 assistant clerk of scales that has been provided, and that
15 will be filled by Matt Nichols. Every other item that was
16 required to be submitted has been submitted by this
17 applicant. And Staff would recommend that the Board
18 approve the application. We do have representatives from
19 Cal Expo here to answer any questions.

20 CHAIR BRACKPOOL: Do I -- well, why don't you
21 give us a presentation first, David. Any changes from last
22 year? And then we'll have some questions.

23 MR. ELLIOTT: Well, the -- the one major change
24 is that we're -- we're going to operate nine live racing
25 days versus ten last year. Hollywood Park, as you know, is

1 on a Thursday through Sunday basis. We tried to race
2 Wednesday last year without Hollywood Park and -- and it
3 was just -- it was a very, very bad day, plus the fact of
4 it eating into the herd, if you will.

5 So the -- the one major change is one less live
6 racing day. However, we will offer simulcast wagering in
7 the northern market, as I'm sure Hollywood Park will in the
8 southern market for that Wednesday that we're not racing
9 live this year, which is July 13th.

10 CHAIR BRACKPOOL: Okay. Questions from
11 Commissioners?

12 Oh, Norb, did you wish to say something?

13 MR. BARTOSIK: Only just a reminder to the
14 members of the Board that --

15 CHAIR BRACKPOOL: Please state your name and
16 affiliation.

17 MR. BARTOSIK: I'm sorry. Norb Bartosik, General
18 Manager of Cal Expo.

19 Just a reminder that this is the second year of a
20 major date change for Cal Expo in terms of its operation.
21 You remember, we went through a three-year study before we
22 finally came to the Board and to our own governing board to
23 make a date change. And we were able to move into the
24 vacated dates at Solano County -- or, yeah, Solano County
25 Fair had vacated.

1 While we were -- we were sandwiched between
2 Pleasanton and Santa Rosa and would -- would be happy to
3 expand the racing days during the three-week fair, we
4 understand that the schedule has to work for everyone to --
5 to make that work.

6 We did see a ten percent increase in the overall
7 attendance of the fair for the first time in five years
8 with the date change. And so we're pleased with the
9 overall format and program that the -- the fair, the state
10 fair presented in its entirety. And we have very similar
11 promotions and -- and discounts that we're offering again
12 this year. And with the economy somewhat moving in a more
13 positive fashion we hope that we'll be able to continue to
14 maintain that increase and perhaps improve it.

15 CHAIR BRACKPOOL: Yeah. I mean, on that note,
16 I'll -- I'll go out of order and go first just because it
17 responds to what you were saying. I mean, I'm looking at
18 item number 14 in the application, the on-track attendance,
19 fan development. And, you know, describe any promotional
20 plans, don't really have any. I mean, it just says we're
21 part of the overall meet and we're not doing anything
22 different to last year and we're -- this is where it's
23 difficult for me with -- with -- when applicants come in
24 front of us and just sort of accept that times are tough
25 and that's the way it's going to be. I mean, that's not

1 how we want to do it.

2 So what am I misreading in here that -- that I --
3 that I should be reading differently?

4 MR. BARTOSIK: Well --

5 MR. ELLIOTT: Go ahead.

6 MR. BARTOSIK: The -- the only thing I would say
7 to you is that we don't speak to the issues of what the
8 overall promotion are and the amount of money that we spend
9 in general advertising to promote racing, as well. We've
10 done specific billboards and things that promote the racing
11 program that have been a part and parcel to that, that we
12 hadn't done in the past. We basically know that the -- the
13 market, I'm saying, is we only have a limited number of
14 days. We'll continue to look at how we do special programs
15 and giveaways and those kinds of things, as well. We
16 haven't identified them here. We've just now put the
17 letters out to our box holders and we're getting good
18 inquiry and return on those.

19 And so we believe that the program will start to
20 ramp up and we'll look at some special promotions and
21 giveaways. We've talked about voucher promotions at the
22 gates and things of that type. But we're just starting to
23 unfold those.

24 CHAIR BRACKPOOL: I mean, you started this
25 presentation by saying that this is the second year of a

1 major date change. You're open for a grand total of nine
2 days.

3 MR. BARTOSIK: Racing.

4 CHAIR BRACKPOOL: I mean, five days really. I
5 mean, if -- if -- if I'm living in Sacramento, well, am I
6 supposed to figure this out for myself, that there's now
7 live thoroughbred racing as opposed to nighttime harness
8 racing? That's what I'm trying to get at. You've got a
9 date change. You've got a different type of product that
10 you are offering. It's a daytime product. It's
11 thoroughbred racing. It's not harness racing. But how am
12 I supposed to know that if I live in Sacramento?

13 MR. BARTOSIK: Well, the fact of the matter is
14 that if you're -- if you're living in the -- within the 100
15 mile radius you're going to see billboards, you're going to
16 see online programs, you're going to see special promotions
17 that we're offering. We're going to continue to market and
18 maintain that the fair is open for 18 days during that
19 summertime period. And of those days 9 days are racing.
20 And we, in fact, will be promoting that and making that
21 work, and I'm talking about special voucher promotions and
22 things of that type that we have done, those will all start
23 to unfold.

24 I mean, we're happy to provide you that
25 information. And it was just a little premature in terms

1 of where we are today. But --

2 CHAIR BRACKPOOL: Well, it's not premature for
3 us. I mean, this comes back to why we're redoing the
4 license application. Because if we're going to sit here
5 and have a license application that has an answer to a
6 question that says none, same, none, same, and then the
7 applicant says to us, well, we are going to come up with a
8 marketing program but it's going to be done much nearer the
9 time and don't you worry about it, that's just not going to
10 be acceptable to us.

11 MR. BARTOSIK: That wasn't my implication.

12 CHAIR BRACKPOOL: Okay.

13 MR. BARTOSIK: I'm sorry, Commissioner. The --
14 the -- the -- the issue is, is that we're in print now. We
15 have a marketing plan. We've had a marketing plan since
16 the beginning of the year. Our program is such that it's
17 an integrated program that promotes all of the features of
18 the fair, including racing. And special promotion, in the
19 sports sections we talk about that. We do live promotions
20 on-track, as well as remote. And those are the things that
21 Dave and his team work on, as well, to make those work.

22 CHAIR BRACKPOOL: But I thought --

23 MR. BARTOSIK: I'm sorry we didn't amplify those
24 I our application.

25 CHAIR BRACKPOOL: Well, I thought, Jackie, we had

1 a requirement that the -- that the associations marketing
2 plan be included as a part of the application.

3 MS. WAGNER: That is the requirement. Right now
4 the -- the application requires the applicant to describe
5 any promotional plans. And what we have been receiving has
6 been varied from association to association.

7 So when we're revamping our application we can be
8 more specific as to what the board really is looking for.

9 CHAIR BRACKPOOL: Well, I think we need a
10 separate attachment that's a marketing plan, a one-line, in
11 some cases one-word answer that says none is -- is -- is
12 not my idea of describe your marketing and promotional
13 activities.

