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APPEARANCES

COMMISSIONERS

STEVE BENETO

RICHARD A. ROSENBERG

CHUCK WINNER

DAVID ISRAEL

JESSE H. CHOPER

BO DEREK

STAFF

ROBERT MILLER

JACKIE WAGNER

MIKE MARTEN

KIRK BREED

ALSO PRESENT

Daniel Schiffer

Jack Liebau

Brad McKenzie

Ralph Wong

Cliff Size

John Harris

Lou Raffetto

1 (APPEARANCES CONTINUED)

2

3 Barry Broad

4 Gail Matthews

5 John Bucalo

6 Michelle Corn

7 Kim Lloyd

8 Ami Atkinson

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1 SANTA ANITA, CALIFORNIA, FEBRUARY 21, 2013, 10:13 A.M.

2 * * * *

3

4 EXECUTIVE DIRECTOR BREED: Ladies and gentlemen,
5 California Horses Association Board Meeting will come to
6 order.

7 This is the regular Board on Thursday
8 February 21st, 2013, at the Santa Anita Park Racetrack,
9 285 West Huntington Drive, Arcadia, California.

10 Present today is me, David Israel, Acting
11 Chairman, Steve Beneto Commissioner, Jesse Choper
12 Commissioner, Bo Derek Commissioner, Richard Rosenberg
13 Commissioner and Chuck Winner Commissioner.

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

20 In order to ensure all individuals have an
21 opportunity to speak and the meeting proceeds in a timely
22 fashion, I will strictly enforce the three-minute time
23 limit rule for each speaker. The three-minute rule will
24 be enforced during discussion of all matters stated on the
25 agenda as well as during the public comment period. There

1 is a public comment sign-in sheet for each agenda item on
2 which the Board invites comments. Also, there is a sign
3 in sheet for those wishing to speak during the public
4 comment period not on the Board's agenda if it concerns
5 horse racing in California. Please print your name
6 legibly on the public comment sign-in sheet. When the
7 matter is open for public comment your name will be
8 called. Please come to the podium and introduce yourself
9 by stating your name and organization clearly. This is
10 necessary for the court reporter to have a clear record of
11 all who speak. When your three minutes are up the
12 chairman will ask if there is anyone else who would like
13 to speak on the matter before the Board. Also, the Board
14 may ask questions of individuals who speak. If a speaker
15 repeats himself or herself, the chairman will ask if the
16 speaker has any new comments to make. If there are none,
17 the speaker will be asked to let others make comments to
18 the Board.

19 We're going to divert a little bit from our
20 normal agenda items. And we're moving Items Number 16 to
21 the first item on the agenda. And I will conduct the
22 election of officers.

23 Nominations are now in order for the office of
24 Vice Chairman.

25 COMMISSIONER BENETO: Nominate Chuck Winner.

1 EXECUTIVE DIRECTOR BREED: Chuck Winner has been
2 nominated. Are there any additional nominations?

3 COMMISSIONER DEREK: I'll second it.

4 EXECUTIVE DIRECTOR BREED: Motion has been made
5 and seconded to nominate Chuck Winner. I hear no further
6 nominations. All those in favor?

7 THE BOARD: Aye.

8 EXECUTIVE DIRECTOR BREED: Mr. Winner has been
9 nominated to Vice Chairman, congratulations.

10 VICE CHAIRMAN WINNER: Thank you.

11 EXECUTIVE DIRECTOR BREED: Nomination are now in
12 order for the office of Chairman of the Board.

13 VICE CHAIRMAN WINNER: I nominate David Israel.

14 EXECUTIVE DIRECTOR BREED: VICE CHAIRMAN WINNER
15 nominates David Israel for Chairman. Any other
16 nomination?

17 COMMISSIONER ROSENBERG: I'll second it.

18 EXECUTIVE DIRECTOR BREED: That nomination has
19 been seconded by Commissioner Rosenberg. Hearing none, no
20 further nominations all those in favor say aye.

21 THE BOARD: Aye.

22 EXECUTIVE DIRECTOR BREED: Opposed? Hearing
23 none. Mr. Israel is hereby elected as Chairman of the
24 Board. I turn the meeting over to Mr. Israel.

25 CHAIRMAN ISRAEL: Thank you. I think. I'm sure.

1 We're going to do good things.

2 First item of business approval of minutes from
3 January 17th, 2013. Does anybody have any comments? Is
4 there a motion?

5 COMMISSIONER CHOPER: Yes.

6 COMMISSIONER ROSENBERG: Move.

7 CHAIRMAN ISRAEL: Second?

8 COMMISSIONER DEREK: Second.

9 CHAIRMAN ISRAEL: Second. Moved. With no
10 objection the minutes are approved.

11 Okay. Public comments. The first Gail Matthews
12 from Winning Hands Equine Massage Therapy.

13 MS. MATTHEWS: Gail Matthews Winning Hands Equine
14 Massage Therapy.

15 First and formerly, a sincere thank you to the
16 Board for all you are doing to raise the standard of horse
17 racing in particular to the Medication and Track Safety
18 Committee.

19 In my first written comment to the Board
20 regarding the proposed amendment CHRB Rule 1658, Vesting
21 Title to Claimed Horse I commended Commissioners Derek and
22 Winner for their efforts and conceiving the new provision
23 in language that is sound and clear in its intent to
24 protect participants and to prevent claiming races for
25 being a dumping ground for unsound horses.

1 In my second written comment I urged the
2 commissioners of the California Horse Racing Board to pass
3 the proposed amendment as it stands. You have a choice
4 before you: Continue risk of life and limb for the
5 participants of a sport or passage of an amendment
6 designed to safeguard them. To grope for some middle
7 ground between right and wrong is futile. For the sport
8 to thrive the horses and the men and women who ride them
9 have to come before all other considerations. A vote for
10 their safety will be a vote for the future of horse
11 racing.

12 As Abraham Lincoln said it is the eternal
13 struggle between these two principals, right and wrong
14 throughout the world. At its best work at the racetrack
15 is about nobility, hard work and freedom. When we, who
16 are employed in horse racing are aligned regarding the
17 safety of the horses, when we ourselves and the public are
18 certain that we are doing everything in our power to treat
19 the horses humanely and with respect then real and last
20 thing advances in the sport can occur and a return to the
21 glory days will be possible.

22 The transition may be a little bumpy but in a
23 sport that in the historical record has been with us for
24 2693 years, it won't be the first time that change has
25 been endured. Commissioners, pass the proposed amendment

1 as it stands. Help to make the racetrack a place where
2 good people want to participate. When things are right
3 for the horses things will go right for the sport. As we
4 all know all too well it's the horses who always have the
5 last word. Thank you.

6 CHAIRMAN ISRAEL: Thank you.

7 COMMISSIONER DEREK: Thank you.

8 CHAIRMAN ISRAEL: Barry Broad, Jockey's Guild.

9 MR. BROAD: Good morning, Chairman and the
10 members. Barry Broad with the Jockey's Guild. I'm here
11 on public comment time to do and say the sometimes less
12 than genteel world in which we all operate. I have to
13 sort of do a shot across the bow here.

14 We hear with great interest that Los Alamitos is
15 planning to expand and build a training facility and so
16 on. And I just want to make it clear to all of you that
17 when they come to try to get race dates from Hollywood
18 Park in the future, in a more expanded robust calendar of
19 racing there, we are going to very strongly ask you and
20 insist, if we can, that that track be improved -- not the
21 track surface. I mean the operation of that facility be
22 improved.

23 We think there are safety issues there that are
24 beneath the standard of the industry. There's no track
25 physician, for example. We're concerned with issues

1 relating to the integrity of racing such as jockey agents
2 who represent nearly all the riders in one race. There
3 are issues about whether there's adequate personnel.
4 There's been issues, ongoing issues about the cleanliness
5 about the jockeys' room from a public health standpoint of
6 view. And lots of excuses have been made over time over,
7 you know, the financial distress of Los Alamitos.

8 And kind of reminds me what I hear frequently in
9 Sacramento from the farmers that there's no rich farmer.
10 You know what I mean? So if they are going to be in the
11 horse racing business, we really want them to operate a
12 first class track.

13 Thank you.

14 CHAIRMAN ISRAEL: Thank you. John Bucalo,
15 Barona.

16 MR. BUCALO: John Bucalo, Barona Casino Off Track
17 Betting Manager. Good morning commission -- president.
18 I'm sorry.

19 CHAIRMAN ISRAEL: It doesn't matter.

20 MR. BUCALO: It through me off. All right.
21 Thank you.

22 I wanted to speak about the Pick 6 this
23 additional 20 percent that's being offered to the fans at
24 the track. I think that's a great perk for them.
25 However, this money is being funded as I understand from

1 the California Marketing Committee, which those monies are
2 totally funded and extracted from every wager that's made
3 from a satellite betting racing guest. Therefore, they're
4 not involved in this new wager, 20 percent. And I think
5 it's wrong that they paid for the funding of this
6 20 percent. And they are not allowed to be involved in
7 it.

8 So I think that that's wrong and should be
9 corrected. And that's all.

10 CHAIRMAN ISRAEL: Thank you, John.

11 MR. BUCALO: Thank you.

12 CHAIRMAN ISRAEL: Kim Lloyd.

13 MR. LLOYD: Good morning. Kim Lloyd general
14 manager for sales and racing.

15 I'd like to invite all the commissioners and, in
16 fact, everyone in the audience to our March select
17 two-year-old sale. Our preview day is Friday.
18 10:00 o'clock preview on Friday, March the 1st. The sale
19 is at 3:00 o'clock on Saturday, March the 4th. We'd like
20 you all to come out and see what we do for the industry
21 and with the industry in California.

22 CHAIRMAN ISRAEL: Thank you. Okay. There's no
23 other public comment? Nothing.

24 Move onto Item 3, the discussion and action by
25 the Board on the application to conduct the horse racing

1 meeting at Hollywood Park Racing Association, LLC, at
2 BetFair Hollywood Park Racetrack commencing on April 22nd
3 through July 16th inclusive.

4 Representative of the Hollywood Park please come
5 forward.

6 EXECUTIVE DIRECTOR BREED: Excuse me a minute.
7 Jackie, are these items still needed correct in the Board
8 packet?

9 MS. WAGNER: Jackie Wagger CHRB staff.

10 The items noted as outstanding in Hollywood Park
11 application analysis we have received the Westin
12 agreement. We have received the marketing plan and the
13 fire clearance. The only thing that is outstanding to my
14 mind is the 2012 audit financials.

15 CHAIRMAN ISRAEL: Do you have any idea when we're
16 going to get those?

17 HOLLYWOOD PARK REPRESENTATIVE: We're hopeful to
18 have them before the end of March. That's generally when
19 they are, somewhere in that time frame give or take.
20 That's just the way it is.

21 CHAIRMAN ISRAEL: Thank you. Go ahead.

22 MS. GREEN: Diane Green for Hollywood Park. I
23 want to say good morning and congratulation to the
24 Chairman and Vice Chairman.

25 We are going to try to catapult the momentum that

1 we had successfully executed during the past fall meeting.
2 As you know, it was a very successful meeting. And we
3 plan to keep our focus on creating value for our fans.
4 Our partnership with BetFair GPT has been extremely
5 gratifying. And their team has assisted us in a very
6 impactful way.

7 The car give away was very fun and exciting
8 offering tied to our Pick 6 Saturdays, which was a huge
9 success. And the two times we were live to one ticket we
10 kind of kept the dream alive and the players playing. The
11 data mining that we have or taken, and I should say
12 BetFair GPT has taken on for us, has really provided us
13 with some instrumental information that has allowed us to
14 target various segments and customize offers to these
15 segments.

16 We have taken a Hispanic initiative to a very
17 strong beginning and we're going to try to keep that
18 moving along as well. Our key player accounts have also
19 responded very favorably and our handle, of course, was up
20 13.6 percent. We have not seen double digit growth or
21 lifted this nature in a very long time. I've been in this
22 position since 2007 and this is the first time, on my
23 watch, we have had double digit increases.

24 We have made some adjustments to the spring meet,
25 most noticeably is the discontinuation of Friday night

1 racing, because we're able to generate more waging without
2 it essentially. We have added a family fun Sunday which
3 we feel will be a good outreach to the Hispanic community,
4 to the Latino community in urging them to bring their
5 families out on Sundays.

6 In the marketing report we've, of course,
7 outlined all of the various initiatives that we're
8 undertaking our TBG BetFair colleagues are not able to be
9 here today, so I hope that you had a chance to look
10 through the materials. And I would be happy to answer any
11 questions that you may have for me.

12 CHAIRMAN ISRAEL: Okay. I just want to make
13 sure, on Fridays when you are racing night you ran mostly
14 several race cards, correct?

