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MEETING

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of)
)
REGULAR MEETING)
_____)

DEL MAR SURFSIDE RACE PLACE

GENERAL ADMISSION AREA

2260 JIMMY DURANTE BOULEVARD

DEL MAR, CALIFORNIA

THURSDAY, AUGUST 22, 2013

9:36 A.M.

REPORTED BY:

ANN BONNETTE, CSR NO. 6108

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APPEARANCES

David Israel, Chairman
Chuck Winner, Vice Chairman

COMMISSIONERS

George Krikorian
Richard A. Rosenberg
Bo Derek

Jesse H. Choper
Steve Beneto

STAFF

Robert Browning Miller, Staff Counsel
Jacqueline Wagner, Assistant Executive Director

ALSO PRESENT

Alan Balch, California Trainers & CTT Executive Director
Francesca De La Flor, Oak Knoll Meadows Farm
Bob Leonard, Trainer
Larry Swartzlander, Director of Racing, Big Fresno Fair
John C. Alkire, CEO, Big Fresno Fair
Calvin Rainey, Golden Gate Fields
Dan Cirimele, Director of Marketing, Golden Gate Fields

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APPEARANCES (Cont'd)

ALSO PRESENT

Peter Tunney, Golden Gate Fields

Scott Daruty, Santa Anita and Golden Gate Fields

Ed Cummings, Watch and Wager.com

Ben Kenney, Watch and Wager.com

Christopher J. Schick, Watch and Wager.com

Jim Perez, California Harness Association

David Elliott, Cal Expo

Rick Arthur, Equine Medical Director

Steve Schwartz, Breeder's Cup Limited

Michael Wellman

Michael Harrington

Tom Ludt, Santa Anita

Nate Newby, Santa Anita

Joe Harper, Del Mar

James Henwood

J. Curtis Linnell, Director of Wagering Analysis, TRPB

Bryan Wayte, Director of Pari-Mutuel Operations,

Golden Gate Fields

Dr. Francisco Uzal, University of California Davis

Dr. Sue Stover, University of California Davis

Mike Seder, Fairplex

Brad McKinzie, Los Alamitos

Jim Cassidy, CTT President

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APPEARANCES (Cont'd)

ALSO PRESENT

Joe Morris, TOC

Josh Rubenstein, Del Mar

Darrell Haire, Jockeys Guild

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7	Note: Persons addressing the Board under	
8	this item will be restricted to three (3)	
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15	through October 14, 2013, inclusive.	
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13	bleeder medication list and to 2) limit	
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15	Breeder's Cup races to furosemide administered	
16	by CHRB licensed veterinarians approved by the	
17	Breeder's Cup, who are not otherwise attending	
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22	System (CAHFS) University of California,	
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18	prior to the race the claimant elects	
19	to claim the horse regardless of	
20	whether the racing or official	
21	veterinarian determines the horse will	
22	be placed on the Veterinarian's List	
23	as unsound or lame.	
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8	advice from counsel, considering pending	
9	litigation, reaching decisions on	
10	administrative licensing and disciplinary	
11	hearings, and personnel matters, as	
12	authorized by section 11126 of the	
13	Government Code.	
14		
15	A. The Board may convene a Closed Session	
16	to confer with and receive advice from its	
17	legal counsel regarding the pending	
18	litigation described in the attachment to	
19	this agenda captioned "Pending Litigation,"	
20	as authorized by Government Code section	
21	11126(e).	
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B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).

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

1 DEL MAR, CALIFORNIA, THURSDAY, AUGUST 22, 2013

2 9:36 a.m.

3

4 CHAIR ISRAEL: I want to start by remembering Kirk
5 Breed who, as you all know, died earlier this month. I've
6 never served on the Board without his counsel and advice,
7 and I'm going to miss him. And I want to express the
8 Board's profound condolences to Mary Ann and his family.
9 He was devoted to horse racing. He was devoted to the
10 people in horse racing. He was devoted to the welfare of
11 the horse. And, most importantly, he was just a good guy.
12 He was a good man and he will be missed.

13 And one of his closest friends is sitting
14 down -- two of his closest friends are sitting down at the
15 end of the table. And one of them is Steve Beneto. And
16 I'd like to ask him -- he didn't know I was going to do
17 this. I'd like to ask him to say a few words about Kirk.

18 COMMISSIONER BENETO: Well, Kirk -- I've known Kirk
19 since he was the fair manager of the California State
20 Fair, which he did a wonderful job.

21 The first time I met him, I was at the fair. I
22 went -- I went to a function there. I seen this guy come
23 in with a pair of high cowboy boots and a big hat,
24 10-gallon hat, and I looked and I said, "That's gotta be
25 Kirk Breed," and there it was.

1 But he was devoted to fairs, horse racing,
2 welfare for the animal, and he was just a good all-around
3 cowboy. And we went on trail rides together and we just
4 had a lot of fun, and he's going be greatly missed, here
5 and back home.

6 CHAIR ISRAEL: Thank you.

7 Bob Miller was Kirk's running mate through all
8 this and, like Steve, was with him in his last days.

9 So Bob.

10 MR. MILLER: Thank you, Chairman Israel.

11 Kirk Breed and I were friends. Actually, I knew
12 Mary Ann before I knew Kirk. One day Kirk and I were
13 walking out of the State Capitol in Sacramento and
14 somebody asked him, "Kirk, what have you been up to these
15 days?"

16 And he said, "I've just been appointed executive
17 director of the California Horse Racing Board."

18 And the fellow said, "Well, what are you doing
19 now?"

20 He says, "I'm looking for a lawyer."

21 And he said -- I said, "I'm a lawyer."

22 And he said, "Well, he has to be a Staff Counsel
23 III in the State service."

24 And I said, "I'm a Staff Counsel III in State
25 service."

1 And so later I got a call from Kirk, and he
2 asked me to apply for the job. He asked me to interview
3 for the job. He asked me to take the job -- or, actually,
4 he told me to take the job.

5 And I was talking to him about, "What does this
6 job entail?"

7 And he says, "Well, the primary thing is to keep
8 me out of trouble."

9 I said, "Well, I can't do that. With your
10 mouth? Good grief."

11 But Mr. Beneto and I were there at the hospital
12 just as Kirk was passing. But the thing that impressed me
13 was his family was there, his daughters Ashley, Shayna,
14 his son Monte, his daughter Cloe, his second wife
15 Mary Ann, and he was at peace. He was at peace. He left
16 this world in peace. And I am going to miss him terribly.

17 Thank you.

18 CHAIR ISRAEL: Thank you.

19 Jackie Wagner worked with Kirk, and I think she
20 can probably best speak on behalf of all the employees who
21 worked for Kirk at the Horse Racing Board.

22 MS. WAGNER: Absolutely. Kirk and I -- I've known
23 Kirk for longer than his duration at the Horse Racing
24 Board. He came to us about four years ago. And for me it
25 was a blessing working with Kirk. He -- everybody knows

1 what you saw was Kirk. He was a straight shooter. He
2 loved this industry, and he would do anything for this
3 industry in terms of promoting it and moving it forward.
4 He is going to be sorely, sorely missed.

5 The staff at the Board, we are in transition
6 every day. We're getting a little better. But for me
7 personally I am still struggling sometimes in terms of
8 day-to-day because during his illness, when he was not in
9 the office, we were so connected through the phone and
10 through e-mail. And I would always -- if I had any
11 questions, he was always available to me, and I would just
12 pick up the phone and call him.

13 And that's what I'm struggling with the most at
14 this point because I still think, "Oh, I'll just pick up
15 the phone and call him," and we all know I can't do that.

16 I really -- as a supervisor, as the executive
17 director, our working relationship went deeper than that.
18 We were friends. And I am going to sorely, sorely miss
19 him.

20 CHAIR ISRAEL: Thank you.

21 Okay. Now, we'll get on with the business of
22 the meeting because Breed would probably say, "What the
23 hell are you doing wasting time on me?"

24 Anyway, so I'll read the boilerplate.

25 Ladies and gentlemen, this meeting of the

1 California Horse Racing Board will come to order. Please
2 take your seats, which you've done. Thank you.

3 This is the regular noticed meeting of the
4 California Horse Racing Board on Thursday, August 22nd,
5 2013, at the Del Mar Thoroughbred Club, 2260 Jimmy Durante
6 Boulevard, Del Mar, California.

7 Present at today's meeting are David Israel,
8 Chair; Chuck Winner, Vice Chair; Steve Beneto,
9 Commissioner; Jesse Choper, Commissioner; Bo Derek,
10 Commissioner; George Krikorian, Commissioner; Richard
11 Rosenberg, Commissioner.

12 Before we go on to the business of the meeting,
13 I need to make a few comments.

14 The Board invites public comments on the matters
15 appearing on the meeting agenda. The Board also invites
16 comments from those present on matters not appearing on
17 the agenda during the public comment period if the matter
18 concerns horse racing in California.

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

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

6 Please print your name legibly on the public
7 comment sign-in sheet. When a matter is open for public
8 comment, your name will be called. Please come to the
9 podium and introduce yourself by stating your name and
10 organization clearly. This is necessary for the court
11 reporter to have a clear record of all who speak.

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

15 When all the names have been called, the Chair
16 will ask if there is anyone else who would like to speak
17 on the matter before the Board. Also, the Board may ask
18 questions of individuals who speak.

19 If a speaker repeats himself or herself, the
20 Chair will ask the speaker if there are any new comments
21 to make. If there are none, the speaker will be asked to
22 let others make comments to the Board.

23 Okay. With that, the first item on the agenda
24 is approval of the minutes of the July 18, 2013 meeting.

25 Is there a motion?

1 VICE CHAIR WINNER: So moved.

2 CHAIR ISRAEL: Moved by Commissioner Winner.

3 Is there a second?

4 COMMISSIONER ROSENBERG: Second.

5 CHAIR ISRAEL: Seconded by Commissioner Rosenberg.

6 Any opposition?

7 The motion is approved.

8 Public comment. First up is Alan Balch from
9 California Trainers.

10 MR. BALCH: Mr. Chairman, Commissioners, good
11 morning. Alan Balch, California Thoroughbred Trainers.

12 As we've all noticed, there's particularly
13 strong attendance today, possibly because of the big
14 racing this week, but there are also some very important
15 items on the agenda.

16 I'd like all the trainers in attendance to
17 kindly stand up. And all these trainers, those of you who
18 were owners, I'd like you to raise your hand.

19 We are -- and now you may be seated.

20 We wanted the Commissioners to see firsthand who
21 the California Thoroughbred Trainers represent, and just
22 the people in the room today, approximately 50 trainers
23 represent 880 owners and approximately 1600 stalls.

24 And when we speak on the matters on the agenda
25 today or in the future, this is the constituency that we

1 are speaking for.

2 We want to thank this Board very much for
3 involving the CTT and its leadership in the discussions on
4 the very, very important training and stabling issues that
5 we're all facing together.

6 As you know, we have surveyed our constituents
7 in May of 2013 and provided you the results, and on that
8 survey, over 2600 horses were represented and the
9 consequent number of owners in that.

10 And as you know, our position is that we think
11 because of the fragile growth that we're seeing that we
12 need to preserve, we believe that Pomona is the first
13 priority, but along with Los Alamitos and San Luis Rey
14 Downs, when Santa Anita is racing, are critically
15 important to provide us the capacity we need to preserve
16 the fragile growth and enhance it in the future so that we
17 can sustain a 28-week meeting at Santa Anita as well as
18 all the other racing that follows at Del Mar and
19 elsewhere.

20 We think it's critically important that horsemen
21 have a fair stall application process and have the ability
22 to choose where to split or where to stable among Pomona,
23 as a primary site away from Santa Anita, close to Santa
24 Anita, but also including Los Alamitos and San Luis Rey
25 Downs.

1 I recognize that there's an agenda item later on
2 when we get into specifics, but I'll just close my three
3 minutes by saying thank you very much for hearing us and
4 recognizing the owners, as well as the trainers, and the
5 horses that we represent.

6 Thank you.

7 CHAIR ISRAEL: Okay. That's the only card I have on
8 this item.

9 Is there any other public comment? Anybody else
10 like to say anything?

11 Just come forward. Please state your name and
12 limit your comments to three minutes, please.

13 MS. DE LA FLOR: My name is Francesca De La Flor. I
14 am affiliated with Oak Knoll Meadows Farm. My trainer is
15 Paula Capestro and I'm an owner.

16 As an owner, what I have seen is that the foal
17 crop is dropping radically. We will have the smallest
18 foal crop since 1968 projected in 2014. What that means
19 is that horses will cost more. We are going to have to
20 have more choices for the owners.

21 Eighty percent of the owners win 20 percent of
22 the purses but they put 52 percent of the horses in the
23 starting gates.

24 California is an extremely expensive place to
25 run, and now with fewer locations to run in, fewer tracks,

1 it becomes that much more difficult.

2 As an owner, I have options. I can go to other
3 states, and I have, and it's less expensive. And it is
4 easier to win in different locations, particularly running
5 up and down the Eastern seaboard. But I live in
6 California and I would much prefer to have my horses in
7 California. And I would like to have the choices of
8 off-track stabling as well as have my trainer be able to
9 stable as many horses as are running at Santa Anita.

10 So what I'm asking this Board to do is consider
11 the interest of the owners. Without that 80 percent that
12 puts 52 percent of the horses in the starting gate there
13 really is no racing.

14 If you want to see more race days, if you want
15 to see further growth, if you want to see decent sized
16 fields, the people you have to really take care of are the
17 people who provide the program. And those are the owners
18 and many trainers are also owners.

19 So I would ask you to think about your owners
20 whenever you are making a decision regarding racing in
21 California.

22 CHAIR ISRAEL: Thank you.

23 Yes?

24 By the way, if there are more people who would
25 like to comment, it would be more helpful if you filled

1 out the yellow forms. Appreciate that.

2 Please state your name.

3 MR. LEONARD: My name is Bob Leonard. I'm a trainer,
4 and my wife is an owner. I've raced in 43 different
5 tracks in the United States, from Saratoga to San Diego,
6 and I loved it out here and I would like to spend my
7 golden years here.

8 My plea is that we all work together. In the
9 States, where we have successful racing, the owners, the
10 State, and the tracks all work together as much as they
11 can. And it bothers me here because we seem to be
12 fighting amongst ourselves a little bit on this situation.

13 The employees, on the backside, we all know we
14 work for a living back there, so it's very important to us
15 to have a job but it's important to the tracks and to the
16 owners, as the lady just did.

17 So we want to do what we can to make the pie
18 long-term, make it as large as we can. Making our section
19 of the pie larger doesn't help anybody. We need to have a
20 long-term vision and look at that.

21 Unfortunately, we've got people -- I was
22 standing over there this morning, and some -- a gentleman
23 came up to Bob Hubbard's Transportation and asked him how
24 much it would cost to ship to Oklahoma. And I've heard
25 that comment a couple of times.

1 So if we lose horses here, we all know that
2 larger fields mean a larger pie for everybody. So if --
3 especially for this first year, we need to provide an
4 opportunity for people to have stalls. And at the present
5 time, it's really important that we keep open the Fairplex
6 operation because we can't put all our horses in the other
7 two positions, so we need everybody involved.

8 Once again, I'd like to make a plea that we do
9 all work together, and if we have to sit down and meet
10 together that will be wonderful.

11 Thank you very much.

12 CHAIR ISRAEL: Thank you.

13 Any more public comments? Anybody?

14 Okay. Thank you. We'll move on to item No. 3
15 on the agenda.

16 Discussion by the Board on Application for
17 License to Conduct a Horse Racing Meeting of Big Fresno
18 Fair, Fresno, commencing October 2, 2013 to October 14,
19 2013.

20 John Alkire is here --

21 MR. MILLER: Excuse me, Mr. Chairman. Wasn't there a
22 request to put off items 20 and 21?

23 CHAIR ISRAEL: Oh, yes. Well, not 21. Twenty-one is
24 a closed section. Item 20.

25 MR. MILLER: Twenty, yeah. That will be moved until

1 next month?

2 CHAIR ISRAEL: Yes.

3 MR. MILLER: Okay. Thank you.

4 CHAIR ISRAEL: Thank you.

5 Nineteen also?

6 COMMISSIONER CHOPER: No, 20. Nineteen is just
7 reports.

8 CHAIR ISRAEL: Nineteen is just the reports, Jesse.

9 All right. Hi, guys. Please state your names.

10 MR. ALKIRE: John Alkire, CEO, Big Fresno Fair.

11 MR. SWARTZLANDER: Larry Swartzlander, Director of
12 Racing, Big Fresno Fair.

13 CHAIR ISRAEL: Welcome. Okay. Tell us about your
14 meet.

15 MR. ALKIRE: Well, this year we are running from
16 October 2nd through the 14th. That will be nine days.
17 We're incorporating a number of new concepts: Mascot
18 race, social media day, track handicappers, on-track
19 sales. We've put on our tickets as far as online and done
20 much better this year as far as our turf club and luxury
21 deck.

22 Social networking outreach, we're going to be
23 taking videos of our customers this year and utilizing
24 those for next year in promoting the race meet itself.

25 We're excited about this year. I think we've

1 put together a very complete license application for you.
2 And if there are any questions, we'll be happy to answer
3 them now.

4 CHAIR ISRAEL: You did put together a very complete
5 license application. So I don't -- I have, actually, I
6 think just one question. And it's about on page 3-6.

7 What happened between 2011 and 2012 that
8 resulted in the handle being depressed by two and a half
9 million dollars, or is that incorrect?

10 MR. SWARTZLANDER: Oh, that's correct, Commissioner.

11 CHAIR ISRAEL: What happened, and what are your
12 projections?

13 MR. ALKIRE: Horse numbers.

14 MR. SWARTZLANDER: Well, there was a reduction in the
15 horses last year and the handle was reduced significantly
16 around 18 percent.

17 CHAIR ISRAEL: All right.

18 MR. SWARTZLANDER: You know, the stake's important.
19 We thought we'd get with the break -- Stockton did not do
20 well, and a lot of the horsemen -- a lot of the stake went
21 back, and Fresno was just a tail on a dog, just bad down
22 there.

23 CHAIR ISRAEL: And what -- and what are you
24 projecting for this year?

25 MR. SWARTZLANDER: Well, we've got -- we've got an

1 increase in out-of-state horsemen this year. We've
2 offered different incentives. The major one is if they --
3 a trainer who runs five horses, he gets \$500; if he runs
4 10, he gets a thousand. It was very successful at the
5 State Fair. We had an increase of \$300,000 in handle and
6 also an increase in the horses per start. And I would
7 expect the same effect in the Stockton and Fresno area.

8 CHAIR ISRAEL: Good. Thanks.

9 Anybody else have questions? Anybody? Steve?

10 Is there a motion?

11 COMMISSIONER BENETO: I make a motion.

12 CHAIR ISRAEL: Mr. Beneto moves to approve the
13 meeting.

14 And is there a second?

15 COMMISSIONER KRIKORIAN: Second.

16 CHAIR ISRAEL: Commissioner Krikorian seconds.

17 All favor?

18 Motion passes unanimously. Thank you. Have a
19 great meet.

20 COMMISSIONER KRIKORIAN: Excuse me.

21 CHAIR ISRAEL: Yes.

22 COMMISSIONER KRIKORIAN: I just want to commend them
23 for all the work they've done in the past year, redoing
24 their barns in the backside and all the improvements
25 you've made, so thank you very much. It's nice to see.

1 CHAIR ISRAEL: So, George, are you going to send some
2 horses up there --

3 COMMISSIONER KRIKORIAN: Probably.

4 CHAIR ISRAEL: Probably? See, I get some recruiting
5 points for that.

6 Item No. 4: Discussion and action by the Board
7 on the Application for License to Conduct a Horse Racing
8 Meeting of the Pacific Racing Association at Golden Gate
9 Fields, commencing October 16, 2013 through December 22,
10 2013, inclusive.

11 MR. RAINEY: Good morning, Mr. Chairman and members
12 of the Board.

13 CHAIR ISRAEL: Good morning. Please introduce
14 yourselves and --

15 MR. RAINEY: Calvin Rainey from Golden Gate Fields.

16 MR. CIRIMELE: Dan Cirimele.

17 MR. TUNNEY: Peter Tunney.

18 CHAIR ISRAEL: Thank you. Tell us a little bit about
19 your meet.

20 MR. RAINEY: So going into our fall meet -- we have
21 had a very successful spring meet that was up 2 percent in
22 all-source live handle.

23 Our field size has moved over seven horses per
24 race, which is good.

25 We started our summer meet a week ago with a

1 turf-racing festival and Hispanic festival that brought us
2 our largest attendance that we've had in several years.
3 The current meet saw a 5 percent increase over the last
4 year, and two more races.

5 Purses remain strong for the fall meet. We have
6 36 race days, one day more than 2012.

7 Post-time is the same, at 12:45. A total of 10
8 more races for the meet.

9 And we've done several improvements in the
10 off-season to our plan, such as the hedge that we -- that
11 was approved at the last meeting, Board meeting -- yeah,
12 the last meeting.

13 Wastewater reclamation pond improvements that we
14 did about five different things there; added 52 TVs
15 throughout the facility; new audio on the A-deck area,
16 significant renovation with fibers added; and painted the
17 outside of our grandstand facility in the summer.

18 CHAIR ISRAEL: Just as a matter of curiosity, before
19 we get to the application, have you been able to make any
20 hay, so to speak, out of the wonderful piece written about
21 Russell Baze by Barry Bearak in the Sunday's New York
22 Times?

23 Is it -- can you translate that into attendance,
24 promotion, something?

25 MR. RAINEY: Well, I'm not sure directly how we can

1 show it translates to attendance but definitely there's a
2 lot of exposure that went out with the New York Times
3 article last Sunday and the Sunday Times and also online.
4 If everybody gets a chance to see the Russell Baze online,
5 it's a great video. Sam Spear and Dan Cirimele worked on
6 this at Golden Gate Fields for about eight months, and it
7 is a very well-done piece and hopefully that will expose
8 our sport and Golden Gate Fields.

9 CHAIR ISRAEL: Did it result in any interest, say,
10 from local television so you got coverage on the 6:00 or
11 11:00 o'clock news that you would not ordinarily have
12 gotten? Have you tried to exploit it that way?

13 MR. CIRIMELE: Dan Cirimele, Director of Marketing.

14 We haven't received anything from television,
15 but the print has actually picked it up. Santa Rosa Press
16 Democrat, which is the sister company of New York Times,
17 ran a full page --

18 CHAIR ISRAEL: Prior to the wire --

19 MR. CIRIMELE: So they picked it up.

20 In terms of Russell Baze, among the television,
21 local media, it's kind of an old story. Not to play it
22 down in any bit, but it has been played out enough on the
23 outlets but it has been good on a national exposure for
24 the track.

25 CHAIR ISRAEL: What about has anybody pursued

1 anything with ESPN or FOX Sports 1, the new network, which
2 is dying? It doesn't have a lot -- enough fly programming
3 in it or even your local sports networks --

4 MR. CIRIMELE: We have, yeah. With Comcast
5 SportsNet, Bay Area, we've been submitting every Saturday
6 our race of the day, and they've actually picked up on
7 Russell Baze's segment and they've been looking after it
8 for us.

9 CHAIR ISRAEL: What about ESPN? You pursue things
10 like that?

11 MR. CIRIMELE: We submit. We haven't heard anything
12 back from them.

13 CHAIR ISRAEL: Okay.

14 COMMISSIONER ROSENBERG: One question, Commissioner
15 Israel. People asked the question in Fresno about handle
16 attendance last year.

17 On your attendance for the present meeting that
18 just -- that's still going on, how's the attendance? I
19 know the handle's up, but how's the attendance? Have you
20 tracked that?

21 MR. CIRIMELE: For the summer meet?

22 COMMISSIONER ROSENBERG: Yeah.

23 MR. CIRIMELE: Yeah. The attendance is up, I
24 believe, 55 percent. It's just for the opening weekend
25 that we just did for the summer meet --

1 COMMISSIONER ROSENBERG: Just for one week. Okay.
2 Thank you.

3 MR. CIRIMELE: Yeah. That's just for the summer
4 meet. Yeah.

5 MR. TUNNEY: Maybe it should be noted that we had
6 over 11,300 people there on Sunday.

7 UNIDENTIFIED SPEAKER: For the Hispanic fiesta.

8 CHAIR ISRAEL: Wow. That's great.

9 MR. CIRIMELE: Unfortunately, the handle didn't go
10 with 11,000 --

11 CHAIR ISRAEL: Got people interested. Somebody
12 might come back --

13 UNIDENTIFIED SPEAKER: How about food and beverage?

14 MR. CIRIMELE: Food and beverage was the big winner,
15 yes. Sold 125 kegs of beer.

16 CHAIR ISRAEL: It sounds like a lot of beer.

17 MR. CIRIMELE: No. It's not the first time we had
18 the event, and we're going to have more of those as well.
19 We do some ethnic marketing and we've had some festivals
20 with different ethnic groups.

21 CHAIR ISRAEL: Okay. Let me get back just to the
22 application.

23 There are some items missing that obviously are
24 necessary for final approval.

25 On page 4-2, items -- Jackie tells me that

1 item 4, the occupational licenses for the EVP (phonetic)
2 And racing sector have come in.

3 MS. WAGNER: We are working on getting those folks
4 licenses --

5 CHAIR ISRAEL: Okay. And also for the --

6 MS. WAGNER: Yes. For --

7 CHAIR ISRAEL: -- operation center.

8 But Items 1, 2 and 3, paramedic, EMT, fire
9 clearance, obviously, that's a local issue. And then the
10 CTT agreement and the paramedic EMT are very important to
11 us. So where do you stand with that?

12 MR. RAINEY: Golden Gate Fields has a full-time
13 ambulance service turf rescue that provides one paramedic
14 and one EMT at our track for training and live racing.

15 MS. WAGNER: What we would need from you at Golden
16 Gate Fields is -- what we have received from Westmed, the
17 certification only makes reference to the EMT. It doesn't
18 make reference to the paramedics. So if you could just
19 send us something certifying that you do have a
20 paramedic --

21 MR. RAINEY: Okay. The Westmed is the ambulance
22 service at Alameda County Fair, which is our auxiliary
23 stabling.

24 MS. WAGNER: Correct. And that's what we're
25 concerned about.

1 CHAIR ISRAEL: Okay. And the CTT agreement?

2 MR. RAINEY: The CTT agreement that they gave us
3 just -- the first week of August we received it, and it's
4 almost twice the size as the old agreement. There's about
5 25 major changes in there from our last agreement. And
6 we'd like to request some more time to review that and
7 possibly run this meet under our existing CTT agreement
8 that we had for the summer meet.

9 CHAIR ISRAEL: Well, I don't -- I don't think we're
10 going to necessarily approve that but you need to work
11 through those issues.

12 MR. TUNNEY: Well, we're in the middle -- we're in
13 the middle of the year, and we've each had CTT agreements
14 for years, including this year. Fresno just got finished
15 getting their application approved, and rightfully they
16 should.

17 But they signed a CTT agreement, I'm assuming
18 that covered all the fairs dating back to probably March,
19 April. I don't know what -- I'm saying that they --
20 involved signatures involving CTT agreements.

21 Come August 2nd, we have now a new 24-change
22 plus paragraphs in the new CTT agreement. And we're asked
23 to then have it signed by the time we have this meeting
24 today. It's going to take a considerable amount of time
25 and effort, including the effort of this Board, to make

1 those changes.

2 CHAIR ISRAEL: Believe me, this Board has been
3 working. This is --

4 MR. TUNNEY: This doesn't come as news.

5 CHAIR ISRAEL: This is the day's theme. Okay?

6 MR. TUNNEY: Yes. Exactly.

7 CHAIR ISRAEL: So I can't say I was surprised. But,
8 as I take it, this is all of a piece with what's going on
9 in the south, but you do have to work your way through
10 that. I mean, you know, there are probably some issues
11 that you can agree to, probably some issues that you're
12 going to dispute. But I think all of us -- I'm not
13 speaking for anybody else, but we'd like to see some
14 effort made to work through this.

15 MR. TUNNEY: And we would be glad to make that
16 effort.

17 CHAIR ISRAEL: Okay. Anybody else? Questions?
18 Richard?

19 COMMISSIONER ROSENBERG: I'm just curious, have you
20 made any contact with the CTT since you received the
21 agreement?