14 MS. WAGNER: We will make that notation and make
15 it a separate requirement --

16 CHAIR BRACKPOOL: And -- and -- and --

17 MS. WAGNER: -- for the marketing plan.

18 CHAIR BRACKPOOL: Commissioner Rosenberg.

19 COMMISSIONER ROSENBERG: And also related to the
20 application, the revision of the application, the other
21 financial information we're asking for including specific
22 expenses within the profit and loss statement or cash flow
23 statement or whatever it is will show how much is budgeted
24 for marketing, I presume --

25 MS. WAGNER: Correct. And we're working on it.

1 COMMISSIONER ROSENBERG: -- in the prior year and
2 this year.

3 MS. WAGNER: We're working on that, as you well
4 know, Commissioner. So that will be part of what we're
5 going to be asking for under the financial information.

6 CHAIR BRACKPOOL: Yeah. We've got to get away
7 from people filling out government form to actually giving
8 us data that we can comment on usefully. All right. You
9 know, this is -- this -- we're in difficult times. I do
10 not believe we're in dying times, as one of the speakers
11 said earlier. We're in difficult times. But difficult
12 times just require creativity and marketing to -- to change
13 some things up, and that's what we want to see.

14 MR. BARTOSIK: We understand that. And we'll
15 have a copy of our marketing plan to your office by the end
16 of the week.

17 CHAIR BRACKPOOL: Thank you very much.

18 COMMISSIONER HARRIS: Sacramento does --

19 CHAIR BRACKPOOL: Commissioner Harris.

20 COMMISSIONER HARRIS: Cal Expo does have one of
21 the best grandstands in California. It's -- we were up
22 there a few years ago for a meeting and it's -- it's an
23 impressive facility. But my fear is that the average
24 person in Sacramento, or even the average person at the
25 fair might not be aware of racing going on there.

1 CHAIR BRACKPOOL: Just one second. Excuse me,
2 sir, would you please take that telephone call outside. We
3 can all hear the telephone call. Thank you.

4 Commissioner Harris.

5 COMMISSIONER HARRIS: I just -- I think we need
6 to get maybe as part of the whole marketing, not
7 necessarily just Cal Expo, some way that we make consumer
8 awareness or moving the needle at all on things, or are
9 more people in Sacramento vaguely aware of racing going on
10 this year than they were last year, what people are coming
11 to the fairgrounds. I think if you -- I agree, your
12 marketing thing, the total fair, state fair deal. But I
13 would be concerned that we keep pushing people towards the
14 racing and aware of it.

15 And you've got a big grandstand. You can get a
16 lot of people in there. But I'm fearful if I go up there
17 this summer the grandstand is going to be 20 percent full
18 or something. You're just not getting enough people in.

19 CHAIR BRACKPOOL: Well, I think it also ties in
20 with the conversation that we started to have about CMC.
21 When we have that back on the agenda as to what is the
22 coordination between CMC and the budget that the fairs are
23 spending and making sure that, you know, there's some
24 coordination there, as well.

25 Carry on.

1 MR. ELLIOTT: I apologize for the vagueness of --
2 of this document. We'll -- we'll -- we will promote horse
3 racing, of course, during the California State Fair, and I
4 apologize. And I'll have something in Jackie's hands this
5 week letting you know the various things that we'll be
6 doing to try to get people -- to try to get people. Our --
7 our promotion and marketing and media plan for the state
8 fair is about \$1 million. And I will -- I can absolutely
9 provide something to the Board that shows some of the
10 things that we'll do to drive people up to the grandstand
11 for the nine days of live racing during the 18 day fair
12 period.

13 CHAIR BRACKPOOL: Commissioner Choper.

14 COMMISSIONER CHOPER: Twice in your materials you
15 mention the fact that you're going to try. I take it what
16 you meant was especially hard to coordinate the times of
17 your races, you say with the others, but you know,
18 particularly with Del Mar during the day.

19 I just think it's so important for the Northern
20 California tracks to do that. I mean, they're not
21 coordinated with the, you know, with the -- with the out-
22 of-state race tracks. That's impossible. But it is
23 possible. There's a five minute delay, let's say, at -- as
24 there often is -- at one of -- you know, at the Southern
25 California track. And all of sudden you're sitting there

1 and you say, oh, gees, I got 30 seconds to make a bet to --
2 to Golden Gate or Sacramento. So I really think that's a
3 very good idea to spend some time on.

4 The other is a question, and that is I noticed
5 you don't use the Place Pick. Is PNP 4 and 5, is that
6 place?

7 MR. ELLIOTT: Commissioner Choper, I -- I filled
8 out the pari-mutuel wagering schedule on this application
9 as is done -- I tried to remain consistent with Golden
10 Gate, Hollywood Park, Del Mar, all the other fairs. I have
11 in the past had a little bit differing wagering format
12 than -- than others, and sometimes good, sometimes not so
13 good. I'm just trying to remain consistent, offer the
14 California fan and the out-of-state fan that is looking at
15 our races the same type of wagers that's offered on an
16 annual basis with Hollywood, Del Mar, Santa Anita, Golden
17 Gate, the other fairs, as well.

18 COMMISSIONER CHOPER: But there's no Place Pick;
19 is that right?

20 MR. ELLIOTT: I can absolutely have a look --

21 COMMISSIONER CHOPER: Well, that's on page --

22 MR. ELLIOTT: -- amongst all of them.

23 COMMISSIONER CHOPER: -- on page 8-9, "unless the
24 PNP 5 and 6."

25 COMMISSIONER ROSENBERG: Yeah. That's the same

1 question I asked before.

2 COMMISSIONER CHOPER: But I don't think that
3 that's --

4 COMMISSIONER ROSENBERG: What is that?

5 COMMISSIONER CHOPER: I think that's a pick --
6 what is --

7 MR. ELLIOTT: Well --

8 COMMISSIONER ROSENBERG: Pentafecta.

9 MR. ELLIOTT: -- definitely the PNP 6 is a Pick
10 6, which would be --

11 COMMISSIONER CHOPER: Is the Pick 6?

12 MR. ELLIOTT: -- the last six races of the day.
13 Definitely the PNP 5 is -- is a Pick 5 that the fairs --

14 COMMISSIONER CHOPER: Pick -- is a Pick 5?

15 MR. ELLIOTT: -- that the fairs are offering.

16 COMMISSIONER CHOPER: So there's no PNP, where
17 usually just PNP which is the Place Pick, or PPN; PPN I
18 guess it's called.

19 MR. ELLIOTT: But we're happy to add it.

20 COMMISSIONER CHOPER: Well --

21 MR. ELLIOTT: If we can get approval from the
22 Horse Racing Board --

23 COMMISSIONER CHOPER: -- I don't ask you to do
24 anything --

25 MR. ELLIOTT: -- to revise our --

1 COMMISSIONER CHOPER: -- that doesn't make sense
2 but --

3 MR. ELLIOTT: -- we'll --

4 COMMISSIONER HARRIS: It should be a total CARF
5 deal one way or another.

6 MR. ELLIOTT: Yeah. Exactly.

7 COMMISSIONER CHOPER: What's that?

8 COMMISSIONER HARRIS: The CARF should be uniform,
9 probably.

10 COMMISSIONER CHOPER: Yeah.

11 MR. ELLIOTT: Yeah. That's -- that's what I'm
12 attempting to do is -- is not only just with the CARF and
13 the other fairs, but also with Golden Gate for the people
14 that are betting the north, you know, on a consistent
15 basis.