15 MS. GREEN: Right.

16 CHAIRMAN ISRAEL: So you are adding a race --

17 HOLLYWOOD PARK REPRESENTATIVE: Friday nights
18 were eight race cards.

19 CHAIRMAN ISRAEL: Always eight race cards?

20 HOLLYWOOD PARK REPRESENTATIVE: Always eight race
21 cards.

22 MS. GREEN: I don't think we had a --

23 CHAIRMAN ISRAEL: I don't remember there being an
24 8th.

25 VICE CHAIRMAN WINNER: You probably left after

1 the 7th.

2 CHAIRMAN ISRAEL: No, no. I stayed.

3 HOLLYWOOD PARK REPRESENTATIVE: We might have had
4 a three-horse race.

5 CHAIRMAN ISRAEL: I was always alive in the Pick
6 so I always stayed.

7 I noticed in the application there's a million
8 dollars saving in marketing money. It's probably more
9 than that, because if you don't race at night you don't
10 have the utility bills that you ordinarily have, you don't
11 have the overtime with the stagehands and all that sort of
12 stuff. It's a significant savings. How is that going to
13 be used to improve racing?

14 MR. LIEBAU: Jack Liebau from Hollywood Park.
15 The entertainment that you refer to, which was about a
16 million dollars, had to do with bands on Friday nights.
17 And we had hoped that was not an expenditure but maybe
18 naively would have been a profit center. It turned out
19 not to be a profit center. And so it isn't -- it was
20 money that was spent with the expectation of at least
21 breaking even. And we did not break even.

22 COMMISSIONER CHOPER: Can I ask a question on
23 that? That's the one thing I'm curious about.

24 Was your sole measurement -- I just want to know
25 what was your measurement to make that conclusion?

1 Handle?

2 MR. LIEBAU: Handle yes, but also the admissions
3 that was there. I mean one of the things that was
4 different last year was that, frankly, I went all in on
5 the concerts because I thought that that would result in
6 higher attendance and that we would be able to convert
7 those fans or those concert goers to race fans. We went
8 in much heavier than we had ever been before with respect
9 to the caliber of the bands, or at least what price the
10 bands commanded.

11 And, you know, I am a believer in that at some
12 point in time racing will have to put on their show when
13 people aren't working. I think that my experience at
14 Friday night racing goes back to 1992 at Bay Meadows. I
15 think at Bay Meadows we were successful. I do not think
16 we were successful at Hollywood Park with it. And I know
17 somebody might say why did it not work at Hollywood?

18 COMMISSIONER CHOPER: Yes. I was going to ask
19 that.

20 MR. LIEBAU: At Bay Meadows we had the train
21 running outside our entrance and on the route there were
22 at least three major colleges, which San Jose State,
23 Stanford and Santa Clara. We drew heavily from those
24 universities as well as San Francisco State. Sometimes we
25 even got somebody from Cal.

1 COMMISSIONER CHOPER: Train didn't come.

2 MR. LIEBAU: Train didn't come.

3 I don't think you can look at it that we are --

4 COMMISSIONER CHOPER: Did you have increased
5 handle in those days?

6 MR. LIEBAU: Yes. We can take Friday nights and
7 compare them to when we didn't have Friday night racing,
8 that would have been in the autumn. In 2012 compared to
9 2011 are out-of-state handle was up 36 percent during the
10 afternoons. Mainly because of the time zone. When you
11 run at night you don't get much during the East. All
12 sources of handle was up 26 percent on comparing Friday
13 days to comparable on Friday nights.

14 And the main problem is it's very tough to fill
15 races on Friday nights. You have to face the facts. I
16 mean our field size on those comparable days was up
17 11 percent so field size makes the deals.

18 CHAIRMAN ISRAEL: I'm sure you've done
19 projections, Jack. And there are even days when you
20 didn't think the Friday nights were successful and you
21 would have 8 or 10,000 attendants. I've been there. You
22 would have nice crowds. Many of them were late arriving
23 so those people all paid admission, parked and all that.

24 MR. LIEBAU: Parking is free in our place.

25 CHAIRMAN ISRAEL: On Friday afternoon 1500 would

1 be a realistic number, wouldn't it?

2 MR. LIEBAU: I think it we do better than that.

3 CHAIRMAN ISRAEL: 2500?

4 MR. LIEBAU: Yeah. That's sadly the state of the
5 industry. I mean, you know, during our autumn meet, which
6 was extremely successful, I think that, you know, we had
7 our track handle represented about ten percent of our
8 total handle. The ADW exploded. The ADW is down 2.8
9 times what our on track handle is.

10 COMMISSIONER ROSENBERG: Diane, how many years
11 were you running the Friday night concerts?

12 MR. LIEBAU: I'm sorry, Diane, but we've run
13 since 1991 is when the Friday night concerts started.

14 COMMISSIONER ROSENBERG: Aside from the net cost
15 of those, you were attempting this to try to get a younger
16 demographic to come to the track and hopefully collect
17 information about them. How successful was that? Was it
18 successful? What percentage of those attended actually
19 filled out cards, et cetera?

20 MS. GREEN: They would come for a group. And
21 then we would pretty much not see them again. So they had
22 like -- you'd have certain Revolution, well, that is a
23 group that appeals to a certain crowd. We did blockbuster
24 acts. We had Joan Jet, Devo.

25 CHAIRMAN ISRAEL: Devo, I was there that night.

1 20,000 people that night.

2 MS. GREEN: Yeah.

3 MR. LIEBAU: It was a Thursday night.

4 MS. GREEN: It was 4th of July weekend that year.
5 So, yes, we've had a lot of experience with it but it's
6 not profitable.

7 COMMISSIONER ROSENBERG: My question wasn't
8 related to profit. You were mining information which
9 could go into a computer, hopefully track these people. I
10 remember talking about that at a prior Board meeting.

11 What percentage of the people that came to the
12 concerts or signed those cards to get into your data base,
13 I'm just curious, is my question?

14 MS. GREEN: I don't know the percentage, but it's
15 slim. It's slim compared to other demographics that are
16 consistent fans.

17 MR. LIEBAU: One indication of that on Friday
18 night, we tried to give away PPs, short forms. And they
19 didn't get picked up. They were at the admissions booths.

20 MS. GREEN: Programs went into the trash can.
21 There wasn't an interest of, you know, any real magnitude
22 by the younger demographic.

23 VICE CHAIRMAN WINNER: Do you have any numbers
24 that would indicate whether or not by having a Friday
25 night program that effected your weekend attendance? In

1 other words, was attendance up or down after Friday night
2 compared to if you had day racing?

3 MR. LIEBAU: The subjective is that they always
4 maintained that it did in fact effect Saturdays.

5 VICE CHAIRMAN WINNER: Positively or negatively?

6 MR. LIEBAU: Negatively.

7 VICE CHAIRMAN WINNER: If people came Friday
8 night they wouldn't come Saturday.

9 MS. GREEN: They seem to be two very separate,
10 yeah, either/or type.

11 CHAIRMAN ISRAEL: Move onto a different subject.
12 On the 57 Pick 5 are you still going to be offering the
13 14 percent takeout big five?

14 MR. LIEBAU: Our application at this point in
15 time does not provide for the Pick 5 being offered at a
16 14 percent takeout. There have been some discussions with
17 TOC about that. I am hopeful that those discussions will
18 prove to be fruitful. And that we will be able to offer
19 the Pick 5 at a 14 percent and takeout.

20 CHAIRMAN ISRAEL: What's the takeout you are
21 contemplating now?

22 MR. LIEBAU: We are hoping there will be a fair
23 arrangement with respect to the spread. I mean what
24 happened --

25 CHAIRMAN ISRAEL: For the purpose of these

1 application. There is a Pick 5 designated.

2 MR. LIEBAU: It will be at the 23.68% and I will
3 repeat that I am hopeful that because of discussions that
4 are going on with TOC that it will be offered at
5 14 percent.

6 You have to realize that the Pick 5 is somewhat
7 controversial to say the least. And there are those in
8 the industry that think it's good. And there are those
9 that think it's bad. I happen to be one of those who
10 champion the Pick 5 because it was introduced at Hollywood
11 Park and it accomplished exactly what I had hoped it
12 would.

13 COMMISSIONER CHOPER: What was that? What I mean
14 is I think if people have different views on it, It would
15 be so important to try -- look, the bottom line is is this
16 good for the financial health of the industry, net
17 financial health? Okay. And which I'm sure everyone's
18 got to agree on or at least these guys here, but we don't
19 know.

20 And I know it's costly. And I know it's
21 difficult to try to figure out if this is really helping
22 or just hurting.

23 MR. LIEBAU: I think, Chairman Choper, it goes
24 back to 2011, in January 1st of 2011, when the takeout was
25 increased three percent or one percent on exactness. And

1 controversy comes in a little bit with some of us who
2 think that there actually was a boycott at Santa Anita
3 with respect to wagering. There are others who dispute
4 that. All I can say is that I think, think I can say and
5 won't be nobody would take exception to it, I think that
6 Santa Anita had more the brunt of that takeout. And I
7 think that on our figure, Santa Anita was down 15 or
8 16 percent on a comparative day basis because of the
9 boycott. Now, other people think there was no boycott.

10 In order to blunt that feeling, we introduced
11 this wager and for the first time in memory we had a
12 good meet and our average daily handle exceeded that of
13 Santa Anita for that meet. And that was the first time
14 that I think that ever happened. And I think it was
15 attributable in change and attitude about wagering in
16 California.

17 COMMISSIONER CHOPER: Others may think that's
18 just hogwash how you read the e-mails you get from
19 betters. The numbers are very impressive, but they don't
20 -- total handle. But what they don't tell us is the
21 bottom line effect of that. That's very complicated.

22 MR. LIEBAU: The bottom line differs from where
23 you are and where you are sitting. I mean for instance --

24 COMMISSIONER CHOPER: Bottom line -- I mean on
25 the income statements.

1 MR. LIEBAU: Yes, I understand. On a Pick 5
2 wager made by a California resident on an ADW the track
3 gets 0.29 percent. Purses get 3.29 percent. Basically
4 the tracks don't think it's fair. The horsemen are
5 reluctant to give up their premium. And the difference is
6 that a three percent override when you got a 20 or 23, 23
7 or 24 percent takeout is probably tolerable. When you got
8 a 14 percent takeout it's a lot different. We are in
9 discussions. I think we'll work it out. And, you know,
10 we'll go on.

11 COMMISSIONER CHOPER: If you can prove that in
12 the end the TOC would get as much or more from the
13 increased handle despite the lower takeout, then you've
14 made a damn strong case.

15 MR. LIEBAU: Well, we think the case goes
16 stronger than that. I don't want to bore you with that
17 but --

18 COMMISSIONER CHOPER: It's not boring. It's a
19 key question.

20 MR. LIEBAU: We can statistically show that the
21 wagering on the individual legs of the Pick 5 are
22 increased, because as you know if you've had a Pick 5 and
23 you are out you know it was just some accident and that
24 you are going to win the following leg so you bet.

25 COMMISSIONER CHOPER: I've heard that too.

1 MR. LIEBAU: I know you can understand that
2 because you are like me.

3 COMMISSIONER CHOPER: I think it's even more than
4 that. You can handicap all five races and come out liking
5 something a lot, you are going to bet the race too.

6 MR. LIEBAU: Right, exactly.

7 COMMISSIONER CHOPER: Because you might just miss
8 it out on one of the others.

9 In the end if you could show that the net income
10 overall, you know, one could say, well, wait a minute I
11 bet the next four races go down, because they've already
12 spent all their money. Or they could say the Pick 6 is
13 way down. They play this instead of the Pick 6. And the
14 takeout is much larger on the Pick 6 than it is here. It
15 only makes sense that they will. And they are.

16 MR. LIEBAU: It's very complicated. The Pick 6
17 comes into this too because there are those who think the
18 Pick 5 is bringing money. But the pick 6 lives or dies by
19 the carryovers. And, you know, from my perspective the
20 pick 6 is pretty much a syndicate bet. I do Pick 5 as a
21 people's bet. It's a bet that most people have a chance
22 of winning.

23 CHAIRMAN ISRAEL: Are you planning on offering
24 any kind of promotion on the Pick 6 like the one they have
25 at Santa Anita.

1 MR. LIEBAU: We will not offer the one they have
2 at Santa Anita, because I will stand up here and tell you
3 I don't think it's working. I applaud them for trying it,
4 but I don't think it's working. The handle on their Pick
5 6 on track is down, and probably is down more than their
6 other pools. You can talk to George about it, but I
7 assume George Haines is looking at it. And they may
8 decide they are not continuing it.

9 CHAIRMAN ISRAEL: Do you have some sort of --

10 MR. LIEBAU: We had a very successful promotion
11 of the Pick 6 at Hollywood Park during the autumn with
12 respect to the car on Saturdays, it worked good. In our
13 Pick 6 -- actually, we were up on Pick 6. On Saturdays I
14 think we were up -- Saturdays during the autumn meet on
15 those days when there was no carryovers matching non
16 carryover days to non carryover days we were up 40 percent
17 in handle on those days. TBG's handle was up over a
18 hundred percent for the one meet as a whole, the daily
19 handle on Pick 6 was up a hundred percent on a whole, but
20 I have to point out that we had six carryovers during 2012
21 compared to only four during 2011. And as I said begin or
22 repeat myself, the success of the Pick 6 is really
23 depending on whether you get those carryovers.