22 MR. TUNNEY: We talk to the CTT every day. They're
23 on our campus. We're -- you know, we have issues that
24 come up every today and we include the CTT.

25 CHAIR ISRAEL: Scott, would you like to answer --

1 MR. DARUTY: Yes. The C- --

2 VICE CHAIR WINNER: Do you want to identify yourself?

3 CHAIR ISRAEL: Identify yourself.

4 MR. DARUTY: Scott Daruty, on behalf of Santa Anita
5 and Golden Gate Fields.

6 The CTT agreement that was received by Golden
7 Gate Fields essentially mirrors the CTT agreement received
8 by Santa Anita. We talked about that last month and some
9 of the issues that were involved in that.

10 I have personally met, either in person or by
11 telephone at least four times since the last meeting with
12 the CTT. The most recent two meetings took place this
13 week, one in person with Alan Balch, their president, and
14 one on the phone with their counsel. So we are working
15 through those issues. Whether or not we ultimately get an
16 amicable agreement, I can't yet say, but I can say we're
17 working towards them. We're knocking issues off the list
18 as we go, but we're still not complete yet.

19 COMMISSIONER KRIKORIAN: Where does the CTT stand on
20 this?

21 CHAIR ISRAEL: Ask him.

22 Alan -- Alan or Jim, George Krikorian is asking
23 where CTT is on this?

24 VICE CHAIR WINNER: Alan?

25 MR. CASSIDY: Jim Cassidy, president CTT.

1 We have some new issues. The old agreements
2 were antiquated and we have to -- there were some changes
3 that have to be made. And, of course, with the new goings
4 on here in the south, we have to have new agreements.
5 That's basically what's going on.

6 I don't know if Alan has anything to add.

7 MR. BALCH: Well, I'll just -- Alan Balch, CTT.

8 I'll just add to emphasize one part of what
9 Jim said, that we all know that the Stronach Group has
10 both properties so we can hardly put an inconsistent
11 agreement on the table at Santa Anita from what we're
12 putting on the table at Golden Gate. Naturally, there's
13 some local and particular issues that are different. But
14 the basic language and the basic positions that CTT has
15 taken are represented in both agreements.

16 CHAIR ISRAEL: All right, George? Any further
17 questions?

18 COMMISSIONER KRIKORIAN: Sounds like they're working
19 on it.

20 MR. TUNNEY: You can sense our frustration in
21 Northern California. We want to work with Scott Daruty
22 and our sister track in Santa Anita, and we will continue
23 to do so.

24 VICE CHAIR WINNER: Can I move that we approve,
25 contingent on an agreement with CTT and any other

1 outstanding documents that need to be submitted --

2 COMMISSIONER CHOPER: Second.

3 CHAIR ISRAEL: Motion offered by Vice Chair Winner
4 and seconded by Commissioner Choper.

5 All in favor?

6 Opposed?

7 Motion passes unanimously.

8 MR. TUNNEY: Thank you.

9 CHAIR ISRAEL: Thank you. Have a good meet. You
10 have a monopoly now. Don't screw it up.

11 Okay. Item No. 5: Discussion and action by the
12 Board on the Application for License to Conduct a Horse
13 Racing Meeting of Watch and Wager, LLC at Cal Expo
14 commencing October 5th, 2013 through December 21st, 2013,
15 inclusive.

16 Please identify yourselves, gentlemen, and tell
17 us about your meeting.

18 MR. CUMMINGS: Ed Cummings, Chief Operating Officer,
19 Watch and Wager dot-com.

20 MR. KENNEY: Ben Kenney, Watch and Wager.

21 MR. SCHICK: Good morning, Chairman Israel,
22 Commissioners. Christopher Schick, Watch and Wager.

23 CHAIR ISRAEL: Thank you.

24 The floor is yours to tell us about your meet.

25 MR. SCHICK: Well, thank you, Mr. Chairman.

1 Obviously the meet that we're applying for here
2 has four extra days. But if I could just back up for one
3 second and kind of tell you where we've been to kind of
4 give you a sense of where we think we're going, I think it
5 might be somewhat helpful.

6 First of all, I want to say we had an extremely
7 safe meet our last year. We're happy to be back for
8 year two. We had no fatalities on the track, no driver
9 accidents. We only had our horse ambulance out on the
10 track once for a minor injury so I say that that was a
11 remarkable year. Hopefully we can duplicate that record
12 moving forward.

13 As far as our top-line revenue, the purses
14 earned day over day were up 8 percent, along with
15 commissions for the entire year so in that regard we were
16 reasonably successful.

17 Our purse payout under the model that we adopted
18 worked very well. Our purses paid out were out up over
19 33 percent from the previous period before. That was
20 because we incorporated a lot of the dark-day money into
21 a shorter schedule, along with the growth that we
22 experienced, we were able to race purses on that level.

23 We still have a considerable amount of work to
24 do. Don't let me understate the case. But we made some
25 progress and that was important that we move the ball in

1 the right direction.

2 The meet that we're proposing here, last year we
3 started the first weekend in November. This meet, we've
4 worked with the CHAA, and we're going to attempt to race
5 one day a week in October with their blessing. And
6 hopefully, if that's successful, we'll be able to look at
7 that next year and maybe go two days, depending on our
8 horse population in October.

9 Our journey into the three-day-a-week program
10 last winter, as you all know, was very unsuccessful and we
11 had to pull the plug on it. We did have enough horses but
12 we didn't have enough market under the current climate to
13 make that worthwhile.

14 So we don't anticipate when we come back for our
15 next application having any three-day weeks in the winter.
16 So this four days that we're getting right now on the plus
17 side will certainly benefit us because we anticipate
18 having a few less days from the winter meet.

19 CHAIR ISRAEL: Chris?

20 COMMISSIONER CHOPER: Maybe I'm misreading this. But
21 it says that the estimated average daily purse for this
22 meet is down about 20 percent from the last meet.

23 Does that have to do with the days or --

24 MR. SCHICK: No.

25 COMMISSIONER CHOPER: There is a daily purse so I --

1 MR. SCHICK: What that daily purse payout, I think
2 it's 58,000, that takes into account all sources. And a
3 number of the two-year-old sire stake races have been
4 moved back off the calendar that were on last fall, and
5 those have been moved over into the January, February
6 mark. So that's what accounting for the reduction in
7 purses, those races being taken out and moved into the
8 next meet.

9 COMMISSIONER CHOPER: So the purses on comparable
10 races, though, it's not in here and no one asked for it.
11 I'm just curious.

12 MR. SCHICK: Right. We are starting with the exact
13 same purse schedule that we ended up with last year.
14 Exactly. And we've actually -- our overnight stakes, our
15 California Legend Series, which was really popular last
16 year and helped us draw a lot of horses, we've actually
17 expanded that in certain areas and look to keep expanding
18 that.

19 VICE CHAIR WINNER: Well, it is down from 58 to 47
20 from 2012.

21 CHAIR ISRAEL: But in the regular --

22 VICE CHAIR WINNER: Yeah. I understand.

23 CHAIR ISRAEL: -- races, it's actually up --

24 VICE CHAIR WINNER: It's actually up on the --

25 CHAIR ISRAEL: Okay. My question is -- and I ask

1 this in honor of Richard Rosenberg because he'll ask it if
2 I don't.

3 Where is the financial information? Why don't
4 we have it?

5 UNIDENTIFIED SPEAKER: We are in the middle of an
6 audit. We closed -- the meet closed at the beginning of
7 June. We didn't turn this application in last month. We
8 were in the middle of an audit. I don't anticipate any
9 problems. We will have audited financials to you before
10 we open the doors.

11 CHAIR ISRAEL: Is that okay?

12 COMMISSIONER ROSENBERG: Yes.

13 CHAIR ISRAEL: Because, frankly, this is an
14 especially sensitive issue, given that you're a company
15 from overseas.

16 UNIDENTIFIED SPEAKER: Yes, that's true. That said,
17 it should be noted that all vendors have been paid.

18 CHAIR ISRAEL: It should be noted? Excuse me?

19 UNIDENTIFIED SPEAKER: We have no outstanding
20 invoices from any vendors.

21 CHAIR ISRAEL: Okay.

22 MR. CUMMINGS: Yeah. The financials are the same
23 financials that were in the ADW application which was
24 approved last month. The audit will be completed early in
25 September and sent to you straight away.

1 CHAIR ISRAEL: And if you'd like to have a comment?

2 Okay. Any other questions before we pull the
3 comments?

4 Jim Perez, California Harness Association.

5 MR. PEREZ: Jim Perez, Executive Director, CHAA.

6 Good morning, Commissioners. We support this
7 application, and we've worked with them for the past year
8 and no problems.

9 Our agreement was the quickest agreement we had
10 to finish and hand in. It was done within the two days,
11 which was great.

12 As you all know, we have a problem with the back
13 stretch with -- being the first track in California not
14 allowing grooms to live in tack rooms. And as a former
15 trainer that's a really big hardship.

16 So as Watch and Wager, along with Cal Expo and
17 CHAA, work on a way to resolve this, CHAA started a
18 program starting in the first week of October until the
19 end of the year to help subsidize grooms that fit the
20 groom category with off-site living expenses until this
21 matter is resolved.

22 So we're going to start in October and go until
23 the end of the year. Hopefully -- I don't know what can
24 be done, whether they're trailers, whether there's dorms
25 to be built, whatever, we're going to see -- I'll run the

1 program. I'll get applications to see how many groups we
2 have. And then we'll adjust whether -- I'm not sure how
3 much I'm -- our industry is in bad shape as it is so I'm
4 not sure how much we can give, whether it's 100, 200, 400
5 to 500, it will determine how many grooms we have. And
6 they must fit the groom category. They cannot be a groom
7 trainer, a groom owner. They must make a living as a
8 groom.

9 So we are trying to help them and hopefully
10 we'll get something done where we can help offset some of
11 the costs until we get some sort of living arrangements
12 for them.

13 CHAIR ISRAEL: Okay. As you may know, I was sent an
14 e-mail by one of your trainers, which I shared with Staff
15 and with Commissioners Beneto and Winner, and
16 unfortunately, we're a separate, you know, body, agency in
17 the State government, and we can't insinuate ourselves in
18 what's essentially a local jurisdictional dispute --

19 MR. PEREZ: Right.

20 CHAIR ISRAEL: -- with the fire marshal.

21 So there's, unfortunately, no help we can offer.
22 Although Commissioner Beneto was chair of Cal Expo and
23 maybe he will have some advice for you.

24 COMMISSIONER BENETO: Well, number one, don't fight
25 the fire marshal because he's going to win or she's going

1 to win. You got a tough one there.

2 MR. PEREZ: Yeah. We're not trying to -- Chris and
3 Ben work great with the fire marshal in trying to resolve
4 this. It's not a matter of fighting. It's a matter of
5 getting somewhere for the grooms to live.

6 So hopefully on site, whether it be trailers --
7 I looked at the trailers to rent for the grooms -- some
8 grooms went out and bought trailers, and we have -- we
9 have that -- the park there to park them at.

10 So until we get something settled, we decided to
11 start a program to help subsidize their cost of living.
12 And until then, that's about all we can do until we get
13 something that's set in stone. But we are working on it
14 together with Ron (inaudible) and Cal Expo.

15 COMMISSIONER BENETO: I hope you guys win that
16 because this could be a chain-reaction starting.

17 MR. PEREZ: You're absolutely right. It's the first
18 track in California that's doing this and it's not good.

19 COMMISSIONER BENETO: Not a good deal.

20 VICE CHAIR WINNER: You are continuing to work with
21 the fire marshal?

22 MR. PEREZ: We are.

23 MR. SCHICK: Yeah. We had a meeting as -- as late as
24 last week and we included a number of things. Cal Expo
25 and Watch and Wager have been working closely together on

1 this. We've developed a few options. We just -- you
2 know, we're just not quite there, ready to announce what
3 the plan is. We'd like to use to find -- actually use the
4 existing units. We had to move the doors. We're trying
5 to find out what we can possibly do to use the additional
6 structures as opposed to bringing in these mobile units
7 which might need ADA requirements and a whole bunch of
8 things, as you know, when you start bringing in new units.

9 VICE CHAIR WINNER: And this has been going on,
10 Chris, for quite a while; right?

11 MR. SCHICK: Yes. This was -- it was actually -- we
12 lost the -- just brief overview, last July, before we were
13 even licensed initially, the fire marshal issued an order.

14 We got a conditional use based upon a number of
15 capital improvements that were made to the units last
16 fall, that us and Cal Expo shared.

17 And then we submitted a proposal, a permanent
18 proposal, because that's what the contingent use was based
19 upon. The fire marshal rejected our proposal that we sent
20 in in February, and we've been kind of ongoing with them
21 since then trying to find out, "Well, okay. What is the
22 solution to this?"

23 And I just -- I'd like to just add one thing.
24 We opened our barn area Monday for the first time for
25 horses to actually come in. And we hired a night fire --

1 night person to be on duty with a golf cart to inspect for
2 fires. We recognize that there's -- with no grooms kind
3 of on duty or on site that there is a heightened danger
4 here, and we've -- we're taking actions to address it.

5 CHAIR ISRAEL: Thank you.

6 Chris?

7 COMMISSIONER BENETO: Those barns, the tack rooms, if
8 I remember right, were made of block; is that correct?

9 MR. SCHICK: That is correct.

10 COMMISSIONER BENETO: What do they want to satisfy
11 them so the grooms can move in? They must have given you
12 a bid sheet.

13 MR. SCHICK: A little bit. It's kind of like -- we
14 hired a design architect, both us and Cal Expo, and
15 we're -- they say to us, "Well, you have to come to us
16 with a plan and cite the code instead of them coming to
17 you and saying, 'Well, if you do X, Y, and Z, we can
18 approve this as a residential use.'"

19 They don't do it that way. It's kind of like
20 the other way, the onus is on you to kind of submit the
21 plan with all the codes and have them look at it and
22 approve it, which is -- it's kind of hard to do that way.

23 COMMISSIONER BENETO: So they won't work with you?

24 UNIDENTIFIED SPEAKER: Well, we're in the process of
25 trying to work something out.

1 CHAIR ISRAEL: David Elliott, I think, wants to add
2 something. This used to be his problem.

3 MR. ELLIOTT: I didn't want anybody --

4 VICE CHAIR WINNER: Could you identify yourself?

5 CHAIR ISRAEL: Yeah. You have to introduce yourself.

6 MR. ELLIOTT: I didn't want anybody to leave this
7 room with the impression --

8 CHAIR ISRAEL: Dave, you have to introduce yourself.

9 MR. ELLIOTT: I'm sorry. Dave Elliott, Cal Expo.

10 I didn't want anybody to leave the room with the
11 impression that our tack rooms at Cal Expo are, like,
12 falling apart and they're awful, awful. We've spent a lot
13 of money on our tack rooms.

14 Basically what's happened, the state fire
15 marshal -- a deputy state fire marshal has come in and she
16 sincerely believes that we need to make some changes
17 there. And like Chris said, they won't tell us what
18 changes we have to make. We have to submit plans. It may
19 or may not go. If it doesn't go, then we have to submit
20 more plans to figure out a way to house the grooms that
21 are back there.

22 But I didn't want anybody to think that our
23 barns were unsafe. We have full-on sprinklers, of course,
24 just like everybody else. All the tack rooms that the
25 grooms used to be able to live in, all sprinklers, smoke

1 detectors, everything. So I just want to make sure --

2 CHAIR ISRAEL: Are there no consultants who advise
3 private or public agencies on how to get something up to
4 fire code?

5 MR. ELLIOTT: We've hired that person. Together with
6 Watch and Wager, we've hired that person, and she is
7 working to give us some plans and what we may be able to
8 do that might pass muster with the state fire marshal's
9 office.

10 COMMISSIONER ROSENBERG: Dave, what happened during
11 the fair meeting, thoroughbred meeting?

12 MR. ELLIOTT: They beat us up pretty good. We had --
13 we had --

14 COMMISSIONER ROSENBERG: Not the handle.

15 MR. ELLIOTT: No, no, no. I know. I know exactly
16 what you're talking about.

17 They beat us up pretty good. They wouldn't
18 allow grooms to -- they wouldn't allow the tack rooms to
19 be used as sleeping quarters, but she kind of turned her
20 head a little bit. She wouldn't allow air conditioners in
21 the windows. She wouldn't allow any appliances, such as
22 refrigerators in the tack rooms, anything like that. And
23 they were back there checking every single day and
24 charging us about \$500 an hour to do it. So that's just
25 their job. That's what they do. Their job is to make

1 sure that everybody is safe. We get it. We understand
2 that.

3 But, again, it's a process. It's a long
4 process. And the health and safety of all the horses and
5 the grooms is first and foremost on our list.

6 CHAIR ISRAEL: Now, you know why old Mayor Daly used
7 to call Chicago the city that works. These things didn't
8 happen quite the same way.

9 Okay. Is there a motion?

10 COMMISSIONER ROSENBERG: One other question. How
11 many horses do you anticipate having this year?

12 MR. SCHICK: At this point we have stall applications
13 for about 290. We probably need about at least 400 to
14 run, you know, a two-day meet. Last year we were
15 considerably above that. But obviously not being able to
16 go three days -- and this tack rooms issue is -- you know,
17 made recruiting, obviously, a little more challenging.
18 So -- but 400, I think.

19 COMMISSIONER CHOPER: Move to approve.

20 CHAIR ISRAEL: Contingent upon receiving the
21 financial information.

22 Okay. Commissioner Choper moves to approve
23 contingent upon receiving the final financial information.

24 Is there a second?

25 COMMISSIONER BENETO: Second.

1 CHAIR ISRAEL: Mr. Beneto seconds.

2 All in favor?

3 Opposed?

4 Nobody's opposed.

5 MR. SCHICK: Thank you.

6 CHAIR ISRAEL: Good luck.

7 Item 6: Discussion and action by the Board
8 regarding authorized bleeder medication policies for
9 Breeders' Cup races to 1) limit two-year-old races to
10 horses not on CHRB authorized bleeder medication list and
11 2) limit authorized bleeder medication in other Breeders'
12 Cup races to furosemide administered by CHRB licensed
13 veterinarians approved by the Breeders' Cup, who are not
14 otherwise attending horses or providing veterinary
15 services to trainers competing in the Breeders' Cup races.

16 Rick?

17 DR. ARTHUR: I'm really here just for questions.

18 I'm Dr. Arthur, Equine Medical Director.

19 This is the same policy we had last year. It
20 was not clear in the State schedule that Santa Anita had
21 submitted with their application last year.

22 The two-year-old race, championship races, and
23 the juvenile turf sprint will be no-Lasix races. Those
24 horses can't be on the CHRB bleeder's list to enter or
25 run.

1 The other championship races will be run under
2 ARCI policy of an independent veterinarian administering
3 Lasix only, as we did last year, and all other races of
4 those days will be handled as we do races every day of the
5 year.

6 CHAIR ISRAEL: Steve Schwartz.

7 MR. SCHWARTZ: Yes.

8 Mr. Chairman, commissioners, Steve Schwartz
9 appearing on behalf of Breeders' Cup, Limited.

10 Our position -- or the Breeders' Cup's position
11 on this issue is that we have no preference on the issue
12 of whether or not veterinarians approved to administer
13 Lasix during the Breeders' Cup races are attending horses
14 competing in Breeders' Cup races. Whatever the CHRB
15 decides on that issue will be agreeable with Breeders'
16 Cup, Limited.

17 DR. ARTHUR: May I respond to that?

18 That is different than what Breeders' Cup had
19 communicated to me previously. I will tell you it makes
20 it a lot easier for me to administer if we just go along
21 with the standard CHRB policy on those races, but that
22 will mean that private practitioners will be treating
23 their own horses on race day. And those horses will be
24 allowed to be administered estrogen, which is -- even
25 though it's not technically authorized, it is

1 grandmothered in, if you will, as an adjunct bleeder
2 medication, which, as we talked to the medication
3 committee, is not reported to the public.

4 So if that's what Breeders' Cup wants to do, I'm
5 fine with that. But the Lasix only, by third-party
6 veterinarians, was not an CHRB policy last year. It was
7 at the request of Breeders' Cup.

8 VICE CHAIR WINNER: So as I understand it, there is a
9 difference between what the two of you -- what you
10 understood and what Mr. Schwartz is --

11 DR. ARTHUR: That's right. And I'm happy whichever
12 way Breeders' Cup wants to do it.

13 MR. SCHWARTZ: Just to reiterate, Breeders' Cup does
14 not have a position or a preference on whether or not
15 veterinarians who administer the Lasix during the
16 Breeders' Cup races are or are not related or have a
17 relationship with the trainers or the horses being
18 administered the Lasix and whichever way the CHRB decides
19 to go on the issue is fine with us.

20 COMMISSIONER DEREK: What about the adjunct
21 medications?

22 MR. SCHWARTZ: That issue was not brought up by the
23 Breeders' Cup so I have no response on that for you.

24 DR. ARTHUR: I will tell you --

25 COMMISSIONER DEREK: I would think they would care if

1 it had been brought up.

2 CHAIR ISRAEL: You want to answer that?

3 MR. SCHWARTZ: The sole issue that we're talking
4 about here is whether or not the approved veterinarians
5 administering the Lasix to Breeder's Cup horses have a
6 relationship with the trainer or the horses with whom
7 they're administering the Lasix solely.

8 DR. ARTHUR: Well, with all due respect, that's
9 incorrect. There's no way we can control estrogen
10 administration by third-party veterinarians.

11 And I don't want -- well, you know, there's
12 certainly ways we can do it. But I will tell you it took
13 an enormous amount of my time to organize this for
14 Breeders' Cup last year. I'm more than happy do it the
15 easy way, and that's the standard way we do it in
16 California. We have discussed changing the policy in
17 California with opposition from trainers and
18 veterinarians, but whatever Breeders' Cup wants to do,
19 I'm -- you know, it's their show and we're just assisting
20 them.

21 COMMISSIONER CHOPER: But you're happy with the
22 result that was just told us to?

23 DR. ARTHUR: I think it's a step backwards. We've
24 had --

25 COMMISSIONER CHOPER: I thought it permits you to do

1 whatever you want?

2 DR. ARTHUR: It's not -- but it's not -- we are
3 not -- we don't have a policy to have third-party
4 veterinarians administer Lasix only to the horses that are
5 in -- that have authorized bleeder medications.

6 In fact, the veterinarians and the CTT have
7 opposed both of those proposals to this Board, so they are
8 not in place as a regulation. And I don't see how the
9 CHRB can impose that condition if it's not a regulation.
10 It would be an underground regulation.

11 So, you know, you'll have to talk to the general
12 counsel on that. But I just don't see how we can do it,
13 unless the Breeder's Cup asked us to enforce that as part
14 of the condition of them putting on the Breeders' Cup
15 championship races.

16 VICE CHAIR WINNER: But as I understand it, they're
17 not asking us to do that?

18 DR. ARTHUR: That's right, so then we have to go with
19 the status quo.

20 CHAIR ISRAEL: Can I try to rephrase all this in
21 simple language?

22 There are two things you're asking, one of which
23 is two-year-old races. During the Breeders' Cup,
24 two-year-olds will run without furosemide. That's item 1
25 that we would have to -- because it was neglected to put

1 in the license application.

2 The second is simply about how furosemide is
3 administered to the older horses that are running.

4 And it seems to me you're both saying we should
5 do it as we have been doing it in California without
6 changes. Therefore, there's nothing we have to vote on;
7 is that correct?

8 MR. SCHWARTZ: I think so. And I've just been
9 informed by Mr. Ludt that the Breeders' Cup has a
10 preference for third-party veterinarians.

11 UNIDENTIFIED SPEAKER: For Lasix only?

12 CHAIR ISRAEL: Hold on. First of all --

13 MR. SCHWARTZ: For Lasix administration.

14 CHAIR ISRAEL: Okay. Now, it's going to get
15 confusing.

16 Tom is here, as I understand it, representing
17 Santa Anita, and he's no longer the chairman or --

18 I don't think you're -- are you on the board of
19 Breeders' Cup still or --

20 MR. LUDT: Yes.

21 CHAIR ISRAEL: You're still on the board? Okay.

22 So --

23 VICE CHAIR WINNER: That seems to be -- that's in
24 conflict with what you said a moment ago; isn't that
25 correct?

1 MR. SCHWARTZ: It is. But we just received a call,
2 apparently, from Lexington.

3 VICE CHAIR WINNER: And the call from Lexington now
4 supports what Dr. Arthur said? Is that what you're
5 saying?

6 MR. SCHWARTZ: Yes.

7 CHAIR ISRAEL: So Craig Fravel is listening to this
8 broadcast?

9 MR. SCHWARTZ: Yes.

10 CHAIR ISRAEL: Okay.

11 COMMISSIONER DEREK: Well, I think this is -- I think
12 we should go with what is in our agenda. I think that it
13 could get very complicated with the adjunct medications.

14 CHAIR ISRAEL: Okay. But that leads me to ask Rick a
15 question.

16 You're saying what is described in the agenda
17 would constitute an underground regulation?

18 DR. ARTHUR: If the CHRB does it, it has to be a
19 requirement of the Breeders' Cup as part of their event.

20 VICE CHAIR WINNER: Correct.

21 DR. ARTHUR: And in that case we can administer that.
22 And I personally oversaw that program for Breeders' Cup
23 last year.

24 CHAIR ISRAEL: Were there any expenses incurred in
25 doing that?

1 DR. ARTHUR: Yes. And Breeders' Cup paid them all.

2 CHAIR ISRAEL: Okay. So we can improve that
3 contingent upon Breeders' Cup making it part of their
4 program, Santa Anita filing a formal request, and
5 reimbursement being made to the California Horse Racing
6 Board?

7 DR. ARTHUR: It was made directly to the third-party
8 veterinarians.

9 CHAIR ISRAEL: Made directly to third-party
10 veterinarians.

11 VICE CHAIR WINNER: That's the way it was last year.

12 DR. ARTHUR: That's right.

13 CHAIR ISRAEL: Okay.

14 VICE CHAIR WINNER: And it would be the same this
15 year.

16 CHAIR ISRAEL: So --

17 VICE CHAIR WINNER: Presumably. I mean, assuming
18 Chairman Israel's --

19 CHAIR ISRAEL: Am I correct about all those moving
20 parts?

21 DR. ARTHUR: I believe you are, yes.

22 CHAIR ISRAEL: Okay. Before we get to vote on it,
23 there's another speaker who wants to address us on this
24 issue.

25 Mike -- Michael -- I would say -- oh, it's

1 Wellman. Okay. You --

2 MR. WELLMAN: You want me to spell my last name?

3 CHAIR ISRAEL: No. You stopped at Well.

4 MR. WELLMAN: Oh, I'm sorry. I was worried I was
5 going to get shut out somehow.

6 VICE CHAIR WINNER: Are you well, Michael?

7 MR. WELLMAN: Very well. Michael Wellman, owner.

8 Just since Dr. Arthur said, more or less, this
9 is for answers -- questions and answers.

10 I'm curious, last year on the two-year-old races
11 where they did administer Lasix, it didn't seem as though
12 we did any kind of extensive research in terms of what
13 really the results were, which became very controversial.

14 Is there anything in place this year that is
15 going to give us some kind of information on how --
16 especially this year because I understand there are going
17 to be two-year-old races also run where Lasix will be
18 allowed for California races.

19 Are we going to have any comparisons and any
20 kind of information derived from the two-year-olds that
21 run without Lasix?

22 DR. ARTHUR: The -- I actually -- the CHRB has no
23 plans for that, except as we always do monitor horses for
24 epistaxis, which is the criteria under our regulations.

25 It is my understanding that Craig Fravel has

1 been in conversations with Dr. Jeff Blea, practitioner on
2 the backside, who is president elect of the American
3 Association of Equine Practitioners. As I think everybody
4 knows, the CHRB has no diagnostic equipment, but we have
5 no plans to do any such thing and --

6 CHAIR ISRAEL: Hold on a second, Michael.

7 Craig, since we know you're listening, could you
8 please call Tom Ludt and tell him to tell us what is
9 transpiring between you and Jeff Blea and if such research
10 is going to be done because I actually think it's
11 important. I don't think I'm the only one who thinks it's
12 important. Maybe we'll find out some things that will be
13 useful going forward.