16 COMMISSIONER CHOPER: Yeah.

17 MR. ELLIOTT: We're just -- we're just trying to
18 remain consistent, and we'll do whatever we need to do --

19 COMMISSIONER CHOPER: Okay. You're missing that.

20 MR. ELLIOTT: -- to remain that consistency.

21 COMMISSIONER CHOPER: You're missing that, for
22 whatever it's worth.

23 CHAIR BRACKPOOL: Well, let me -- let me ask
24 that. I see Mr. Korby is here. Could you -- could you
25 just step forward and answer Commissioner Harris's question

1 about uniformity. You can go to the podium at the back,
2 Chris. That microphone is live. That one.

3 MR. KORBY: Thank you, Mr. Chair.

4 CHAIR BRACKPOOL: No. That one.

5 MR. KORBY: Thank you, Mr. Chair. Chris Korby,
6 California Authority of Racing Fairs.

7 Dave is correct. We -- we -- we strive to have a
8 uniform wagering format through the year in Northern
9 California, including all the fairs. If it doesn't appear
10 on this license application I'm not sure what the reason
11 for that might be. But I don't think it's intentional that
12 there would be any difference between --

13 CHAIR BRACKPOOL: Well, let me see if I can --
14 let me see if I can ask the question. So are you offering
15 that particular bet throughout all of the fairs and you're
16 saying it's a mistake on the application?

17 MR. KORBY: I don't know the --

18 CHAIR BRACKPOOL: Or are you saying they -- they
19 forgot to ask for it?

20 MR. KORBY: I don't know the answer as to why
21 it's not on the application. But our recommendation and
22 our policy at CARF is that we maintain the same wagering
23 format through the fairs as is offered at Golden Gate
24 Fields --

25 COMMISSIONER ROSENBERG: Well, this is the same

1 question.

2 MR. KORBY: -- so that the fan can go any time of
3 the year to any of our facilities, whoever is racing in
4 Northern California, and have the same wagering menu.

5 CHAIR BRACKPOOL: Right. Commissioner Rosenberg.

6 COMMISSIONER ROSENBERG: Yeah. This is the same
7 question I asked of Sonoma. What's confusing is this PNP
8 reference versus a pick -- calling it a plain old Pick 6 or
9 Pick 5. What I asked about a Pick 5, is a PNP, for
10 example, in Sonoma they have a PNP 5 and a PNP 6, but they
11 had a PNP 6 in like three races in a row. So it can't be a
12 Pick 6 in the traditional sense of the winners of six races
13 in a row. It's like a Pentafecta which is what a PNP
14 stands for, which I believe is more like a Super High 5;
15 correct? Or maybe you don't know.

16 MR. KORBY: Well, I'm sorry I can't answer for
17 this specific application. But what we can do is make
18 available to all the fair applicants an identically
19 formatted wagering format that we recommend that they offer
20 for each fair.

21 CHAIR BRACKPOOL: Okay. Just stay there one --

22 MR. KORBY: I would -- I would be pleased to do
23 that.

24 CHAIR BRACKPOOL: Stay there one second. Dave?

25 MR. ELLIOTT: We can -- we can absolutely put in

1 the Place Pick 9, which is CHRB Rule 1976.8, of the first
2 race every single day. We're hopeful -- we're hopeful we
3 can get -- well, we're getting eight races during the week,
4 and that might have been the reason why I didn't include it
5 because it was literally -- I literally thought of the
6 Place Pick 9 as a 9 race pick. But you can -- you can
7 actually make it for as many races as you want, place or
8 pick --

9 CHAIR BRACKPOOL: Well, I --

10 MR. ELLIOTT: -- 1976.8.

11 CHAIR BRACKPOOL: I tell you, one idea to be
12 added to the revised license application process would be
13 to have a line item in there for any of the fairs that
14 would state which bets they are, either offering or not
15 offering, that would normally be offered by the -- the
16 CARF. You know, and maybe at the start of each year CARF
17 could give us a proposal that said our recommendation is
18 that we are for the following bets on all races. That's
19 our standard. And then we can see who needs to deviate for
20 whatever reason from that standard, rather than have each
21 Commissioner try and work through are you offering this or
22 are you offering that.

23 MR. KORBY: And the other thing, we could -- we
24 could offer to our member fairs for their application is
25 that that is uniformly presented --

1 CHAIR BRACKPOOL: Correct.

2 MR. KORBY: -- in each license application.

3 CHAIR BRACKPOOL: correct.

4 MR. KORBY: Glad to do that.

5 COMMISSIONER HARRIS: Yeah. I think I'd like to
6 see uniformity. But innovation is good too.

7 CHAIR BRACKPOOL: Right.

8 COMMISSIONER HARRIS: If somebody comes up with
9 an idea --

10 CHAIR BRACKPOOL: I --

11 COMMISSIONER HARRIS: -- that they want to try --

12 CHAIR BRACKPOOL: Right.

13 COMMISSIONER HARRIS: -- for a meet or something
14 it wouldn't be a bad idea.

15 On the Pick 6, I can't recall how you do it. You
16 carry over from fair to fair or do you pay out at the end
17 of each fair?

18 MR. ELLIOTT: No.

19 CHAIR BRACKPOOL: No.

20 MR. ELLIOTT: The end of each fair.

21 CHAIR BRACKPOOL: We had that discussion last
22 year and the impractical -- impractical nature of it, we
23 didn't -- if you remember they had talked about doing it
24 last year. But we -- we ended up going with as each fair
25 ends.

1 MR. KORBY: There -- there are some --

2 CHAIR BRACKPOOL: Because we were worried about
3 the lack of thoroughbred races on the carry-overs.

4 COMMISSIONER HARRIS: The shortages. Yeah. It
5 might get complicated. But the Pick 6 really at the fairs
6 hasn't worked that well because, I don't know, for whatever
7 reason I think people betting the Pick 6, they weren't
8 betting it on Southern California. But -- but I guess it's
9 good to offer.

10 CHAIR BRACKPOOL: Okay. Any other questions
11 on -- well, with the promise of a glossy, exciting
12 marketing plan to be on our desks next week, do I have a
13 motion to approve?