24 CHAIRMAN ISRAEL: Anybody else? Is there a
25 motion?

1 COMMISSIONER BENETO: Move.

2 CHAIRMAN ISRAEL: Beneto moves.

3 Do you want to second?

4 COMMISSIONER CHOPER: Yes.

5 VICE CHAIRMAN WINNER: Are we approving just to
6 clarify or are we approving pending the audit report?

7 CHAIRMAN ISRAEL: Pending the audit report.

8 MR. LIEBAU: You know, I think the problem with
9 every company in America that ends on December 31st, to
10 think that we might have the audit --

11 CHAIRMAN ISRAEL: Before April 15th.

12 MR. LIEBAU: Yeah. I don't know. The auditors
13 are there. I would say that last year we made an
14 undertaking. As soon as we got the audit report it was
15 turned over, but that's not really --

16 CHAIRMAN ISRAEL: You know, I think it makes
17 sense to approve it --

18 VICE CHAIRMAN WINNER: I agree.

19 CHAIRMAN ISRAEL: -- pending the audit report and
20 then leave it to the discretion of the executive director
21 if there's a delay.

22 MR. LIEBAU: That's fine. Thank you very much.

23 CHAIRMAN ISRAEL: All right. Motion to second.
24 All in favor.

25 THE BOARD: Aye.

1 CHAIRMAN ISRAEL: Motion passes unanimously.

2 Okay. Item Number 4.

3 Discussion and action by the Board regarding the
4 Tilted Kilt Pub and Restaurant's license to operate a
5 minisatellite wagering facility and its compliance with
6 Business and Professions Code Section 19605.25.
7 Mr. Betiker.

8 MR. BETIKER: Rick Betiker from Scott Wink.
9 After we came before the Board and received your approval
10 for a license for Tilted Kilt we -- the Board received a
11 letter from Sycuan saying that as a matter of fact Tilted
12 Kilt was within its 20-mile protected circle. I was sure
13 that they had made a mistake.

14 As a matter of fact, I had made a mistake. And
15 Tilted Kilt is 19.8 miles from Sycuan. And, of course,
16 had I been aware of that I would have had to get a waiver
17 from Sycuan before coming to you to get approval. So
18 we're hopeful of having a discussion with Sycuan and
19 working something out, some kind of co-promotional thing
20 that works for everybody. But as of this moment we do not
21 have a waiver from Sycuan.

22 CHAIRMAN ISRAEL: I think the only alternative,
23 because we have to abide by the law is to withdraw -- for
24 you to withdraw the application and then we'd have to
25 reapprove it once you have that worked out.

1 MR. BETIKER: So we will withdraw the application
2 and hope to be here next month for approval.

3 COMMISSIONER ROSENBERG: If that happens we have
4 to do the process all over again?

5 CHAIRMAN ISRAEL: We'd have to vote again.

6 COMMISSIONER ROSENBERG: If they got the waiver
7 --

8 CHAIRMAN ISRAEL: They've had all their
9 inspections and whatever else you've done.

10 EXECUTIVE DIRECTOR BREED: Right.

11 CHAIRMAN ISRAEL: They wouldn't have to do their
12 due diligence over.

13 VICE CHAIRMAN WINNER: Are you in discussions
14 with Sycuan?

15 MR. BETIKER: We had our first conversation last
16 night with the attorney who sent the letter. She's trying
17 to facilitate a further conversation.

18 CHAIRMAN ISRAEL: Thanks.

19 COMMISSIONER ROSENBERG: Can I make a general
20 comment on this subject matter, not on the Tilted Kilt,
21 but it involves the Tilted Kilt.

22 The legislation that we're dealing with uses the
23 word radius. And in my opinion any comment not to compete
24 or any restriction on doing business is normally based
25 upon the driving time to take -- driving distance from one

1 place to another. I would think -- my question is that
2 there was legislation two years ago, which failed to
3 reduce the distance from 20 to 50, has anyone at Scott
4 Wink or anywhere else working on trying to get the
5 legislation amended corrected in some way?

6 MR. BETIKER: No. I think there's two issues.
7 The one you talked about is reduction of the radius of the
8 circle. There hasn't been an effort that I'm aware of to
9 clarify the language. I don't know if you can go to the
10 attorney general or legislative analyst or whoever to try
11 to get clarification of that word. But there isn't
12 consensus on the first issue of reducing the circle.
13 There isn't consensus within the industry and that's why
14 that failed.

15 COMMISSIONER ROSENBERG: Where does the objection
16 come from? The fairs?

17 MR. BETIKER: The fairs, yeah. And I wasn't part
18 of the process at that time, but, yeah, that's my
19 understanding.

20 CHAIRMAN ISRAEL: Anything else? Anybody? Okay.
21 So you've withdrawn your application. We'll move
22 onto Item 5, but before we do, in these meetings we tend
23 to get caught up in all this dry stuff.

24 I'd like to do one thing just celebrate racing a
25 little bit. We actually have two hall of famers who have

1 walked in in the last two minutes, Mike Smith and Laffit
2 Pincay. That doesn't happen all the time, so welcome.
3 It's like having Babe Ruth and Joe DiMaggio at the same
4 meeting. You figure out which one you are, Mike.

5 Discussion and action by the Board on the
6 Application for License to Operate a Minisatellite
7 Wagering Facility at Sammy's of Lake Forest, for a period
8 of up to five years.

9 MR. MC KENZIE: Good afternoon. My name is Brad
10 Mc Kenzie and I'm part of the group that is seeking
11 contingent approval for a minisatellite in Lake Forest.
12 Basic information it's been a long road for this process
13 down in Lake Forest, two years of dealing with the City of
14 Lake Forest before we finally got them to approve
15 minisatellite usage in the city.

16 We actually were approved to pull our building
17 permits today so this is a big day for us. This satellite
18 facility -- minisatellite that we are proposing in
19 Lake Forest is big and unique in the fact that it will be
20 the first minisatellite facility that is being designed
21 specifically as a minisatellite facility. We purchased
22 Black Angus Restaurant that wasn't in use. And we've
23 completely redesigned the interior as long as the exterior
24 design to specifically suit the minisatellite usage. We
25 think we're in a great market down there in South Orange

1 County. And as someone who's been in the horse racing
2 business for a long time, I have to tell you that I'm very
3 bullish on the minisatellite concept.

4 I think it's the best way we can bring our sport
5 out to the public in a manner that makes new people
6 comfortable and coming and getting exposed to horse
7 racing. It's very intimidating coming to a racetrack if
8 you are not familiar with horse racing. It's not nearly
9 as intimidating to come to a local facility where you can
10 meet friends. And I think it's a tremendous way to get
11 our sport out there and to build our fan base. And that's
12 going to be a specific goal of Sammy's is to build horse
13 racing fans.

14 This contingent approval by the Board is a very
15 big step for us. It allows us to move forward and start
16 with what is going to be close to a million dollars in
17 improvements on the facility. And our goal is to have the
18 facility opened in six months and start business in South
19 Orange County.

20 CHAIRMAN ISRAEL: So you are trying to open the
21 same time as Del Mar.

22 MR. MC KENZIE: We're going to be close. That's
23 our goal. Depending on -- we've pulled our building
24 permits for the exterior. We still have to go through
25 some hurdles with the Health Department because we are

1 redoing the kitchen and the bar. If we can get the
2 permits and the regulatory permission that we need, we can
3 get it built. So we're hoping for Del Mar.

4 COMMISSIONER CHOPER: I've got two questions.
5 And maybe Rick would be better able to answer them. One
6 is that I notice that Carf apparently gave some waivers.

7 MR. MC KENZIE: There were no waivers required
8 for this.

9 COMMISSIONER CHOPER: You just had to have
10 association approvals?

11 MR. MC KENZIE: That is correct.

12 COMMISSIONER CHOPER: I get it.

13 The second is what is the average number of
14 wagering stations in our -- you must have -- I don't mean
15 the exact number. I notice here you got 28 self-service
16 machines, eight of which are capable of being, I take it,
17 eight reversible manned Pari-mutuel means eight that
18 accommodate with or without --

19 MR. MC KENZIE: Right. We're building a mutual
20 line that can -- where we can staff eight mutual clerks if
21 need be. On days when we don't need the mutual clerks
22 those machines can be flipped over and used as a
23 self-service machine. And we plan on putting a lot of
24 self-service machines in the facility. We want fans to be
25 able to get right to a machine.

1 COMMISSIONER CHOPER: I get you. I'm not
2 complaining in anyway. I'm just wondering, how does this
3 compare to others? What do they have at the Commerce
4 Casino.

5 MR. MC KENZIE: I'm not sure we can get that
6 answer under the next item. But I can tell you it's
7 tripled probably. But the big difference here was
8 Sammy's --

9 COMMISSIONER CHOPER: Which one was tripled?

10 MR. MC KENZIE: Sammy's at Lake Forest. The big
11 difference is if you put that many in a location it
12 creates a problem, because you all require that there be a
13 security person there to make sure underaged people don't
14 go up to the window. If you put that many throughout a
15 facility you have to have a number of these security
16 people, which gets costly. But Sammy's, the entire
17 facility is going to be limited to people 21 years of age
18 and older. And so the age will be enforced at the door.

19 COMMISSIONER CHOPER: Card check.

20 MR. MC KENZIE: So as a result there's going to
21 be self-service machines located at various locations
22 throughout this large restaurant. It's over 10,000 square
23 feet.

24 The whole place is being designed as I said.
25 We're not trying to fit minisatellite wagering into an

1 existing facility. We're designing a facility for
2 minisatellite wagering.

3 COMMISSIONER CHOPER: They don't card check
4 people at bars generally anymore? I mean I haven't been
5 asked in a while. I really have no personal experience.

6 MR. MC KENZIE: The State doesn't require that
7 you have a security person at a bar. But they do require
8 you have a security person in front of a self-service
9 machine. So we'll just deal with that, but it's not a
10 problem.

11 COMMISSIONER CHOPER: They just risk it, a bar.
12 If they let underage --

13 MR. MC KENZIE: It is risk.

14 COMMISSIONER CHOPER: Wish you a lot of luck. I
15 hope you use all of those machines.

16 MR. MC KENZIE: It would be a nice problem to
17 have if we were using all those machines.

18 CHAIRMAN ISRAEL: Anybody else? Motion? No
19 other questions?

20 COMMISSIONER CHOPER: Move.

21 CHAIRMAN ISRAEL: Moved to second. All in favor?

22 THE BOARD: Aye.

23 CHAIRMAN ISRAEL: Motion passes unanimously.

24 I'd like to go back. I neglected in Item 4 to
25 ask John Bucalo and Michelle Corn, is it, if you still

1 wanted to speak even though the application has been
2 withdrawn.

3 MR. BUCALO: I'll speak. Just on Chairman
4 Israel, Vice Chairman Winner and distinguished members of
5 the Board. I just want to speak on the 20-mile radius.
6 That was put in place as everybody knows to protect each
7 and every satellite. And if somebody is right on the
8 borderline they are within 20 miles of somebody. If they
9 are in the middle they are within 10 miles of a satellite.
10 So that mileage isn't as far as it may seem. And I don't
11 know many players that wouldn't travel 20 miles. So I
12 believe that this notion of shortening that distance is
13 far wrong. Satellites only make two percent gross. And
14 that is not enough to survive. As I mentioned at the last
15 Board meeting, many are getting the life strangled out of
16 them with this 2% and downsizing and closing. We must
17 consider raising that percent. And if we can get that
18 percentage raised, I don't see any reason that the
19 satellite facilities couldn't get together and maybe offer
20 to reduce that mileage in some sort of way. But at 2% we
21 need the protection of that Board and everybody in this
22 room. If you keep putting satellites closer to one
23 another, you seen what happened in New York they had one
24 on every corner and seven or eight people in each one.
25 And they all had to go bankrupt with over. I mean they

1 all went bankrupt. So we must support the satellites. We
2 are a big part of this industry. And I thank you.

3 CHAIRMAN ISRAEL: Thank you. Once again, that's
4 a matter of legislation. That's not something we can do.

5 MR. BUCALO: I understand that, but the support
6 of the Board and the people in this room certainly would
7 help.

8 CHAIRMAN ISRAEL: Thank you.

9 You don't want to speak?

10 MS. CORN: No. It's been taken care of. Thank
11 you.

12 CHAIRMAN ISRAEL: All right. Number six.
13 Discussion and action by the Board on the renewal
14 Application for License to Operate a Minisatellite
15 wagering facility of the California Commerce Club Inc.,
16 for a period of up to five years.