14 MR. LUDT: Tom Ludt. And I'm just speaking on behalf
15 of what I heard as a Board member of the Breeders' Cup,
16 it's their preference that the Lasix is administered by
17 the third party. That's all -- I just wanted to correct
18 that statement. There was a statement made earlier. The
19 Breeder's Cup Board would prefer that a third party
20 administer that. That was a preference.

21 CHAIR ISRAEL: What about using this as a research
22 platform?

23 MR. LUDT: As far as research, as you know, it became
24 a very volatile subject. We are in the process, and as a
25 lot of things have become very political, we want to do a

1 vast amount of research, if we had the resources, trying
2 to get that appropriately done via stall applications and
3 submissions. Right now it's going to be done on a
4 voluntary basis. We're still working on it.

5 Unfortunately, it will be finalized and it will
6 be on a voluntary basis for this meet of those that were
7 willing and able to the allow us to scope horses to begin
8 research.

9 But we do need to emphasize that the Breeders'
10 Cup wants to do this. It's going to be very elaborate and
11 it's going to take a couple of years. It's not something
12 that's going to be able to be resolved over a small sample
13 of Breeder's Cup weekend.

14 CHAIR ISRAEL: But all research begins with some
15 investigation done on a small sample, and then you add to
16 it and add to it and add to it.

17 MR. LUDT: Correct.

18 CHAIR ISRAEL: So over the years you reach a
19 conclusion.

20 MR. LUDT: The intent will be to do that when we --

21 CHAIR ISRAEL: Can we make it a contingency if we're
22 going to -- if CHRB, through the process described
23 earlier, is going to oversee third-party administration,
24 one of the contingencies, as well as payment to the
25 third-party veterinarians, is that you start collecting

1 those samples through the diagnostic materials that you
2 have available now so that you start building up
3 information for whatever the case study is.

4 MR. LUDT: And that is the agenda and plan at this
5 point. I'm not leg- -- I'm not a counsel but it's going
6 to be on a voluntary basis because we can't force that.
7 But those that are willing to allow the scoping and some
8 of the samples be taken post-racing, the Breeders' Cup
9 plans on doing that and paying all the expenses for those
10 that volunteer and cooperate.

11 CHAIR ISRAEL: Why can't you force that? If we --

12 MR. LUDT: We can't. You can. I don't believe we
13 can. I think the understanding is that's up to the CHRB
14 to require that.

15 DR. ARTHUR: Well, we can't force a horse to undergo
16 a diagnostic procedure under the current rules.

17 CHAIR ISRAEL: Current rules or current law?

18 DR. ARTHUR: I -- I'd have to defer to Bob Miller.

19 I mean, you know, theoretically, passing an
20 endoscope down the horse's throat is an invasive
21 procedure. You would have to have the permission of the
22 owner.

23 CHAIR ISRAEL: Well, I mean --

24 DR. ARTHUR: And that's -- we've done this --

25 CHAIR ISRAEL: As a matter of course, we draw blood

1 and we take urine. We take body fluid specimens for
2 drug-testing purposes.

3 This actually is a more noble cause, trying to
4 see how certain drugs affect the health of the horse,
5 whether it's in a positive way or a negative way.

6 You know, why wouldn't we have the authority to
7 do that?

8 MR. MILLER: The authority to draw blood and take
9 urine samples, that's all part of the drug-testing
10 program.

11 CHAIR ISRAEL: Right.

12 MR. MILLER: We don't have the authority to pull a
13 horse out of a barn and send it through an X-ray machine.

14 VICE CHAIR WINNER: Or a scope.

15 MR. MILLER: Yeah. Scope. Yeah. I mean, that --
16 it's --

17 CHAIR ISRAEL: But this isn't in a vacuum. This is
18 if the horse is entered to run in the specific
19 two-year-old races in the 2013 Breeders' Cup. So it's
20 not -- it's not a general thing. It could be part of
21 what's required of the owner at the time of entry.

22 MR. MILLER: But there's -- it's a rule as to when
23 the horse comes into the receiving barn and there's a rule
24 as to what he's to look for.

25 DR. ARTHUR: 1858 allows us to draw biological

1 samples but that's a little bit different diagnostic
2 procedure.

3 I will tell you having done these -- one of
4 these -- in fact, I'm a co-author of the paper that coined
5 the term "exercise induced pulmonary hemorrhage" when we
6 did the original survey in the '70s. You know, this can
7 be done but it was always voluntary. And I would hope
8 most people who participate in the Breeders' Cup would be
9 willing to do that.

10 VICE CHAIR WINNER: Rick, is it -- just help me with
11 this. Isn't it true that there are some trainers and
12 owners who are not positive about having their horses
13 scoped and some horses actually react very badly to scope?
14 Isn't that true?

15 DR. ARTHUR: That's correct.

16 VICE CHAIR WINNER: So the idea of having it on a
17 voluntary basis rather than a force basis -- and I'm not
18 suggesting we should do this. I'm simply asking the
19 question. I don't think that the objective is to limit
20 the number of horses that are running in these races. The
21 objective is to find the best way to do this study that
22 Chairman Israel was talking about, this analysis that was
23 raised by Mike Wellman. But we may -- we may be able to
24 do that on a voluntary basis.

25 DR. ARTHUR: I would hope so. I think Chairman

1 Israel is right. This is a major issue for horse racing,
2 and I would hope everybody who participates in the
3 Breeders' Cup would participate. And we may get a -- they
4 may get a hundred percent participation. But I don't
5 think under the laws or regulations we have authority to
6 do an invasive diagnostic procedure.

7 CHAIR ISRAEL: We're already changing the rules to
8 prevent two-year-olds from running with Lasix.

9 DR. ARTHUR: We're not changing the rules. What we
10 are -- it's a Breeder's Cup policy that those horses are
11 not on the bleeders list. That actually means those
12 horses cannot be treated under our rules. We're not --
13 we're not taking the bleeders' slip away from them. They
14 actually have to apply to take the horse off voluntarily
15 to get into the race.

16 CHAIR ISRAEL: So the --

17 DR. ARTHUR: So we're actually doing nothing.

18 VICE CHAIR WINNER: Right.

19 MR. WELLMAN: I'm sorry. Again, if I --

20 VICE CHAIR WINNER: Okay. Re-identify yourself.

21 MR. WELLMAN: Michael Wellman.

22 You know, the purpose, again, it would seem to
23 me -- since all the other races in the Breeders' Cup are
24 run permitting Lasix, that if we don't do some due
25 diligence with the ones that aren't, what is the purpose

1 of running these horses without Lasix?

2 DR. ARTHUR: That was part of an agreement between
3 Breeder's Cup and TOC, and I don't believe the CHRB was
4 involved in that.

5 CHAIR ISRAEL: It doesn't answer the question,
6 though, what's the purpose? It's just a huge --

7 DR. ARTHUR: Well, I think --

8 CHAIR ISRAEL: -- explain the mechanism for it
9 occurring.

10 DR. ARTHUR: Right.

11 I think you have to ask Breeder's Cup that. It
12 was their request.

13 CHAIR ISRAEL: There's a member of the board behind
14 you.

15 MR. LUDT: And I want to emphasize, it's not just for
16 two-year-olds. As we dug into this thing last year, you
17 know, it became a major issue. We've done a lot of
18 research. We're actually -- the Breeders' Cup is working
19 with the AAP on the protocols.

20 It will not be just for two-year-olds because
21 to do the analysis properly, according to experts that
22 know much better than I, we need to do a lot of different
23 testing. So we're hoping it's volunteer on all horses
24 that run, not just the two-year-olds. And that's the
25 dilemma you just have. I don't completely understand it.

1 I'm not going to tell you I'm an expert on this.

2 But to do this study properly, in talking to
3 enough veterinarians, we're going to need a lot of
4 different horses and a lot of different conditions. And
5 so we're willing to underwrite and begin this process and
6 gather this data. It's our understanding it does have to
7 be on a voluntary basis at the moment. But we're going to
8 ask everybody that enters a horse in the Breeders' Cup,
9 not just the two-year-olds, to agree to this.

10 CHAIR ISRAEL: Starting with 2013?

11 MR. LUDT: Correct. But it will be on a voluntary
12 basis.

13 CHAIR ISRAEL: Okay. So starting 2013, it's on a
14 voluntary basis, you're going to ask the owners of every
15 horse that runs to submit the horse post-race to some sort
16 of endoscopic examination --

17 MR. LUDT: Correct.

18 CHAIR ISRAEL: -- to detect whether there was
19 respiratory hemorrhage?

20 MR. LUDT: Correct. And then it will take
21 veterinarians to analyze that data.

22 COMMISSIONER CHOPER: I would move to approve on the
23 condition that you just stated.

24 MR. MILLER: Excuse me, Mr. Chairman, if I might add,
25 we've had a request from the Veterinary Medical Board to

1 have two letters placed in the record on this item.

2 CHAIR ISRAEL: I have them.

3 MR. MILLER: The first letter is dated February the
4 4th, 2013. It's addressed to Erica Ward at the CHRB.
5 It's from Tom Kendall, veterinary doctor, Board president.

6 Also, there is a July 18th, 2013, again,
7 addressed to Erica Ward at the California Horse Racing
8 Board, and this is by Sue Geranen, executive officer of
9 the California Veterinary Medical Board. It's Geranen,
10 G-e-r-a-n-e-a (sic).

11 UNIDENTIFIED SPEAKER: -n-e-n.

12 MR. MILLER: And in speaking with Mr. Schwartz prior
13 to this, the concerns here, we think, can be addressed.

14 This letter -- these letters really are
15 addressed to a rule-making file that we're putting
16 together on a potential change to Rule 1845, but they ask
17 that they be included with item 6.

18 CHAIR ISRAEL: Might I ask if CTT or TOC has anything
19 to say on this issue before we move on to Commissioner
20 Choper's motion? Mike or Alan?

21 UNIDENTIFIED SPEAKER: Joe's in the restroom.

22 CHAIR ISRAEL: Oh. Okay. Is anybody here from CTT?
23 Alan? You have nothing? No position on this issue?

24 Okay. Mike, is there a TOC position?

25 COMMISSIONER KRIKORIAN: While we're waiting, I'd

1 just like to say that it just kind of baffles me a little
2 bit that the Breeders' Cup has taken the position that
3 two-year-olds cannot run but they've done no testing.

4 And now we're sitting here, we're saying, "Well,
5 let's test these horses when they run."

6 And I understand the, you know, rules being what
7 they are, but if the CHRB has any authority to require
8 that testing, I strongly recommend that we do it because
9 we need to know what the effect is for the horses that are
10 not running on the Lasix.

11 CHAIR ISRAEL: I agree --

12 COMMISSIONER KRIKORIAN: And the horses that enter
13 the races are being forced to run without Lasix. If they
14 can be forced to run without Lasix, they should be forced
15 to be tested to see what the results were.

16 CHAIR ISRAEL: Well, I agree. I actually raised this
17 issue, as Rick will tell you, last year after the
18 Breeders' Cup when I discovered that there wasn't any
19 formal data collection procedure in place, which I thought
20 was a wasted opportunity.

21 I'd like to make sure we don't waste this
22 opportunity again, so I do agree with you. But it seems
23 to me we have to make it incumbent upon the Breeders' Cup
24 to require it.

25 UNIDENTIFIED SPEAKER: That's exactly --

1 VICE CHAIR WINNER: We are not -- as I understand it,
2 we are not forcing them to run without Lasix.

3 CHAIR ISRAEL: No, we're not.

4 VICE CHAIR WINNER: It's the Breeders' Cup that's
5 forcing --

6 CHAIR ISRAEL: Right.

7 COMMISSIONER KRIKORIAN: But you're saying if the
8 Breeders' Cup agree to require it, it could be dumped?

9 CHAIR ISRAEL: If the Breeders' Cup -- if the
10 Breeders' Cup requires the owners to agree with it or they
11 can't enter, then -- then, yeah, that's -- because that
12 would be one of the contingencies of entry.

13 COMMISSIONER KRIKORIAN: Maybe that's what we should
14 ask them then because they're already requiring them not
15 to race on it.

16 CHAIR ISRAEL: Well, then we can --

17 COMMISSIONER DEREK: Tom, do you have any idea -- do
18 you have any thoughts on how many participants will be
19 part of the program?

20 CHAIR ISRAEL: But you're willing to -- you're
21 willing to fund this?

22 MR. LUDT: Right.

23 CHAIR ISRAEL: All right. Joe, would you please tell
24 us what TOC's position is?

25 MR. MORRIS: Joe Morris with the TOC.

1 We actually think last year when those races
2 went without Lasix, we missed an opportunity to get some
3 research. And we've been in conversation with the
4 Breeders' Cup on it and are in favor of those horses being
5 scoped after the races, do think it does need to be on a
6 voluntary basis also, but are in favor of it. And we've
7 had ongoing conversations with the Breeders' Cup on them
8 doing what they said they were going to do.

9 CHAIR ISRAEL: Okay. So you're taking both sides of
10 the issue.

11 The question before us, it seems, given what
12 George has just said, is that the CHRB is in a position to
13 require that the Breeders' Cup make it a condition of
14 entry into the race, that the endoscopic examination
15 occurs.

16 You're saying you're in favor of that but you
17 want it to be voluntary --

18 MR. MORRIS: No. We're saying -- we're saying that
19 we want as full a field as we can get in the Breeders' Cup
20 and every other race that day. And it shouldn't be a
21 condition of the race but it should be a voluntary --
22 voluntary system.

23 And we have one year on it. Because in '14,
24 these races will be run with Lasix as part of the
25 California current race-day medication. So it's a

1 one-year window that we're talking about for this year.

2 COMMISSIONER KRIKORIAN: Is he saying that next year
3 that the Breeders' Cup run in California, that this will
4 not -- that the horses --

5 CHAIR ISRAEL: That's what he just said --

6 COMMISSIONER KRIKORIAN: -- will be able to run on
7 Lasix?

8 CHAIR ISRAEL: That's what you just said.

9 MR. MORRIS: That's right.

10 COMMISSIONER KRIKORIAN: Well, we're not changing
11 now. What's the difference?

12 DR. ARTHUR: Mr. Chairman, before we close on this
13 issue about examining horses last year, just so everyone
14 is aware, is the RNTC, as part of this program, consulted
15 with a world-renowned epidemiologist on a study designed
16 to look at this specific issue. And the recommendation
17 was that scientifically the information would be of very
18 little value, which is why -- and Craig Fravel was aware
19 of that and that's why some of the endoscopic examinations
20 weren't done.

21 And, you know, quite frankly, from a scientific
22 perspective, I think it's more curiosity than it would be
23 anything scientific. Fact of the matter is we have an
24 enormous amount of information on horses treated with
25 Lasix, without Lasix, whether they bleed. And we know

1 that 80 percent of them that don't get Lasix will bleed
2 and that 60 percent of them that do get Lasix will bleed.
3 And, you know, that's -- a number of studies will show
4 that but --

5 CHAIR ISRAEL: You have a perfect laboratory
6 condition. You have -- you have a group of horses,
7 extremely well-bred horses -- all horses that we're
8 talking about are extremely well-bred and obviously
9 accomplished.

10 You have a group that will run by virtue of the
11 rules without Lasix; you have a group that will run with
12 Lasix on the same track on the same day, sometimes the
13 same distances. Why not avail yourself of that laboratory
14 situation?

15 DR. ARTHUR: Well, to contradict you, an
16 epidemiologist who was an expert in study design said it
17 was a far-from-perfect circumstance to do such a study.
18 But, you know, people want it done so it should be done.
19 I agree with you. There's no harm in doing it.

20 VICE CHAIR WINNER: What -- other than the fact that
21 those running without Lasix are two-year-olds only, and
22 the others are not, what other reason, small -- a small
23 sample, what other reason --

24 DR. ARTHUR: Small sample and such a unique
25 circumstance that it would be hard to translate to the

1 general population.

2 CHAIR ISRAEL: But isn't one of the arguments for
3 eliminating drug use is that it makes -- it makes breeding
4 more difficult, it makes screening more difficult because
5 you don't know what maladies you're breeding into because
6 they're masked by drugs? Won't this help?

7 These are the kind of horses that are used in
8 breeding as opposed to the run-of-mill claiming horses. I
9 mean, it's pretty dang -- you know, this really is the
10 future of horse racing presented on a stage for everybody
11 to see in two years because these are the horses that are
12 going to have progeny for the next 30 years.

13 DR. ARTHUR: Well, I know it's interesting to discuss
14 this, but just two weeks ago -- less than two weeks ago,
15 at the Jockey Club Round Table, there were a paper
16 presented by Dr. Hiram Polk which pretty much refuted the
17 idea that running horses on Lasix has affected the gene
18 pool vis-a-vis exercise-induced pulmonary hemorrhage.
19 That paper has not been published in a scientific journal
20 yet and hasn't been reviewed that way but that was the
21 gist of the results.

22 You know, it's more of a complex issue than some
23 people think. There's a lot of people spent a lot of time
24 thinking about it, doing research on it. Some wonderful
25 research has been done. And, you know, it's -- I've been

1 involved in a lot of it over the years and, you know, I'm
2 more than happy to give whatever assistance I can to get
3 this done because it is a curious -- you know, an
4 interesting situation. This is new and it's different.

5 But, you know, there's a lot of -- in terms of
6 what percentage of horses bleed under what circumstances,
7 that's fairly well known.

8 COMMISSIONER KRIKORIAN: Dr. Arthur, since it seems
9 to be so controversial and there seems to be people on
10 both sides of the fence, why aren't we leaving it up to
11 owners and trainers to make the decision if they want to
12 give their horses Lasix?

13 DR. ARTHUR: Commissioner Krikorian, I would love to
14 have the ability to order diagnostic tests on horses at
15 certain times. And if we had that ability, we certainly
16 could do what the Chairman and you suggest.

17 More importantly, I think we do need to do it
18 sometimes when we identify certain lesions in horses in
19 pre-race examinations. And Dr. Stover will address that.

20 The fact of the matter is we don't have that
21 authority today. And I see that general counsel nodding
22 his head in agreement.

23 CHAIR ISRAEL: All right. Well, I think we can go
24 back to Jesse's motion.

25 Will you restate your motion?

1 COMMISSIONER CHOPER: What motion?

2 CHAIR ISRAEL: A while ago you made a motion.

3 COMMISSIONER CHOPER: I move that we approve this,
4 subject to what the records, this meeting shows, has been
5 a conversation between the Board and representatives of
6 the Breeders' Cup, and let's see what happens.

7 It seems to me that, you know, this is certainly
8 a scientific matter which there were studies but certainly
9 not a universal agreement, as is indicated by what this
10 other person said here.

11 But, nonetheless, I think the people who thought
12 about this the most of us, that is, the horse people of
13 the Breeders' Cup, the Breeders' Cup group, they
14 understand what we've all said here. Maybe not. I think
15 they're willing to do it on a voluntary basis. The
16 mandatory notion, I don't think we can make that a
17 back-door requirement to expand our own -- there is a
18 limit to what you can do that way, and I think we want to
19 just approve it --

20 CHAIR ISRAEL: Okay.

21 COMMISSIONER CHOPER: -- and get on with this.

22 CHAIR ISRAEL: Okay. And I'll try to restate the
23 motion.

24 For item 6, we're moving (1), to limit
25 two-year-old races to horses not on the CHRB authorized

1 bleeding medication list to 2013 Breeders' Cup.

2 And (2), to limit authorized bleeder medication
3 and other Breeders' Cup races to furosemide administered
4 by CHRB licensed veterinarians, approved by the Breeders'
5 Cup, who are not otherwise attending horses or providing
6 veterinary services to trainers competing in the Breeders'
7 Cup races, provided Breeders' Cup reimburses in full for
8 those services to each of those third-party veterinarians.
9 And at the entry box, Breeders' Cup provides a voluntary
10 check-off for every owner or trainer to voluntarily offer
11 his horse for endoscopic examination for the purposes of
12 collecting data on the use of furosemide.

13 Does that sound accurate?

14 DR. ARTHUR: One real quick clarification.

15 CHAIR ISRAEL: And that would be done at Breeders'
16 Cup expense.

17 DR. ARTHUR: One quick clarification. The only
18 two-year-old races that are no-Lasix are the four
19 Breeders' Cup Juvenile Championships and the Breeders' Cup
20 Juvenile Sprint. There may be undercard races --

21 CHAIR ISRAEL: Those aren't Breeders' Cup. Those
22 are -- those are Santa Anita card races that are run under
23 ordinary CHRB rules and regulations. They're not
24 Breeders' Cup races. They're not in the Breeders' Cup
25 financial pool. They're completely separate.

1 COMMISSIONER KRIKORIAN: Mr. Chairman --

2 CHAIR ISRAEL: Yes.

3 COMMISSIONER KRIKORIAN: -- someone would like to
4 speak.

5 DR. HARRINGTON: Dr. Michael Harrington. I'm an
6 owner and a trainer.

7 My question is this: You say that you can't
8 scope horses without permission. But yet you can go in a
9 barn and do out-of-competition testing without even asking
10 the person if it's okay with them.

11 CHAIR ISRAEL: Well, I raised that point earlier, and
12 Counsel's response was that's part of the drug-testing
13 protocol in the state of California:

14 UNIDENTIFIED SPEAKER: That's rule 1858.

15 DR. HARRINGTON: So why isn't scoping part of that
16 rule?

17 CHAIR ISRAEL: Scoping is not part of that rule.
18 That's the issue at hand here.

19 VICE CHAIR WINNER: Take it up with the legislature.

20 CHAIR ISRAEL: All right. So that motion's on the
21 table.

22 VICE CHAIR WINNER: I second that motion.

23 CHAIR ISRAEL: Offered by Commissioner Winner --
24 no -- seconded by Commissioner Winner after being made by
25 Commissioner Choper.

1 All right. I'll do this as a roll call vote
2 just because I'm not sure.

3 Commissioner Krikorian?

4 COMMISSIONER KRIKORIAN: I'm going to abstain from
5 voting because --

6 CHAIR ISRAEL: Okay. Richard Krikorian abstains.

7 Mr. Rosenberg?

8 COMMISSIONER ROSENBERG: Aye.

9 CHAIR ISRAEL: Aye.

10 Commissioner Derek?

11 COMMISSIONER DEREK: Aye.

12 CHAIR ISRAEL: Aye.

13 Commissioner Winner?

14 VICE CHAIR WINNER: Aye.

15 CHAIR ISRAEL: Commissioner Choper?

16 COMMISSIONER CHOPER: Yes.

17 CHAIR ISRAEL: Commissioner Beneto?

18 COMMISSIONER BENETO: Yes.

19 CHAIR ISRAEL: And I vote yes. So it's six to
20 nothing. It passes, with one abstention. Thank you.

21 Item No. 7: Discussion and action by the Board
22 regarding an update from Los Angeles Turf Club on its
23 marketing plan for its race meeting at Santa Anita
24 commencing September 25th, 2013 through November 3rd,
25 2013.

1 Tom Ludt's here. I think Nate Newby's here.

2 And I did -- Scott Daruty's here. I did find my copy, by
3 the way.

4 Gentlemen, identify yourselves and please tell
5 us --

6 MR. LUDT: Tom Ludt, Santa Anita.

7 MR. DARUTY: Scott Daruty, Santa Anita.

8 CHAIR ISRAEL: And here comes Nate Newby, Santa
9 Anita.

10 Nate?

11 MR. NEWBY: Nate Newby, Santa Anita.

12 CHAIR ISRAEL: Thank you.

13 Gentlemen.

14 MR. LUDT: Hopefully, everybody received --

15 CHAIR ISRAEL: Yes.

16 MR. LUDT: Well, the first page -- and I don't know
17 that we want to go through the details. That's up to you.
18 We've given you a breakdown of the cost structure
19 versus -- for this year versus last year. This is a
20 direction comparison.

21 In simple form, we're doing a lot of the
22 traditional marketing. I'm not going to walk through
23 that, unless you want to. I'd like to specifically focus
24 on the things that I think will be completely different
25 for this fall and obviously where we're going in the

1 future long term.

2 As you're all aware, we're making major
3 renovations to our facility. It's in the tens of millions
4 of dollars. That's first and foremost to make this
5 facility much more attractive and desirable for people to
6 come to.

7 I've obviously moved here from Kentucky to take
8 this position, with my main focus is to draw bigger crowds
9 and build better relations with our horsemen, which we're
10 working on diligently at the moment, and our players and
11 our owners.

12 So I can walk through a couple things that I
13 would like to highlight.

14 Number 1, we're hosting an event tonight here in
15 the area of what we consider high-volume players to make
16 sure they're understanding of what we're planning on doing
17 because we believe it's very imperative that we draw
18 high-end players back to the track versus just
19 conveniently sitting at home. Love that, but we want them
20 to come back and enjoy the sport. So we're hosting an
21 event tonight. It's on behalf of Santa Anita.

22 We are renovating, for those that don't know,
23 the Arcadia Suite. It would be at the far end of the
24 facility. Spending an enormous amount of money making
25 that a very, very comfortable high-end facility for people

1 to sit and enjoy. It will be mainly set up for our
2 high-end players to have an exclusive area so that they're
3 not bothered and they can focus onto what we all need, and
4 that's more handle.

5 Again, the facility, the Chandelier Room, you
6 all know is being completely renovated. It's going to be
7 hopefully set up to attract the upper end of our customer
8 share in the state, obviously visitors from out of town.
9 We hope to do our best to attract people from all over the
10 country, but also specifically for the L.A. area.

11 I probably would prefer to talk to you,
12 questions, if you have them. I can just tell you we are
13 doing everything we can. We're going into nontraditional
14 marketing. A lot of it will be digital. We're -- I think
15 I mentioned it. I'll go over it again. We're deeply
16 involved in an internship program right now. We've
17 already identified eight people that we're bringing on.
18 We're going to try to have 15 interns that will be
19 specifically set up to welcome, greet, and assist
20 customers as they're on the facility.

21 We have a new committee that Nate's been back
22 involved with, and we're going to kind of reintroduce
23 ourselves to the community. We're doing it on high-end
24 events. On October 5th, we're having a closed event to
25 what we consider luxury L.A. It's an attempt to bring

1 people out to show them the new Santa Anita, and hopefully
2 their influence will spread the word indirectly.

3 So we're doing a lot of different things. We're
4 running around crazy, as you know. We're -- I'm very
5 excited about it. I think the facility itself is going to
6 create a whole different little gossip, I should say, and
7 I think it will attract people out, so we want to make
8 sure, which is very important to me, as we change our
9 facility, we need to be better prepared to meet their
10 expectations and exceed their expectations.

11 COMMISSIONER CHOPER: With respect to the high-volume
12 players --

13 MR. LUDT: Yes, sir.

14 COMMISSIONER CHOPER: -- does this budget include any
15 appropriation or is there any consideration of a rebate?

16 MR. LUDT: This would not be considered as a rebate.
17 There is strictly our marketing.

18 We are working on a couple things. I'm not --
19 I'm trying to get up to speed as fast as I can. We're
20 working on a completely new player rewards program. As
21 you know, there's a lot of them out there. Most of them
22 are not considered at the racetrack. We're working on
23 that.

24 We will not have something that I would consider
25 to be unique and special by September 27th. I believe we

1 will have something very nice by the fall -- for the
2 winter meet. We're working on a completely different card
3 system where people check in, and how we track our handle,
4 we're working on a whole new ticketing system.

5 But, yes, we're very much aggressively working
6 on that. This is just promoting Santa Anita. As far as
7 rebates, that would come out of a completely different
8 budget.

9 COMMISSIONER CHORE: That's yours?

10 MR. LUDT: Yes.

11 COMMISSIONER ROSENBERG: Could you explain a little
12 bit more about what you're doing at the Chandelier Room?
13 What is it -- what type of audience is it designed to
14 attract? Is it part of the Turf Club? Is there a
15 membership required to get in there? What's changing
16 about the room?

17 MR. LUDT: Well, obviously I'm new to the state but
18 we're completely renovating it. There were a lot of
19 issues that had to be addressed from the legalities of
20 protecting the integrity of that room, and we're doing
21 that. The chandeliers are completely being refurbished.
22 The bar and the mirror behind the wall has been completely
23 redone and reimplemented. The room itself is just being
24 re-dressed, what I would consider to today's society.

25 The group that we're going to attempt to attract

1 with that will be very exclusive and high end. I think
2 it's important -- at least this is my opinion, I believe
3 Santa Anita and the organization supports this -- we have
4 to kind of what I would say address this like stadiums
5 have. We have to have different price points.