14 COMMISSIONER CHOPER: So moved.

15 COMMISSIONER ROSENBERG: Second.

16 CHAIR BRACKPOOL: I have a motion by Commissioner
17 Choper, seconded by Commissioner Rosenberg. All in favor?

18 ALL COMMISSIONERS: Aye.

19 CHAIR BRACKPOOL: Motion carries. Have a good
20 fair.

21 MR. ELLIOTT: Thank you.

22 MR. KORBY: Thank you.

23 CHAIR BRACKPOOL: Item number nine, discussion
24 and action by the Board on an application for a license to
25 operate a minisatellite wagering facility by the Southern

1 California Off-Track Wagering, SCOTWINC, at the Horsemen's
2 Club in Santa Maria, California.

3 MS. WAGNER: Jackie Wagner, CHRB Staff. The
4 application before you is from SCOTWINC. And they are
5 proposing to operate a minisatellite wagering facility in
6 the Santa Maria wagering facility. The Board has been
7 notified that the Santa Maria satellite wagering facility
8 is closing. They will be closing that satellite wagering
9 facility on May 31st, 2011.

10 SCOTWINC has negotiated a lease with the fair
11 district to operate this prior satellite wagering facility
12 as a minisatellite wagering facility in the interim until a
13 minisatellite facility located in the area is identified,
14 licensed and operational and/or until the existing lease
15 expires.

16 SCOTWINC has indeed filed their application to
17 operate a minisatellite wagering facility. They are
18 representing that there are no facilities located within a
19 20 mile radius of the current facility. They have
20 contracts with the -- all of the racing associations. They
21 are proposing to operate the facility from Wednesday
22 through Sunday.

23 CHAIR BRACKPOOL: Okay. But before we go through
24 the whole application, what -- what's really happening here
25 is that the -- the current facility is no longer going to

1 be operated by the fair. And because there are no other
2 immediate takers SCOTWINC is going to step in and take it
3 over?

4 MS. WAGNER: That's correct.

5 CHAIR BRACKPOOL: There's no new satellite
6 facility here?

7 MS. WAGNER: No. No.

8 CHAIR BRACKPOOL: So -- so I don't need you to
9 read what hours it's going to be open and --

10 MS. WAGNER: There's no new -- new satellite
11 facility.

12 CHAIR BRACKPOOL: -- and everything else; right?

13 MS. WAGNER: The operation of the facility is
14 changing. The facility itself would be there. It would go
15 from a satellite wagering facility to a minisatellite
16 wagering facility. So it's -- it's just the -- who's
17 operating it.

18 CHAIR BRACKPOOL: It was already mini by my
19 definition anyway. But -- but the -- but -- but that's
20 where we are.

21 MS. WAGNER: Correct.

22 CHAIR BRACKPOOL: Rick, go ahead and present, and
23 then I have several comments on this. Because I think this
24 is endemic of the problems that we -- that we face here.

25 MR. BAEDEKER: Yes, sir. My name is Rick

1 Baedeker. I am manager of business development for

2 SCOTWINC --

3 CHAIR BRACKPOOL: Welcome back.

4 MR. BAEDEKER: -- and business development of the
5 minisatellite opportunity. And the problems that you
6 referred to and we'll -- we'll address I think people are
7 familiar with. But we also do have an opportunity here.
8 We have a success story current at OC Tavern. They did
9 \$100,000 on both Derby Day and Preakness Day. It's very
10 popular. We have an opportunity in Santa Maria. We hope
11 within the next month that an application will be filed
12 with the Board to operate a minisatellite elsewhere in
13 the -- in the city.

14 And so whereas there are 20 to 40 people
15 currently attending the Santa Maria Fair facility, in this
16 other location we think that, you know, that business can
17 be double. So perhaps there is some positive news in this
18 step.

19 CHAIR BRACKPOOL: Well, I agree that every cloud
20 has a silver lining. Unfortunately, we're faced when the
21 minisatellite expansion of every single lining appears to
22 have a cloud. And that -- and that cloud is that we just
23 can't open as many as we want. I mean, to me this just
24 shows that people won't go to a dilapidated rundown
25 facility where nobody appears to take care of them, where

1 you go into the modern world, you have an OC Tavern of you
2 have whatever, and you can actually have a nice place to
3 go. You can have a drink, you can get good food, you can
4 do everything else, and you can enjoy the social experience
5 and watch -- and watch the races.

6 So you know, to me this is example number one of
7 why we need more of these and why we've got to do something
8 about this 20 mile radius. I mean, the idea that whoever
9 it is that's going to open this was not permitted to open
10 it because we were carrying on, running this rundown
11 facility with zero attendance is -- is just -- it's
12 completely wrong.

13 MR. BAEDEKER: You know, Mr. Chairman, I might
14 say that I was surprised at how nice the facility is at the
15 fair park and how thorough the management has been. Dennis
16 Pearson runs it. And the weird thing about this location,
17 and I presume it applies to others, is that you -- it's a
18 destination spot. You have to go find it. It's in the
19 middle of a closed fair facility. And once you get there
20 it's nice and they take good care of you.

21 But in the other environment of successful
22 restaurant/bar location where people are there having fun
23 there's an energy level there that's similar to the way we
24 used to have it every day at the race track. That's why
25 I'm kind of excited about the minisatellite thing. And I

1 think that because of the success of OC Tavern, and
2 hopefully the next couple that follow, we'll have
3 prototypes that we can show other restaurant owners that
4 will make this easier.

5 CHAIR BRACKPOOL: But I don't think the problem
6 is convincing the restaurant owners. I mean, the logic
7 here is -- is blindingly obvious. You know, the -- the
8 difficulty here is the attempt to continue to foster the
9 monopoly situation that -- that we have in -- in
10 California.

11 COMMISSIONER CHOPER: But that won't apply here;
12 right?

13 MR. BAEDEKER: It will not apply here. And I
14 presume you're talking about the 20 mile radius.

15 CHAIR BRACKPOOL: Yeah.

16 MR. BAEDEKER: You know, and that's -- that's a
17 matter of the -- of the law as it stands right now, and
18 perhaps that can be changed. I agree, it should be
19 changed.

20 I know that in the L.A. proper areas, the
21 management of Santa Anita and Hollywood Park have both
22 indicated to me that they will not withhold a waiver, with
23 maybe one of two exceptions. For instance, Hollywood Park
24 would not look favorably upon a nearby card club having it.
25 But other than that they will be aggressive and

1 cooperative.

2 And so, you know, I would hope that -- you know,
3 for the racing associations like Hollywood, Santa Anita,
4 and the other tracks I think, you know, they're more
5 focused on the bigger picture and they can see the -- the
6 benefit of building the business through these
7 minisatellites.

8 For other satellites that have a 20 degree
9 protection -- or 20 mile protection, you know, maybe they
10 don't see the upside, so that could be a problem. But I
11 would like to focus on those areas that we don't have a
12 fight to wager. And this is a big state. We should be
13 able to get a number of these up by the end of this year,
14 at least a few of them. And the more we get up I think
15 then the easier it's going to be to get -- to get others
16 following.

17 CHAIR BRACKPOOL: Well, before I pass it over to
18 other Commissioners my final question is: What was the
19 reason that they -- that Santa Maria Fair wanted out of the
20 business?