17 HOLLYWOOD PARK REPRESENTATIVE: I'm introducing
18 Ralph Wong, the general manager of Commerce Casino. And I
19 believe this is the second renewal for Commerce, the first
20 minisatellite. And do more than double what any of the
21 other minisatellites do in terms of daily handle. It's
22 been a success story from the first day.

23 MR. WONG: Good morning, Chairman and members of
24 the board. I'm here to --

25 CHAIRMAN ISRAEL: Please identify yourself.

1 MR. WONG: I'm sorry. My name is Ralph Wong and
2 I'm currently -- my title is Vice-President Chief
3 Administrative Officer.

4 CHAIRMAN ISRAEL: Anybody? Questions? Nobody
5 has any questions at all. Is there a motion?

6 VICE CHAIRMAN WINNER: I move.

7 COMMISSIONER DEREK: Second.

8 CHAIRMAN ISRAEL: Second by Commissioner Derek.

9 All in favor of extending the leasing of the
10 license for a period of up to five years?

11 THE BOARD: Aye.

12 CHAIRMAN ISRAEL: Opposed? Motion passes
13 unanimously.

14 COMMISSIONER DEREK: Thank you.

15 CHAIRMAN ISRAEL: You guys are doing great for
16 everybody. Thank you very much.

17 Item 7. Discussion and action by the Board
18 regarding the request from Rancho Paseano Training Center
19 in Santa Fe, California to become -- that should be Rancho
20 Santa Fe, I think -- to be an authorized training center.

21 MS. WAGNER: Jackie Wagner, CHRB staff.

22 The application before you is for the authorized
23 training center. And we do have the representative from
24 the facility.

25 MR. SIZE: I'm Clifford Size, ranch manager at

1 Rancho Paseano for Jenny Craig.

2 CHAIRMAN ISRAEL: Tell me exactly -- tell the
3 Board exactly how you want to proceed, what you want to
4 turn the training center into.

5 MR. SIZE: Well, we're pretty full down there.
6 We train between a 100 and 120 horses a day. And we
7 really -- our goal is really just to have a clocker come
8 out on Saturdays and get official workouts.

9 CHAIRMAN ISRAEL: Just on Saturdays?

10 MR. SIZE: Yes.

11 CHAIRMAN ISRAEL: And you would bring in all the
12 safety personnel that would be necessary?

13 MR. SIZE: Yes, ambulance, yes.

14 CHAIRMAN ISRAEL: Bo, any questions?

15 COMMISSIONER ROSENBERG: I have one question.

16 In your letter you mention even with official
17 workouts we have no intentions to race or transport horses
18 to local racetracks to run the same day. Is that as a
19 general rule or are you saying you wouldn't allow someone
20 to ship over there and race.

21 MR. SIZE: No, we would not allow it. We don't
22 want to be like San Luis Ray. We just want to, you know,
23 we've met all the requirements and we just want to be
24 recognized as a training center. But mainly as, you know,
25 if we can get clockers, you know, for the babies when they

1 start coming in, give the owners and trainers a head
2 start. EXECUTIVE DIRECTOR BREED: Mr. Chairman and
3 members. We have Tom Mc Carthy who is the safety steward.
4 Tom did the inspection on Rancho Paseano. It was very
5 complete inspection. They were very cooperative in terms
6 of bringing their facility up to Code. We did make a
7 couple of exceptions in terms of rail height at a
8 particular location that I don't think in any way reduces
9 the safeness of the facility, or the rail or the
10 racetrack. This is a really kind of a new
11 approach that we're taking in horse racing. I think
12 you're going to see more of this, more farms are going to
13 open up. More farms are going to dedicate themselves to
14 training, retraining, rehabbing these horses. And I see
15 this as a very positive move in horse racing. And I
16 recommend to the Board that they approve it.

17 CHAIRMAN ISRAEL: Any other questions?

18 COMMISSIONER BENETO: He gets a horse ready to
19 go, he has a horse ready to go to the track, I
20 misunderstood you. You said you couldn't bring a horse
21 from your place?

22 MR. SIZE: Well, we technically only want to get
23 a horse up where they still have to breeze three, three
24 more times at the racetrack. We don't want to have
25 official workouts to where they could run. They're still

1 going to have to go on the track and breeze a couple of
2 times.

3 COMMISSIONER BENETO: What size is your track?

4 MR. SIZE: Three quarters of a mile.

5 CHAIRMAN ISRAEL: What's the surface?

6 MR. SIZE: Dirt. Very good racetrack.

7 CHAIRMAN ISRAEL: I've seen it.

8 How does it work financially? You charge a stall
9 fee?

10 MR. SIZE: No. We charge \$70 a day for training.
11 And, you know, I train. We have Bob Afert, Sheriff,
12 everybody.

13 CHAIRMAN ISRAEL: And you are handling the
14 training?

15 MR. SIZE: Yes.

16 COMMISSIONER BENETO: Do you swim horses there or
17 just gallop?

18 MR. SIZE: Some just gallop too. Some trainers
19 bring them in really early.

20 COMMISSIONER BENETO: Do you have a treadmill or
21 swimming --

22 MR. SIZE: Yes. We have a water treadmill.

23 CHAIRMAN ISRAEL: Do you have a full-time vet on
24 staff.

25 MR. SIZE: Yes.

1 CHAIRMAN ISRAEL: Is there an equine ambulance
2 there?

3 MR. SIZE: Yes, we have that too.

4 CHAIRMAN ISRAEL: That care is available all day.

5 MR. SIZE: Yes.

6 CHAIRMAN ISRAEL: And the human emergency medical
7 personnel will only be available on Saturday?

8 MR. SIZE: On Saturdays for the workouts.

9 CHAIRMAN ISRAEL: What happens when you have an
10 accident on a --

11 MR. SIZE: We have -- actually the paramedics,
12 the fire stations like two minutes from us. They're right
13 around the corner.

14 CHAIRMAN ISRAEL: And they are aware that you're
15 running?

16 MR. SIZE: Oh, yeah. We have set up for them in
17 case -- knock on wood, we never had to call them yet. But
18 we're set up where they'll be there a minute and a half

19 CHAIRMAN ISRAEL: Okay. How many exercise riders
20 do you keep?

21 MR. SIZE: Okay.

22 CHAIRMAN ISRAEL: Any other questions?

23 VICE CHAIRMAN WINNER: My question that had to do
24 with the question that you just asked with respect to
25 medical personnel during -- I think it's a great facility.

1 CHAIRMAN ISRAEL: Do you want to make a motion?

2 VICE CHAIRMAN WINNER: Yeah. I move.

3 COMMISSIONER ROSENBERG: Second.

4 CHAIRMAN ISRAEL: Moved and seconded. All in
5 favor?

6 THE BOARD: Aye.

7 MR. SIZE: Thank you very much.

8 CHAIRMAN ISRAEL: Public Item 8. Public hearing
9 and action by the Board regarding the proposed amendment
10 to CHRB Rule 1843.2, Classification of Drug Substances, to
11 update the California Horse Racing Board's Penalty
12 Categories Listing by Classification, to add and/or
13 reclassify specified drug substances. (Note this
14 concludes 45-day public comment period. The Board may
15 adopt the proposal as presented.) Jackie.

16 MS. WAGNER: Jackie Wagner, CHRB staff.

17 The item before you is just as the chairman has
18 read it. The proposal would amend the Rule 1843.2 to
19 reflect changes to the ARCI commissioners, International
20 RCI drug classifications will bring our rule into sink
21 with the proposal. After 45 days we have received no
22 comments on the proposal. Staff would recommend you adopt
23 it as presented.

24 CHAIRMAN ISRAEL: Commissioner Derek.

25 COMMISSIONER DEREK: Yes, I recommend we adopt

1 it.

2 CHAIRMAN ISRAEL: Questions? Do you want to move
3 it?

4 COMMISSIONER DEREK: I would like to move it.

5 VICE CHAIRMAN WINNER: Second it.

6 CHAIRMAN ISRAEL: Moved and seconded. Any
7 questions? All in favor. Aye.

8 THE BOARD: Aye.

9 CHAIRMAN ISRAEL: The motion passes unanimously.
10 Thank you. Okay.

11 Number 9. Public hearing and action by the Board
12 regarding the proposed amendment of CHRB rule 1658,
13 Vesting of Title to Claimed Horse, which allows a claim to
14 be void if the racing or official veterinarian determines
15 the horse will be placed on the veterinarian list as
16 unsound or lame before it is released to the successful
17 claimant. (Note: This concludes the 45-day public
18 comment period. The Board may adopt the proposal as
19 presented.)

20 MS. WAGNER: Jackie Wagner, CHRB staff.

21 Again the proposal before you was just as the
22 Chairman has read it. It has been out for 45 days. We
23 did receive comments on this proposal. I believe we
24 received six comments on the proposal. Three were in
25 opposition and several were against the proposal. Staff

1 would recommend that the Board adopt this amendment as
2 presented.

3 CHAIRMAN ISRAEL: Thank you.

4 Where did Bo go? We'll just wait for
5 Commissioner Derek to get back.

6 COMMISSIONER DEREK: I'm back.

7 CHAIRMAN ISRAEL: Any comments on the claim?

8 COMMISSIONER DEREK: I would ask the Board to
9 vote for it. It's recommended by every national
10 organization. We have some support here at the meeting.
11 We have gone over this for a couple of years at least now.
12 And I think we've worked out the best procedure on
13 changing this rule. It is the one that the stewards are
14 comfortable with, the veterinarians are comfortable with.
15 And I think it takes away as much trouble, potential
16 lawsuits, litigation, all of those things. And I think
17 it's essential to the future of racing.

18 CHAIRMAN ISRAEL: Any questions? Steven.

19 COMMISSIONER BENETO: Does this mean if somebody
20 claims a horse or I claim a horse that the veterinarian is
21 going to check it after it races and make sure it's sound
22 before I get the horse?

23 COMMISSIONER DEREK: Yes, that is the procedure
24 now.

25 COMMISSIONER BENETO: Is this a new procedure?

1 COMMISSIONER DEREK: No.

2 CHAIRMAN ISRAEL: What are we changing?

3 COMMISSIONER DEREK: We're voiding the claim,
4 will be void if the horse is put on the vets list after
5 the race.

6 COMMISSIONER BENETO: Oh, after it's on the vets
7 list?

8 CHAIRMAN ISRAEL: It gets put on the vets list.

9 COMMISSIONER BENETO: Oh, I see. But if I drop
10 my claim in and the horse comes back from the race,
11 wherever he runs, as long as he walking on all fours he's
12 my horse; is that right?

13 CHAIRMAN ISRAEL: No. The vet puts him on the
14 vets list subsequent to the race --

15 COMMISSIONER BENETO: Every horse going to be on
16 the vets list?

17 COMMISSIONER DEREK: Every horse that's put on
18 the vets list will have the claim --

19 COMMISSIONER BENETO: That's not the question. I
20 asked a question, if I claim a horse and he comes back to
21 the receiving barn is he my horse if he's walking on all
22 fours and he's not on the vets list?

23 COMMISSIONER DEREK: If he is not on the vets
24 list he is your horse.

25 COMMISSIONER BENETO: Okay. Thank you.

1 COMMISSIONER ROSENBERG: By the way, on that
2 subject, the receiving barn -- the way I read this it says
3 that the horse will be placed on the vets list blah, blah,
4 blah. The question is when he's picked up, the
5 claim usually picks the horse up not in the receiving barn
6 but at the -- after the race is over; correct?

7 COMMISSIONER BENETO: Yes.

8 COMMISSIONER ROSENBERG: That's when it turns
9 over. So the vet has to make a decision, the official
10 veterinarian or the racing veterinarian, I'm not sure what
11 that means, but one or the other, has to decide to put the
12 horse on the vets list at that time prior to the person
13 taking possession of the horse.

14 COMMISSIONER DEREK: I'd like to defer to
15 Dr. Arthur on this.

16 COMMISSIONER CHOPER: When does the vet examine
17 the horse?

18 DR. ARTHUR: Now, when horses go on the vets list
19 the track veterinarian would examine the horse on the
20 track. If he goes back in an ambulance, that horse would
21 be on the vets list. And the reason the track
22 veterinarian or association veterinarian or racing vet,
23 they are all synonymous, would make that decision if the
24 horse was unable to go to the receiving barn.

25 Now, what happens is a tags is put on the horse

1 and the horse, under this proposal, the horse is taken to
2 the receiving barn. He will have a blood taken on him,
3 because we used to test all horses that were claimed. We
4 just don't have logistically the space to do that. But we
5 will be able to blood test them. At that time the
6 official veterinarian will look at that horse and make
7 sure he is neither unsound or lame.

8 So if you look historically over the three years
9 between 2009-2012, there were 96 horses that were claimed
10 and put on the vets list. Of those 96, 13 died. And of
11 those 96, 60 percent of them never started again in any
12 state. And 73 percent of them never started at any time.

13 In fact, the difference in the time off between
14 the next start that went on the vets list that did run
15 again was 120 days as compared to the average 42 days of
16 the claimed horse, which indicates that the veterinarians
17 are doing a pretty good job.