6 I've used the analogy of the L.A. Dodgers. If
7 you're sitting in the upper deck at left field, you're at
8 a different price point than if you're sitting behind
9 home plate.

10 And the Chandelier Room will be our behind the
11 home plate: Special, unique, and private. And I think we
12 have to do that to get the clientele that we want because
13 they want that kind of environment. So it will be very
14 high end, very dressed up, and heavy customer service.

15 COMMISSIONER BENETO: I have a question,
16 Mr. Chairman.

17 I think you're putting the cart before the
18 horse. You're spending all this money, millions you say,
19 on your --

20 MR. LUDT: Correct.

21 COMMISSIONER BENETO: -- on your plan. Shouldn't you
22 address -- shouldn't we be addressing the stable part of
23 it first, make sure you had horses? That's where I'd put
24 my buck.

25 (Clapping from audience.)

1 MR. LUDT: Well, in all due respect, I'm not going to
2 disagree with that. My job is to attract people to the
3 track.

4 It needs to be very loud and clear that
5 Santa Anita needs full fields. Full fields develop
6 purses. And the notion that Santa Anita is not interested
7 in having horses is just unfortunate.

8 I've spent the last two months trying to work
9 with people. They need to understand that Santa Anita is
10 spending a lot of money.

11 Commissioner Beneto, I totally agree with you.
12 But you do need to understand, we can create a great show
13 but if no one comes, we have a problem. So they're
14 mutual. And I would argue that they go together. We need
15 to have an environment where people are willing to come
16 back, and I commend the Stronach Group for spending the
17 money.

18 Yes, we need stables, and we're working
19 diligently on that. We need people and we need horses,
20 and we need to work together.

21 COMMISSIONER BENETO: I think that's where you've got
22 to focus your energies right now is satisfy the horsemen.

23 MR. LUDT: We've got hundreds of people on our staff,
24 and I don't disagree with that.

25 My focus, though, is not stalls. That's other

1 people's responsibility within this organization. My job
2 is to get people to show up.

3 COMMISSIONER BENETO: Well, you got to have horses
4 for them to show up. You can't run a small field.

5 (Clapping from audience.)

6 UNIDENTIFIED SPEAKER: We do have to have horses.
7 You're absolutely correct. And to that end, there's going
8 to be a broader discussion on stabling, I think, in a
9 later agenda item.

10 But just in the past couple of months, over
11 two and half million dollars has already been spent by the
12 Stronach Group renovating and updating San Luis Rey Downs,
13 which we believe is going to be a key part of the industry
14 stabling moving forward. There's more money there to be
15 spent. And the appropriate time, you know, in the agenda
16 when we talk about stabling, I'm happy to give more of an
17 update on that.

18 VICE CHAIR WINNER: Just to agree with Commissioner
19 Beneto, when we do get to that point, we want to talk --
20 remember, one of the conditions of what we're going to be
21 talking about is the backside of Santa Anita. So that
22 will come up.

23 COMMISSIONER BENETO: And that seems to be a big
24 issue, that these guys want to go over to Fairplex, and
25 the reason why, I'm hearing from the trainers, is because

1 of the cost. That's the reason why Fairplex is not in the
2 loop.

3 Somebody's got to come up with some money to
4 satisfy these horsemen so they got a spot to go race --

5 CHAIR ISRAEL: That's not -- those are subsequent
6 agenda items. This is just --

7 MR. LUDT: I do want to address, though, because
8 Commissioner Winner brought it up.

9 We have currently beefed up our backside. We
10 have 15 people full time currently working diligently
11 doing backside improvements at Santa Anita. I know that's
12 not part of marketing but indirectly it is. We're doing a
13 lot of things that I don't think we deserve credit for. I
14 may sound --

15 VICE CHAIR WINNER: You don't think you deserve
16 credit for? You don't think you get credit for?

17 MR. LUDT: Well, I think you have a lot of clapping
18 in the background that don't appreciate what I think the
19 Stronach Group is doing, with all due respect. I'm trying
20 my best --

21 VICE CHAIR WINNER: Let's -- can we come back to
22 that, when we get to that part of the agenda? I'd like
23 to --

24 CHAIR ISRAEL: Those are items 8 and 9. We'll have
25 ample time to discuss --

1 VICE CHAIR WINNER: I'd like to --

2 COMMISSIONER BENETO: Sorry I jumped the gun.

3 CHAIR ISRAEL: You did.

4 VICE CHAIR WINNER: I'd like to raise --

5 CHAIR ISRAEL: Actually, you fired it. You didn't
6 jump it.

7 VICE CHAIR WINNER: If I can, I'd like to ask a few
8 questions about the marketing.

9 CHAIR ISRAEL: Sure.

10 VICE CHAIR WINNER: And to start with, I'm not sure
11 it's a plan. I think the objectives are positive, very
12 positive. And I think the approach is positive. But
13 there's not very much substance in it in terms of
14 specifics, messages, videos, what it is you're going to do
15 using social media, et cetera. It's kind of vague.

16 You talk about using social media and the
17 advantages of it, which I think is commendable and I
18 agree. But -- and then you talk about all the options
19 that you have with respect to social media but you're not
20 very specific in terms of where the dollars are going to
21 go and exactly what the messages are, which is again okay.
22 I'm not quarreling with it. But I hope that at some point
23 we can get a little more specific.

24 Furthermore, even though your budget is up from
25 2012, it's way down from what it has been over the years.

1 Your marketing budget back in 2007 was about 6 million
2 dollars. Your marketing budget since then has gone -- has
3 been declining. And it is -- even though it's up a little
4 bit this year, it's not up compared to what it has been in
5 the past.

6 And I recognize that your target is a little bit
7 different than it has been in the past, and that's fine.
8 That's a decision that you have to make.

9 The other thing that I like in your plan is the
10 internship program, which I think is a very good idea and
11 hopefully if it works, it can be contagious and be used --
12 and be used elsewhere because I do think it's a great
13 program. I personally, being on the Board of the
14 Claremont colleges wonders why you -- I wonder why you
15 didn't choose them or whether that wasn't -- you weren't
16 able to work that out. But that's a separate matter.

17 MR. LUDT: Well, let me address those.

18 Number 1, the easiest one is the internship and
19 the digital. I'll be the first one to tell you that's not
20 my expertise. I manage people and maybe the best thing to
21 do is to get some of the people that run that digital in
22 our department talk to you. Because I got to be blunt,
23 it's not my cup of tea. We have some really good, dynamic
24 people that do that.

25 But more importantly, on the internship, it's

1 being posted at all the universities what we thought was
2 in the radius that people might be willing to drive and so
3 we're interviewing people from many colleges. We're not
4 specific at our college.

5 And then last, but not least, it's my
6 understanding when you bring up that budget that's the
7 annual budget. This is strictly the fall budget.

8 VICE CHAIR WINNER: Right. But still in all, it's
9 down from --

10 MR. LUDT: I don't believe it's six million for the
11 fall.

12 VICE CHAIR WINNER: No, no. It was six million
13 for -- I think for the annual. I think that's correct.

14 MR. LUDT: Right. This is strictly the fall.

15 VICE CHAIR WINNER: So what would it be for the
16 annual?

17 MR. LUDT: Well, we're working --

18 VICE CHAIR WINNER: Apples and apples.

19 MR. LUDT: Well, you know, I can't necessarily commit
20 to that yet, but I will tell you because of the
21 renovations and going back to other people's comments,
22 we're spending the money. Believe me. I'm just trying to
23 get my feet up. I know I don't want to use that excuse.
24 We will be spending probably close to that kind of money
25 for the annualized budget.

1 We've got a lot bigger meet so we're working on
2 that. You have to realize, we're going to be dealing with
3 two-year-olds, which we haven't done in the spring. So
4 our meet's going to be a lot longer. We're going to be
5 spending more money. And we're aggressively working on
6 that budget for the winter meet.

7 VICE CHAIR WINNER: And as I read your plan, what
8 you're trying to do is you're trying to target young
9 people to a large degree; is that correct?

10 MR. LUDT: Well, the --

11 VICE CHAIR WINNER: You're using social media, you're
12 using the internship program. Social media is going to
13 connect much more with younger folks than it is with an
14 older population.

15 MR. LUDT: Correct. But my philosophical approach is
16 we have to have target audiences at all levels. I mean,
17 we have to plan on the future, and the future is the
18 younger people. But we've got to also --

19 VICE CHAIR WINNER: But if you're going to use, like,
20 a cookie approach or if you're going to try to build from
21 a base, you have to have a base to start with.

22 MR. LUDT: Correct. That division --

23 VICE CHAIR WINNER: Social media only works if you
24 have a base to start with.

25 MR. LUDT: Correct. Correct.

1 CHAIR ISRAEL: I have a question.

2 Among the many specific promotions listed is a
3 small one-paragraph item, but your football package, which
4 frankly, you're competing with people with a couch on
5 Saturday and Sunday. You need to get people off the couch
6 to your place and want to -- who are interested in
7 horse racing and football and want to be able to see both.
8 And one of the things being at the race track does is it
9 provides you time between races to look at football games.

10 MR. LUDT: Correct.

11 CHAIR ISRAEL: It seems that you're only doing
12 something on Sunday during NFL games.

13 Los Angeles doesn't have an NFL team, but it has
14 UCLA and USC playing on Saturdays, and there's an avid
15 interest in them, particularly in the San Gabriel Valley
16 where you're located, and both promise to have good teams
17 this year. So I think you need to expand that --

18 MR. LUDT: And that's incorrect. If I can interrupt
19 you, let me explain what we're doing with a specific
20 issue, and it might be incorrect in there, and I
21 apologize.

22 We're taking the east end of Sirano's Bar, sort
23 of quarantining that off. We're putting up six more TVs.
24 It's going to be a package that's promoted, aside from
25 people just coming out in general. Opening up the gates

1 earlier, if I'm dealing with the West Coast now. We're
2 Saturday and Sunday creating a packet that would include
3 parking, administration, food --

4 CHAIR ISRAEL: And all this is Sunday? It's only NFL
5 games.

6 MR. LUDT: I apologize. I don't want to keep using
7 that excuse. We're running fast. I'm getting TVs
8 installed in that room. It's going to be a football room
9 specific for those people. And Santa Anita is doing it at
10 a cost of -- we'll actually lose money to get them there,
11 and we're just hoping they'll stick around and bet races.

12 CHAIR ISRAEL: Well, look, it's no secret that ever
13 since I've been on the Board I've been in favor of
14 legalizing sports betting in California, fighting the
15 federal law, in order to turn the racetracks, among other
16 locations, into sports books. Because I think on a
17 Saturday and Sunday during football season if you have a
18 working sports book at a racetrack you're going to attract
19 thousands of people who wouldn't otherwise come, and, oh,
20 by the way, they're going to walk out, see what's going on
21 outside, and bet on horse racing, and we'll create new
22 things.

23 I think that's the case in the fall, in
24 particular. During March Madness, you're going to have to
25 deal with a real March Madness program, you know. And

1 then later, because L.A. is going to be running longer,
2 the NBA playoffs.

3 MR. LUDT: We're very interested in doing that.

4 CHAIR ISRAEL: But this will get people who might not
5 come because they don't want to miss a football game out
6 to your facility.

7 MR. LUDT: That is exactly the intent.

8 CHAIR ISRAEL: And that's really important if you
9 want to get younger and bigger crowds.

10 COMMISSIONER KRIKORIAN: I would share with what the
11 Chairman just said, and I would recommend that you try and
12 sprinkle some of those screens around the rest of the
13 facility during Saturday and Sunday. I think it would be
14 helpful, don't you?

15 MR. LUDT: I do think -- and I didn't address this,
16 and I apologize -- the current mezzanine is being
17 completely redone, and we have completely taken out all of
18 the TVs and we're upgrading to high definition. I think
19 in the whole situation will be -- we're putting in more
20 TVs. It's been one of my complaints of horse racing in
21 my life. We're a horse racing event, but we got to make
22 sure people come for the other events they want.

23 So those TVs and there's also a new bar being
24 put in at the mezzanine. I think you'll see people
25 sitting in there watching sporting events and horse

1 racing.

2 VICE CHAIR WINNER: Jackie, what action do we have?

3 MS. WAGNER: There really is no action on this item
4 that needs to be taken. This is a -- if the Board needs
5 to take action, that's why it was appropriated that way.

6 At the last meeting, the Board was asking for
7 Santa Anita to give an update.

8 VICE CHAIR WINNER: Because it says "This item is
9 presented for discussion and action."

10 CHAIR ISRAEL: Well, it was -- I think we made
11 your --

12 VICE CHAIR WINNER: Yeah. It was contingent on --

13 CHAIR ISRAEL: It was one of the contingencies for
14 your fall license application, which also required a CTT
15 agreement that's not yet finished; right, Scott?

16 MR. DARUTY: It is not yet finished; correct.

17 CHAIR ISRAEL: Okay. Well, I think I can say that
18 we'll check off the marketing plan that has been provided.
19 But contingencies still exist so there would be no point
20 taking a vote because we're waiting on CTT agreement.

21 VICE CHAIR WINNER: Just to follow up just for a
22 second, as the specifics become more clear with respect to
23 the marketing plan, if you could just keep us advised,
24 that would be -- that would be helpful.

25 CHAIR ISRAEL: I don't want to beat a dead horse, but

1 to get back to that football thing.

2 What's the capacity of that room that --

3 MR. LUDT: Well, that's just going to be a dedicated
4 room. I go back, the mezzanine and other areas, the
5 Arcadia suite, all those will have -- the package that
6 we're promoting is to fit 250 people.

7 CHAIR ISRAEL: Two hundred fifty people. And you're
8 going to have seating there for them --

9 MR. LUDT: Yes. If we can get more than that, I will
10 continually grow it because I passionately agree with you.

11 CHAIR ISRAEL: What are you going to do about clerks
12 in that area or machines --

13 MR. LUDT: Yeah. We'll have machines in there.
14 We're going to have service. We're going to have
15 waitresses.

16 CHAIR ISRAEL: You going to have runners, bet
17 runners?

18 MR. LUDT: We're going to have machines in there.

19 CHAIR ISRAEL: Just machines. Okay.

20 MR. LUDT: The mutuel windows are right next to it
21 that are attended by people.

22 CHAIR ISRAEL: You know, if the race is going to go
23 up and --

24 MR. LUDT: We will have runners --

25 CHAIR ISRAEL: -- and the team's on the five-yard

1 line and somebody might have a financial interest in
2 staying and watching whether that team scores or not, you
3 know, you don't want to lose the opportunity to collect
4 the bet too so --

5 MR. LUDT: We are working on some new technology on
6 our on-site betting, but at the interim, my livelihood's
7 on handle, but we will do everything we can to make sure
8 all the bets get booked.

9 CHAIR ISRAEL: Thank you.

10 COMMISSIONER KRIKORIAN: They're not going to be
11 forced to watch all the U.K. --

12 MR. LUDT: No, no. I won't be in charge of the
13 remote.

14 CHAIR ISRAEL: Louisville's got it pretty good,
15 though, this year. You probably don't want to hear that.

16 Anybody else?

17 Okay. Thank you.

18 You guys might as well stay there.

19 Let's combine items 8 and 9, I think, right? We
20 should combine them?

21 And we're going to need to set up considerably
22 more chairs. I wish we had a way of extending the table.

23 Discussion and action by the Board regarding an
24 industry report on issues related to conditions placed on
25 the allocation of the 2014/2015 Southern California racing

1 calendar and the Board's ratification of the calendar.

2 Similarly, discussion and action by the Board
3 regarding an industry update on the status of the
4 discussions regarding the Southern California auxiliary
5 off-track stabling issue for 2014/2015.

6 These are linked. CTT, TOC, Los Alamitos,
7 Santa Anita, Del Mar, and Fairplex. Please come forward.

8 Joe Parker without a microphone.

9 MR. PARKER: I don't need one.

10 CHAIR ISRAEL: That's true. Maybe the only thing you
11 and I have in common. We can project.

12 Okay. So I guess I'll start by saying we
13 actually made some progress. In the last month, we had a
14 meeting in Los Angeles that involved representatives of
15 all the various and sundry organizations here as well as
16 HRTV and TVG.

17 Actually, where is John Hindman? Is he here?

18 Sorry. I forgot to call you up to participate
19 in all the fun.

20 And in fits and starts, we had setbacks, but we
21 had forward motion. And yesterday in particular,
22 Chuck Winner and I had a series of meetings. We engaged
23 in a form of Del Mar shuttle diplomacy, and we were
24 both -- well, Chuck is, needless to say, but even I was
25 diplomatic and -- sort of. And we made enough progress

1 that we feel comfortable in reporting one major step
2 forward, which is Hollywood Park agreed very graciously to
3 stay open for training, at least through January 30th, and
4 perhaps considerably longer, depending upon what happens
5 with their commercial venture.

6 January 31st. Okay.

7 So we have considerably more time, an extra five
8 or six weeks, to work through some of the additional
9 matters. But we have a little bit of certainty for some
10 of the period of time left.

11 We also -- I'd like to ask Del Mar -- I mean, I
12 think Chuck and I are in accord, and I don't think anybody
13 actually would disagree with this, that the best outcome
14 in the long run and looking forward past the next year and
15 the year after, is to have two primary training
16 facilities, Santa Anita and Del Mar, year round.

17 And, I mean, is Del Mar interested in pursuing
18 something like that?

19 MR. HARPER: Yeah. This is Joe Harper, Del Mar.

20 CHAIR ISRAEL: Joe, you're going to need a microphone
21 for the purposes of the recording.

22 MR. HARPER: Joe Harper, Del Mar.

23 Yes. Obviously, we feel that an expanded use of
24 Del Mar is definitely in the best interest of thoroughbred
25 racing in California.

1 It poses some problems for us, hopefully not all
2 surmountable ones. We have our landlord and -- who is
3 certainly aware of the conditions and the problems that
4 we're facing with year-round training, but we also have a
5 myriad of different agencies to go through.

6 But we have a Board meeting coming up, Del Mar
7 Thoroughbred Club does, next week, and it's something
8 that's been on our agenda for the last couple of meetings.

9 We're going to try to push this along. We feel
10 it's very much in the best interest of everyone. It might
11 take a while to get to where we know exactly how much we
12 can use of Del Mar, but it's something that we really
13 wanted to do very strongly.

14 CHAIR ISRAEL: Thank you.

15 Let's -- one of the other --

16 COMMISSIONER ROSENBERG: One comment.

17 Unfortunately, due to the existing law in
18 California, it's impossible for commissioners to
19 communicate about the status of matters coming before the
20 Board on a regular basis.

21 So this information -- most of the information I
22 have had so far about what was going on has to come from,
23 you know, people who talk to people who talk to people,
24 but not other commissioners who talk to other
25 commissioners. It's called the open-meeting law.

1 My question is this seems like a leap ahead,
2 this Del Mar thing. Is this a -- I can imagine how many
3 years this might take to get done because I know there's a
4 proposal before the Fairgrounds Board to develop the
5 property for other purposes expanding it.

6 So is this just a thought, a nice thought that
7 might happen eventually, or is it -- it doesn't sound
8 realistic that we can depend on this in the near future.

9 CHAIR ISRAEL: Well, it depends on what your timeline
10 of the near future --

11 COMMISSIONER ROSENBERG: The next two years.

12 CHAIR ISRAEL: No. This isn't about the next two
13 years. Okay. You're jumping ahead. Let me finish.

14 COMMISSIONER ROSENBERG: Clarifying.

15 CHAIR ISRAEL: We're going in a certain order.

16 We also have an agreement that in the course of
17 the conversations over the last month it was concluded by
18 everybody that we're going to need more stalls than we
19 probably foresaw. The horse population tends to increase
20 significantly between March and August.

21 And TOC and CTT have agreed that Fairplex will
22 be one of the alternative sites going forward to make up
23 for that shortfall, as it's needed, the specifics of which
24 can be addressed by them. So that was real progress. And
25 Fairplex can address that also, obviously.

1 I think Jim is here, too. He's not going to
2 join you? Somewhere.

3 Okay. And then -- okay. There are issues on
4 cost and necessity, but we're working our way through
5 them. We've seen some -- Chuck and I saw a line-item
6 budget for the first time yesterday, and we started to get
7 a grasp on understanding this.

8 Los Alamitos also in the last month has stepped
9 forward with a plan that includes expanding the racetrack,
10 lengthening it to a mile, the existing property. It was
11 shown to everybody involved. The trainers saw it. The
12 owners saw it.

13 And Los Alamitos -- I don't want to jump the gun
14 here but would like to run -- as Brad McKinzie intimated
15 back in May, would like to run a couple of short
16 thoroughbred meets, and I think the stakeholders are
17 fairly unanimous in an agreement that that's a good idea.

18 The one -- we have an agreement, I am told,
19 between TVG and HRTV for the balance of 2013 to exchange
20 signals. Is that correct or -- Scott, you're furrowing
21 your brow. No? Not correct?

22 Okay. That was --

23 MR. DARUTY: That is news to us, although I think
24 there are terms -- and I talked to TOC about TOC's trying
25 to broker and I believe TVG will find itself --

1 CHAIR ISRAEL: Okay. You believe TVG will find --

2 And John?

3 MR. HINDMAN: We haven't received those terms yet but
4 we will seriously consider them as soon as we get them.

5 CHAIR ISRAEL: But the two of you have been speaking?

6 MR. HINDMAN: We have --

7 CHAIR ISRAEL: You're finally dating for the first
8 time in a long time; right?

9 So there's a chance -- there's a chance we'll
10 work this out. Now, it doesn't include 2014 and 2015. I
11 think that's right now one of the imponderable and
12 unanswered questions.

13 So I think that pretty much covers everything,
14 just in the -- as a broad overview.

15 Chuck, do you have anything you'd like to add?

16 VICE CHAIR WINNER: Do you have an agreement with
17 Hollywood Park with respect to the meeting? Do you recall
18 if Hollywood Park -- we have been advised that there is an
19 agreement or you're in the process of reaching an
20 agreement with Hollywood Park on the naming of the meet,
21 the Los Al meet; is that correct?

22 CHAIR ISRAEL: The daytime meet.

23 VICE CHAIR WINNER: The daytime meet.

24 MR. MCKINZIE: There is no such agreement. Our plan,
25 Dr. Allred's plan is that we will operate our thoroughbred

1 meets -- Los Alamitos Racehorse will operate the
2 thoroughbred meets.

3 There have been some discussions in the past
4 but there is no -- no agreement foreseen where someone
5 else will come in and do the licensing for a meet, unless
6 circumstances -- industry circumstances dictate. As we
7 sit here now, there is no agreement.

8 There is a lot of things that have been -- well,
9 I have a full house here. I mean, there's -- every day
10 you hear things about Los Alamitos.

11 And while we have a little bit of a full house,
12 I'd like to just set a couple things very clear.

13 One of the things we keep hearing, and I just
14 want to set it straight, is that Mike Pegram has a
15 financial interest in thoroughbred racing that meets at
16 Los Alamitos.

17 I just want to categorically say that that is
18 not true. He does not have -- he has not had one dime of
19 financial interest in any thoroughbred meet at
20 Los Alamitos, and anybody who says so is lying.

21 And we also do not have any agreement with any
22 association to license -- be the licensee for thoroughbred
23 racing at Los Alamitos.

24 COMMISSIONER ROSENBERG: I have a question, Brad.

25 MR. McKINZIE: Yes.

1 COMMISSIONER ROSENBERG: Yesterday, Dr. Allred was
2 before the committee that Chairman Choper and I are on --

3 MR. MCKENZIE: I heard he had a wonderful time.

4 COMMISSIONER ROSENBERG: He had a great time.

5 But in passing he made a comment. So as long as
6 we're just talking in general, he made a comment that it
7 sounded to me like he wasn't a hundred percent behind the
8 fact that this will happen. We didn't get into specifics
9 of the details of the nature of the meeting but he made
10 some type of a comment.

11 This is a -- is there a proposal that's set,
12 that has been made specifically and committed to by
13 Los Alamitos?

14 MR. MCKENZIE: Yes. And with -- at the meeting that
15 Dr. Allred was at with you in the morning, one of the
16 aspects of our proposals that we were hoping to run a
17 two-week summer meet and in order to make that happen, we
18 were in talks, very productive and cooperative talks with
19 Santa Anita about them giving up one week so that we could
20 have a two-week meet.

21 Shortly after his meeting with the jurat, he met
22 with officials of Santa Anita, and in a cooperative way
23 they agreed to give up that one week. That gives us a
24 two-week meet -- the opportunity for a two-week meet in
25 the summer and a three-week meet in the winter. That's

1 why we're here.

2 In order to facilitate the three-week in the
3 winter, Del Mar graciously agreed to give up one week of
4 their proposed winter dates and so that gives Los Alamitos
5 the prospect of five weeks of thoroughbred racing and that
6 is what cemented the deal.

7 COMMISSIONER ROSENBERG: And specifically -- this
8 actually did come up briefly yesterday.

9 The number of thoroughbred races that are
10 presently being run during the quarter horse meetings that
11 are operated, is there any understanding as to the
12 conditions for those races in the future in terms of
13 claiming prize, et cetera, that currently exists?

14 MR. McKINZIE: We're not asking -- we are not asking
15 for any change in any claiming prize for our night
16 thoroughbred racing. Our discussions and continued
17 discussions with the industry, when we expand our
18 racetrack to a mile that will facilitate not only our
19 thoroughbred meets but thoroughbred training.

20 It puts us in a tough spot as far as running our
21 four and a half furlong races at night. So we are looking
22 to get some industry agreement to where we can expand that
23 distance to make it to where we have a longer run into
24 that turn but we have not requested any change in claiming
25 prizes.

1 COMMISSIONER ROSENBERG: Thank you.

2 CHAIR ISRAEL: So but -- I think you were also
3 asking, I think, what the conditions of the daytime racing
4 races would be. What would --

5 COMMISSIONER ROSENBERG: The existing meetings.

6 CHAIR ISRAEL: Okay. Well, then I'll ask.

7 Chuck, the daytime card is going to be what?

8 MR. McKINZIE: The daytime card is going to be just
9 what daytime thoroughbred cards are now. We think that
10 the market in Orange County and with the racetrack that
11 we've designed with the expanded turns, we plan on running
12 a first-class daytime thoroughbred --

13 CHAIR ISRAEL: So by that you mean what --

14 MR. McKINZIE: Stakes races --

15 CHAIR ISRAEL: -- Hollywood in a similar --

16 MR. McKINZIE: Yes. Exactly.

17 CHAIR ISRAEL: Okay. And without the turf races,
18 obviously?

19 MR. McKINZIE: Right.

20 CHAIR ISRAEL: And at the end of each day -- you're
21 going to run 12 races. At the end of each day, you'll
22 have four quarter horse races?

23 MR. McKINZIE: Well, the plan is dependent on how
24 many thoroughbred races we can fill. But our plan is at
25 the end of the card, we will run a certain number of

1 quarter horse races. We just plan on running during the
2 day and, you know, our quarter horse people can't go weeks
3 without having any opportunity to run, number one.

4 And, number two, we think it will make for an
5 exciting race program to have both thoroughbred and
6 quarter horse races.

7 CHAIR ISRAEL: So, for instance, in December -- a
8 week in December, you run four days, and then you project
9 running 12 races a day for four days?

10 MR. McKINZIE: If we can fill eight quarter horse
11 races a day -- or eight thoroughbred races a day and fill
12 four quarter horse races, yes, we run 12 races.

13 CHAIR ISRAEL: And thoroughbred races would be under
14 the auspices of TOC?

15 MR. McKINZIE: Yes.

16 CHAIR ISRAEL: Okay.

17 COMMISSIONER KRIKORIAN: What about stabling --
18 stabling for the thoroughbreds on those dates?

19 MR. McKINZIE: We've -- what we were asked to do,
20 which led to our decision to go after the thoroughbred
21 date a few months ago by some industry stakeholders is two
22 things: What could we do to our racetrack to make it a
23 more suitable racing and training facility for
24 thoroughbred horses?

25 We've come up with a design by Parksy

1 (phonetic) and Associates where we have a mile racetrack
2 with expanded turns.