21 MR. BAEDEKER: Just losing money, cost
22 prohibitive.

23 CHAIR BRACKPOOL: Okay. Commissioner Harris.

24 COMMISSIONER HARRIS: Well, I think that
25 minisatellites are a good idea. I'm worried a little bit

1 about the -- if they're cost effective, if you don't know
2 how much overhead they create. But it's definitely a lot
3 better way to go than -- than the previous model.

4 But we need to streamline the application. I
5 mean, here we've got like a 20 page application. And
6 really, in today's world with all the technology I can take
7 my i-Phone into any place I want and watch a race, bet on a
8 race, do all this stuff. It's not some real clandestine
9 type thing now to bet on a race. You -- it's -- it seems
10 like we -- all these hurdles we put up there were kind of
11 designed for a world where there was not the technology we
12 have today.

13 CHAIR BRACKPOOL: My understanding is that the
14 application to us is the least problematic. It's the
15 application to the local municipality that's the most
16 problematic. Is that a fair statement?

17 MR. BAEDEKER: Yeah, I think it is a fair
18 statement. It depends on the locality of course.

19 And -- but I would say that with the application
20 that -- that Commissioner Harris is talking about one good
21 thing about the process is that the bar owners, they have
22 liquor licenses. They have business licenses. So we're --
23 the Board here, according to my conversations with Jackie,
24 is not starting from scratch. So there shouldn't be much
25 of a delay --

1 CHAIR BRACKPOOL: Well, but perhaps --

2 MR. BAEDEKER: -- in the process.

3 CHAIR BRACKPOOL: -- what we could do in your new
4 role here, Rick, is perhaps you could suggest to Jackie,
5 who will then suggest to us as part of the license
6 application, what you see that's either duplicative,
7 redundant or whatever in our application process where you
8 think it could be streamlined. I mean, we still obviously
9 have a protection duty here. But bearing that in mind
10 perhaps you could take a look at the application and --
11 and see what that is.

12 MR. BAEDEKER: That would be great. We had a
13 conversation along those lines already. I met with Kirk
14 Breed and -- and Jackie and Bob Miller a couple of weeks
15 ago. And, yes, we'd -- we'd accept that invitation.

16 CHAIR BRACKPOOL: Good. Well, that's -- that's
17 great. Commissioner Rosenberg.

18 COMMISSIONER ROSENBERG: On that specific point
19 of the application, I believe at the last meeting or the
20 meeting before that we discussed the fact that for some odd
21 reason the -- all the fairs in the state must sign off on
22 every minisatellite application. Do you remember that?

23 MS. WAGNER: The second part of the minisatellite
24 location does require the associations that are contracting
25 or giving their approval to the minisatellite facility to

1 indeed sign off. And that provision was agreed upon by the
2 industry when we initially developed the minisatellite
3 application.

4 To clarify, the application is a three-part
5 application because the concerns that have been expressed
6 were expressed at the initial meeting of the industry.

7 Part one of the application is the only part of the
8 application that the applicant itself is responsible for.

9 Part two and part three are really designed to be completed
10 by those in the industry, i.e. the racing associations, and
11 then SCOTWINC.

12 COMMISSIONER ROSENBERG: And the fairs?

13 MS. WAGNER: And then the fairs.

14 COMMISSIONER ROSENBERG: Between the fairs?

15 MS. WAGNER: Correct.

16 COMMISSIONER ROSENBERG: Because I recall that
17 like 20 or 30 pages or signatures had to be -- by the -- by
18 the -- whoever runs the specific fairs. I remember seeing
19 that. There was -- there was a page in the application or
20 attached to part two or part three where every -- it had to
21 be circulated throughout the state.

22 MS. WAGNER: Well, what happened -- you're
23 talking about part two. Part two is the part of the
24 application that requires the associations, i.e., to sign
25 off. So Golden Gate, Santa Anita would have to sign off.

1 The fairs, we have been accepting the sign off from CARF.
2 So CARF can sign on behalf of the fairs. That has been
3 accepted. But we do look for an accept -- so everybody
4 will know that they are going to be participating.

5 COMMISSIONER ROSENBERG: But does CARF -- in
6 practice has CARF signed off on behalf of all the other
7 fairs? Because I saw that application and I couldn't
8 believe you had --

9 MS. WAGNER: You know, that -- that would be a
10 question that you'd have to direct to -- to --

11 COMMISSIONER ROSENBERG: Well, it shouldn't be
12 that way. That's ridiculous.

13 MS. WAGNER: -- to CARF.

14 COMMISSIONER ROSENBERG: Because to think --

15 MS. WAGNER: Because we will accept that if CARF
16 is in agreement.

17 CHAIR BRACKPOOL: Well, let's -- let's ask. Mr.
18 Korby, is that the case?

19 MR. KORBY: If I might, I think there might be --

20 CHAIR BRACKPOOL: Name for the record for the --

21 MR. KORBY: Chris Korby, California Authority of
22 Racing Fairs.

23 I believe what Commissioner Rosenberg is
24 referring to is the signature of a contracting association.

25 MS. WAGNER: Correct. Part two.

1 MR. KORBY: Is that correct?

2 MR. BAEDEKER: Yes.

3 MS. WAGNER: Yes.

4 MR. KORBY: That's -- that -- that is the racing
5 association. It's not -- it's not fairs. It's not
6 satellites. It's -- it's the association that's conducting
7 racing.

8 COMMISSIONER ROSENBERG: All -- every association
9 in the state?

10 CHAIR BRACKPOOL: Well, every association --

11 MR. KORBY: That's correct.

12 CHAIR BRACKPOOL: -- who was taking that bet. So
13 it would be Sonoma at the time Sonoma was racing.

14 MR. KORBY: Right.

15 CHAIR BRACKPOOL: Cal Expo at the time Cal Expo
16 is racing --

17 MR. KORBY: Right.

18 CHAIR BRACKPOOL: -- etcetera.

19 COMMISSIONER HARRIS: Well, why is that really
20 necessary?

21 COMMISSIONER ROSENBERG: Yeah. Exactly.

22 COMMISSIONER HARRIS: Especially with -- with
23 ADW, I mean, I could bet anyplace in the country. They
24 haven't all signed off if it's okay for me to be betting in
25 Coalinga or someplace.

1 MS. WAGNER: No. They -- they have signed off.

2 CHAIR BRACKPOOL: They have signed off.

3 MS. WAGNER: When we have --

4 CHAIR BRACKPOOL: The -- the ADW company has an
5 agreement --

6 MS. WAGNER: Correct.

7 CHAIR BRACKPOOL: -- with the particular --

8 MS. WAGNER: Each --

9 CHAIR BRACKPOOL: -- racing association.

10 COMMISSIONER HARRIS: Yeah. But they haven't
11 gone back to every track. I mean, it seems like I don't
12 know what we're really accomplishing, it seems like.

13 CHAIR BRACKPOOL: So the -- the issue is -- the
14 issue is plainly if someone goes into a minisatellite and
15 they want to make a bet, pick Golden Gate as an example, or
16 Santa Anita, Santa Anita or Golden Gate have to have agreed
17 that they can make that bet.