18 But the process is if a horse is claimed, if a
19 horse is claimed he goes back to the receiving barn. He
20 has a blood drawn. The official veterinarian then leases
21 that horse to the claimant. And that was the process for
22 a long period of time. It's just we didn't have the
23 logistic space when we were claiming six horses at Del Mar
24 for example.

25 COMMISSIONER ROSENBERG: Is this process codified

1 somewhere as a racing Board rule?

2 MR. ARTHUR: No, it's just -- it's similar to
3 other procedures we do in terms of examining horses and
4 other procedures in the process. This was actually in the
5 proposal when it was first presented. Last time it was
6 presented to the Board we had a process that we explained.
7 And it would be directed by either myself to the
8 veterinarians or from the executive director.

9 COMMISSIONER ROSENBERG: If the horse is not lame
10 on the track at the time the race is finished or right
11 after the race, they are not banned back to receiving.
12 They walk back to the receiving barn; is that correct?

13 DR. ARTHUR: That's right.

14 COMMISSIONER ROSENBERG: And then the decision is
15 made. Do we have the manpower to do all that?

16 DR. ARTHUR: Yes, we do. And basically what
17 happens is a horse would go back, they would take a blood
18 on the horse. The horse would be examined by the official
19 veterinarian. And after that blood was taken the horse
20 would be released to be sound at that time. If he's not
21 lame or unsound, then the horse would be -- the claim
22 would be validated. And the horse wouldn't be transferred
23 until the official veterinarian looks at that horse.

24 In the instance where the horse is so lame and he
25 can't go to the receiving barn, just as they do now the

1 track veterinarian would make that decision. There's two
2 jurisdictions now that have similar voiding rules, but
3 they make the decision if the horse is banned off. What
4 we try to do is eliminate situations where horses are
5 banned off from exhaustion, heat exhaustion, bleeding and
6 those sorts of things so that the claims only voided for
7 reasons of lameness or unsound.

8 COMMISSIONER BENETO: Now, Doc, the blood test.
9 You are drawing blood and you are releasing the horse to
10 me. I just claimed it.

11 DR. ARTHUR: Right.

12 COMMISSIONER BENETO: Tell me what happens with
13 the blood test.

14 DR. ARTHUR: We would run the blood test for
15 those drugs that we could test in blood which are
16 obviously the non anti-inflammatories and that is an ever
17 expanding list of drugs as we do on a drug test. We don't
18 keep them for a urine test unless the stewards call a
19 special on that horse. If there's room we can do an
20 entire sampling of the horse, but in those instances where
21 we have two or three claims in the same race, like we
22 sometimes do at Del Mar, there's just not the space to do
23 that. So we would just do the blood test.

24 But if the stewards call a special on them, which
25 we have tried to do on many claims and the horse goes

1 through the whole process then it would go through the
2 whole process.

3 COMMISSIONER BENETO: Yeah, but I got the horse,
4 week later your blood test comes back positive. Where do
5 we go from there?

6 DR. ARTHUR: Well, in New York that claim would
7 be voided. In California we've discussed this and it's
8 not voided. You know, it's something we've discussed
9 previously, there's been opposition to it. But they do
10 already do that in New York.

11 But the previous trainer would be getting
12 sanctioned for that drug positive. If we want to expand
13 this further in the future and void claims for drug
14 positives like they do in New York, we've discussed this
15 previously and it's never gone anywhere.

16 VICE CHAIRMAN WINNER: Under this proposal, the
17 blood test does not void the claim.

18 COMMISSIONER BENETO: Why take the blood test?
19 It doesn't make sense.

20 VICE CHAIRMAN WINNER: You take the blood test
21 for the purposes if the prior trainer, if the blood comes
22 up positive then you have to take action against the prior
23 trainer.

24 COMMISSIONER BENETO: Then I've got a horse in
25 the barn who can't put his fourth leg down because the

1 drugs wore off.

2 COMMISSIONER DEREK: We can take that up.

3 DR. ARTHUR: That was a proposal that we
4 presented several years ago that the industry didn't
5 support. I certainly have no problem with it. They've
6 done it in New York for years.

7 COMMISSIONER BENETO: I'm fairly going back the
8 old way. When you claim a horse you own the God dang
9 thing, do or die. But if we're going to get into this
10 technical stuff -- take drawn blood and spend money for
11 the tests analyzed and so on and so forth we ought to
12 follow through with to the end. And the end is if the
13 test comes bad and the horse is lame after, wherever he
14 had any drugs in it whatever, leading back to the other
15 trainer and get your money back.

16 DR. ARTHUR: We already proposed that.

17 COMMISSIONER DEREK: And we will take -- the
18 committee will take it up again.

19 COMMISSIONER ROSENBERG: I was going to ask.

20 COMMISSIONER BENETO: You are doing something
21 half way here.

22 COMMISSIONER DEREK: They are two different
23 issues.

24 CHAIRMAN ISRAEL: It's something that should be
25 brought before medication committee and the next time they

1 meet and it can be revisited.

2 COMMISSIONER ROSENBERG: The medication
3 committees or any other meetings you had, aren't you
4 concerned about the vets being placed in a bad position if
5 the trainer who claimed the horse for owner for \$50,000
6 and very happy about his claim there, I think he's a
7 little off,
8 unsound --

9 VICE CHAIRMAN WINNER: We did discuss that.

10 COMMISSIONER ROSENBERG: How did that come out.

11 VICE CHAIRMAN WINNER: We discussed it several
12 times and the determination was that if the buyer wants to
13 still buy that horse if the horse is not on the vets list
14 and the seller put it in the claim race in the first
15 place, all the buyer has to do is go talk to the seller.

16 COMMISSIONER ROSENBERG: Yeah, but if it's a
17 great claimant in the minds of the owner and the seller
18 didn't really want to lose the personal anecdote, really
19 didn't want to lose the horse you are not going to have a
20 deal.

21 My question is will this lead to lawsuits and
22 more hearings with stewards?

23 DR. ARTHUR: We make this same decision, whether
24 a horse goes on a vets list every day. There are horses
25 that go on the vets list, there was a horse in the

1 Breeders' Cup that went on the vets list out on the
2 racetrack that the veterinarian made that decision. I am
3 unaware of any instance where a veterinarian make -- these
4 are decisions the veterinarians make every day.

5 It's their job to do. And I am unaware of one
6 veterinarian who has been sued, because they have done
7 their duty and placed an unsound or lame horse on the
8 list.

9 CHAIRMAN ISRAEL: I agree. It's the vet's job to
10 make decision whether to put down the horse. It's the
11 vet's job to make decision whether the horse is lame. And
12 they're going to make the best decision they can
13 regardless of the consequences that decision. They're
14 sworn duty is to act in the best interest of the horse.
15 So medical professionals make medical decisions that's
16 what they do.

17 COMMISSIONER DEREK: And under this rule change
18 the veterinarian does not know whether the horse has been
19 claimed, right?

20 CHAIRMAN ISRAEL: They never know.

21 COMMISSIONER DEREK: I know.

22 COMMISSIONER ROSENBERG: They don't know whether
23 the horse is claimed though. You are bringing the horse
24 back to the receiving barn for that purpose.

25 CHAIRMAN ISRAEL: On the track they don't.

1 DR. ARTHUR: On the track they don't know.

2 It's still not relevant.

3 COMMISSIONER ROSENBERG: The issue -- the reason
4 we bring the horseback to the receiving barn are two
5 reasons. Number one to make a more controlled
6 examination. It's hard to examine all the horses as they
7 run come off the horse track even though the track tries
8 to do that. Logistically it's difficult for some track
9 veterinarians to do that. In this instance, we have both
10 the opportunity for the track veterinarian and the
11 official veterinarian to do that examination in a more
12 controlled environment.

13 VICE CHAIRMAN WINNER: Can I comment on this?

14 COMMISSIONER DEREK: Please.

15 CHAIRMAN ISRAEL: Please.

16 VICE CHAIRMAN WINNER: First of all, it's very
17 complicated. And we've gone through this now over, and
18 over again. The bottom line is you can either make a
19 decision to go the route that Commissioner Beneto talked
20 about, let the buyer beware, put in your claim. The horse
21 dies, it's yours or if it comes off the track and it's
22 lame it's yours. That's the procedure that's been used.
23 We, on the committee, felt and continue to feel that
24 that's not in the best interest of racing and not in the
25 best interest of the horses.

1 So the objective is to try to protect the
2 integrity of racing and to protect the jockeys who are on
3 the horses, et cetera, by trying to make it -- by trying
4 to create a disincentive rather than an incentive to put a
5 horse in a claiming race that's got holes in it. That's
6 the whole purpose of this. You can find 15 different way
7 of doing it or 50 different ways of doing it and they've
8 all been discussed. And none of them are perfect, none of
9 them are perfect. All of them are going to have problems.
10 We are doing the best we can to try to find a solution
11 that makes some sense.

12 We can always modify it as Commissioner Beneto
13 brought up or Commissioner Rosenberg if the issue of the
14 blood test comes back positive do we want to expand this?
15 That should come to the committee and we can further
16 discuss this. But I do believe we've gone round and round
17 on this and there are always going to be problems.
18 There's always going to be something that's not perfect
19 about it, but I think this is the best solution we've been
20 able to come up with after doing an awful lot of work.

21 COMMISSIONER BENETO: Question.

22 CHAIRMAN ISRAEL: Go ahead.

23 COMMISSIONER BENETO: I'll buy into this deal
24 except for one exception, that we quit blood testing until
25 we can get -- until we can include that in.

1 VICE CHAIRMAN WINNER: You can't quit blood
2 testing because the blood testing is done for a different
3 purpose.

4 COMMISSIONER BENETO: Well, wait a minute now.
5 You said just on claim horse, not on every horse. Just
6 for the horse you are claiming.

7 VICE CHAIRMAN WINNER: That's true.

8 COMMISSIONER BENETO: Unless the horse comes back
9 positive --

10 COMMISSIONER DEREK: We must test them for drugs.

11 COMMISSIONER CHOPER: The winners --

12 COMMISSIONER DEREK: First, second, third and a
13 random loser.

14 COMMISSIONER ROSENBERG: And a random loser.

15 COMMISSIONER DEREK: This is one of our drug
16 testing.

17 COMMISSIONER BENETO: We are spending money for
18 drawing blood.

19 DR. ARTHUR: First of all, there's no added cost
20 for the Horse Racing Board for that additional blood test.
21 Secondly, it's been fairly common that the stewards will
22 call a special on a claimed horse. More often than not we
23 leave it up to the stewards and, you know, whether we
24 require every claimed horse to be tested or not, certainly
25 is a policy decision but the system works fairly well the

1 way it is.

2 COMMISSIONER ROSENBERG: I'll buy into
3 Commissioner Winner's argument that it's not. We're going
4 to have problems no matter what we do. But this is the
5 best we have right now. And if the issue of the blood
6 test can be handled at a further discussion --

7 COMMISSIONER DEREK: Definitely.

8 CHAIRMAN ISRAEL: Commissioner Choper.

9 COMMISSIONER CHOPER: Well, I think VICE CHAIRMAN
10 WINNER said most of it. I just want to say these are very
11 good and clever, I mean in a positive way questions,
12 creative questions that have been raised. I like those.
13 I do that for a living very often.

14 But you got to make a choice. And the only thing
15 I would amend is we get a pad, not just the old rule or
16 this rule. We've had in my -- I don't know whether we've
17 had this four or five times in the time that I've been
18 here discussed. And we've had different proposals. And
19 then we had amendments to the different proposals.

20 And I don't know, this one sounds the one with
21 the least problems to me except for the alternative even
22 though, of course, you got some questions. You can always
23 -- if something really comes up that's a big hole we can
24 close in later.

25 CHAIRMAN ISRAEL: Any other public comment on

1 this? John Harris.

2 MR. HARRIS: John Harris, owner/breeder. The
3 reason I'm here is because I've been working on this for
4 about six years. I was part of a deal that the jockey
5 club in Gracem had called the Welfare and Safety of the
6 Racehorse Summit. This was a subject that came up,
7 because there's concern in racing.

8 I don't think it happens very often but on
9 occasion a trainer or owner will enter a horse in a race
10 with the thought that that horse may well be claimed and
11 he would really like to get it out of his barn. He's
12 going to hot potato it, is what we call it.

13 And we don't like to encourage that. It may well
14 be a lot of horses get claimed, a lot of horses might have
15 problems but we don't like purposely that the motivation
16 is to have a horse get claimed, that is suspect horse.

17 And there's no perfect rule. It's the old adage
18 that good is not the enemy of the perfect. It will
19 probably emerge into some other rules as we go along. I
20 think the rule is now we have which we through a year or
21 two ago it is imperfect, because the horse has to actually
22 die on the track. And that's impractical as far as
23 euthanized and when that really happens. So this rule is
24 much better we have. And I don't think it will have that
25 dramatic of an impact on racing, but it will show that

1 racing does care about horses.