3 The other question was we were originally
4 talking about being able to house 500 thoroughbreds. We
5 were asked is there any way we can house more. So we now
6 have a plan where we can offer year-round training for 700
7 thoroughbreds on a year-round basis at Los Alamitos.

8 CHAIR ISRAEL: And one item I know that you mentioned
9 in the meeting that we had in Los Angeles with all of us
10 is the radius of the turns is significantly wider in the
11 expanded racetrack.

12 MR. MCKINZIE: The current track that we have now,
13 the current turn radius at Los Alamitos on -- about
14 290 degrees on both turns -- 290 feet. Thank you.

15 Just as a point of reference, the expanded turn
16 radius on, like, a Santa Anita turf is 320 feet. The new
17 turn radiuses at Los Alamitos on a far turn, the current
18 design of the racetrack is a turn radius of 340 feet, and
19 on the clubhouse turn, a turn radius of 310 feet. So,
20 yes, we have greatly expanded turn radiuses.

21 COMMISSIONER KRIKORIAN: Just going back to the
22 stabling for a moment, are those stalls already in
23 existence or would these have to be built?

24 MR. MCKINZIE: The stalls are all currently in
25 existence. As a matter of fact, what we're doing is we're

1 taking what would be the -- I believe the north side of
2 our barn area, the complete north side of our barn area,
3 and that is going to be the thoroughbred area so that the
4 thoroughbreds will all be stabled in one specific area and
5 quarter horses will be on the other side. There will be a
6 very small Berlin wall type in between them. They will --
7 we will segregate the horse population.

8 And the main reason we're doing it, quite
9 frankly, is not because we think we need to segregate
10 them. We think that the quarter horse trainers and the
11 thoroughbred trainers will get along just as well as the
12 thoroughbred trainers get along with each other, but
13 mainly it's due -- because we're creating a dirt track
14 lead to the racetrack and that will be on -- that path
15 will be on the thoroughbred side of the barn area.

16 CHAIR ISRAEL: As I understand correctly, that path
17 is going to be named Cassidy Way?

18 MR. MCKINZIE: We have a name for it that does have
19 the name Cassidy in it, but it's not Cassidy Way.

20 COMMISSIONER KRIKORIAN: Are you proposing that the
21 thoroughbreds and the quarter horses train at the same
22 time or --

23 MR. MCKINZIE: Well, what our plan is that we are
24 going to have -- we are going to be -- actually, the plan
25 is we're going to be opening with the track a little

1 earlier in the morning because we understand those
2 thoroughbred guys like to get up very early. There will
3 be training hours where there will be thoroughbreds and
4 quarter horses training together. There will be training
5 hours where thoroughbreds will be out there on their own;
6 training hours where quarter horses will just be on their
7 own.

8 Mainly for us, when we do our speed work, gate
9 drills, gate qualifying, and those things, that's -- we
10 always do that at the end of the normal morning training
11 hours anyway, so it's very little change, but we will have
12 some segmented training hours.

13 CHAIR ISRAEL: Steve?

14 COMMISSIONER BENETO: Yeah. Question: This all
15 sounds great. When's this all going to take place?

16 MR. McKINZIE: We are in the process of -- we have
17 our racetrack has already been designed. We're working
18 with the City of Cypress to get the approvals to do it.
19 It's our intention that we can have this racetrack -- new
20 mile racetrack built before the first of the year, and the
21 barns and the 700 --

22 COMMISSIONER BENETO: First of this year?

23 MR. McKINZIE: Yes. The first of 2014.

24 The barns are already there. And we are in the
25 process of renovating some of the barns and we'll be

1 moving our quarter horse guys around so that by the first
2 of the year the stalls and the racetrack are ready.

3 COMMISSIONER KRIKORIAN: I have a question. If we
4 have these dates and you're running on the dirt, is any
5 consideration being given to turf races and how that can
6 be accommodated with, say, Golden Gate and other
7 facilities during those times, or would it just be dirt
8 racing?

9 MR. MCKINZIE: Well, on our racetrack, it would just
10 be dirt racing because we don't have -- we don't have a
11 turf course. As far as how they will accommodate those
12 races elsewhere, I'd have to turn that over to TOC,
13 Santa Anita, and people that have grass races.

14 COMMISSIONER KRIKORIAN: Has it been discussed, Joe?

15 CHAIR ISRAEL: I don't think at Golden Gate you run
16 turf racing in December.

17 MR. MORRIS: Joe Morris, TOC.

18 Golden Gate does run turf races in December.
19 Yeah. They go through the first, second week of January.
20 So December dates will be well. The two weeks in July,
21 there wouldn't be turf racing until Santa Rosa starts, and
22 they do have turf racing.

23 COMMISSIONER BENETO: Mr. Chairman?

24 CHAIR ISRAEL: Yes, sir.

25 COMMISSIONER BENETO: Going back on stabling again,

1 have we got an iron-clad deal with -- on the stabling or
2 is it still up in the air?

3 CHAIR ISRAEL: No. That's -- there were four
4 contingencies.

5 One was short-term stabling and vanning, which
6 we seem to be working our way through.

7 Another was HRTV, TVG, which we succeeded in --
8 seemingly there's a compromise in 2013, but 2014, 2015,
9 we're nowhere.

10 Third was the stable area at Santa Anita,
11 permanent stabling.

12 And the fourth was -- what was it?

13 Oh, and the industry fund. The industry fund,
14 which is a long-term solution. So long-term solution, we
15 seem to be moving towards participation of Del Mar and
16 Santa Anita and San Luis Rey, and perhaps Los Alamitos.

17 The short-term solution involves Fairplex,
18 Hollywood Park now, Santa Anita, and San Luis Rey.

19 So those are the two probably most careless --
20 querulous issues, but we still don't have any agreement on
21 Santa Anita's back stretch definitively, nor do we have
22 one on HRTV and TVG.

23 COMMISSIONER BENETO: Well, Fairplex, is that -- have
24 we got a deal with them or not?

25 VICE CHAIR WINNER: Well, here -- maybe I can help a

1 little bit.

2 What I'm going to recommend to the Board after
3 this discussion, and I think it should be a full
4 discussion because, obviously, your questions are
5 absolutely appropriate, and as the Chairman said, there
6 are some issues that we haven't yet discussed, the back
7 stretch issue among them.

8 What I'm going to recommend to the Board as a
9 motion is that given that we've made so much progress, at
10 least in my view, with the leadership of the Chairman but
11 also the hard work of all the people here and the
12 willingness to work together, which I think is terrific,
13 I'm going to recommend that we put this decision off one
14 more month until our next meeting, not because we're
15 kicking the can but because we're carrying the can. We're
16 actually making some real progress here. And we don't
17 want to mess it up, in my view, on trying to get answers
18 today to questions that are being worked through very
19 carefully by a lot of people with good intentions.

20 So having said that, I would perfectly -- I
21 think it would be perfectly appropriate to go back to the
22 discussion that we've been having. But just to clarify,
23 that's going to be my recommendations, that we give this
24 to September so that we can resolve some of the unresolved
25 issues. We're getting really close. We just want to have

1 a little more time to get --

2 COMMISSIONER BENETO: Kicking the hell out of this
3 can. This can has got to stop kicking.

4 VICE CHAIR WINNER: Right. We all agree.

5 MR. MORRIS: Joe Morris, TOC.

6 I think it's important that we get the Los Al
7 piece onto the racing schedule, if we could. That is
8 on -- they are going forward. I think the whole industry
9 is in favor on that. I think it would important to keep
10 moving forward if we could get those five weeks --

11 CHAIR ISRAEL: Does it have to be a formal request
12 for -- we approved the calendar, a tentative calendar
13 contingent upon all these things at the May meeting?

14 I think you have to file a formal request
15 through the office, get it on the agenda for next week --
16 for next month with the changes specified in the calendars
17 '14 and '15, and then as a matter of course we can then
18 approve it. But we need to see the calendars. We need to
19 have it on the agenda formally because we can't formally
20 approve something that's not itemized on this agenda.

21 COMMISSIONER BENETO: Chairman, can we finalize this
22 thing next meeting, have it all finalized?

23 CHAIR ISRAEL: Well, that's --

24 COMMISSIONER BENETO: We're getting close to the
25 first of the year and I'm starting to get a little bit

1 nervous.

2 VICE CHAIR WINNER: That's the objective and we're
3 all working hard to get to it.

4 CHAIR ISRAEL: I think the one thing I know that Alan
5 and Joe will completely agree on is that we've all been
6 working on this pretty hard, and nobody's been shirking
7 their responsibility, certainly the last few weeks. There
8 may have been disagreements about who was communicating
9 with who previously but we're actually moving forward now.
10 So we're not pass -- I'm sure there's acrimony behind
11 closed doors but at least we're, you know, all singing a
12 happy song.

13 COMMISSIONER KRIKORIAN: Mr. Chairman.

14 CHAIR ISRAEL: Yes, sir.

15 COMMISSIONER KRIKORIAN: I would agree with Chuck's
16 recommendation. And I'm just wondering if before we pass
17 this on until September, should we spend any time or more
18 time today talking about what's being proposed for stalls
19 at the different locations --

20 CHAIR ISRAEL: Sure.

21 COMMISSIONER KRIKORIAN: -- or do we want to wait
22 until, you know, September and give them -- these folks
23 more time to come back --

24 CHAIR ISRAEL: I think we can talk about what we
25 know. What we know is that Hollywood Park agreed

1 yesterday to stay open through the month of January, and
2 Hollywood Park seems to think it's going to have an
3 agreement with Dr. Allred in some way. And, you know, I
4 think that's between Hollywood Park and Dr. Allred, but I
5 would have no problem approving that.

6 COMMISSIONER ROSENBERG: Approving what?

7 CHAIR ISRAEL: Hollywood Park's involvement in the --
8 one of those thoroughbred meets at Los Alamitos, you know,
9 the last three weeks -- the December meet or the -- in two
10 weeks.

11 We don't have to deal with them. That's their
12 attorney.

13 And then -- and then Fairplex, Los Alamitos, and
14 San Luis Rey.

15 Scott, can you give us a progress report on your
16 renovations?

17 MR. DARUTY: Yeah. Absolutely.

18 So back at the May meeting when these dates
19 were --

20 CHAIR ISRAEL: Identify yourself.

21 MR. DARUTY: Scott Daruty on behalf of Santa Anita
22 and the Stronach Group.

23 Back in May, when the dates were conditionally
24 granted by the CHRB, we took that as the starter's pistol
25 to get going on the renovations at San Luis Rey Downs, and

1 in reliance on those dates and the new racing schedule
2 that we had all come up with, we began promptly on the
3 renovations. They're well underway and approaching
4 completion. We're targeting a December opening.

5 The main track itself has undergone renovation
6 with fresh material added and mixed in under the direction
7 of Dr. Nick Peterson.

8 A new safety rail has been installed in the
9 entire one-mile circumference of the track at a cost of
10 roughly \$400,000, but the old safety rail we felt was not
11 adequate and that was very important to us so we upgraded
12 that.

13 All of the barns are undergoing complete
14 renovation. The roofs are being repaired, damaged wood
15 replaced, and power-washed and painted. That process is
16 well underway. I think I mentioned earlier on the agenda,
17 we've already spent over two and a half million dollars
18 since you guys gave the go-ahead in May or gave the
19 conditional dates in May.

20 When the facility opens in December, there will
21 be approximately 100 housing units on site. Those units
22 are being thoroughly cleaned, renovated, brought up to
23 today's standards.

24 CHAIR ISRAEL: They can each house how many people?

25 MR. DARUTY: One hundred people total.

1 CHAIR ISRAEL: One hundred people?

2 MR. DARUTY: Yes.

3 We also anticipate on opening coming to this
4 Board and asking for approval as a mini-satellite. The
5 mini-satellite facility will be located in the existing
6 8,000-square-foot building, which would be upgraded and
7 have new amenities added. The mini-satellite would be
8 open to the public but we suspect a large part of the
9 wagering patrons will be horsemen.

10 As for the turf course, rumors of its --

11 COMMISSIONER BENETO: Just clarify --

12 MR. DARUTY: Yes.

13 COMMISSIONER BENETO: Mini-satellite on the grounds
14 for racetrack in addition to the track being open --

15 CHAIR ISRAEL: Yes.

16 MR. DARUTY: Yeah. As for the turf course, there
17 have been rumors circulating that it is no longer going to
18 happen. Those are completely false. We have the plans
19 drawn for a seven furlong, 40-foot-wide turf course.

20 We have encountered some unexpected engineering
21 problems, mostly related to drainage at the site so that
22 has caused a delay in the construction and it may
23 potentially require a permit. However, the Stronach Group
24 remains 100 percent committed to the construction of the
25 turf course there. We expect to work through the

1 engineering and permitting issues in the next 60 to 90
2 days, at which time the turf course construction can
3 start.

4 We have every intention of moving forward and
5 getting this thing open, as we talked about.

6 CHAIR ISRAEL: Brad?

7 MR. MCKINZIE: I just want to -- I think it's
8 important to clarify something on the Los Alamitos and
9 Hollywood Park, as Mr. Beneto said. It's getting late but
10 I think we need to put everything right on the table.

11 Dr. Allred wanted me to be very specific about
12 this with this Board. Currently has no intention of
13 reaching an agreement with anyone to be a licensee for
14 operating thoroughbred racing at Los Alamitos. His
15 intention is that Los Alamitos race course will operate
16 thoroughbred racing at Los Alamitos.

17 However, since the ability of Hollywood Park now
18 to stay open past the first of the year -- if the ability
19 of Hollywood Park to stay open as a training center for 30
20 days and beyond 30 days were somehow contingent upon their
21 ability to be the licensee of a thoroughbred meet at Los
22 Alamitos, and if this industry in unison decided that that
23 was -- Hollywood Park being opened longer as a training
24 facility was vital to the future of our industry and this
25 industry came to him and said, "Look, will you do this in

1 order to allow Hollywood Park to stay open longer as a
2 training facility?" he would then consider having someone
3 come in, such as Hollywood Park, and be the licensee of a
4 thoroughbred meet with the understanding that they
5 would -- whoever it is would be just the licensee and the
6 meet, in fact, would be operated under the management of
7 Los Alamitos and their personnel.

8 So he would consider it if it was contingent
9 upon Hollywood Park being able to stay open longer as a
10 training center, which this industry felt was vital for
11 the future of the industry.

12 CHAIR ISRAEL: Okay. That's an extremely generous
13 offer, and I think I can speak -- I'm going to take the
14 liberty of speaking for everybody since, you know, Chuck
15 and I did speak to everybody yesterday. Just a couple --
16 we missed a couple of you -- I don't know how -- and say
17 that's an incredibly generous offer and please ask Dr.
18 Allred to go ahead and start considering it.

19 I think we'd all be in agreement that the longer
20 Hollywood is open as a training facility the healthier the
21 business will be.

22 COMMISSIONER ROSENBERG: I think we need some
23 clarification. The specifics of an agreement to have Los
24 Alamitos operate a thoroughbred meet -- meeting by way of
25 a license from the Hollywood -- the land company, whatever

1 it's called, is there an economic impact? Is there a
2 negotiation? Has he asked -- have they asked for a
3 percentage of profits or what have they asked for
4 specifically? Are they holding those -- trading off this
5 deal to stay open in exchange for just the title, or is
6 there an economic involved?

7 MR. MCKINZIE: There are -- I mean, there are
8 economic benefits for Hollywood Park to continue to have
9 their company operate. They have not asked and won't get
10 any financial consideration for us.

11 CHAIR ISRAEL: It doesn't inure to the detriment of
12 anybody. They're just beneficial to Hollywood Park.

13 COMMISSIONER BENETO: Mr. Chairman?

14 CHAIR ISRAEL: Yes, sir.

15 COMMISSIONER BENETO: When we are going to cut this
16 cord? We've been twisting our tail for -- since I've been
17 on this Board about closing this and that. Let's get on
18 with the program here and do our deal. Forget Hollywood
19 Park. I mean, if they want to be generous, let us train
20 there for 30 days but, you know, this is tail wagging the
21 dog, and I don't like it.

22 (Clapping from audience.)

23 VICE CHAIR WINNER: Well, I was just going to say
24 my -- in my opinion -- and I'm not disagreeing with what
25 you said, Commissioner Beneto, but in my opinion, keeping

1 Hollywood Park open as a training facility is, first of
2 all, something that we have talked about and talked to
3 them about for some time. And it isn't until yesterday
4 when we received an agreement to do that because we feel
5 that it is for the short-term, at least -- and we're only
6 talking about for the short-term and as a training
7 facility, an option that everyone -- I believe at least
8 everyone that the Chairman and I spoke with yesterday of
9 the folks who were seated at this table and some others,
10 was the solution that was -- that was positively received
11 and it, in fact, it helps bridge a gap that is in the best
12 interest of racing. So our view in trying to negotiate or
13 help negotiate these agreements was that this was the
14 right approach.

15 COMMISSIONER BENETO: But you only talked one month.

16 VICE CHAIR WINNER: No. We're talking a minimum of
17 one month.

18 CHAIR ISRAEL: A minimum of one month, but it could
19 take us all the way through what we need in 2014. It
20 could. And --

21 COMMISSIONER BENETO: May not let us train there
22 at all? Fourteen? Is that what you're saying?

23 CHAIR ISRAEL: Huh? Well, the population isn't going
24 to explode. People will still have the option, if they
25 want, of moving to San Luis Rey when it opens, or Los

1 Alamitos when it opens or -- well, Fairplex, if it's
2 needed.

3 And -- but if Hollywood -- look, people don't
4 want to be displaced. People don't like change. I mean,
5 that's what part of the problem is here. So if you can
6 keep training where you're training and run where you --
7 at Santa Anita and Del Mar and for three weeks at
8 Fairplex, you're going to see a lot of trainers say that's
9 the preferable thing to do.

10 COMMISSIONER CHOPER: You know, I think you've made
11 great progress on a very contentious issue, and I think we
12 ought to kick whatever we got, maybe we get a new can, but
13 for one that will not the rust in a month. And let's hope
14 and -- you know, we should know there are no guarantees to
15 that either but let's hope that this can be done in time
16 for some resolution. All the parts can be, you know, fit
17 together by the September meeting.

18 COMMISSIONER ROSENBERG: I have a question of
19 Mr. Chairman and the Vice Chairman.

20 As long as there's no economic benefit to
21 Hollywood Park in terms of Los Alamitos --

22 CHAIR ISRAEL: There is an economic benefit.

23 COMMISSIONER ROSENBERG: There may be some benefits
24 to them that relate to tax benefits on keeping their
25 company going; however, are there any other -- does anyone

1 know, are there any other benefits by them being
2 categorized as running a race meeting?

3 As I recall, there's some -- this whole
4 statutory thing on mini-satellites, it affects
5 mini-satellites and other rights. You sure there's no
6 other benefit to them, other than benefiting their company
7 from a tax standpoint?

8 CHAIR ISRAEL: I don't think so. There's nothing
9 that we know that directly relates to satellites or
10 mini-satellites.

11 COMMISSIONER ROSENBERG: Or to racing?

12 CHAIR ISRAEL: Or to racing. They're not staying
13 open as a racing facility, only to trainers.

14 COMMISSIONER ROSENBERG: Oh. The licenses are
15 therefore deemed to be operating -- they're deemed to be
16 operating a race meeting. It's a license -- their
17 licensing. I just want to be sure, you know --

18 CHAIR ISRAEL: First of all, the license --

19 COMMISSIONER ROSENBERG: Well --

20 CHAIR ISRAEL: The license is not before us so it's
21 not appropriate to be discussing it in detail, and there's
22 no one here to speak for them so it's --

23 COMMISSIONER ROSENBERG: Well, we should find that
24 out.

25 CHAIR ISRAEL: Well, we will. I mean, obviously,

1 they're going to have to come before us and request a
2 license and we will address the specific issues at that
3 time.

4 VICE CHAIR WINNER: It was not raised in the
5 discussion.

6 COMMISSIONER KRIKORIAN: Well, question: Los
7 Alamitos isn't depending on Hollywood Park getting
8 involved in any at all, are they?

9 CHAIR ISRAEL: No. Their participation is not
10 contingent upon --

11 COMMISSIONER KRIKORIAN: So we don't need to -- we
12 don't need to be aware of --

13 COMMISSIONER ROSENBERG: Because Hollywood Park
14 refused to stay open unless they get this from Los
15 Alamitos.

16 COMMISSIONER KRIKORIAN: Okay. So you're saying
17 Hollywood Park --

18 CHAIR ISRAEL: That's one of the issues --

19 VICE CHAIR WINNER: That's one of the issues --

20 CHAIR ISRAEL: -- that we have to keep addressing.

21 COMMISSIONER KRIKORIAN: Okay.

22 VICE CHAIR WINNER: -- that we have to resolve in
23 this 30-day period is that specific issue.

24 And I think that as the Chairman said, I think
25 Brad's point about Dr. Allred is very gracious, and

1 whether or not that can be worked out, I mean, that's
2 between you and them. What we were asked to do was to
3 approve it if it is worked out.

4 COMMISSIONER KRIKORIAN: Okay. Well, since
5 Hollywood Park said they were going to close in December,
6 you know, what's plan B? I mean, if Hollywood Park -- if
7 Commissioner Beneto is right.

8 VICE CHAIR WINNER: Okay. So that raises the
9 question of Fairplex, among others.

10 CHAIR ISRAEL: And that's plan B.

11 VICE CHAIR WINNER: And that's plan B and it's also
12 part of plan A because the question of Fairplex is -- and
13 you correct me if I'm wrong -- my understanding is that
14 you've been given a pass more or less of the water issue
15 for 2014; is that correct?

16 MR. SEDER: Commissioner, Mike Seder, Fairplex.

17 Correct. We have an existing permit that's been
18 extended administratively through '14, which allows us the
19 flexibility to be open during '14 for training. It
20 doesn't have a stop or a start period and it doesn't cap
21 us at any number of horses in particular so we have
22 flexibility in '14.

23 VICE CHAIR WINNER: So, in other words, if Hollywood
24 Park were open, let's say, just in the month of January
25 and there was a need, we could go to Fairplex in the month

1 of February for six months or whatever it may be,
2 et cetera, et cetera; is that correct?

3 MR. SEDER: Well, I would -- you know, Fairplex can
4 be available. We're going to need notice. We're going to
5 need opportunity --

6 CHAIR ISRAEL: You would have plenty of notice.

7 VICE CHAIR WINNER: Yeah. You would have plenty
8 of --

9 CHAIR ISRAEL: We wouldn't -- nobody's going to call
10 you up on January 17th and say, "Hi. We're going to be
11 there on February 1st." That's not going to happen. This
12 will be resolved before then.

13 But plan B is on February 1st, if Hollywood Park
14 is no longer a training facility the horses can be
15 dispersed to San Luis Rey Downs, Los Alamitos, and
16 Fairplex, and the owners and the trainers are in agreement
17 that Fairplex -- they can afford to pay for Fairplex for
18 up to six months, as needed.

19 Did you hear that, George? Okay. Up to six
20 months as is needed.

21 COMMISSIONER BENETO: I think -- I'm getting my -- we
22 shouldn't be banking on Hollywood for training after --

23 CHAIR ISRAEL: We're not. We have a plan. There are
24 two plans.

25 COMMISSIONER BENETO: Well, let's do the plan to

1 eliminate Hollywood because they said they're going to be
2 gone, and you guys are putting a lot of money in
3 Los Alamitos. You guys made a commitment; is that
4 correct?

5 MR. McKINZIE: Yes.

6 COMMISSIONER BENETO: And you guys are going forward?

7 MR. McKINZIE: Yes.

8 COMMISSIONER BENETO: We can go to Fairplex any time
9 we want to, as long as we've got money; right?

10 MR. McKINZIE: Maybe. If it's available.

11 COMMISSIONER BENETO: Hell, the plan's done.

12 (Clapping from the audience.)

13 COMMISSIONER ROSENBERG: What does CTT want?

14 MR. CASSIDY: Jim Cassidy, president CTT.

15 We still -- you know, we -- it's great to have
16 Hollywood but we can't depend on it. It's much like the
17 Commissioner says, it's -- so we want the Fairplex for
18 ourselves, San Luis Rey, all intact. Whether it be for
19 six months or three months or five months, it doesn't
20 matter. Without interruption. And then we have to work
21 on trying to keep Santa Anita open this summer, which they
22 claim they want to close, and if they close, we're --
23 during the summer, during Del Mar -- I don't know. I
24 guess we're going to have to tie some horses up on the
25 road or something.

1 MR. DARUTY: So after meet for Santa Anita the plan
2 that has always been discussed, at least before this Board
3 and the men sitting at this table, is that Santa Anita is
4 to be open for year-round training, with the exception of
5 during the seven-week Del Mar summer meet when it would be
6 closed for track meet and its upgrades, safety work, that
7 sort of thing.

8 CHAIR ISRAEL: If we have three alternative sites
9 open or if Hollywood's still open --

10 MR. CASSIDY: Well, as long as we have the three --
11 you know, what's happening -- what's happening,
12 Commissioner, is you're saying Hollywood Park, we go to
13 Hollywood Park for the month of January, and then anybody
14 else can go to San Luis Rey or Los Alamitos. And
15 erratically we're stepping on Fairplex's throat again
16 because most of the people that I speak with want to go to
17 go Fairplex.

18 CHAIR ISRAEL: But nobody has to go anywhere if
19 Hollywood Park is open.

20 MR. CASSIDY: Well, that's right. But it's only --
21 you're talking about four weeks, and people have to make
22 plans. There has to be some decisions made before --

23 CHAIR ISRAEL: Those decisions could be made by
24 September meeting.

25 VICE CHAIR WINNER: Jim, that's the point that we're

1 trying to make. Give us the 30 days to try to this work
2 out, then you'll know.

3 CHAIR ISRAEL: Because as I understand it,
4 everybody's preference is to not have to move at all.
5 Hollywood Park is -- you know, is a very adequate -- a
6 more than adequate training facility.

7 COMMISSIONER ROSENBERG: What do you mean, not move
8 at all?

9 CHAIR ISRAEL: If Hollywood Park stays open --

10 COMMISSIONER ROSENBERG: It will close eventually
11 so --

12 CHAIR ISRAEL: Eventually. But we have these
13 alternatives and we have people working on the long-term
14 solution so it's not like there aren't alternatives
15 available.

16 COMMISSIONER BENETO: Mr. Chairman, you're jamming
17 Hollywood down our throats, and it's not right.

18 CHAIR ISRAEL: No, first of all, we're not jamming --

19 COMMISSIONER CHOPER: Can I say this? We've
20 delegated this very difficult discussion, I'll call it,
21 with, you know, more parties that we have seats for so I
22 just think we've got to -- if they ask us for another
23 month, we got to give them another month, even if it will
24 be awfully nice if we didn't have to give them another
25 month.

1 CHAIR ISRAEL: It's supposed to settled in April or
2 May --

3 COMMISSIONER CHOPER: There is a -- no. There's a --
4 you can't let the best be the enemy of what's necessary.

5 CHAIR ISRAEL: Bill Casey said when we was running
6 SS, perfect -- perfect --

7 COMMISSIONER CHOPER: We're giving it an extra month
8 for the Chairman and the Vice Chairman to work this thing
9 out.

10 Am I right about that?

11 CHAIR ISRAEL: That's it. That's all we need.

12 COMMISSIONER BENETO: So September, we're going to
13 have a done deal. Okay. No more discussions after that.

14 CHAIR ISRAEL: No.

15 MR. BALCH: May I ask a question, please?

16 CHAIR ISRAEL: Alan Balch would like to say
17 something.

18 MR. BALCH: I had my hand up first, I think. That's
19 the only reason I'm getting called on.

20 To follow on with what -- Alan Balch, CTT.

21 To follow on what Mr. Cassidy said and in the
22 interest of candor, just so there's no misunderstanding,
23 the Hollywood Park extension, let's call it that, of a
24 month is very important, if it can be achieved because
25 everybody's already there. And to have that support

1 Santa Anita at the start of the Santa Anita meeting, with
2 as little disruption in the racing program as possible, if
3 all the investigations work out, would be, we think, a
4 good thing.