18 MS. WAGNER: Correct.

19 CHAIR BRACKPOOL: That's all.

20 MS. WAGNER: That's correct. That's all it is.

21 CHAIR BRACKPOOL: It's a bilateral arrangement;
22 right?

23 COMMISSIONER HARRIS: But it seems like that
24 should all be with SCOTWINC. I mean --

25 COMMISSIONER ROSENBERG: That's right.

1 COMMISSIONER HARRIS: -- the danger would be --

2 COMMISSIONER ROSENBERG: There should be a
3 blanket.

4 COMMISSIONER HARRIS: -- the integrity of the --

5 CHAIR BRACKPOOL: I --

6 COMMISSIONER HARRIS: -- of the funds and all
7 that.

8 COMMISSIONER ROSENBERG: I agree.

9 MS. WAGNER: And that is one of the reasons why
10 the industry is responsible for that. That is not on the
11 applicant. That's on the industry --

12 CHAIR BRACKPOOL: No, I understand.

13 MS. WAGNER: -- and -- and SCOTWINC.

14 CHAIR BRACKPOOL: But we're now addressing this
15 to --

16 MS. WAGNER: Okay.

17 CHAIR BRACKPOOL: -- Rick on behalf of the
18 industry, that if the industry is leery of increased
19 handle, which it should be, we shouldn't be making, you
20 know, a bar owner go through 42 hoops.

21 MR. BAEDEKER: Yeah. And -- and I hope you
22 wouldn't make me go through 42 hoops, as well.

23 CHAIR BRACKPOOL: Right.

24 MR. BAEDEKER: Because, really, I look at this as
25 kind of sub-dissemination. You know --

1 CHAIR BRACKPOOL: Exactly.

2 MR. BAEDEKER: -- the deals are already in place.

3 CHAIR BRACKPOOL: Exactly.

4 MR. BAEDEKER: We're taking -- at -- at the
5 minisatellite we're taking the same program --

6 CHAIR BRACKPOOL: Right.

7 MR. BAEDEKER: -- that's being offered at the
8 host --

9 CHAIR BRACKPOOL: Exactly.

10 MR. BAEDEKER: -- in Southern California --

11 CHAIR BRACKPOOL: Exactly.

12 MR. BAEDEKER: -- of Northern.

13 So I -- I again would -- would say that I will
14 work with your staff --

15 CHAIR BRACKPOOL: Good.

16 MR. BAEDEKER: -- to streamline this. And I
17 think we can probably come up with something that satisfies
18 everybody where these associations gives SCOTWINC the
19 ability to sign a contract with a minisatellite over a
20 period of a year, say, with their approval --

21 CHAIR BRACKPOOL: Yeah.

22 MR. BAEDEKER: -- understand.

23 CHAIR BRACKPOOL: Commissioner --

24 COMMISSIONER ROSENBERG: While we're on this --

25 CHAIR BRACKPOOL: Commissioner Choper.

1 COMMISSIONER CHOPER: Well, the approval is the
2 key. I mean, this is still an unresolved question I take
3 it. It's not simply when Santa Rosa is racing. Santa Rosa
4 has a satellite; right? So they would have to --
5 they're -- they're the 20 mile sing-off entity for any.

6 CHAIR BRACKPOOL: That's a different issue,
7 though, to --

8 COMMISSIONER CHOPER: Oh, I'm sorry.

9 CHAIR BRACKPOOL: -- to the one of -- to the one
10 of whether they can take the -- take the bet or not.

11 MR. BAEDEKER: Right. So -- so whether a
12 minisatellite could wager on -- on live racing coming from
13 Santa Rosa. That's --

14 COMMISSIONER CHOPER: I see.

15 MR. BAEDEKER: That's what we're talking about.

16 CHAIR BRACKPOOL: Yeah. I mean, what we're
17 saying is that if --

18 COMMISSIONER CHOPER: Well, that's --

19 CHAIR BRACKPOOL: -- if -- if a minisatellite has
20 got an individual fair they -- they should have an umbrella
21 policy once they're in.

22 MR. BAEDEKER: We'll work -- we'll work to that.

23 CHAIR BRACKPOOL: And do that. Look, I would
24 suggest on this, because we're going to get off point of --
25 of where we are on Santa Maria here, but I would suggest

1 that -- and I won't draw a line in the sand as to when it
2 should be, but in the next two or three months when you've
3 got your feet well on the ground, etcetera, I would like
4 you to be on the agenda and we have a presentation from
5 SCOTWINC as to what is it going to take, what changes do we
6 need to implement to foster a much, much faster growth of
7 these minisatellites.

8 Now we've obviously got the big overriding issue
9 which is the 20 mile radius issue in part of the state.
10 But as you say, in other parts of the state that's not so
11 much of an issue. And so what does it take, streamlining a
12 form, streamlining of agreements by everybody, etcetera.
13 And let's put ourselves in the -- in the shoes of a bar
14 owner who says, yeah, this I would be a nice extra thing to
15 have, but not if it becomes a level of bureaucracy as if
16 he's running a major race meet every time.

17 COMMISSIONER ROSENBERG: And also --

18 MR. BAEDEKER: Exactly.

19 CHAIR BRACKPOOL: I think that would be a really
20 good productive way forward.

21 COMMISSIONER ROSENBERG: Perhaps a specific
22 report on what you're working on in terms of location, and
23 what impediments if any might exist. For example, I know
24 that you -- you referred to the fact that it sounds like
25 your group would be in favor of reducing the 20 -- 20 mile

1 limit. I believe, my understanding is when this
2 legislation was passed that the fair organization opposed a
3 limit of less than 20 miles.

4 And specifically, the City of San Diego, Downtown
5 San Diego was a perfect location for a minisatellite
6 providing food, beverage, restaurant, whatever. And it's
7 like -- as I understand it's a close issue as to whether
8 it's 20 miles as the crow flies or as a car drives. So I
9 think it would be helpful to be specific about, well, did
10 Del Mar Fairgrounds grant a waiver, are they opposed to
11 that, are they not opposed to it, and maybe we can help --

12 MR. BAEDEKER: Right.

13 COMMISSIONER ROSENBERG: -- publicize that.

14 MR. BAEDEKER: Right. I think that would be
15 great.

16 CHAIR BRACKPOOL: So let's have that as an agenda
17 item --

18 MR. BAEDEKER: Will do.

19 CHAIR BRACKPOOL: -- and do that.

20 In the meantime, I would, because I think it's
21 necessary, move approval here of this -- of this
22 application. Do I have a second?