2 If these were cars or houses or something we're
3 selling there's no people are getting like them or don't
4 like them. We have to watch out for the welfare of the
5 horse, that's what the public expects us to do. This is a
6 good rule.

7 CHAIRMAN ISRAEL: Thank you. Actually, the old
8 adage as I understand it is Wild Bill Donovan who had the,
9 you know the OSS during World War II stated, "Don't let
10 the perfect be the enemy of the good."

11 Next up -- Barry, you don't have a card in on
12 this. I've got two of them on ten, nothing on.

13 MR. BROAD: Barry Broad on behalf of the Jockey's
14 Guild. We very strongly support this rule because between
15 somebody entering the race and caveat emptor at the end of
16 the race, there's a jockey on the back of the horse whose
17 life is imperiled when somebody for some minor economic
18 thing that is like insignificant in the real world of
19 safety questions, his life is put at risk so that somebody
20 can unload a horse who they probably know is lame going
21 into the race. And they just want to get rid of them.
22 This has been abused terribly here. And this rule will
23 stop that problem. Thank you.

24 CHAIRMAN ISRAEL: Thank you.

25 Ami Atkinson from Santa Anita.

1 MS. ATKINSON: Ami Atkinson. I work in the
2 racing office at Santa Anita. I think the rule as it
3 stands right now it protects both sides of the issue. If
4 you want to reach in and claim one, you have to think
5 about it. You have to know that trainer. You have to
6 watch that horse run. And if you want to run the horse
7 for a cheap price and maybe lose them, you have to think
8 about that too. It makes everybody think about what you
9 are doing and be responsible for your own actions.

10 I don't think anybody on the backside risks the
11 life of a jockey on purpose, I really don't. And I think
12 the rule as it stands is the way it should be.

13 CHAIRMAN ISRAEL: So you are against this new
14 change.

15 MS. ATKINSON: I am.

16 CHAIRMAN ISRAEL: Okay.

17 VICE CHAIRMAN WINNER: Are you speaking on behalf
18 of the track or on behalf of yourself?

19 MS. ATKINSON: On behalf of myself.

20 COMMISSIONER BENETO: You are talking about the
21 way it used to be.

22 CHAIRMAN ISRAEL: You prefer that the starting
23 gate opens the claim is good.

24 MS. ATKINSON: Yep. Because you've made a
25 choice. We all have to live with the consequences and our

1 choices in life. And it should be that way too on the
2 track. When we change the rule, when a horse dies on the
3 racetrack the claim is voided, but yet we have a rule that
4 doesn't allow us to put them down on the track unless we
5 absolutely have to. So those rules kind of go against
6 each other as the issue at Del Mar.

7 CHAIRMAN ISRAEL: That's why we are doing this.

8 MS. ATKINSON: Right. I think the way it is --

9 COMMISSIONER DEREK: You mean the way it was.

10 MS. ATKINSON: The way it was.

11 VICE CHAIRMAN WINNER: The way it was before the
12 dying on the track.

13 MS. ATKINSON: Correct. You made a choice.

14 Thank you.

15 CHAIRMAN ISRAEL: Thank you.

16 Any other public comment on this? I have no
17 other cards.

18 Is there a motion?

19 VICE CHAIRMAN WINNER: I move adoption.

20 CHAIRMAN ISRAEL: Move by VICE CHAIRMAN WINNER.

21 COMMISSIONER DEREK: Second.

22 CHAIRMAN ISRAEL: Seconded by Commissioner Derek.

23 Opposed? All in favor?

24 THE BOARD: Aye.

25 CHAIRMAN ISRAEL: The motion passes unanimously.

1 DR. ARTHUR: Mr. Chairman, I'd like to say, I
2 think this is one of the most important decisions this
3 Board has made. I think it's going to make a big impact
4 on horse safety particularly at some of the cheaper
5 claimers.

6 CHAIRMAN ISRAEL: Thank you. Okay.

7 Item 10. Discussion and action by the Board
8 regarding the request from the Jockey's Guild to amend
9 CHRB Rule 1632, Jockey's Riding Fee, to change the
10 definition of "Win Purse" so that fees paid by the owner
11 to enter the horse in the race are no longer deducted
12 prior to calculating the winning jockey's riding fees.

13 MS. WAGNER: Jackie Wagner, CHRB staff.

14 The item before you is just as the chairman read
15 it. The Jockey Guild is requesting that we amend Rule
16 1632 to actually change the definition of when purse to
17 the amount paid the winning horse. This would essentially
18 remove the language that allows subtraction of entry fees
19 from stakes race purses before calculating the ten percent
20 jockey fee. The jockey representative is here to answer
21 any questions that the Board may have regarding this
22 proposal.

23 CHAIRMAN ISRAEL: Okay.

24 MS. WAGNER: I would say also that staff did do a
25 little bit of research in terms of the other states that

1 -- to see where they are in terms of how they calculate
2 this. And we found that Arizona, Maryland and Ohio all
3 have rules that are similar to us. In addition, I believe
4 New York also allows for the entry fee to be subtracted
5 before calculating the jockey fee.

6 CHAIRMAN ISRAEL: First is there any discussion
7 among Board members? And then I'll call.

8 Anybody have anything, any questions, comments?

9 Okay. Barry, you are up.

10 MR. BROAD: Barry Broad on behalf of the Jockey's
11 Guild. I realize this is a tough issue for you. However,
12 although these other states have different calculations,
13 everybody pays jockeys on the gross. So in New York the
14 owner gets 60 percent of the purse. And the jockey gets
15 ten percent of 55 percent of the stated published purse.
16 What you have here is a floating number. Depending on
17 what the entry fee or nomination fee happens to be in
18 stakes races the jockey's percentage is reduced. So it's
19 ten percent, not a 55 percent of maybe 54 percent, or
20 53 percent, or 52 percent.

21 It's really not done this way in the rest of the
22 country. And as our purses have gone up, and particularly
23 in light of the Breeders' Cup coming here, this has become
24 quite evidence. It's not a huge amount of money from the
25 prospective of the owners here, who are winning these

1 races. But it's a huge amount of money to our people.
2 Some of it up to \$10,000 in a race. In particular, it's
3 even more galling I think to our people, because in the
4 Breeders' Cup they have this winners you are in thing
5 where the Breeders' Cup is paying those fees and they
6 still get deducted from the jockeys.

7 I've gone around the legislature and talked to
8 legislatures about it. And basically I got, you know,
9 from the mouth of babes so to speak, you get the question
10 well, hey, so you guys are subsidizing the nomination fees
11 and the entry fees, how come you are not paying for the
12 food or the drugs? Maybe you guys should be paying for
13 the drugs they give the horses too or piece of whatever.

14 It's basically the jockeys paying for part of
15 what the owners pay for. And I think what the jockeys put
16 up is their bodies and their skill to do this. They
17 shouldn't have to sort of invest in the race. It's just
18 not right. And it needs to change. It used to be
19 different here. And it got changed back in the '90s. I
20 sort of figured TOC back then, or whatever, stole it fair
21 and square. And we want to steal it back fair and square.
22 It is a money issue. And it's an equity issue.

23 COMMISSIONER CHOPER: Why was it changed?

24 MR. BROAD: We don't really know. I will also
25 say, in case someone wants to accuse us of greed we

1 volunteered at the request of the owners and trainers to
2 kick back our percentage of the purse on the increment
3 that's given in Cal Bred races, we don't take that. In
4 fact, we hear some of the trainers actually bill the
5 owners for it, but the jockeys don't. So we're giving up
6 1800 bucks each in those races for the good of racing.

7 So we kind of don't see what the difference is
8 between a stakes race and any other kind of race. It's
9 just that the owner has to pay more to enter it, but they
10 get lot more back when they win.

11 COMMISSIONER BENETO: When they win.

12 MR. BROAD: Right. We're talking about winning
13 here.

14 CHAIRMAN ISRAEL: When he wins, not if he wins.

15 MR. BROAD: And I hope he does. And I hope we
16 gets ten percent of 55 percent.

17 Let me make one last comment.

18 COMMISSIONER ROSENBERG: This applies only to the
19 winner?

20 CHAIRMAN ISRAEL: Yes. That half of the table by
21 the way is all owners. You should know that.

22 MR. BROAD: Mr. Raffetto, my friend from the TOC,
23 who I happen to get along with really well, I think he's a
24 really good guy. He made the point that New York pays the
25 way New York pays. I will say right here, we'll take the

1 deal of New York. He says that's good enough for them,
2 that's good enough for us. We will take ten percent of
3 55 percent of the stated purse. And some states pay we
4 get ten percent of 60 percent of the purse. But we are
5 willing to take ten percent of 55 and be on the low end in
6 order to have a predictable and fair amount.

7 So with that I would urge you to send this out
8 for public comment and, you know, let the games begin
9 thank you.

10 COMMISSIONER ROSENBERG: I have a question. It
11 seems to me after reading this and hearing you speak it's
12 all about the Breeders' Cup, isn't it? These entry fees,
13 that's where it makes a big difference. You are slighted
14 10,000 the maximum. Is it all about that?

15 MR. BROAD: It is.

16 COMMISSIONER ROSENBERG: Nickels and dimes.

17 MR. BROAD: It's nickels and dimes. It adds up.
18 But it certainly has become much more apparent to the
19 riders as a result of the arrival of the Breeders' Cup.
20 And they compare what they got in the Breeders' cup before
21 it got here to what they get now. So that's -- yes. I
22 thinks it's fair to say that. And I would have to concede
23 yes. This issue has arisen as a result.

24 CHAIRMAN ISRAEL: To be clear, Mike, you do
25 significantly better riding a Breeders' Cup race in

1 Kentucky than you do here since you've won them in every
2 state; is that right?

3 MR. SMITH: This year I would have.

4 CHAIRMAN ISRAEL: This year you would have?

5 MR. SMITH: Yes.

6 COMMISSIONER ROSENBERG: Barry, do you know if
7 this applies to the trainer as well as the jockeys?

8 MR. BROAD: It does apply to the trainers, but to
9 my understanding is that the trainers have declined to
10 participate in this issue with us and are taking --
11 agreeing with the TOC that this is a very bad idea. I
12 don't -- you know, I don't know. There's -- I don't know
13 how you calculate self interest, but obviously they are
14 calculating it a little differently than we are.

15 CHAIRMAN ISRAEL: Any other questions for Barry?

16 MR. BROAD: Thank you.

17 CHAIRMAN ISRAEL: The next card is Daniel Q.
18 Schiffer of the PCQHRA.

19 MR. SCHIFFER: Good morning, Chairman Israel,
20 members of the Board. I represent the Pacific Coast
21 Quarter Horse Racing Association which is a combined
22 group. It's different from the thoroughbred, it's both
23 the owners and the trainers. However, today I'm going to
24 speak for the owner side of that equation.

25 When you look at what we're talking about here,

1 we're talking about stakes races, overnight races would
2 not be involved. Stakes races kind of cave for several
3 reasons, not the least of which is to make a great program
4 for the race tracks. But when horses had a large residual
5 value for breeding then stakes races were important to set
6 the value of the breeding side of the livestock.

7 Nowadays, very few of those races have much
8 consequence to the breeding equation of these horses. And
9 so horsemen/owners are running in stakes races for the
10 purpose of earning the higher amount of money for
11 themselves. And, of course, they are putting up their own
12 money to do that. And what effective way we are talking
13 about here, with all due deference to the jockeys and the
14 risks that they take, is that you are adding a surcharge
15 to the owner to run in a race that's beneficial monetarily
16 to him or her, and is very beneficial to the racetrack and
17 their program. And really that's not fair. This is a
18 very high end cost business from the point of view of the
19 owner which the owner's side of this table knows. And
20 we're -- the owners quarter horse, thoroughbreds all
21 breeds are being heavily asked to pay for all the costs of
22 this racing. And it's really not fair, because what the
23 jockeys are looking for, which was quite accurately
24 pointed out by Chairman Israel, is that the high end races
25 were the breeders value is also the monetary value.

1 And so therefore, and I also want to echo
2 Mr. Raffetto's comment in his letter, that we agree
3 totally. It's really unfair to the owner who's making
4 this program to further make him pay for that program.
5 Thank you.

6 CHAIRMAN ISRAEL: Thank you. Any questions for
7 Mr. Schiffer? Mr. Lou Raffetto.

8 MR. RAFFETTO: Thank you, Mr. Chairman.

9 Lou Raffetto, TOC. Just byway of background I
10 think it's important that everybody understands about the
11 Breeders' Cup. And that was really the catalyst for this.
12 Breeders' Cup only awards 54 percent to the winner not
13 60 percent. So that right away makes -- it's quite a
14 difference for the riders. And along those lines, and
15 just by way of example, on the win you are in, and that
16 really isn't the issue here as we see it. If an owner
17 paid \$60,000 out of his own pocket to be in the race and
18 actually wins, we don't feel that that individual should
19 have to pay the right or ten percent of his own money.