5 Now, within the 30 days coming up, there are a
6 lot of other issues that have to be resolved. Foremost,
7 in our mind, as speaking for the CTT and all the horsemen
8 who are here this morning, is that whenever Hollywood does
9 close, there can be no interruption in the availability of
10 Pomona, Los Alamitos, and San Luis Rey Downs. No
11 interruption there. No steering or forcing of people to
12 one place or the other because our constituents believe
13 very strongly that their owners and the trainers who train
14 and have the care and custody of these horses need to make
15 the decision on the best thing for their program, and that
16 capacity is important.

17 I have one more point. And I think, again, in
18 the interest of candor, San Luis Rey Downs -- there are
19 many, many, many other things, as I think that
20 Commissioner Winner and Chairman Israel have already said,
21 we can't discuss them all here today. There are all kinds
22 of other things that have to be done but there are two
23 more in particular.

24 Everybody's cost picture -- not just Fairplex
25 but everybody's cost picture has got to be looked at,

1 scrutinized carefully. Isn't that part of this 30-day
2 period?

3 CHAIR ISRAEL: Yes.

4 MR. BALCH: Everybody's. Not just Fairplex. Because
5 none of us at this table want to see any money wasted.

6 Number 2, we do have to have further discussions
7 with Santa Anita, not just about the race meeting
8 agreement's coming up, but about the housing for back
9 stretch workers there. Because if there are, say,
10 495 horses, based on current staffing we probably have
11 123 grooms and 100 hot walkers for a total of 223 people.
12 We --

13 CHAIR ISRAEL: This is at San Luis Rey?

14 MR. BALCH: Correct.

15 And we heard the hundred just mentioned really
16 for the first time, in our presence, anyway. So --
17 because all the upgrades are extremely important but we
18 can't forget about back stretch employees.

19 And then the thing that Jim has raised, which I
20 know we have seen certain projections that have
21 Santa Anita closed during Del Mar, but as part of this
22 overall picture -- and this may be the hardest thing to
23 conquer in the short run, meaning the next 30 days to the
24 next year, is how do we afford the go-forward plan?
25 Because we do have to count all these numbers. We do have

1 to make sure we have capacity. We do have to serve the
2 needs, not just of Del Mar but of the lengthy meeting at
3 Santa Anita. And that may require, in our opinion,
4 Santa Anita being open during Del Mar because what hasn't
5 been discussed here is the capacity restrictions at Del
6 Mar.

7 The plan that's on the table that shows Del
8 Mar -- during Del Mar's racing that Santa Anita be closed
9 would force, I think, 22- to 2400 head here at Del Mar.

10 You heard a long discussion about fire marshals
11 and everything else earlier in this meeting. That has to
12 be analyzed very carefully because Del Mar is now the
13 premier meeting. Our horse supply peaks there. They have
14 been very successful, as you all know, in drawing hundreds
15 of additional horses from other parts of the country for
16 this meeting.

17 So all those are just things that I thought we
18 should make clear that they're part of everything you're
19 going to be discussing and we're going to be discussing,
20 all of us, in the next 30 days.

21 VICE CHAIR WINNER: Let me just -- if I may, Joe?
22 Joe? The issue of Hollywood Park remaining open has been
23 raised by Commissioner Beneto and others. We just
24 heard Alan's position that the trainers would like it to
25 stay open. What about yours?

1 MR. MORRIS: Joe Morris, TOC.

2 You know, again, it would be the place with the
3 least disruption. People wouldn't have to move. We would
4 be in favor of Hollywood Park, not just for the month, but
5 I would like to see them open for six months. That would
6 kind of end the whole swell.

7 COMMISSIONER BENETO: Joe, okay, so it's open six
8 months -- now, you just mentioned six months longer.

9 What's that going to do? You got to cut the pie
10 sometime. You can't sit here and say, "Oh, geez. We're
11 going" --

12 MR. MORRIS: The TOC still contends -- and we'd only
13 get this wide open again -- but we contend there's enough
14 stalls within the plan that the industry can't afford.
15 There is a swell time, and we've been looking at
16 Fairplex over the last few days to be able to go there to
17 accommodate the swell time.

18 This just alleviates the swell. It alleviates
19 the fear of change and the concern that many of the
20 trainers have. And this would get us through that period.
21 It would get Santa Anita through their big meet. And it
22 would accommodate the horses through the time when there's
23 a swell.

24 We talk about closing Santa Anita. They're
25 still closing Santa Anita's barn area during Del Mar.

1 There's still 2,000 stalls at Del Mar, there'd be 700
2 stalls at Los Al, and there's be 800 in San Luis. That's
3 3500 horses.

4 CHAIR ISRAEL: We don't know there's going to be 800
5 in San Luis. We know there's 495. We also know that
6 they'd like to build an additional 300 stalls but
7 permitting is required and everything else, and then
8 construction so we can't take that as a given.

9 What we can take as a given is that we do have
10 between 500 and 1000 stalls as well at Fairplex. And --
11 and so we have coverage for that period of time.

12 VICE CHAIR WINNER: Mr. Chairman, could I move
13 that --

14 CHAIR ISRAEL: You can move whatever you want except
15 off the Board.

16 VICE CHAIR WINNER: Can I move --

17 CHAIR ISRAEL: Wait. Scott would like to say
18 something.

19 MR. DARUTY: Scott Daruty on behalf of Santa Anita
20 Park.

21 I just have a question because I sense the
22 momentum building here for a one-month postponement of a
23 decision on the dates. And what I'm trying to understand
24 is exactly the impact of that postponement on -- on the
25 dates that were awarded back in May. Those dates were

1 awarded conditionally but a lot of people have been
2 relying on that in terms of spending money in San Luis Rey
3 or Los Alamitos or at various other places.

4 So is the -- is the purpose of the postponement,
5 A, to wait another month to try to resolve the existing
6 conditions, or is there some thought or plan that
7 additional conditions would be imposed or additional
8 changes to racing dates might be imposed?

9 CHAIR ISRAEL: The only changes to the racing dates
10 that I foresee are the three weeks at Los Alamitos in
11 December and two weeks at Los Alamitos in July that were
12 not -- are not in the current calendars for 2014 and 2015.

13 VICE CHAIR WINNER: Well, I don't think there's any
14 objection.

15 CHAIR ISRAEL: Okay.

16 VICE CHAIR WINNER: Those are agreed to --

17 CHAIR ISRAEL: Those are the only -- I don't foresee
18 any change in your calendar from December to July or Del
19 Mar's calendars in July, August, and September, and then
20 again in November. I just don't foresee any, other than
21 there were some built-in contingencies there for the
22 Breeders' Cup that everybody pretty much agreed to.

23 So the contingencies that need to be dealt with
24 are the ones that have existed since May: The stabling of
25 any short term, the industry fund, or which is basically

1 the long-term solution being presented that now maybe is
2 clear because Del Mar has an interest in participating in
3 that year round, the TVG HRTV piece, which has not been
4 resolved anyway and -- I always forget one.

5 VICE CHAIR WINNER: Long term, the back stretch --

6 CHAIR ISRAEL: Oh, the back stretch at Santa Anita,
7 which is very important, frankly, to the Board, as well as
8 to CTT and TOC. We'd like -- you know, I know there are
9 some various complaints about what you were mulling
10 over corporately that you can't discuss, but at some point
11 they have to be laid before us so we know what you plan to
12 do to improve the back stretch.

13 MR. DARUTY: Okay. Thank you. That answers my
14 question.

15 COMMISSIONER BENETO: Mr. Chairman, I got a question
16 for you. Getting back to Hollywood makes me very nervous.

17 I think we start stabling there January,
18 February, and March, and they say, "Oh, by the way, we
19 decided we're not going to develop this property. We want
20 racing dates." What are we going to do?

21 CHAIR ISRAEL: That's up to the Board.

22 COMMISSIONER BENETO: And all these guys spent all
23 this money preparing for --

24 CHAIR ISRAEL: Steve, they don't have to be granted
25 racing. The racing dates are owned by the State of

1 California. They're not owned by any of the racers.

2 COMMISSIONER BENETO: I know that.

3 CHAIR ISRAEL: They've voluntarily foregone their
4 racing dates. What they're willing to do, as an act of
5 good faith, is stay open as a training facility until --
6 they've asked out of the racing business but they're
7 willing to stay open as a training facility, which --
8 which relieves a lot of the pressure that --

9 VICE CHAIR WINNER: Let me just say --

10 COMMISSIONER BENETO: Yeah. But Cassidy earlier said
11 that it would be better to go -- you said that.

12 CHAIR ISRAEL: Yes. But --

13 COMMISSIONER BENETO: And then your buddy next door
14 said just the opposite.

15 VICE CHAIR WINNER: Look, we did not -- just a
16 second. We did not -- it isn't as though Hollywood Park
17 came to us and asked to stay open for another 30 days.
18 After the various discussions we had, we went to them and
19 asked them to stay open -- well, in your opinion. I don't
20 think it was the opinion of most of the people involved in
21 the discussion.

22 MR. CASSIDY: Could I ask a question?

23 CHAIR ISRAEL: Yes.

24 MR. CASSIDY: Jim Cassidy, CTT.

25 We have a problem paying Fairplex \$13,000 a day

1 because they say it was too much money, but yet nobody
2 argues about paying 17,000, 18,000 to Hollywood Park. I
3 just don't get it. I just don't understand.

4 CHAIR ISRAEL: Well, we're going to take a hard look
5 at all of these numbers. That's part of this whole
6 process.

7 You may remember, stabling/vanning fund has --
8 through legal issues, has to be -- and the long-term is
9 going to have to be reconfigured. The question was --
10 their request to the stay that was granted so they can
11 answer the charges that were made in the referees'
12 decision that was adopted by the board, but eventually
13 this is going to play out, and the stabling/vanning fund
14 is going to come under some significant scrutiny. So
15 that's -- everybody is going to be looked at very closely.

16 Fairplex isn't being singled out, you know.
17 San Luis Rey is going to be looked at. Los Alamitos is
18 going to be looked at. Hollywood Park, Santa Anita, when
19 it's an off-track facility, and Del Mar, when it's an
20 off-track facility, all the costs are going to be examined
21 on a case-by-case line item basis by people, by auditors,
22 by the Board, and by the members of the stabling/vanning
23 committee.

24 COMMISSIONER KRIKORIAN: I have -- I think that in
25 order for us to make intelligent decisions, what we're

1 going to need, to your point, is we're going to need a
2 proposal from each stabling facility as to exactly how
3 many stalls they're providing, exactly what the costs are,
4 okay, exactly how long they're able to commit for, and so
5 forth. And I think we also need clarification on San Luis
6 Rey, what is it that the Board has committed to San Luis
7 Rey for stabling and vanning. Is it talking about that we
8 already have a contract with them?

9 CHAIR ISRAEL: Actually, the Board doesn't commit.
10 We don't draw up the contract. The stabling and vanning
11 committee --

12 COMMISSIONER KRIKORIAN: Or that anyone is committed?

13 CHAIR ISRAEL: Stabling -- Bob, do we have -- what is
14 our statutory entitlement as it relates to stabling and
15 vanning requirement --

16 MR. MILLER: We just oversee the -- Robert Miller,
17 Counsel for the California Horse Racing Board.

18 We oversee the fund.

19 CHAIR ISRAEL: As -- on an audit basis or --

20 MR. MILLER: On an audit basis, on the expenditures.
21 I mean, it's money under your jurisdiction and you're
22 responsible for how it's spent.

23 CHAIR ISRAEL: So we have a right to request
24 everybody's budget going forward?

25 MR. MILLER: Yes.

1 CHAIR ISRAEL: Okay. No previous Board's ever asked
2 for it. Consider yourself asked.

3 Joe, we want to see -- we want to see Fairplex,
4 Hollywood, Santa Anita, Del Mar, Los Alamitos, and
5 San Luis Rey Downs' proposals, broken down on a line item
6 basis.

7 COMMISSIONER KRIKORIAN: That's what you need --

8 (Clapping from the audience.)

9 MR. MILLER: We receive it on a confidential basis
10 now.

11 CHAIR ISRAEL: Right.

12 MR. MILLER: Yeah. This is not a public record.

13 CHAIR ISRAEL: How do we discuss that -- as a board,
14 how do we discuss that then when we're questioning the
15 members of the stabling/vanning committee and the various
16 entities involved?

17 MR. MILLER: You cannot -- it's just for your own,
18 you know, ability to review it because you're responsible
19 for the fund. I'm just -- we're talking about the
20 stabling and vanning fund. But, you know, you can't
21 release that information publically.

22 CHAIR ISRAEL: But as for signing -- as for
23 agreements, the agreements are between the stabling and
24 vanning committee and the various private entities.
25 Not -- not -- the Board does not have an involvement in

1 that -- in those contracts.

2 MR. MILLER: No.

3 CHAIR ISRAEL: We don't have any involvement in those
4 contracts. What we have is the power to license the
5 people who engage in the contracts so we can require them
6 to have a contract in order to get a license.

7 COMMISSIONER ROSENBERG: We do have some oversight of
8 some stabling and vanning fund, as I recall --

9 CHAIR ISRAEL: And we have audit rights. That's why
10 we --

11 MR. MILLER: And that is a public record but you were
12 talking about individual track- --

13 COMMISSIONER ROSENBERG: Not just audit rights. We
14 have other rights, as I recall, that relate to disputes,
15 various disputes.

16 CHAIR ISRAEL: Yes.

17 COMMISSIONER ROSENBERG: So that would be pretty
18 broad, No. 1.

19 Number 2, we, for years, have received
20 financials from the licensees, and we've openly in open
21 meetings discussed and asked questions about those
22 financials. So even though they're submitted on a
23 confidential basis, I mean, by their willing to answer
24 those questions to me, they make -- it doesn't become as
25 confidential so I think we can get into these issues.

1 MR. MILLER: They voluntarily answer those questions.

2 COMMISSIONER ROSENBERG: Yeah. I'm sure they'd be
3 willing to do that, if they want a license in the future.

4 CHAIR ISRAEL: Well, I personally wonder, as public
5 entities, you probably have to -- Del Mar, do you have to
6 make those budgets public? You never had to? What
7 about Fairplex?

8 MR. HENWOOD: Del Mar doesn't do stabling -- through
9 the stabling and vanning.

10 CHAIR ISRAEL: That's right.

11 MR. HENWOOD: Santa Anita --

12 CHAIR ISRAEL: But if you become an off-track site,
13 then you -- what about -- what about Fairplex as an
14 off-track site? Because you're a quasi public agency.

15 MR. HENWOOD: Well, we're -- no. We're actually a
16 private organization.

17 CHAIR ISRAEL: I understand. But you're operating a
18 public license.

19 MR. HENWOOD: Well, we have a long-term lease.
20 Again, we're a nonprofit so we certainly report as a
21 nonprofit. It's not broken down into, you know, finite
22 training. But we've provided all of our information.

23 CHAIR ISRAEL: Okay.

24 MR. HENWOOD: We've done it regularly. We've done it
25 willingly. It's been open and available for anybody to

1 look at. And we will continue to do that.

2 CHAIR ISRAEL: Okay. Well, we never saw it until
3 yesterday, to be honest with you.

4 VICE CHAIR WINNER: Can I make my motion?

5 CHAIR ISRAEL: Yes, please.

6 VICE CHAIR WINNER: Okay. I move that we put this
7 item off until the September meeting, and that -- and that
8 the various associations and organizations that are here
9 today continue to hopefully work together going forward
10 and under the leadership of our -- whatever we can be --

11 COMMISSIONER CHOPER: Second.

12 CHAIR ISRAEL: Motion is moved and seconded. All in
13 favor.

14 Opposed?

15 Motion passes.

16 Thank you for your patience and your
17 forbearance.

18 MR. MILLER: Mr. Chairman, could we take a short
19 break? I'm just concerned about the court reporter.

20 CHAIR ISRAEL: Okay. We will take a five-minute
21 break. So we will reconvene at 12:30.

22 (A break was taken from 12:25 p.m.
23 to 12:36 p.m.)

24 CHAIR ISRAEL: All right. The next item on the
25 agenda is Item 10:

1 Discussion and action by the Board regarding a
2 presentation from the Thoroughbred Racing Protective
3 Bureau, TRPB, and its tote system.

4 Introduce yourselves and put your names on the
5 record, get started.

6 MR. LINNELL: Thank you. J. Curtis Linnell, Director
7 of Wagering Analysis, TRPB.

8 I've asked Bryan Wayte, the director of
9 Pari-Mutuel, Golden Gate --

10 CHAIR ISRAEL: You need to speak, Bryan, so they can
11 hear your voice and they recognize it on tape.

12 MR. WAYTE: This is Bryan Wayte. I am the director
13 of pari-mutuel operations at Golden Gate Fields.

14 CHAIR ISRAEL: Thank you.

15 COMMISSIONER ROSENBERG: Okay. And general manager
16 of NOTWINC.

17 MR. WAYTE: And general manager of NOTWINC as well.
18 Thank you.

19 CHAIR ISRAEL: Please go ahead with your report.

20 MR. LINNELL: Okay. Great.

21 I promised Assistant Executive Director Wagner
22 and her staff that I would keep this to 10 minutes, so I'm
23 going to fly through this presentation.

24 Chairman, Board, thank you very much for
25 inviting us --

1 CHAIR ISRAEL: Don't thank me. Keep going. Go on to
2 the stuff.

3 MR. LINNELL: It's like following the future race so
4 we'll get on to the last race super quick.

5 Okay. Tote security system, we've been -- TRPB,
6 and a number of industry vendors have been working on this
7 project for a considerable amount of time.

8 We thought it was appropriate, and Assistant
9 Executive Director Wagner thought it was appropriate for
10 us to update the Board where we are at this point.

11 The tote security system is something that has
12 been endorsed -- I'm getting a bit of an echo here. I'm
13 not sure why -- endorsed and passed by the TRA Board of
14 Directors, the Thoroughbred Racing Association.

15 There are 41 active member tracks in the TRA.
16 All are under contract with tote security system when it
17 rolls in.

18 Let me quickly, in my nine minutes left here,
19 talk about the security features, the services, and the
20 impact on the industry.

21 There's three and only three security features
22 for the tote security system.

23 The first feature of the tote security system is
24 to accurately identify all guests coming in to a host
25 track.

1 Currently, what we have now is a system of ITSP
2 links, a protocol system, which identifies totes that come
3 into a host track prior to an event taking place.

4 What the security system proposes to do with our
5 vendors is to identify all guest associations well before
6 those guest associations start betting on a host track.

7 In most regulatory jurisdictions, there's no
8 requirements to say, a day later, please identify who's
9 been on to you, on to your track. Typically, a regulation
10 is structured that you have to identify all participants
11 prior to them taking bets, and this seeks to do this.

12 And we have the four major tote companies in
13 North America's vendors for all guest associations, and
14 what those vendors do is provide to us details about
15 everyone who intends to bet on a race track.

16 Let's take, for example, Golden Gate. As tote
17 systems get mapped to customer associations, the plan to
18 bet on Golden Gate, those customer associations are sent
19 to our central database. And we make that available for
20 the host track regulator and mutual manager well before
21 that event starts. Not only the name of those
22 associations, but also some pertinent details about them,
23 such as what races they're taking, what pools they're
24 taking, what are the minimum bet values, what are their
25 take-out rates, if they're betting in a different

1 currency, what that currency is and what exchange rate
2 they're using, also what breakage they're using on prices.
3 So we know all of this and reveal this information to the
4 host track well before betting starts.

5 That addresses something in the network that
6 currently doesn't exist outside the host system. That's
7 the first one.

8 The second one, close all betting when the host
9 track closes betting.

10 There's something fundamental with pari-mutuels,
11 and that's all betting must close at the same time. When
12 individuals make their bets, they make their bets on the
13 belief that all betting is closed throughout the network,
14 and that close is absolute and occurs throughout.

15 What the security system does is provide a
16 redundant layer of stop-betting execution, and rather than
17 going through ITSP, the tote security system provides that
18 directly to every system that's taking bets on the
19 network.

20 So, for example, Del Mar is taking bets this
21 afternoon. Once the tote security system is in place,
22 there will be a second stop-betting executable, in
23 addition to tote sent out, that will be sent out to every
24 tote system that's taking bets in the entire network.

25 The confirmation of that stop-betting executable

1 again comes back to a central database, to a dashboard,
2 makes itself visible to the host track association and the
3 host track regulators.

4 Along with this entire redundant layer of
5 communications, which is secondary and distinct from the
6 primary layer, there is also a creation of a
7 state-of-an-art betting device, which we call stop betting
8 kiosk. The stop betting kiosk, unlike some current
9 installations of stop-betting devices by stewards, has a
10 heartbeat monitor that makes sure that device is alive.
11 It has another heartbeat monitor that makes sure as soon
12 as that connects to tote that it's also alive. That
13 device requires a log-in so when an official or steward
14 plans to use that device, that becomes evident to the
15 association mutuel manager and also for everyone viewing
16 the dashboard who that is and when they logged in.

17 And then the device is also armed for race. If
18 that becomes policy of one minute to post, to arm the
19 device for stop betting, that information becomes
20 available in the dashboard for the association.

21 So we know that a device then is logged into.
22 It's operable. It's armed. And then when the executable
23 happens, the direct signal from that device goes to every
24 system in the network, so it's transparent.

25 This is just an example of every one graphic

1 user interface description where you're shown the first
2 top panel, every system in the network open, and then when
3 the stop betting occurs, we have all the systems closed.

4 The copy of the PowerPoint, I sent to Mike. I
5 believe he's sending to all the commissioners for your
6 reference.

7 Okay. Third of three of the tote security
8 system.

9 So we know now who's in the network, which is
10 new. We now know when betting has stopped per race on
11 every system in the network, so that's -- that's a new
12 give.

13 After betting stops, the third point is within a
14 reasonable amount of time, and we're talking within a
15 single equivalent of minutes, four to five minutes, for
16 every system in the host track's network, every guest
17 system, transmit a file of transactions, a transaction
18 audit file.

19 So the same type of visibility that Bryan, for
20 example, sees at Golden Gate for bets that are made in
21 California can now -- he can see shortly after a race
22 closes for the level of bet detail of every bet on anyone
23 who's betting on Golden Gate. So all remote systems.

24 Now, what this does is also show the time of the
25 transaction. So it goes down to transaction detail. And

1 what it does is give an audit trail immediately after a
2 pool closes for all levels of bet detail. Again, that
3 hasn't happened before. There's been a variety of scan
4 reports, for example, for multi-leg pick pools that mutuel
5 managers have used. What this does is actually go down
6 into detail. So a queryable base. So within four or five
7 minutes a pari-mutuel auditor or a mutuel manager can now
8 find specific bets.

9 If any jurisdiction is contemplating single
10 winner jackpot-type bets in multi-leg pools or even in
11 single leg pools, a tool like this is indispensable.

12 Okay. So this is just an example of how those
13 bets are audited. Not just bets can be audited but also
14 cancellations. Extremely difficult now to find out when a
15 guest location cancels bets, who cancelled them, what bets
16 were cancelled, when they were cancelled, when the
17 original bets were made. That's all accessible through
18 the tote security system.

19 Okay. That's the three security features.

20 Again, to address some long-standing issues that
21 have been identified with tote security and latency of
22 laws, that doesn't address the public component.

23 We spend a lot of time explaining late odd drops
24 to the public in a variety of different jurisdictions,
25 especially in California, and that's caused really by

1 latency laws displaced in a lot of cases.

2 So at the same time that we were designing the
3 security features we designed -- we wanted to address the
4 information, dissemination, latency that occurred on the
5 tote system so we built what we've called a real-time
6 decimal odds.

7 A lot of the point of presence that we have in
8 stock betting executable, for every guest system in the
9 network, we have also asked, on a far more frequent basis,
10 to get their win bets. We summate all those win bets to a
11 central data -- to a data point, and then we create a data
12 stream available for the host track called real-time
13 decimal odds.

14 Currently, odds are displayed on a cyclical
15 basis, 45 seconds, 60 seconds, and then they're finalized.
16 So there's a big catch-up.

17 We're designing to create and display odds on a
18 far more frequent basis at ten-second intervals, from
19 10 minutes to post down to two minutes to post, and from
20 two minutes to post down to post time, to update those
21 every two seconds.

22 COMMISSIONER CHOPER: Those are -- you call them
23 real-time odds?

24 MR. LINNELL: Real-time decimal odds. Because the
25 reason that we can call them real-time decimal odds is

1 rather than approximate fractional odds, we'll actually be
2 able to create and provide to the host track the odds
3 right down to the break -- the broken price of what the
4 price will be at that moment.

5 COMMISSIONER CHOPER: So if I make a bet in the
6 Canary Islands and I make it with a company there that --
7 the company then transmits it to the host track; is that
8 right?

9 MR. LINNELL: The company then transmits it to
10 their -- wherever their tote system is, and that
11 information from that tote system we grab.

12 COMMISSIONER CHOPER: All right.

13 MR. LINNELL: And we --

14 COMMISSIONER CHOPER: And you're saying after it
15 enters that tote system, in two seconds you'll see it at
16 Santa Anita?

17 MR. LINNELL: In two seconds we'll see it in the
18 database, and then we work with Santa Anita video company
19 to be able to provide a video stream that will display
20 those odds at far more frequent intervals.

21 COMMISSIONER CHOPER: How frequently?

22 MR. LINNELL: Well, they can display -- again, we're
23 going to produce them two minutes to post -- down to post
24 time every two seconds.

25 COMMISSIONER CHOPER: And --

1 MR. LINNELL: Video companies have a certain refresh
2 rate. They can refresh that every ten seconds. They can
3 refresh it every five seconds. But whenever they refresh,
4 they actually have the most accurate odds within two
5 seconds of creation.

6 COMMISSIONER CHOPER: You have a system in which they
7 can refresh more quickly too?

8 MR. LINNELL: No, no. We don't provide --

9 COMMISSIONER CHOPER: I -- I --

10 MR. LINNELL: Again, that's going to be for the video
11 companies and various track vendors who work with us.

12 COMMISSIONER CHOPER: You know, the complaint, I'm
13 sure you understand, a lot of betters, they say, "I go up.
14 I make my bet when there's 45 seconds left, a minute left,
15 I don't want to get shut out"; right? So by the time I
16 get back to my seat, what was four to one becomes five to
17 two.

18 MR. LINNELL: Right.

19 COMMISSIONER CHOPER: So -- and, indeed, even after
20 the gate opens, very often you can see them drop after.
21 You know, you don't --

22 MR. LINNELL: And they do lots of times, yes. And
23 that's because of the latency --

24 COMMISSIONER CHOPER: So you're going to really
25 compress that?

1 MR. LINNELL: Correct.

2 That catch-up period right at the final odds
3 display is huge.

4 COMMISSIONER CHOPER: Is what?

5 MR. LINNELL: Is huge right now currently, under the
6 current system when -- for example, when their cycle's at
7 45 seconds.

8 What the host track is doing is then grabbing
9 all the information from their guest tracks every 45
10 seconds and then putting that out and then pushing out
11 information for display.

12 At finals, when the pools close, there's that
13 huge catch-up period, which they have to grab the final
14 odd cycle from every location, final odds money, win money
15 from every location, to make that into the odds pool.

16 So there's huge jumps. And we look at that
17 information all the time, in fact, and deal with that to
18 customers who have complaints. And we're seeing somewhere
19 in the neighborhood of 30 to 40 percent of the win pool in
20 lots of cases appear in that final cycle.

21 So literally it's information that's appearing
22 after pools are closed. And -- but that information is
23 only appearing after pools close because the method of
24 collection, we use --

25 COMMISSIONER CHOPER: That, I understand. But a lot

1 of people don't.

2 MR. LINNELL: Yes. And rather than spending time
3 explaining to people about the latency in the tote system
4 and the current cycles, nothing to say about totes, but we
5 bootstrap information dissemination on the same scale that
6 we collect information from guest totes, we decided why
7 not address the problem directly and create real-time
8 decimal odds for the point of reference on every tote
9 system. And that's what we're proposing to do.

10 Here's an example of what a two-second slice
11 would look -- we took a win pool. This is from Belmont
12 Breeders' Cup preview day. And really those -- when I say
13 real-time decimal odds, we would provide the information
14 in one dollar will pay. It's much like exacta props are
15 currently disseminated.

16 And so those slices, odds are actually much more
17 stable. Even though there's a two-second refresh, as we
18 see here -- for example, we see two seconds go on for a
19 pool, that there's an increase in pool, there's much more
20 stability in the odds when they're smaller slices. The
21 ability to display those would have a lot more stability
22 in what people see and take those large bets.