23 COMMISSIONER CHOPER: Second.

24 CHAIR BRACKPOOL: Seconded by Commissioner
25 Choper. All in favor?

1 ALL COMMISSIONERS: Aye.

2 CHAIR BRACKPOOL: The motion is approved.

3 MR. BAEDEKER: Thank you.

4 CHAIR BRACKPOOL: Thank you, Rick.

5 MR. BAEDEKER: Thank you, Chair.

6 CHAIR BRACKPOOL: Item number ten is one of those
7 items that anybody in the audience listening must think we
8 are slightly crazy. But it has been brought to my
9 attention that we have just ever so slight different
10 wording on the website, the governor's budget, our annual
11 report, etcetera, on the mission statement as it has
12 evolved over the last few years. So Mike Marten, Kirk
13 Breed and myself took it upon ourselves to go through and
14 come up with the most consistent version there is. I don't
15 think there's anything new in here or changed that's --
16 that's there. But perhaps I could just read the mission
17 statement as is, and then we can see if everybody is -- is
18 satisfied with it.

19 "The mission of the California Horse Racing Board is
20 to ensure the integrity, viability and safety of the
21 California horse racing industry by regulating pari-
22 mutuel wagering for the protection of the public,
23 promoting horse racing, breeding and wagering
24 opportunities, and fostering safe racing through the
25 development and enforcement of track safety standards

1 and regulations for the health and welfare of all
2 participants."

3 We did receive a couple of comments from people
4 when this was out suggesting that we add the word horse to
5 participants, but we are the Horse Racing Board. We're
6 here for the integrity of everybody. So I think it goes
7 without saying that we're -- participants include --
8 include horses.

9 But if -- if we have this Board approve this we
10 then, for the first time in a long time, have a uniform set
11 of mission statements everywhere which will stop counsel
12 getting themselves quite so excited about it.

13 So do I have any comments or do I have a motion?

14 COMMISSIONER CHOPER: It's comprehensive,
15 accurate, short and to the point. I move that we accept
16 it.

17 CHAIR BRACKPOOL: And that was said from a
18 practicing lawyer. Wow.

19 COMMISSIONER CHOPER: No, not a practicing.

20 CHAIR BRACKPOOL: Not a practicing one.

21 COMMISSIONER CHOPER: Not a real one.

22 CHAIR BRACKPOOL: Commissioner Harris, do you
23 have a comment?

24 COMMISSIONER HARRIS: I'll second. And then I
25 think the important, too, is if somebody thinks this is not

1 our mission they can bring it up for change or suggestions.

2 CHAIR BRACKPOOL: Exactly.

3 COMMISSIONER HARRIS: But I think it is.

4 CHAIR BRACKPOOL: Correct.

5 COMMISSIONER HARRIS: Because our -- we were so
6 misunderstood so often, if we're responsible for things
7 that we have nothing to do with.

8 COMMISSIONER DEREK: That's true.

9 CHAIR BRACKPOOL: Right.

10 COMMISSIONER HARRIS: And so I think it's good
11 that we have this.

12 CHAIR BRACKPOOL: No. I think this is --

13 COMMISSIONER ROSENBERG: Well, that's -- that's
14 an excellent point.

15 CHAIR BRACKPOOL: That's --

16 COMMISSIONER ROSENBERG: I was going to mention
17 the same thing about responsibility, that to ensure it and
18 to -- for this to be a mandate implies that it grants some
19 authority to the Board that the Board doesn't really have
20 as a sole body. But, again, if someone thinks it needs
21 further explanation we should do it.

22 CHAIR BRACKPOOL: Well, it's a good -- it's a
23 good comprehensive analysis of what we do and where we are.
24 So -- so I have a motion from Commissioner Choper to
25 approve. I have a second from Commissioner Derek. All in

1 favor?

2 ALL COMMISSIONERS: Aye.

3 CHAIR BRACKPOOL: Motion approved.

4 The last part of the public meeting is discussion
5 and action by the Board on the approval of service, steward
6 and official veterinarian contracts for fiscal year 2011-
7 2012.

8 Executive Director Breed.

9 EXECUTIVE DIRECTOR BREED: Mr. Chairman,
10 Commissioners, Kirk Breed, California Horse Racing Board, I
11 have Dr. Stanley here, and also Dr. Arthur if you have any
12 questions about the -- about the contracts. This is a
13 continuation of contracts that we do every year and we get
14 them approved right now. And that way we can put together
15 all the contracts for the upcoming fiscal year.

16 All these costs are pretty much in line with what
17 we spent last year, with the one exception of the
18 postmortem exam program. They have been carrying us at
19 about half price for -- for now several years and -- and
20 doing the postmortem out of their budget. They just can
21 not afford it. They've had their budget cut. And so we've
22 had to increase that -- that -- that amount in order to
23 take care of the -- the postmortems that have, the
24 necropsies that we have.

25 Chairman, we ask for your approval.

1 CHAIR BRACKPOOL: Well, my -- my overriding
2 comment here is that for the rest of the Board -- I've seen
3 a lot of the underlying data -- but for the rest of the
4 Board I don't think on one page we should have items that
5 are \$2 million and \$600,000 that's, you know, \$2.6 million
6 on the same line item as somebody getting paid \$5,000 or
7 renting some freezer space for \$5,000. We have to have a
8 lot better backup and detail for what this is. There is no
9 detail here. This is just approve 1.987 and approve
10 \$297,000.

11 And I don't know that this is sufficient
12 information for this Board to be able to say, you know, yes
13 or no, that -- that those are the right numbers, or be able
14 to ask any questions because there are no detail to --
15 there's no -- no -- no backup detail to the headline
16 number.

17 EXECUTIVE DIRECTOR BREED: I guess if you --
18 if you're talking about the -- are you talking about a
19 specific one of these contracts or are you talking
20 about --

21 CHAIR BRACKPOOL: Well, I think that -- that, you
22 know, once we get into a six-figure number and we're
23 talking about therefore over one percent of the -- of the
24 budget of the CHRB. And in some cases here we're talking
25 25 percent of the budget of the CHRB. I don't think it's

1 sufficient to do this with just -- just one number sitting
2 out there.

3 You know, I don't know how -- how the rest of the
4 Board feels. But, I mean, to say that, you know, they were
5 carrying us and we've now, you know, doubled the fee
6 because they've had their budget cut is, you know, it's --
7 that's one thing. But I think the Board should have the
8 detail.

9 So what of this needs to be done today and what
10 of this can be done at the next meeting when we've got more
11 of that detail in front of everybody.

12 EXECUTIVE DIRECTOR BREED: I -- yeah. In other
13 words, the next meeting is the -- if there is --

14 CHAIR BRACKPOOL: June.

15 EXECUTIVE DIRECTOR BREED: June meeting.

16 CHAIR BRACKPOOL: Right.

17 EXECUTIVE DIRECTOR BREED: The June meeting is
18 the meeting right before the end of the fiscal year.

19 CHAIR BRACKPOOL: Right.

20 EXECUTIVE DIRECTOR BREED: So basically if you
21 want to see all of the contracts --

22 CHAIR BRACKPOOL: Yeah.

23 EXECUTIVE DIRECTOR BREED: -- for the June
24 meeting, and then you approve all of those contracts
25 then -- then we can do that. I have no problem with that.