20 Now, on the other hand the Breeders' Cup position
21 from last year was quite honestly that they essentially
22 put the money in the owner's account. The way the
23 regulation is less the fee paid by the owner.
24 Realistically we don't feel that was paid by the owner.
25 We feel it was really paid by the Breeders' Cup. In that

1 case the owner got the benefit of the \$60,000 and did not
2 have to give the rider \$6,000 so he really did benefit in
3 that particular case.

4 As it relates to these other situations, my good
5 friend Barry alluded to here, you know, in Maryland it is
6 a net figure. In New York I'm going to have to disagree.
7 I did contact the bookkeepers office, spoke to the
8 assistant. New York as Barry stated the owner does get
9 ten percent. So in the case of a 100,000 dollar race the
10 owner gets 60 percent, the owner would get \$60,000. In
11 New York the jockey gets ten percent of 55 percent less
12 fees paid. Now, that's what I was told by the lady in the
13 bookkeepers office. So in that particular case a hundred
14 thousand dollar race with a one percent fee to enter the
15 jock would get ten percent of 54,000. And that's --
16 again, that's what I've been told. In Maryland it's a net
17 fee.

18 However everyone wants to look at New York, we
19 still think it's a net. The bottom line here is we're
20 supportive of the jocks with their quest in the Breeders'
21 Cup. I've had conversations with them. I do believe that
22 that will change this year. We can certainly push that
23 along. I think that was handled poorly last year. We
24 should have gotten it on the win and you're in, but as it
25 relates to the stakes races here I, like I said in the

1 letter that I sent. Again, if the gentleman -- if someone
2 bets a thousand dollars at the races, and he collects
3 1200. He doesn't get taxed on the 1200. He would get
4 taxed on the 200 for the actual win.

5 I don't believe it is proper for an owner to have
6 to pay a percent of what he's actually putting up to run
7 in the race.

8 COMMISSIONER CHOPER: Did I understand you to say
9 in a Breeders' Cup race the winner's percentage is taken
10 out and put in the winner's bank account?

11 MR. RAFFETTO: In the Breeders' Cup races, in the
12 win and you're in --

13 COMMISSIONER CHOPER: In the what?

14 MR. RAFFETTO: There are races prior to the
15 Breeders' Cup that are called win and you are in races.
16 So if an owner's horse wins a win and you're in race that
17 owner does not have to pay the fees to enter the Breeders'
18 Cup.

19 MR. CHOPEY: I understand that. Suppose you win
20 one of the Breeders' Cup races.

21 MR. RAFFETTO: Well, then the owner gets
22 54 percent of the purse; 54, not 60.

23 MR. CHOPEY: Uh-huh.

24 CHAIRMAN ISRAEL: Plus the entry fee.

25 MR. RAFFETTO: Plus in this particular case he

1 gets his fees out first and then the rider gets his 10
2 percent. In the win and you are in races the Breeders'
3 Cup put the money in but the way they told --

4 COMMISSIONER CHOPER: Forget the win and you're
5 in.

6 MR. RAFFETTO: And I understand except as far as
7 I'm concerned that really is the key issue here.

8 COMMISSIONER CHOPER: Oh, that's the key --

9 MR. RAFFETTO: It really is, because --

10 COMMISSIONER CHOPER: Excuse me. I take it back.

11 MR. RAFFETTO: Breeders' Cup directed the
12 bookkeeper to consider the money put up by the Breeders'
13 Cup as money in the owner's account. And therefore it was
14 netted out. We would be supportive as it relates to the
15 Breeders' --

16 CHAIRMAN ISRAEL: But the question, Lou, is is
17 that hundred thousand dollars say if that's what the entry
18 fee would have been?

19 MR. RAFFETTO: For the purse.

20 CHAIRMAN ISRAEL: On the win and you are in
21 program, if your entry fee would have been a hundred
22 thousand dollars, you actually won that hundred thousand
23 dollars by winning the Pacific Classic so should that
24 money be added to the Pacific Classic purse and ten
25 percent or should it be added to the Breeders' Cup purse?

1 What if there's a rider change?

2 MR. RAFFETTO: Yeah. It's up to the owner.

3 CHAIRMAN ISRAEL: No, it's not up to the owner.

4 It's who gets paid, Rider A or Rider B.

5 You won the entry fee by winning a race in

6 August. Do you understand what I'm saying?

7 MR. RAFFETTO: Oh, I totally do. Technically you

8 are winning an entry fee.

9 CHAIRMAN ISRAEL: Your winner's purse is not

10 really 60 percent of \$500,000, if it's a \$500,000 race.

11 It's 60 purse plus a hundred thousand dollars, but that

12 money doesn't show up in your track account until the

13 Breeders' Cup.

14 Barry, am I right about this?

15 If they're two different jockeys, and there's

16 been jockey changes between game on two races, so who gets

17 paid?

18 MR. RAFFETTO: Again, I don't have an opinion on

19 that particular issue.

20 CHAIRMAN ISRAEL: You get paid for what you race.

21 COMMISSIONER ROSENBERG: The race that you ride

22 in.

23 CHAIRMAN ISRAEL: The hundred thousand dollars

24 was actually won -- let me explain it to you differently.

25 You win the Pacific Classic.

1 COMMISSIONER ROSENBERG: Right.

2 CHAIRMAN ISRAEL: You get free entry to Breeders'
3 Cup Classic. Breeders' Cup Classic you finish 12th. Did
4 you get 10 percent of the hundred thousand dollars that
5 you won, the free entry that you won, the Pacific Classic?

6 COMMISSIONER ROSENBERG: That classic is over.
7 No.

8 CHAIRMAN ISRAEL: Why not?

9 COMMISSIONER ROSENBERG: The entry fee for the
10 Pacific Classic you mean?

11 CHAIRMAN ISRAEL: No.

12 EXECUTIVE DIRECTOR BREED: That's not real money.

13 CHAIRMAN ISRAEL: The owner saved a hundred
14 thousand dollars.

15 MR. RAFFETTO: You are getting an entry fee in
16 lieu of cash.

17 CHAIRMAN ISRAEL: But an entry has a cash value.
18 In other words, it's taxable income, I would think.

19 MR. RAFFETTO: But the question here, look, in
20 the case --

21 VICE CHAIRMAN WINNER: It's not taxable --

22 CHAIRMAN ISRAEL: What if you finish?

23 COMMISSIONER ROSENBERG: What if the horse is
24 lame?

25 CHAIRMAN ISRAEL: I think there are so many

1 questions here I think that the smart thing to do is refer
2 this to committee. And let the committee work this.

3 By the way, we're going to be relying more on
4 committees than we have in the past. The Board knows the
5 committee assignment is going to be made soon. And the
6 committees will be more active in meeting and dealing in
7 detail with these various issues. So that when they come
8 before the Board we don't have to dig so deeply. We have
9 a finished committee report.

10 COMMISSIONER CHOPER: Since I'm on the committee,
11 it's being referred to, may I suggest that you two good
12 friends get together, get the data down -- there seems to
13 -- there we go. Let's get a picture of that.

14 EXECUTIVE DIRECTOR BREED: Don't forget the
15 quarter horse guy COMMISSIONER CHOPER: Get your
16 data agreed upon and see maybe you can get the answer
17 agreed upon.

18 MR. BROAD: It's possible.

19 EXECUTIVE DIRECTOR BREED: We want Schiffer, we
20 want the quarter horse guy.

21 COMMISSIONER CHOPER: Then we will have the
22 committee meeting.

23 MR. BROAD: Harder deals have been cut.

24 CHAIRMAN ISRAEL: I don't want the owners to be
25 disadvantaged by running in California. You have to find

1 some happy medium.

2 VICE CHAIRMAN WINNER: I move this be referred to
3 committee.

4 CHAIRMAN ISRAEL: Without objection it will be
5 referred to committee. Thank you.

6 Item 11. Report from the Medication and Track
7 Safety Committee. Commissioner Derek.

8 COMMISSIONER DEREK: We held, I think, a very
9 productive for our meeting yesterday -- I thank so many of
10 you for hanging in there until the end -- most of which
11 involved comprehensive presentations from representatives
12 of
13 UC Davis NCHRB staff focusing on our Necropsy Program, the
14 CHRB Track Safety Program and our Drug Testing Program.

15 Dr. Stover gave a fantastic report on our
16 continuing education. And Dr. Arthur actually gave an
17 interesting and quite alarming report on the cost of
18 equine racing and training injuries and how much in
19 dollars the industry loses for every horse that leaves
20 racing.

21 I'm happy to report to the Board, Dr. Arthur, I
22 assume I can report the accreditation.

23 MR. ARTHUR: Yes.

24 COMMISSIONER DEREK: I'm happy to report to the
25 Board that the Maddy Equine Analytical Chemistry

1 Laboratory that we use in our drug testing will be the
2 first laboratory in the United States to be fully
3 accredited by the World Anti Doping Agency.

4 MR. ARTHUR: Excuse me. That is the racing
5 medication testing consortium, which is based on the WADA
6 criteria. It's a use the WADA accreditation standards but
7 it's actually administered by the RMTC.

8 CHAIRMAN ISRAEL: Okay.

9 COMMISSIONER DEREK: Okay. To condense for our
10 discussion into brief committee report I'll just say that
11 we were impressed and encouraged by the information
12 provided the necropsy and track safety programs are
13 generated information that will be widely disseminated in
14 our continuing effort to safeguard our voices and riders.
15 A key element will be a continuing education program.

16 VICE CHAIRMAN WINNER and I are prepared to
17 support a new regulation requiring some continuing
18 education for our trainers. We are also recommending that
19 the Board approve a three-year contract with the
20 University of California, Davis for continuation of the
21 track safety program.

22 In other matters we began serious discussion of
23 regulating intra-articular injections and Corticosteroids.
24 Dr. Arthur and Dr. Stanley will be devoting a great deal
25 of time and effort to this proposal. All of its elements

1 will be fully worked out before it moves forward,
2 hopefully next year.

3 As part of that discussion we raised the issue of
4 equine practice at Los Alamitos and agree that this should
5 be placed on the agenda for the next Board meeting for
6 discussion. We set into motion a process for developing a
7 concussion protocol for jockeys so that we can be
8 confident that jockeys who are thrown from their mounts
9 receive the proper medical clearance before they can
10 resume riding.

11 I'd like to thank personally Chairman Israel for
12 bringing up this issue we heard from Barry Broad about the
13 need for specific protocols for jockeys, which would be
14 different for other athletes in different sports.

15 We discussed the proposal to have veterinarians
16 other than practicing veterinarians administer Lasix on
17 race day. We had a lot of comment on this issue and
18 although the national organizations recommend this
19 procedure for delivering race day medication, given
20 concerns raised by trainers and veterinarians at the
21 meeting, we decided to hold this matter over for further
22 discussion. And finally as Jackie will explain on agenda
23 Item 14 we agreed to revive the language relative to the
24 proposed rule for tampering the smoke detectors.

25 CHAIRMAN ISRAEL: Item 12.

1 COMMISSIONER DEREK: That's it.

2 CHAIRMAN ISRAEL: That's your report.

3 COMMISSIONER DEREK: Yes.

4 CHAIRMAN ISRAEL: Questions.

5 EXECUTIVE DIRECTOR BREED: One addition to the
6 report, if I recall, the committee directed Mr. Broad and
7 myself to work on the concussion issue, and the protocol
8 and have something uniform in hand to bring before the
9 Board in its next meeting.

10 VICE CHAIRMAN WINNER: That is correct.

11 CHAIRMAN ISRAEL: What we're trying to do is
12 establish a statewide protocol so all jockeys and, by the
13 way exercise riders suffer falls in the morning, are
14 subject to the same or get the same treatment and same
15 consideration and how they get back to work, it's
16 something that's important in all sports and being
17 addressed in all major sports. And we need to be
18 cognizant of that.

19 Are there any other questions or comments,
20 questions?

21 COMMISSIONER DEREK: I'd like one comment.

22 CHAIRMAN ISRAEL: That's the hardest working
23 committee we have. And they do a great job. And I'd like
24 to thank Commissioner Derek and VICE CHAIRMAN WINNER for
25 their diligence.

1 COMMISSIONER DEREK: I'd like to just invite the
2 Board up to UC Davis. I think there's a lot of really
3 important breakthrough information available. And I think
4 it's -- although we had a great presentation yesterday I
5 really think that's the best way.

6 CHAIRMAN ISRAEL: A few years ago we had a
7 meeting up there. So maybe we should schedule one of our
8 meetings for up there. The accommodations were really
9 great.

10 VICE CHAIRMAN WINNER: Just to support what
11 Commissioner Derek said, the presentation was I think
12 very, very informative. I think all parts of it.
13 Including the part that Commissioner Derek with Dr. Arthur
14 discussed the economic impact of injuries to horses and
15 loss of horses due to injury and catastrophic injury.