23 Okay. Let's -- so three services -- or sorry.
24 Three security items, one services, that's all a package.

25 We're finishing the development cycle right now

1 with all the tote companies. We have Roberts
2 Communications is our vendor, and the Jockey Club is our
3 lead technology vendor on the tote security system so this
4 is a venture that has been done by the TRPB. Solely by
5 the TRPB and backstopped by ourselves.

6 So industry impact. This is my motherhood and
7 apple pie statement so I'll go through this quickly.

8 We believe that the tote security system really
9 addresses the outstanding issues of tote security. Sure,
10 there's other issues. There's ones that can be solved.
11 But these three major issues, plus the information in odds
12 dissemination really is the outstanding issues that we've
13 seen right since the 2002 Breeders' Cup, and not knowing
14 ticket detail on leg-by-leg pick pools after those pools
15 close.

16 So we also think that moving odds and eventually
17 probables to a protocol that's actually designed for
18 information dissemination rather than just to bootstrap
19 the same protocol in which totes communicate with is a
20 good idea because we can build that far leaner and far
21 more graduated in terms of leading up to a race than what
22 currently is the case.

23 Industry impact. Obviously, 41 TRA tracks
24 across the U.S. and Canada. It's an industry standard
25 that we're developing for TRA tracks. There's a climb to

1 scale. We're dealing with a boat in terms of those
2 tracks, about 10 million dollars of pari-mutuel handle.

3 And just going forward, what it does is take
4 pari-mutuels and give us the same kind of display
5 management techniques and ability to -- that the
6 current -- currently financial markets have, currently
7 betting exchanges. I hear a rumor that betting exchanges
8 might be coming to California residents sometime soon.
9 All those things are on a single-market basis, and are all
10 summated in a single market basis.

11 And so pari-mutuels need that kind of rapid
12 update for a modern looksy feel to really leap us forward
13 in terms of it.

14 Quickly on pilots, we have pilot projects
15 penciled in. We don't have hard dates scheduled for that.
16 We believe we'll be into a pilot project mode by the end
17 of this year. Our designated pilot project is at Golden
18 Gate. Bryan gets to be the man in charge and be the
19 person on the spot.

20 But, again, we have still lots to do before that
21 gets in place, a lot of software testing to make sure that
22 it's bulletproof for what we want it to do so...

23 VICE CHAIR WINNER: Thank you very much.

24 MS. WAGNER: Thank you.

25 VICE CHAIR WINNER: Do we have some questions from

1 anyone on the Board?

2 Jackie, my understanding is that the
3 recommendation of the Staff is to have the representatives
4 meet with the stewards. Has that been done?

5 MR. LINNELL: No, that has not.

6 VICE CHAIR WINNER: Okay. So that would be the next
7 step is for you to meet with the stewards, to update them
8 on the workings of the system, particularly, and the use
9 of the new stop-betting device the stewards would be
10 required to use.

11 MR. LINNELL: Yes, the stop-betting kiosk.

12 The training won't be extensive but it will be a
13 different device. But it will be the same device they'll
14 see at Santa Anita, eventually Golden Gate and Del Mar.

15 VICE CHAIR WINNER: Okay. Any other -- any
16 questions?

17 Thank you very, very much.

18 MR. LINNELL: Thank you.

19 VICE CHAIR WINNER: Next item on the agenda is a
20 report and update by the University of California, Davis
21 on the CHRB/California Animal Health and Food Safety
22 Laboratory System, University of California, Davis
23 Necropsy Program for fiscal year 2011 and '12, and
24 preliminary fiscal year 2012, '13 results.

25 Dr. Arthur.

1 DR. ARTHUR: Thank you. Dr. Arthur, Equine Medical
2 Director.

3 This is a version of a report that was given to
4 the Medication Track Safety Committee that Chairman Derek
5 and Commissioner Winner asked to be presented here.

6 Dr. Francisco, who is a professor at UC Davis
7 School of Veterinary Medicine and heads the CHRB CAHFS
8 Necropsy Program and is based at the San Bernardino
9 laboratory, and is co-presenter.

10 We're just going to have Dr. Uzal present this,
11 out of sakeness of time, is Meredith Reya, who is the
12 manager of the program and actually the data quality
13 control person.

14 Dr. Uzal?

15 DR. UZAL: Thank you.

16 Dr. Francisco Uzal, University of California.

17 I'm going to do a brief overview of the program
18 and make a little bit of emphasis on the sudden death
19 cases with experience.

20 As everybody knows, this program is joint
21 venture, including the CHRB, the University of California,
22 the racetracks.

23 The State of California mandates that necropsy
24 be performed for all horses that die on California
25 racetracks, and therefore this program that has been in

1 place for more than 20 years has the goal to determine the
2 nature of the injuries occurring, the reason for those
3 injuries and, if possible, the development of prevention
4 strategies.

5 And the way it works is our system, which is
6 part of the University of California Davis, has four
7 laboratories throughout the state. Three of them, our
8 Davis laboratory, the Tulare laboratory, and the
9 San Bernardino perform necropsies.

10 Basically the horses are brought to our
11 facilities. This is not an unusual view any day of the
12 week in our post-mortem room. That day there were
13 actually five horses. I could only put three in the
14 picture.

15 We do a postmortem. We open them up. That's
16 what postmortem means. We look at the findings and then
17 we do all sort of laboratory testing.

18 This is microscopic examination of the tissues,
19 microbiology, immunological tests, electron microscopy,
20 and then toxicology. And many other tests, including more
21 toxicology.

22 I'm sure everybody's familiar with that. We see
23 intoxication for that plant, that's Oleander. We see
24 every highway in Southern California. Electron
25 microscopy, immunology, toxicology.

1 CHAIR ISRAEL: Why was the Oleander there? Just to
2 make us feel better about all the other pictures?

3 DR. ARTHUR: We've actually had horses die within the
4 enclosure of Oleander thyroidcosis, yes.

5 DR. UZAL: It's a most prevalent cause of plant
6 intoxication in California and the CHRB horses are not
7 exempt from that.

8 So my colleague, Dr. Stover, will be talking
9 immediately after me, and I'm sure she will hammer this
10 concept. But every opportunity we have, we want to make
11 clear, a very large, large percentage of the catastrophic
12 breakdowns in racing horses occur over pre-existing
13 lesions.

14 This is a quarter horse. That's the end bit of
15 the cannon bone. That's left, that's right. And there's
16 the fracture. So the horse was put down because of that
17 fracture. See, the end of the cannon bone.

18 However, the fracture occurred through that, and
19 that is a pre-existing lesion. The horse had been racing
20 with those horrific lesions that must have been very
21 painful.

22 Another example are the humeral fractures.
23 Again, this is a classical location for humeral fractures.
24 That's a fracture. That's what caused the horse to be put
25 down. In this case, it was bilateral. Both front legs

1 were affected. See, that's the other line fracture.

2 But see that red, red area there and there?

3 That's a stress fracture trying to be repaired. And that
4 is preventable. I mean, once it happens, you take the
5 horse off training or off exercise, and then the
6 catastrophic fracture doesn't occur.

7 So a little bit on the last fiscal year. This
8 is from the beginning of the program that's 1990. This is
9 the total number of horses submitted to our laboratory per
10 year. We are seeing a little bit of a downtrend. This is
11 the fiscal year that ended in June 30th of this year and
12 we have 209 horses against 245, I believe it was last
13 year.

14 UNIDENTIFIED SPEAKER: 278.

15 DR. UZAL: 278. So 209 last fiscal year.

16 As you can see in this graph, once again,
17 referring to the past year, the great majority of horses
18 that we receive are thoroughbred horses, with a relatively
19 smaller proportion of quarter horses, and a little bit of
20 other breeds.

21 The age --

22 CHAIR ISRAEL: Wait, wait.

23 DR. UZAL: Yes.

24 CHAIR ISRAEL: That's a little misleading because the
25 number of horses that are thoroughbreds that run as

1 opposed to the number of quarter horses that run is --
2 horses, are those --

3 DR. UZAL: Absolutely. You are correct. This is the
4 report -- I'm a pathologist. The only thing that we see
5 are the horses that come through our door.

6 CHAIR ISRAEL: I understand. But I don't want the
7 press to get the impression that so many more
8 thoroughbreds are dying off.

9 DR. UZAL: Sure.

10 CHAIR ISRAEL: On a percentage basis, I think you're
11 probably seeing fewer thoroughbreds, percentagewise,
12 than -- versus the number of possibilities than quarter
13 horses; is that correct?

14 DR. ARTHUR: They're about the same.

15 CHAIR ISRAEL: They're about the same. Okay.

16 DR. UZAL: Yes, sir.

17 CHAIR ISRAEL: So that is --

18 VICE CHAIR WINNER: Standard breeds --

19 DR. ARTHUR: Standard breeds -- standard breeds
20 actually had over 10-, 11,000 starts, and only three
21 fatalities, and none of those are racing. Remember, they
22 always have two feet on the ground at the same time --

23 CHAIR ISRAEL: Right.

24 DR. ARTHUR: -- so the racing fatalities are much
25 less.

1 CHAIR ISRAEL: And paint -- what happened with the
2 paint horse?

3 DR. ARTHUR: Paint horses -- well, those could
4 actually -- remember, we -- we necropsy all horses that
5 die, and some of those could be --

6 CHAIR ISRAEL: Stable ponies?

7 DR. ARTHUR: -- stable ponies.

8 DR. UZAL: Yes.

9 DR. ARTHUR: And the entire report, by the way, every
10 year is on the CHRB website. You can go through this.
11 He's giving some preliminary information for this year.

12 CHAIR ISRAEL: Yeah. Okay. I just want to make sure
13 everybody understood. Proportionately the numbers make
14 sense. They're not wildly disproportionate numbers, given
15 the number of starts.

16 DR. ARTHUR: They're relative to the horses at risk;
17 right.

18 CHAIR ISRAEL: Thank you.

19 DR. UZAL: Age, this is clearly related to the age of
20 the horses that are racing or in training. The large
21 group are the two- to four-year-old, a little bit five,
22 and a reduced number of older horses. This is the same
23 every year. This doesn't change from year to year.

24 We have about 27 percent of horses that are not
25 exercising when they die, and then 30 percent training,

1 43 percent racing. This, once again, for the last fiscal
2 year.

3 And this shows the systems that we saw affected
4 that, once again, it's very similar year after year.
5 About between 70 and 75 percent is musculoskeletal. These
6 are basically all your fractures, all your catastrophic
7 breakdowns.

8 And all those that you see in the smaller
9 proportions over there are horses with other system. For
10 instance, respiratory system, those are mostly the
11 pneumonias, the gastrointestinal systems -- system. Those
12 are the colics and so on.

13 Within the musculoskeletal system, I'm not going
14 to go into detail through this graph, but I want to show
15 you at the front -- the distal front legs are the ones
16 most frequently affected. Those are not percentages.
17 Those are real numbers. Fifty-five horses with left front
18 leg affected, 52 with right front leg affected.

19 And with that, I want to spend a few more
20 minutes telling you about sudden death. People -- and
21 there are probably veterinarians present today who may or
22 may not disagree with this definition. There are in the
23 literature different definitions of sudden death.

24 This is the one we use. Basically, horses that
25 one minute are normal or they appear normal, and the

1 following minute they are dead.

2 In this case, I'm going to be referring to a
3 sudden death during exercise. And we -- for the sake of
4 calculation, we consider sudden death during exercise the
5 death that occurred during the exercise itself or within
6 one hour after the exercise.

7 So I wanted to show you a little bit of what we
8 do with those cases, and it may vary, depending on the
9 clinical history, but basically we do a postmortem. We
10 examine all the viscera; the nerve system. We do a full
11 cardiac necropsy. We examine the heart thoroughly, and
12 then we do a leg examination. We do microscopic
13 examination of the tissues. We look for infections,
14 agents, different techniques.

15 Then we do a bacterial and biological test, for
16 instance, CPM, equine herpesvirus. Not long ago we had a
17 horse that died suddenly during the race and was infected
18 with Equine Herpesvirus 1, running.

19 And then we do lots of toxicology. Part of
20 these tests, that one there, is done by our equine
21 analytical laboratory. There's a laboratory that does the
22 drug testing.

23 And I wanted -- and Dr. Arthur asked me
24 specifically to clarify this so people understand what the
25 toxicological analysis is.

1 We have some screens -- I mean, when we receive
2 a horse and we suspect of a toxic condition, there are a
3 few screens that even if we have no idea what the toxic
4 substance was, we can still use those screens to try to
5 identify the substance.

6 However, there are no -- there is no single
7 comprehensive screen, there is not one machine where we
8 can put the sample and get an answer. Yes, some screens,
9 you put some substances, other screens, you put other
10 substances.

11 And the other thing is that the clinical
12 history, the postmortem findings help us to narrow it
13 down. For instance, we were using the example of Oleander
14 before. If we know that there's no chance that the horse
15 had access to Oleander, we probably can ignore it. If we
16 know that there's a chance, we can go and test for it.
17 If we saw during the postmortem lesions in the heart
18 suggesting of Oleander toxicity, we tell toxicology
19 laboratory, "Please look for Oleander."

20 So those are the cases that were non-euthanized.
21 These are not fractures. And I put together the last four
22 years, and when I say "I," I should refer to Meredith
23 Reya, our necropsy manager. She put the numbers together.

24 See the line on top, those are the sudden death.
25 And those are the numbers, 2009, '10, 19 cases. The

1 following year, 28, 22, 28.

2 And those are the ones that are not exercise
3 related and those are the final total numbers of
4 non-euthanized horses.

5 When you go -- this is sudden death over the
6 past four years. There is a little bit of an increase,
7 not really substantial. Six percent of all the fatalities
8 in 2009, 2010, were sudden death. Then it went to about
9 11 percent in '10, '11, back to below 8 percent in '11,
10 '12, and this year, we are a little bit over 13 percent.

11 Of those horses -- of those horses that had
12 sudden death, 36 percent were non-exercise related. Those
13 are the horses that were in the stalls, were seen being
14 all right, and a moment later they were dead.

15 And 64 percent were doing some sort of exercise.
16 Of these 64 percent, 32 percent were racing, 68 percent
17 were in training.

18 They cost -- in 43 percent, we had to say we
19 don't know. But in 57 percent, more like half of them, we
20 know them.

21 And for this past year -- now I'm referring to
22 2012, '13 fiscal year, 25 percent were fractures.

23 How can a fracture be a cause of sudden death?
24 Those are the cervical fractures, the skull fractures,
25 that they kill right there.

1 DR. ARTHUR: And pelvic fractures.

2 DR. UZAL: And pelvic fractures. And usually pelvic
3 fractures not necessarily kill, but in many cases, they
4 tear the major blood vessels, and the animals bleed to
5 death.

6 One case of pneumonia, this was a horse with a
7 significant pneumonia was running. And then we had almost
8 70 percent of horses that showed significant bleeding.
9 And I'm going to concentrate on this group now.

10 So this is -- again, the previous graph showing
11 the 69 percent with major bleeding. They were -- the
12 actual number of horses was 11. And 55 of those were
13 pulmonary hemorrhage. They cause -- we don't know for
14 sure, but they were pulmonary hemorrhage and the animal
15 choked to death.

16 We had three horses with anticoagulant
17 toxication. This is something new. We have never seen
18 this before. And we have two horses with major vessel
19 rupture. This is an aortic rupture and a pulmonary artery
20 rupture.

21 This is -- I know this is probably an upsetting
22 picture, but this is what we mean by massive bleeding.
23 This is one of those horses with anticoagulant
24 intoxication that when we opened up, it had bled
25 completely in the thoracic cavity. And this is another

1 one.

2 And with this, I want to thank all our
3 collaborators. And I'll be happy to answer any questions
4 you might have.

5 CHAIR ISRAEL: Thank you. I'd rather see the
6 pictures like that.

7 DR. UZAL: When we see the other ones --

8 CHAIR ISRAEL: We have a question. I just want to
9 know -- we didn't need to linger on the photographs.

10 COMMISSIONER ROSENBERG: Well, first of all, thank
11 you for a very comprehensive report. Really helpful to
12 get that much detail.

13 Couple questions. On the pre-existing
14 conditions where it showed the lesions and also there was
15 a stress fracture appeared after autopsy -- necropsy, the
16 implication is that there was something wrong with these
17 horses, which ultimately caused them having to be...

18 Can you identify -- like the lesion you showed,
19 can you identify without cutting the horse open that some
20 of these things exist? For example, a stress fracture,
21 how would that show up and how -- what can be done about
22 that?

23 DR. ARTHUR: Yes. In terms of, for example, the
24 humeral fracture can be diagnosed with scintigraphy. It
25 has to have certain signs, obviously, to be sent into

1 nuclear scintigraphy, but it can be diagnosed antemortem.
2 In fact, Dr. Stover had just completed a paper -- you may
3 even mention it -- that of all the horses that were
4 diagnosed with humeral stress fracture with nuclear
5 scintigraphy, none of them died, whereas all of the horses
6 obviously that had died of humeral stress fracture, none
7 of them had undergone nuclear scintigraphy. It can be
8 diagnosed antemortem.

9 Once you get to --

10 COMMISSIONER ROSENBERG: On that point, so if a
11 trainer has a horse that's a little bit off and is a
12 little lame and it gets better, something is wrong down
13 there, that the vet examines the horse.

14 DR. ARTHUR: Right.

15 COMMISSIONER ROSENBERG: They recommend an X ray
16 first, I presume, or an ultrasound --

17 DR. ARTHUR: Right.

18 COMMISSIONER ROSENBERG: -- or something. And
19 nothing shows up but --

20 DR. ARTHUR: They have the --

21 COMMISSIONER ROSENBERG: -- they put -- the option
22 of -- yeah. But how often are they going to go every time
23 a horse is old enough to go for nuclear scans? I mean,
24 it's expensive and it's also another step that -- because
25 you don't know if there's anything wrong with the horse.

1 DR. ARTHUR: Well, all I can tell you is since we
2 have nuclear scintigraphy at Santa Anita, I only had two
3 humeral stress fractures that died under my care. One
4 was -- died the day he came in, and the other died about
5 ten days later, first day the horse went to the track.

6 With nuclear scintigraphy, you can avoid it.
7 And really the issue is -- and Dr. Stover had a group as
8 part of the race and safety program trying to help
9 trainers identify the signalmen, and the signs to look for
10 as to when those humeral -- horses were at risk for
11 humeral stress fracture.

12 And that's what we're trying to do is to educate
13 the trainers to look for those particular issues so that
14 they know when to call in a veterinarian and know when to
15 do a nuclear scintigraphy as compared to an X ray.

16 COMMISSIONER ROSENBERG: But isn't it the vet's
17 obligation to recommend a nuclear scan rather than the
18 trainer? I mean --

19 DR. ARTHUR: Well, the trainer has to show him the
20 horse.

21 COMMISSIONER ROSENBERG: I know. But he shows the
22 horse, the horse is off, whatever. The trainer's not
23 going to identify the stress fracture from feeling it;
24 correct?

25 DR. ARTHUR: No.

1 COMMISSIONER ROSENBERG: Okay. So he brings the vet
2 in to examine the horse. It's up to the vet to recommend
3 to the owner and the trainer to do the nuclear scan.

4 DR. ARTHUR: That's correct. That's really what
5 we're trying to get, is the trainer to show the
6 veterinarian the horse. Veterinarians have been educated
7 to this particular problem. Okay? But we still get
8 trainer -- we get trainers that actually say -- in fact,
9 there was a horse that died at Santa Anita. The trainer
10 here for 25 years and never heard of a humeral stress
11 fracture. That's part of the problem. And the horse had
12 an exact history of what a humeral stress fracture would
13 be so, you know, that's part of the problem.

14 Second issue is this particular horse right
15 here, this horse was x-rayed three days prior to this
16 race, and that lesion in the -- where the fracture is, you
17 couldn't see the fracture but you could see that defect.
18 It was clearly visible. This particular horse had
19 four-quart of steroid injections and two nonsteroidal
20 anti-inflammatory injections within 72 hours of his race.

21 COMMISSIONER ROSENBERG: Is this the right-hand
22 lesion or is that the same --

23 DR. ARTHUR: Well, you're looking at it -- it ends up
24 that the one on the right is actually the horse's left.
25 That's correct. It's just -- it's the condition that they

1 presented.

2 COMMISSIONER DEREK: But the lesions were on the
3 X ray?

4 DR. ARTHUR: The lesions were on the X ray so...

5 It's risk management issues really that we have
6 to deal with, and also as the medication committee has
7 talked about, you know, the -- some of our medication
8 policies.

9 VICE CHAIR WINNER: And also ongoing education.

10 DR. ARTHUR: Ongoing education.

11 VICE CHAIR WINNER: So that they know --

12 COMMISSIONER DEREK: Which has been defunded.

13 COMMISSIONER ROSENBERG: The causes of sudden death,
14 43 percent remain unknown?

15 DR. UZAL: Yes.

16 COMMISSIONER ROSENBERG: Okay. That surprised me
17 because, you know, just analogizing to a human statistic,
18 there's nothing -- how about -- does he examine the
19 arteries to see if there's a blockage or it doesn't show
20 up? Is it different in horses?

21 DR. UZAL: We do that. I remove a whole bunch of
22 flies. With the heart, for instance, we look at 15
23 histological sections of the different parts of the heart.
24 And we do a very thorough examination.

25 In those 43 percent cases in which we end up

1 saying we don't know, we assume it's an electricity
2 conduction problem in the heart.

3 And I believe it's the same in human medicine.
4 Those are more or less the numbers, except a human
5 pathologist is probably a little bit braver than us and
6 they say it was heart failure. That's -- you know, you
7 can assume. There's no way you can be absolutely sure.

8 DR. ARTHUR: I will tell you, comparing -- Dr. Uzal
9 is co-author of an international paper on sudden death.
10 And the pathologists at Davis -- and he took a bunch of
11 slides out to explain this -- they're fairly conservative
12 in terms when they say -- when they say they have a
13 diagnosis, it's a definitive diagnosis.

14 A lot of those, what they are saying unknown,
15 they would have a suspected diagnosis in a large
16 percentage of them.

17 But just like in humans who are exercising with
18 sudden death, many of them have no pathological signs for
19 the reasons that Dr. Uzal talked about that say very
20 likely electrical conductive problem. It's recognized in
21 people as well.

22 VICE CHAIR WINNER: Any other questions of Dr. Uzal?

23 Thank you very, very much.

24 DR. ARTHUR: And by way, the reports have been
25 reported. The entire information with all of the slides

1 that were missing here were presented to the medication
2 track safety --

3 VICE CHAIR WINNER: And one of the reasons that we
4 felt it was important for this presentation to be made
5 today is so that all of you had the benefit of seeing at
6 least part of what Commissioner Derek and I have seen on
7 the committee. It is -- the work that they're doing is
8 very, very impressive.

9 COMMISSIONER KRIKORIAN: I have a quick question.
10 What is the cost for the scan device?

11 DR. ARTHUR: For the device? The device cost about
12 \$300,000 to put in at Santa Anita, and it's done over
13 10,000 nuclear scintigraphy since it's been put in.

14 COMMISSIONER KRIKORIAN: And how many horses could go
15 through that device in a day?

16 DR. ARTHUR: You can put between three to five in,
17 depending on what structures you're trying to scan.

18 COMMISSIONER KRIKORIAN: I see.

19 COMMISSIONER ROSENBERG: And what's it cost --

20 DR. ARTHUR: It depends. If you do a whole body, it
21 costs about \$800. If you do a four limb, I think it's
22 about \$500.

23 And oftentimes, for example, if you have a horse
24 with a humerus, you know the horse is off in the left
25 front -- I had a horse of my own that I knew I wouldn't be

1 able to diagnose years ago. I was able to get a nuclear
2 scintigraphy and it went to the farm the next day.

3 That --

4 COMMISSIONER ROSENBERG: Refresh my memory. When you
5 do a nuclear scintigraphy, it doesn't show like an X ray.
6 It shows a hot spot; correct?

7 DR. ARTHUR: Yeah. I think Dr. Stover, in the next
8 presentation, maybe has a nuclear scintigraphy of a
9 scapula, I think, in her presentation. I know this is --

10 VICE CHAIR WINNER: Anybody else?

11 Thank you very much, Doctor.

12 DR. UZAL: Thank you.

13 VICE CHAIR WINNER: Dr. Stover?

14 DR. ARTHUR: The next presenter is Dr. Stover, who is
15 going to talk about, really, Kirk Breed's, I think,
16 passion here, and that was the racing safety program. And
17 Dr. Stover is going to talk about her role in that.

18 MR. MILLER: We're introducing Item No. 12?

19 VICE CHAIR WINNER: Yes.

20 MS. STOVER: Sue Stover, University of California,
21 Davis.

22 And I would like to also share my condolences
23 with Mr. Breed's family. And -- and I have high regard
24 and respect for his efforts, his work, and recommending a
25 shared vision of the Board with the California Racing

1 Safety Program.

2 So to help keep us on track I wanted to -- keep
3 me on track, I wanted to let you know what I want to
4 convey so that as we go through it we can focus on these
5 issues.

6 The Racing Safety Program has allowed us to
7 capture the deleterious consequences of catastrophic
8 injuries in racehorses. It's allowed us to identify the
9 underlying or the root problem that is associated with
10 these catastrophic injuries, and it's allowed us to
11 formulate a system for providing solutions for some of
12 these problems in the industry.

13 Just to reiterates, the magnitude of the problem
14 and how it affects the injuries. Since -- the industry,
15 since 1990, over 6,000 racehorses have died on California
16 racetracks. And if you think of that in terms of any
17 major racetrack, that's more than double the population of
18 the horses at any racetrack at any point in time. And
19 it's just a tremendous loss. A single horse loss is
20 tragic, but this is more than tragic.

21 It turns out that if you look at the
22 thoroughbred racehorses that have died, one thoroughbred
23 racehorse dies in training or racing -- it's a little bit
24 of a -- you have to be careful how you look at this
25 statistic -- for every 24 thoroughbred racehorses that

1 actually make it to a race.

2 Quarter horses, it's a little bit better. One
3 quarter horse racehorse dies in training or racing for
4 every 44 quarter horses that make it to a race.

5 If we look at that similar odds for us driving a
6 car to work or something, we wouldn't be very anxious to
7 drive a car to work. That's a pretty sobering statistic.

8 If we look at one year alone, in this instance,
9 2011, and only in California, approximately the number of
10 racehorses lost each month is equivalent to a cost of
11 three to nine million dollars a month.

12 This information was provided looking at the
13 number of thoroughbred starters that started in 2011, we
14 lose about 3 percent of horses a month from racing. And
15 if you look at a median or the average yearling prices
16 that were paid for these racehorses, that's three to
17 nine million dollars lost per month.

18 DR. ARTHUR: Just to be clear, the 3 percent is not
19 fatalities. It's attrition for all costs, injury being
20 the primary one. But some of those will actually go to
21 the breeding shed or become dump horses, I suppose.

22 DR. STOVER: Yeah. Thank you, Dr. Arthur.

23 We also have the opportunity to begin to look at
24 jockey injuries and exercise rider injuries. We recognize
25 that these injuries are often associated with racehorse

1 falls when they have a catastrophic injury or die
2 suddenly.

3 And, in fact, if you look at substantive jockey
4 injuries, over 50 percent of those occur in association
5 with a racehorse that falls because of an injury or sudden
6 death. By substantive, I mean that they're unable -- the
7 jockey is unable to ride in the next scheduled race or is
8 transported to the hospital for further examination.

9 Another cost that we don't often see that's
10 associated with jockey and exercise rider injuries are
11 those associated with Worker Compensation claims. And
12 over the last five years in California, that's
13 totaled over six and a half million dollars. These -- in
14 fact, jockeys and exercise riders are one of the more
15 dangerous occupations around and is one of the reasons
16 that the industry actually has to be self-insured for
17 Worker Compensation because most insurances companies
18 wouldn't approach this issue.

19 And, of course, we have the problem with public
20 perception, which affects public support for racing
21 attendance and involvement within racing.

22 So one of the things that -- you know, we simply
23 have a responsibility to care for not only horses, people
24 involving horses, but the industry itself. And we can
25 look at a model -- mini-models that use quality management

1 systems, and one that's probably familiar to us is that
2 involving the aircraft industry, in which when there's an
3 incident involving an aircraft, there is a thorough
4 investigation. And following that thorough investigation,
5 there is usually methods that are implemented to prevent
6 that same accident from happening again.