1 Like I say, these are --

2 CHAIR BRACKPOOL: I think we need the contracts.

3 EXECUTIVE DIRECTOR BREED: -- a continuation.

4 CHAIR BRACKPOOL: I think we need some
5 explanation as to what's different from last time, and do
6 that. I mean, we approved at the last meeting, you know,
7 \$1.25 million to the University of Davis, but we had a
8 breakdown of what the costs were, what the administration
9 was, how many people were involved, etcetera. And I just
10 think in these times we can't be rubberstamping number of
11 this magnitude. I think we need the -- I think we need the
12 detail. And I think otherwise it's just a blanket
13 approval, and that's just not fair for the -- for the other
14 members of the -- of the Board.

15 So unless these need to be approved today I would
16 rather put this over until the June meeting, get a lot of
17 data, and let's get this data out, even before the Board
18 package. There's no reason this shouldn't be sent out as a
19 supplemental package.

20 EXECUTIVE DIRECTOR BREED: So let me -- for
21 clarification, on the stewards' services you don't need the
22 contract for each one of the stewards.

23 CHAIR BRACKPOOL: No.

24 EXECUTIVE DIRECTOR BREED: You need that one
25 contract --

1 CHAIR BRACKPOOL: One contract.

2 EXECUTIVE DIRECTOR BREED: -- cover the whole --
3 all the stewards.

4 CHAIR BRACKPOOL: One contract. Same for the
5 veterinarians.

6 EXECUTIVE DIRECTOR BREED: Same thing with the
7 veterinarians. And then the -- these other contracts are
8 pretty --

9 CHAIR BRACKPOOL: Well, I --

10 EXECUTIVE DIRECTOR BREED: -- that's no problem.

11 CHAIR BRACKPOOL: I think I could certainly make
12 an executive decision that anything under \$25,000 here, you
13 know, if you and I have seen it, you know, I don't think we
14 need copies of all of those going to -- to the Board. But
15 I think anything that gets you up in to these big numbers,
16 I think the Board deserves to take a look.

17 EXECUTIVE DIRECTOR BREED: Sure.

18 COMMISSIONER CHOPER: I think if it could be
19 comparative with a year ago, like your budget does, that
20 would be helpful too.

21 EXECUTIVE DIRECTOR BREED: Okay.

22 COMMISSIONER CHOPER: I mean, that -- that
23 identifies what's new and what's not new and --

24 CHAIR BRACKPOOL: Right.

25 COMMISSIONER CHOPER: -- so forth.

1 CHAIR BRACKPOOL: I agree.

2 EXECUTIVE DIRECTOR BREED: No problem.

3 COMMISSIONER CHOPER: And, I mean, I think that
4 that would be simple, wouldn't it?

5 EXECUTIVE DIRECTOR BREED: Yes.

6 CHAIR BRACKPOOL: Dr. Arthur.

7 EQUINE MEDICAL DIRECTOR ARTHUR: Yes. You know,
8 I certainly understand your -- your concern. Dr. Arthur,
9 Equine Medical Director.

10 I will say that the drug testing budget is
11 exactly the same as it has been the previous two years.
12 Equine medical director budget is exactly the same as it
13 has been for the previous two years. I can't really speak
14 to the other items. I don't know what the procedural
15 issues are. But all the number of samples, when they're
16 reporting, all that sort of thing, is in there.

17 CHAIR BRACKPOOL: I understand. But I don't --
18 I'm just not a believer that because we've done something
19 in the past means we have carte blanche to do it again in
20 the future. I mean, things change. Technology changes.
21 Everything changes. Are we doing the right number of
22 tests? Are we paying the right price? Are we
23 competitively bidding any of these? I mean, that's what a
24 business does when it looks at a budget. It doesn't
25 approve a budget because it's the same number as last year.

1 EQUINE MEDICAL DIRECTOR ARTHUR: Well, the
2 comment was, were they different than they were last year.

3 CHAIR BRACKPOOL: Well, I said that's one of
4 the --

5 EQUINE MEDICAL DIRECTOR ARTHUR: And I was
6 answering that.

7 CHAIR BRACKPOOL: That's one of the examples that
8 I pointed out.

9 EQUINE MEDICAL DIRECTOR ARTHUR: But -- but --
10 but the issue -- the issue is all that information, you
11 know, however you want it presented --

12 CHAIR BRACKPOOL: Right.

13 EQUINE MEDICAL DIRECTOR ARTHUR: -- is readily
14 available.

15 CHAIR BRACKPOOL: Yeah. No. I understand. And
16 so let's have it readily available and take -- take a look.

17 Commissioner Harris.

18 COMMISSIONER HARRIS: Yeah. I think that would
19 be good. Because these numbers were sort of outside
20 numbers too.

21 CHAIR BRACKPOOL: Right.

22 COMMISSIONER HARRIS: This is not drilled down
23 that much where something like a hearing officer says it's
24 \$25,000, that doesn't mean one hearing officer is
25 necessarily going to get \$25,000. That's just --

1 CHAIR BRACKPOOL: Right.

2 COMMISSIONER HARRIS: -- the most they can do.
3 Yeah.

4 CHAIR BRACKPOOL: Well, those are budgets.
5 It's -- it's obviously the numbers at the top of this
6 page --

7 COMMISSIONER HARRIS: Yeah.

8 CHAIR BRACKPOOL: -- on the left-hand side that
9 are the really big ones.

10 COMMISSIONER HARRIS: Yeah. One of the things,
11 too, is to remember that this is not really coming out of
12 the general fund or the state budget. It's -- it's really
13 coming from the horse racing industry, essentially the
14 owners and the tracks.

15 CHAIR BRACKPOOL: It's coming from the horse
16 racing industry. But if you look at our budget for the
17 year, our budget is declined each year because of the --
18 the handle. And yet we've got the same number in here for
19 drug testing, so something's going to give. And I just
20 want everyone to understand the context of the decision.

21 COMMISSIONER HARRIS: Yeah. I mean, our budget
22 is actually, as percentage it's probably gone up because
23 our handle has gone up and the expenses are not going to go
24 down, as well.

25 CHAIR BRACKPOOL: Right. So --

1 EQUINE MEDICAL DIRECTOR ARTHUR: I will say in
2 terms of drug testing is that because we've been able to
3 use better technology it's actually become more cost
4 efficient in terms of number of samples and the way we look
5 at things in depth. So we can go over all those details,
6 however the Board would look.

7 CHAIR BRACKPOOL: That would be -- that would be
8 great, and spend some time.

9 With that, that concludes the open public portion
10 of this meeting, and we will now go into -- into closed
11 session. And as Commissioner Choper does point out, there
12 is time just to get into a bet on the first race. Thank
13 you all for your time.

14 (Thereupon the California Horse Racing Board Regular
15 Meeting went into a closed session at 12:28 p.m.,
16 then was adjourned at 1:10 p.m.)

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TRANSCRIBER'S CERTIFICATE

I, Martha L. Nelson, attest that the foregoing proceedings were transcribed to the best of my ability.

I further certify that I am not a relative or employee of any attorney of the parties, nor financially interested in the action.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Dated this 1st day of June, 2011.

 /s/ Martha L. Nelson