16 But to go there and see the process, I'm going to
17 do it. I hope all of you do it. If we had a meeting
18 there --

19 CHAIRMAN ISRAEL: We will have a meeting there,
20 not in the summer however. Okay.

21 Anything else? All right.

22 Item 12 on the agenda.

23 Discussion and action by the Board regarding the
24 proposed addition of CHRB Rule 1927.1 Tampering with Smoke
25 Detectors Prohibited, to include penalties relative to

1 tampering with fire safety equipment i.e. smoke detectors.

2 MS. WAGNER: Jackie Wagner, CHRB staff.

3 The Board prior to -- well, let me start off with
4 this: We've discussed this item in the past. And in
5 response we submitted a proposal to amend Rule 1927.1
6 Tampering with Smoke Detectors to recommend that a fine of
7 no less than \$25 be imposed on the offender and no less
8 than \$100 for the trainer whose employee is found to have
9 violated the regulation.

10 The rule making file was completed and
11 subsequently submitted to the Office of Administrative Law
12 for review. During that review time OAL notified us that
13 they had substantive issues with the proposed regulation.
14 And those centered on the rule, even though it provided
15 for a minimum fine of \$25, the submitted text did not
16 address a maximum fine. Also, they were concerned about
17 the extent of the trainers culpability in this particular
18 rule.

19 In response the rulemaking file was returned to
20 staff. And we had the ability and opportunity to make
21 revisions to the proposal, to address the concerns. And
22 that is what you have before you right now. We have made
23 revisions to the proposal that will address the maximum
24 fines. The new language would state that the fines should
25 be subject, if found, the proposed regulation that the

1 employee shall be subject to the hearing before the
2 stewards and a fine of at least \$25 but not more than \$100
3 will be imposed.

4 We also made it clear that the trainer's
5 culpability will come into play if an employee of his is
6 found to have disabled a fire alarm in the designated area
7 more than once during this 365-day period. And if that
8 were the case a minimum fine of \$100 to a maximum fine of
9 \$500 would be imposed upon the trainer. Staff would
10 recommend that you instruct us to go ahead and initiate
11 the 45-day comment period.

12 VICE CHAIRMAN WINNER: Jackie, my recollection is
13 during the discussion yesterday we discussed the
14 possibility on the maximum for trainers, after the full
15 discussion and the reasons, that it be an escalated
16 amount. So the second offense I think we said we talked
17 about 200 for the third offense, something like that. It
18 was an escalated amount and not a flat 500.

19 And I think my recollection John Sheriffs made a
20 particular strong case, I thought, as to why it shouldn't
21 be immediately 500.

22 MS. WAGNER: I do recall that. And we can go
23 ahead and amend the text to incorporate the suggestions
24 made by the committee so the language will set up a fine
25 schedule for second and third subsequent.

1 COMMISSIONER ROSENBERG: Up to 500 as a maximum.

2 VICE CHAIRMAN WINNER: Up to 500 maximum.

3 CHAIRMAN ISRAEL: So are we --

4 MS. WAGNER: We have to start the regulatory
5 process essentially all over for this particular rule.

6 CHAIRMAN ISRAEL: So there's nothing to vote on.

7 MS. WAGNER: So there's nothing to vote on. If
8 you would just instruct staff to go ahead and initiate the
9 45-day comment period on the revised text.

10 COMMISSIONER CHOPER: Could someone find out, put
11 in the memo for next time just how easy or difficult is it
12 for a layperson, not a fire marshal, to check the smoke
13 detector? So I got one in my house, like many people do.
14 It starts to, you know, buzzing at you.

15 CHAIRMAN ISRAEL: You need a new battery.

16 COMMISSIONER CHOPER: Just needs a new battery,
17 but wait a minute. Wait a minute. It can go awry without
18 my knowing about it.

19 CHAIRMAN ISRAEL: Battery runs out of juice.

20 COMMISSIONER DEREK: Some of them have a button
21 to press to see that.

22 CHAIRMAN ISRAEL: You can test them.

23 COMMISSIONER CHOPER: You test with a button.

24 VICE CHAIRMAN WINNER: If you have a 25-foot
25 ladder.

1 CHAIRMAN ISRAEL: You have a 25-foot ceiling.

2 MR. CHOPEY: And a fire marshal only comes out
3 once a meet, at the beginning. Then it seems to me that
4 someone ought to be made responsible, I guess it's the
5 trainer. I don't like to hear that, I know, but ought to
6 be made responsible for checking them out periodically.

7 And I think that ought to be seriously
8 considered, not simply after the fire marshal comes out,
9 right? And, I guess, if I were the employee taking it off
10 so it doesn't work so I can smoke on-the-job, I'd probably
11 put it back at the end unless it's a lot harder to fix it
12 after you've taken it and made it less effective. I just
13 wonder if it's easy enough to detect, if you can just
14 press a button on a smoke detector to see if it's working
15 or not, all right, then I don't see any objection to
16 having a periodic obligation on that, put on somebody
17 there.

18 CHAIRMAN ISRAEL: I think this rule effectively
19 makes it the trainers obligation. That's the point of the
20 rule.

21 COMMISSIONER CHOPER: The only way you are going
22 to find out about it --

23 CHAIRMAN ISRAEL: The trainers organization is
24 set up in such a way that he has assist trainers and
25 somebody is responsible for that.

1 COMMISSIONER DEREK: It gives him an incentive to
2 check on it.

3 VICE CHAIRMAN WINNER: One of the problems is
4 they cook in the rooms. And that's what sets them off.

5 COMMISSIONER BENETO: I have a question. Do the
6 barns have sprinklers?

7 CHAIRMAN ISRAEL: All your barns are sprinklers?
8 Hollywood all the barns are sprinkler.

9 MR. GEORGE: Yes.

10 EXECUTIVE DIRECTOR BREED: He doesn't know about
11 Ferndale.

12 CHAIRMAN ISRAEL: How about Los Al?

13 MR. GEORGE: Yes, we have sprinklers in the
14 barns. And Fairplex? Yes. Is there anybody here from
15 Cal Expo?

16 EXECUTIVE DIRECTOR BREED: Yes, they have them
17 there.

18 CHAIRMAN ISRAEL: You would know that.

19 COMMISSIONER BENETO: Yes.

20 CHAIRMAN ISRAEL: Golden Gate I assume. Joe, you
21 have them? So this rule has to be rewritten. No point on
22 us voting on it.

23 MS. WAGNER: We'll send it out.

24 CHAIRMAN ISRAEL: Okay. Report from the
25 Pari-mutuel/ADW and Simulcast Committee did not meet so

1 there's no report.

2 14. Discussion and ACTION by the Board regarding
3 approval of the revised CHRB Governing Procedures notice
4 for disciplinary hearing.

5 Anybody going to comment on that?

6 MR. MILLER: Mr. Chairman, Robert Miller
7 California Horse Racing Board.

8 CHAIRMAN ISRAEL: Yes.

9 MR. MILLER: Myself and the Office of the
10 Attorney General took a look at the existing disciplinary
11 guidelines that are served with a complaint that is
12 Attachment One, and that we felt that there should be some
13 revisions. And so Attachment Two is a non drug hearing
14 before the Board of Stewards. Attachment Three is a non
15 revocation drug case hearing before either the Board of
16 Stewards or hearing officer in compliance with provision
17 of the Business and Professions Code. I think it's 1917.

18 And then finally Attachment Number Four is a
19 revocation hearing before either the Board of Stewards or
20 a hearing officer. The major difference between
21 Attachments Two and Three, revocation versus a suspension
22 or penalty less than revocation is the application of
23 Chapter Five of the Administrative Procedures Act,
24 according to the Business and Professions Code, this Board
25 is seeking a disciplinary charge that will, and is asking

1 the penalty be revocation, the entirety of Chapter Five of
2 the Business and Professions Code, excuse me, of the
3 Administrative Procedures Act must apply. And this is how
4 to conduct the hearing.

5 However non revocation cases, either before the
6 Board of Stewards or for a non drug case or for a drug
7 case, do not require the entirety of Chapter Five. And I
8 understand there's been a communication from former
9 Chairman, former Board Member John Harris, that requests
10 that this matter be put over for a working group of
11 industry representatives. I haven't read the letter. I
12 think it was sent to the --

13 CHAIRMAN ISRAEL: I haven't gotten the letter.

14 VICE CHAIRMAN WINNER: I thought it was sent to
15 all of us

16 COMMISSIONER ROSENBERG: I got it.

17 COMMISSIONER DEREK: E-mail.

18 CHAIRMAN ISRAEL: Yes, I got it.

19 MR. MILLER: I think --

20 CHAIRMAN ISRAEL: I think the way I received that
21 is to also refer this to the legal subcommittee.

22 MR. MILLER: I believe so.

23 CHAIRMAN ISRAEL: We will probably have a second
24 lawyer joining that committee. And they can establish the
25 line of communications with the interested parties and

1 work on the procedures. But there are two cards on this,
2 Darrell Van and Carlo Fisco. In view of the being
3 referred to committee, do you still want to comment? No.
4 Okay.

5 Anybody else have a comment?

6 VICE CHAIRMAN WINNER: No.

7 CHAIRMAN ISRAEL: Item 15 Report and update on
8 the status of the exchange wagering rulemaking. It's been
9 sent to the Office of Administrative Law. What's the
10 status?

11 MS. WAGNER: Jackie Wagner, CHRB staff.

12 I'm pleased to report that the rule making found
13 of the exchange wagering rulemaking has been submitted to
14 the Office of Administrative Law. This occurred on
15 January 31st. The OAL has 30 working days to review the
16 file and we are anticipating hearing from them
17 approximately March the 15th. I would like to let the
18 Board know that there have been some recent changes in the
19 APA. And rather than a file becoming effective 30 days
20 after the filing with the Secretary of State files are now
21 subject to be effective on a quarterly basis, which means
22 if the file is submitted, the completed file is submitted
23 between March the 1st and May 31st. It will be effective
24 July 31st. So rather than that 30 days now rulings are
25 being effective on quarterly basis.

1 However, I do want the Board to know that staff
2 has requested an effective upon filing for this particular
3 file, which we are able to do. If that is granted and OAL
4 does approve the file it will essentially be effective
5 upon filing. If they deny the rule making file the CHRB
6 has 120 days to make corrections to the file. If the
7 corrections are such that they are non substantive, this
8 rulemaking file will not have to come back to the Board
9 for re-adoption.

10 However, if substantive corrections are necessary
11 based on the review from the Office of Administrative Law,
12 we would have to re-notice the file for 45 days again.
13 And go through the re-adoption of the regulation. It
14 should be noted that if that were to occur and we had to
15 re-notice the proposal, the comments that would be
16 accepted would only be on those parts that we are changing
17 subject to the opinion.

18 VICE CHAIRMAN WINNER: Public comment?

19 MS. WAGNER: Public comment.

20 So essentially we are waiting for decision from
21 the Office of Administrative Law. And as stated earlier
22 we should hear from them by March the 15th.

23 CHAIRMAN ISRAEL: Thank you.

24 EXECUTIVE DIRECTOR BREED: I have a comment.

25 Mr. Chairman, members, both myself and other agency

1 directors, especially small agencies that are
2 self-sufficient and non general fund agencies, have
3 experienced not only this administration but prior
4 administrations these control agencies, such as General
5 Services, the Office of Technology, they have to approve
6 any additional appropriation. And for this exchange
7 wagering we are requesting an additional appropriation of
8 what we estimate it would cost us to monitor and enforce
9 exchange wagering. So in that process what has
10 happened is that, in essence, for them to grant approval
11 for us to get this -- to have additional money in order to
12 do this work, they are in essence blackmailing -- I hate
13 to use that term, but that's what it boils down to.
14 They're saying to us the only -- our approval is subject
15 to us hosting at our price this service.

16 So I just want you to be aware of that. It's not
17 only us that are experiencing this, but you have to go
18 through the process of granting an exception. Sometimes
19 that has to be legislated so it becomes tricky, but it can
20 be done. I just want you to be aware of that, that
21 particular --

22 COMMISSIONER ROSENBERG: Can you clarify that a
23 little bit in terms of the meeting we had. It was last
24 month's meeting or the month before where we talked about
25 getting advanced certain costs paid by a proposed

1 licensee.

2 EXECUTIVE DIRECTOR BREED: Right.

3 COMMISSIONER ROSENBERG: Would the Board have to
4 be out of any out-of-pocket initially?

5 EXECUTIVE DIRECTOR BREED: Only in terms of some
6 of the workloads that would have to be adjusted with our
7 own people. But as far as additional funding we would --
8 we've already spent about \$150,000 on this project and
9 haven't seen any return, nor has anyone else. So I would
10 say we would try not to spend any more money until this
11 appropriation has been granted

12 CHAIRMAN ISRAEL: Anything else?

13 Public session will be adjourned. And we'll go
14 into closed session.

15 (The proceedings concluded at 12:13 p.m.)

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