7 And we've seen it more recently with the
8 Dreamliner -- thank you -- with the Dreamliner batteries,
9 lithium batteries.

10 And -- but what we can see when these problems
11 are appropriately and aggressively addressed is that we --
12 this turns to positive public relations from that, in this
13 case near disaster or this problem, and a safer industry.

14 And one of the things that the California Horse
15 Racing Board Racing Safety Program did was actually to
16 institute a quality management system for the racing
17 industry.

18 As I pointed out, we've identified specific
19 problems within the industry, which include our large
20 racehorse attrition, both to catastrophic injuries, as
21 well as milder industries. Jockey and exercise rider
22 safety, the impact this has on the economics and the
23 public's perception of the industry, and their willingness
24 to participate or lack of participation in the industry.

25 From that, we've utilized research to identify

1 patterns of injuries that occur over and over, the factors
2 that might predispose of these injuries, and we've used
3 this knowledge to develop enhanced methods for detection
4 of mild injuries to prevent catastrophic injuries and
5 preventive strategies to even prevent the mild injuries.
6 This ideally would be ongoing.

7 With that information, it must be distributed to
8 the participants in the industry. And that's -- a
9 mechanism was initiated for that in -- that I'll talk
10 about in a moment, in which we provide that information on
11 a website so it's available online at any time, and in the
12 development of continuing education for trainers, owners,
13 and veterinarians, and anyone interested in racehorse
14 welfare.

15 And through that, we've actually seen -- already
16 have seen improvements. And the ideal is to extend
17 racehorses' careers, productivity, livelihood, enhance the
18 welfare of people that are working with racehorses, and
19 provide a better economic circumstance for industry
20 liability in the future.

21 So what have we learned? We've learned a lot
22 through the last few years of the Racing Safety Program.
23 We've -- even though we recognized earlier that some
24 injuries were associated with pre-existing injuries, we've
25 discovered new sites of pre-existing injuries, new pattern

1 of injury. And we've documented the fact that over
2 85 percent of horses that die from a catastrophic injury,
3 those deaths were related to continued racing or training
4 on pre-existing injuries.

5 I just want to show you one example, you might
6 be familiar with in the cannon bone, in the lower portion
7 of the leg of the horse. This is a site that is
8 susceptible to stress fractures. We can see these
9 enlargements -- actually, it's not pointed out here -- but
10 on both bones in this live racehorse, on the right we see
11 a horse that had a catastrophic fracture, the left and
12 right limbs, and that fracture you might note is
13 associated with this enlargement of the existing stress
14 fracture.

15 If we look at another instance, we look at these
16 in great detail so we find -- looking for fracture
17 fragments such as this one. Particularly look at the
18 surface closely. You see this porous, red material.
19 That's new bone formation that has taken days or
20 potentially weeks to be laid down.

21 The reason that's there is the horse is
22 attempting to repair or to buttress an underlying
23 weakness. And if we look at -- flip that fragment over,
24 look at the underlying surface, we can see this red,
25 porous region, which is the size of a pre-existing stress

1 fracture.

2 In our laboratory, we radiograph those bones,
3 and these are two different views of this particular
4 fracture in the racehorse. And this lower fragment is the
5 fragment we were looking at. Because these are repetitive
6 overuse injuries, and both forelegs or both hind legs are
7 performing the same activity as the horse trains and
8 races, we look for the same evidence of these pre-existing
9 lesions in the other limb.

10 And the other bone on this horse, the one that
11 did not fracture, you can clearly see two of these stress
12 fractures evidence that would be visible if the horse had
13 been radiographed prior to race, in training, and
14 catastrophic fracture so --

15 DR. ARTHUR: To interrupt you very quickly, we talked
16 a minute ago about being able to order diagnostic tests as
17 part of the bleeding situation.

18 There is a discussion nationally about our
19 examining veterinarians ordering X rays when they see, for
20 example, bumps on horses' shins before we allow them to
21 race. Excuse me. I'm sorry to interrupt.

22 DR. STOVER: I think it's important --

23 CHAIR ISRAEL: (Inaudible.)

24 DR. STOVER: We're getting there, yes.

25 One of the most -- the cause of over 50 percent

1 of our fatal injuries are related to fractures in the
2 fetlock. And through this program we've characterized
3 these fractures, and not only that, discovered the
4 pre-existing lesion, which is necessary in order for us to
5 develop methods for detection so that these can be
6 detected before catastrophic fracture on the racetrack.

7 We've also learned that there are many factors
8 that contribute to the development of catastrophic injury.
9 And the good news about this is each of these factors,
10 hoof confirmation, shooting, training ravine, medication
11 use, and race surfaces can actually be modified so that
12 these horses can be managed and actually prevent injuries
13 in the future.

14 So the needs for the racing safety program are
15 to continue monitoring race horse, jockey, exercise rider
16 injuries to perform this enhanced orthopedic necropsy
17 examination so that trainers, veterinarians, and owners
18 actually know why the horse had a catastrophic injury can
19 prevent these in the future.

20 We know very little. We just began to
21 understand about jockey injuries and we need to develop
22 and enhance -- can develop an exercise rider injury
23 database and enhance our jockey database. We've got much
24 more to do. I'll give you examples of milestones that
25 have made a difference, but we have more to do regarding

1 understanding risk factors and how to prevent these
2 injuries.

3 And it's paramount that we disseminate this
4 information to the people that can actually make a
5 difference and implement change at the level of the
6 racehorse and the people that work with them.

7 The enhanced orthopedic postmortem exam is done
8 in our research laboratory because it requires specialized
9 equipment and tools to allow us to find things that are
10 not present, that wouldn't otherwise be possible in our
11 diagnostic laboratory system.

12 This report is very thorough, and it's
13 illustrated so that, again, the people that can utilize
14 the information can understand what happened and how to
15 prevent it in the future.

16 With this information, we've developed
17 diagnostic methods that can be used both more readily
18 accessible and less expensively for the owner or the
19 trainer, in this instance, to detect pelvic fractures
20 through ultrasound examination.

21 And we've developed similar to a blood test
22 result that you might receive after visiting the physician
23 that illustrates features of the exercise and training
24 schedule that horse had that were at higher risk for
25 injury or were different from those of racehorses but did

1 not have a similar catastrophic injury.

2 This is an example of a bone scan of a stress
3 fracture outlined in red in the shoulder blade or the
4 scapula of the racehorse. As already pointed out, this
5 can be a fairly expensive procedure, not widely available
6 on racetracks. This program has allowed us to develop
7 methods for physical examination, can give some indication
8 that this horse is susceptible to this particular
9 fracture, and we've documented and -- that ultrasound can
10 be used in advanced stages of the disease to pick this up,
11 again, so that these horses can be appropriately
12 rehabilitated, return to full racing performance. If
13 these heal, there's no reduction in race performance.

14 Again, we needed emphasis on distributing the
15 information. This is a website that was developed to --
16 for access for availability for these resources. We've
17 developed technical notes that can be distributed, again
18 online or by other methods, to help understand how to
19 prevent -- diagnose and prevent these lesions.

20 And we've initiated continuing education modules
21 that can be used in a continuing education program for
22 people that can utilize the information.

23 At this point in time, we've developed four
24 modules, but we have many more we would like to develop to
25 fulfill this mission.

1 I think the -- the thing that's most rewarding
2 is to recognize if we look at the fatality rate in
3 racehorses over the past 20 years we can see that it's
4 been rising. But in the last particularly two years,
5 we've had what I would consider dramatic reduction in the
6 number of horses that have died from musculoskeletal
7 injuries. And if you look at that, that's a 25 percent
8 reduction for thoroughbreds, 54 percent reduction in the
9 rate for quarter horses.

10 And the economic impact of that in just one
11 year, in 2012 -- and this is adjusted for the true number
12 of starters of the horses that were not lost or that were
13 saved in association with this program and the diligence
14 in the rest of the industry was two million dollars in the
15 cost of horses alone. That is double the return of the
16 cost of the program. I think that's pretty amazing for
17 the two years that -- that program has only been available
18 for two years.

19 So I'd like to leave -- leave us with, you know,
20 we've come together, we've formed a well-integrated team.
21 Keeping together, I think we can do much, much more for
22 the industry. It is possible to make change. It is
23 possible for improvements. We've shown that. And if we
24 can continue to work together, I think we'll see even more
25 success.

1 Thank you for your attention.

2 CHAIR ISRAEL: Thank you.

3 Any questions?

4 Okay. Thank you very much.

5 DR. ARTHUR: We'd like to point out that this is the
6 lowest number of thoroughbred fatalities in the 20-plus
7 years of the necropsy program.

8 CHAIR ISRAEL: Thank you.

9 Okay. Number 13, report from the Medication and
10 Track Safety Committee.

11 Commissioner Derek.

12 COMMISSIONER DEREK: We had a lively and extensive
13 discussion of the revised claiming rule, and we heard from
14 ten speakers who were equally divided in support and in
15 opposition to the rule.

16 The critics cited several concerns, particularly
17 that part of the process where the official veterinarian
18 examines the claimed horse and determines whether the
19 horse should be placed on the Veterinarian's List for
20 being lame or unsound, which voids the claim.

21 The supporters typically were among those in the
22 industry who are especially concerned about the health of
23 our horses. I personally felt the remarks of one of our
24 racing veterinarians, Dr. Stead, was especially helpful.
25 He pointed out that after eight weeks under the revised

1 rule, only two of the horses whose claims had been voided
2 on the Southern thoroughbred circuit had come back to
3 work. One of them pulled up lame after the work. The
4 other one passed the exam, was taken off of the list, and
5 proceeded to run fifth in a race.

6 This suggests that the program is working the
7 way it was intended. We are protecting the horses and
8 riders, and in those cases the owners and trainers are not
9 benefiting from selling a lame or unsound horse.

10 But as Commissioner Winner correctly pointed
11 out, two months was not enough time to evaluate a program
12 or to consider any substantial changes. This program --
13 this is a program we are going to continue evaluating,
14 continue discussing, continue hearing from those who feel
15 strongly about the rule one way or the other.

16 But in the meantime, there was one suggested
17 change that the committee believes should be implemented
18 right away. One of the criticisms has been that some of
19 those who put in claims for a horse wanted for various
20 reasons to keep the horse even after it was placed on the
21 Veterinarian's List.

22 I believe agenda Item 14 addresses this scenario
23 and is presented to you to consider in a few moments.

24 There were a number of other agenda items that
25 Dr. Arthur brought to our attention as updates on matters

1 that are still in process and will be brought back for
2 Committee and Board action at some later date.

3 Briefly, these included an evaluation of
4 heat-related incidents this summer at California
5 racetracks to help determine whether the Board should
6 establish a heat-stress index indicating when it is safe
7 for horses to complete -- compete.

8 Dr. Arthur and our counsel are working with the
9 industry and with the California Veterinarian Medical
10 Board on proposed revisions to our rules and policies
11 pertaining to the administration of bleeder medication and
12 the method by which a horse is determined to be a bleeder.
13 When they've worked through this process, the matter will
14 be brought before the Committee and the Board.

15 There's the matter of Premarin or estrogens that
16 are being administered infrequently as an alternative to
17 Lasix. Dr. Arthur believes that at some point the Board
18 should either ban estrogens or establish a process whereby
19 their administration is properly reported to the public,
20 as we do with Lasix and as is done with adjunct bleeder
21 medications in other states.

22 There were several issues pertaining to the
23 Veterinarian's List, one of them involving reciprocity
24 with other jurisdictions is being drafted into
25 regulation -- a regulation. The other concerning the

1 purging of the list will be dealt with administratively
2 once the workout soft- -- once we work out software and
3 other computer issues.

4 The third issue associated indirectly with the
5 vet's list is a proposal to require any horse that has
6 been away from the races for at least one year to be
7 examined by one of our official veterinarians before the
8 horse can be entered in a race.

9 At one injury database, data has shown horses
10 away from the tracks for over 270 days are at greater risk
11 of a fatal injury in the first three starts back. Staff
12 is working on this language and will bring it back to us
13 at the next committee meeting.

14 That's it.

15 CHAIR ISRAEL: Thank you.

16 Any comments or questions? No?

17 Moving right along because that's the theme of
18 the day.

19 Discussion and action by the Board regarding the
20 proposed amendment to CHRB Rule 1658, Vesting of Title to
21 Claimed Horse, to provide that a claim shall not be voided
22 by the stewards if prior to the race the claimant elects
23 to claim the horse regardless of whether the racing or
24 official veterinarian determines the horse will be placed
25 on the Veterinarian's List as unsound or lame.

1 That's Item No. 14, for those of you keeping
2 score at home.

3 And I don't know who's playing with their
4 microphone, but I apologize for that.

5 Okay. So I have no comment cards on this
6 subject at all? Wow.

7 COMMISSIONER DEREK: We discussed it at length during
8 the committee meeting.

9 VICE CHAIR WINNER: Yeah. This was well discussed.

10 CHAIR ISRAEL: Okay. Well, make a presentation,
11 please.

12 VICE CHAIR WINNER: Do you want to do this or do you
13 want? Bo?

14 COMMISSIONER DEREK: No. This was -- this was in
15 response to the lengthy discussion we had at the committee
16 meeting, and it was suggested by many people in the
17 industry that there be an opportunity for someone who
18 wants to claim a horse, perhaps they want the horse
19 regardless whether the horse is sound or unsound, maybe as
20 a brood mare or -- for whatever their reasons are, that
21 there be an opportunity to claim the horse regardless of
22 their soundness.

23 VICE CHAIR WINNER: So this is -- so this is an opt
24 out --

25 COMMISSIONER DEREK: Yes.

1 VICE CHAIR WINNER: -- when they put in the claim,
2 they check a box. They opt out of -- essentially, they
3 opt out of the vet exam once the race is completed. If
4 the horse should die prior to coming back to be unsaddled,
5 the claim is still voided, but if they opt out of the vet
6 exam, that's -- the only part of this that is being
7 changed is the vet exam part of it.

8 So if a trainer or an owner want to claim a
9 horse and they do not want to go through the process of a
10 vet voiding the claim, they can opt out of that by
11 checking a box. And then if the horse is claimed, they
12 never go through the vet exam at that point, unless they
13 win -- unless they go through normally?

14 CHAIR ISRAEL: I have -- I have two questions about
15 this.

16 One is, is that still -- is that a good idea for
17 the horse? Because that's an examination that would have
18 occurred that might discover something that won't occur,
19 and then the person to claim it winds up owning the horse,
20 and then trainer wants to train the horse might miss
21 something, and then the horse is in jeopardy.

22 COMMISSIONER CHOPER: I'm confused on this.

23 CHAIR ISRAEL: Let's answer my question first.

24 VICE CHAIR WINNER: That's a judgment call.

25 Is it a good idea? My judgment is the more vet

1 exams you have, the better it is on the horse over time.

2 The purpose of this was to deal with at least
3 one of the objections to the rule that was expressed by a
4 number of folks, as Commissioner Derek pointed out at our
5 committee meeting, when their feeling was that by going
6 through this, the claim -- the claimant was being deprived
7 of their ability to claim the horse, even if one of the
8 horse's owners went to the vet said, because for -- as
9 Commissioner Derek pointed out, some folks want to claim
10 horses as brood mares.

11 Now, our feeling had been that they could always
12 go, make a private deal.

13 CHAIR ISRAEL: Which happened on at least two
14 occasions that I know of here --

15 VICE CHAIR WINNER: That's correct.

16 CHAIR ISRAEL: -- in the last two weeks.

17 VICE CHAIR WINNER: That is correct.

18 But there were some trainers who maintained that
19 when they went to make a private deal with the seller the
20 seller then raised the price from the claim.

21 CHAIR ISRAEL: Sure.

22 VICE CHAIR WINNER: And that this would alleviate
23 that.

24 Am I stating this correctly?

25 COMMISSIONER DEREK: You are.

1 I don't know that this precludes the soundness
2 exam after the race, though.

3 CHAIR ISRAEL: Well, that's specifically the way
4 Chuck phrased it.

5 COMMISSIONER DEREK: Yes. But I don't know that it
6 says that.

7 DR. ARTHUR: There will be horses that will be
8 examined after a race, when --

9 VICE CHAIR WINNER: If they --

10 DR. ARTHUR: Under normal circumstances, they would
11 still be --

12 VICE CHAIR WINNER: Under normal circumstances --

13 DR. ARTHUR: -- examined. It's just if the
14 veterinarian finds that the horse is unsound and places
15 the horse on the Veterinarian's List, the horse is -- the
16 claim is still good.

17 CHAIR ISRAEL: But the way the language was
18 described, the veterinarian's examination is foregone?

19 VICE CHAIR WINNER: No.

20 COMMISSIONER DEREK: No.

21 VICE CHAIR WINNER: No, no, no.

22 CHAIR ISRAEL: That's what he said.

23 VICE CHAIR WINNER: No. I said except under normal
24 examinations. In other words if the horse comes in,
25 whatever it is, first, second or third, or is one of the

1 random ones --

2 CHAIR ISRAEL: Okay.

3 VICE CHAIR WINNER: -- but there won't be an exam
4 simply based on a claim.

5 CHAIR ISRAEL: Well, wait.

6 COMMISSIONER DEREK: Don't think it says that.

7 CHAIR ISRAEL: First, second, or third, or random, is
8 a drug test. That's not an examination for lameness.

9 DR. ARTHUR: Well, no. If they go to the test barn,
10 the horse is examined -- is examined by a veterinarian,
11 routinely. If a horse pulls up, for example, they end up
12 getting tested, and oftentimes those horses are -- getting
13 examined by the veterinarian, oftentimes those horses are
14 tested.

15 All this does is if the veterinarian examines
16 the horse and finds that the horse is unsound or lame the
17 claim still stands.

18 Frankly, I don't know how often this is going to
19 be used, but it's a complaint that I think we've heard a
20 number of times at the meeting.

21 COMMISSIONER DEREK: I'd like to --

22 VICE CHAIR WINNER: I just want to clarify. We can
23 make it any way you want. Frankly, I'm happy to have them
24 all examined.

25 But the question, Rick, as I understand what we

1 passed, it is that if you -- if a claimant checks the box
2 and the horse wouldn't ordinarily go to the -- to be
3 tested by a vet, then once they check the box, unless
4 there's another reason for them to go, they wouldn't go.

5 DR. ARTHUR: Yes. Yes. For example, you're right.
6 Unless there are multiple claims in on the horse or
7 whatever.

8 VICE CHAIR WINNER: Right.

9 DR. ARTHUR: There would be circumstances, yes.

10 VICE CHAIR WINNER: Right.

11 COMMISSIONER DEREK: This does complicate the rule.
12 I personally prefer it the way it is right now but this is
13 in response to a lot of people who had a suggestion.

14 COMMISSIONER BENETO: Which boxes are you talking
15 about?

16 VICE CHAIR WINNER: When you put in a claim, there is
17 a box --

18 MS. WAGNER: It's right there. You'll see it on the
19 pages.

20 VICE CHAIR WINNER: -- and the box will give the
21 claimant the right, you --

22 MS. WAGNER: 14-6.

23 VICE CHAIR WINNER: -- to opt out of having your
24 claim voided because a vet has said that the horse goes on
25 the Vet's List.

1 MS. WAGNER: Right. It's on page 14-6. The language
2 on the form -- Jackie Wagner, CHRB staff -- the language
3 on the form will say "I elect to claim this horse,
4 regardless of whether the racing or official veterinarian
5 determines the horse will be placed on the Veterinarian's
6 List as unsound or lame."

7 And the claimant would have to make that
8 declaration prior to dropping his claim.

9 COMMISSIONER BENETO: Why would a guy want to --

10 MS. WAGNER: We don't know. We asked for it --

11 COMMISSIONER BENETO: That is the craziest
12 gosh-darned thing --

13 CHAIR ISRAEL: Well, because people --

14 MS. WAGNER: They've asked for it.

15 COMMISSIONER DEREK: They've asked for it.

16 CHAIR ISRAEL: As a matter of preschool, people say
17 that the claiming rule should be caveat emptor and
18 therefore they want to participate on those -- I mean, on
19 those grounds. It doesn't make any sense to me because --

20 COMMISSIONER CHOPER: They don't want to have bargain
21 for the price. They get a good price, they'll take it.

22 COMMISSIONER DEREK: That's correct.

23 COMMISSIONER BENETO: If I got this down, checks the
24 box off, if the horse breaks down --

25 VICE CHAIR WINNER: Well, if the horse breaks down --

1 COMMISSIONER CHOPER: It's only for the vet's
2 examination.

3 MS. WAGNER: That's correct.

4 COMMISSIONER DEREK: Only for a horse put on the
5 Vet's List.

6 COMMISSIONER ROSENBERG: After the race?

7 COMMISSIONER DEREK: After the race.

8 COMMISSIONER ROSENBERG: After the exam. If he dies
9 on the track --

10 CHAIR ISRAEL: Let's look at page 14-6, you'll see --

11 COMMISSIONER BENETO: I got it. 14-6?

12 CHAIR ISRAEL: Yeah. You'll see what the form looks
13 like, and the added sentence is about two-thirds of the
14 way down. It's underlined. "I elect to claim the horse
15 regardless," blah, blah, blah.

16 COMMISSIONER DEREK: Correct. And we also --

17 Anybody going to be that stupid?

18 VICE CHAIR WINNER: Well, I happen to agree with you.
19 So does Commissioner Derek.

20 COMMISSIONER DEREK: Yes.

21 VICE CHAIR WINNER: So does --

22 CHAIR ISRAEL: Well, you have to do it before the
23 race.

24 VICE CHAIR WINNER: However --

25 COMMISSIONER DEREK: There were some trainers who

1 really wanted it.

2 VICE CHAIR WINNER: There were trainers who want that
3 so --

4 COMMISSIONER DEREK: We'll see if they use it.

5 VICE CHAIR WINNER: -- we felt that since some
6 trainers want it and it's not going to necessarily create
7 any huge problem, this is a give to those trainers who
8 wanted it, who were complaining about it. That's all.

9 UNIDENTIFIED SPEAKER: And owners.

10 COMMISSIONER KRIKORIAN: I'll make a motion we
11 approve --

12 COMMISSIONER ROSENBERG: Second.

13 COMMISSIONER DEREK: That is correct.

14 CHAIR ISRAEL: Okay. Commissioner Krikorian, motion
15 to -- made a motion to approve the measure, and it was
16 seconded by Commissioner Rosenberg?

17 COMMISSIONER ROSENBERG: Yes.

18 CHAIR ISRAEL:

19 Any other discussion or comment?

20 All in favor?

21 Opposed?

22 MS. WAGNER: We're going to be putting the notice --

23 CHAIR ISRAEL: You're abstaining?

24 COMMISSIONER BENETO: I'm abstaining.

25 CHAIR ISRAEL: The motion passes six nothing, with

1 Commissioner Beneto abstaining.

2 Thank you. Thanks, Rick.

3 Item 15, report from Jockey and Driver Welfare
4 Committee, Commissioner Winner.

5 VICE CHAIR WINNER: Okay. You heard some of what we
6 discussed at our meeting here today but let me try to go
7 through this as quickly as I can.

8 We discussed and made good progress in
9 developing a rule to allow random drug testing of exercise
10 riders and all those who handle the horse. The point of
11 this rule would be to reduce accidents. It's a safety
12 issue. And it would save the industry a great deal of
13 money to reduce the Workers' Comp claim.

14 We're still working on details involving the
15 process and the number of tests and methods of tests and
16 so forth. We've asked staff to include as many licensed
17 categories as legally possible and to bring this back to
18 the committee as quickly as possible.

19 We discussed a proposed regulation to make every
20 jockey subject to breath alcohol testing prior to each
21 race program in which he or she participates. This would
22 be mandatory and not random. This proposal covers an
23 important area that was not addressed when the Board
24 adopted the random drug-testing rule. This would allow us
25 to administer a breath alcohol test to every jockey on the

1 card. This is another safety issue, a health and safety
2 issue. This proposal is in the Board packet today, and
3 the committee recommends sending it out to the public.

4 Is that correct, Jackie?

5 MS. WAGNER: That's correct. That's under Item
6 No. 17.

7 VICE CHAIR WINNER: We discussed amending the rule to
8 require a report on training accidents, just like we're
9 already doing with racing accidents. By expanding this
10 program to the mornings, we will obtain information from
11 the associations concerning what caused the accident, who
12 was injured and so forth, and I believe this too is in our
13 packet; correct, Jackie?

14 MS. WAGNER: That's correct. Item No. 16.

15 VICE CHAIR WINNER: We discussed and proposed a rule
16 to require exercise riders to undergo an annual physical
17 examination, the same requirement we already have for
18 jockeys. This is an important requirement because
19 exercise riders account for 64 percent of the accidents.
20 64 percent. This is very important, both from the
21 standpoint of health and safety, for the horse, the rider,
22 but also, as Brad pointed out several times, from the
23 standpoint of claims.

24 By determining they're physically fit to perform
25 their duties, we might be able to reduce the number of

1 accidents. We're still working on establishing -- excuse
2 me, we're still working on establishing protocol for this
3 program, but pending that we ask for the Board's approval
4 to go forward once the protocol is established.

5 Again, focusing on exercise riders for the same
6 reasons we discussed the process currently in place for
7 someone to obtain a provisional license, how they're
8 supervised, how they're assessed, and the steps required
9 to become an exercise rider.

10 We're still considering ways to improve this
11 process. One suggestion is to get trainers more involved
12 in the evaluation because horsemanship is key to
13 everything.

14 We're continuing to evaluate safety conditions
15 in the stable area, which is where many equine accidents
16 occur. We're looking at equine traffic conditions and
17 we've made some progress on that, some when they bunch
18 up -- such as when they bunch up at the gap, waiting for
19 the track to open. We're discussing ways to limit
20 vehicular traffic in the stable areas. We're considering
21 restrictions and requirements for where horses can be
22 loaded and unloaded for transport. Some of these things
23 can be done through horsemens' agreements. Most, if not
24 all of these suggestions require the cooperation of the
25 racing associations, and we're working with them.

1 The Committee intends to keep pushing this
2 agenda and will come to the full board if we need to adopt
3 something formally.

4 Well, not formally on the committee agenda,
5 during our discussions, the issue of horsemanship came up,
6 and that led to a brief discussion of the requirements for
7 becoming a trainer and whether the testing process for
8 obtaining a trainer's license should be improved.

9 This issue stimulated substantial discussion and
10 agreement. We don't know -- I think we concluded that
11 this matter will now be -- will now be given to
12 Commissioner Derek's committee for further discussion.

13 CHAIR ISRAEL: Okay. Thank you very much.

14 As we head into the home stretch, I think it's
15 worth noting that despite his breeding, quarter horse guy
16 Brad McKinzie is still here.

17 Going around the track?

18 MR. MCKINZIE: Visiting. Can't leave.

19 CHAIR ISRAEL: Going around the track twice.

20 Amazing.

21 Item No. 16: Discussion and action by the Board
22 regarding the proposed amendment to CHRB Rule 1536,
23 Stewards Minutes, to require the new CHRB form Report of
24 Training Accidents, CHRB Form 201A to be attached to the
25 stewards' minutes.

1 VICE CHAIR WINNER: I move approval.

2 CHAIR ISRAEL: I'll second it.

3 COMMISSIONER CHOPER: Yes.

4 CHAIR ISRAEL: Any questions?

5 COMMISSIONER DEREK: It's beautiful.

6 CHAIR ISRAEL: Okay. Any opposition?

7 Motion's approved.

8 And I'd like -- if there are any stewards
9 listening, location does not mean the eighth pole. It
10 means the name of the track.

11 Frequently -- frequently, if you read them
12 closely, you'll see eighth pole. And you'll go "Where?"

13 Anyway -- all right. Item No. 17: Discussion
14 and action by the Board regarding the proposed addition of
15 CHRB Rule 1500.3, Jockey Breath Alcohol Testing, to
16 provide that every jockey or apprentice jockey is subject
17 to a breath alcohol test prior to each race program in
18 which he or she participates.

19 Okay. Any comments, questions?

20 Go ahead.

21 COMMISSIONER KRIKORIAN: Well, first of all, is this
22 proposal consistent with what happens in other sports,
23 number one? And what's the -- what's Jockey Club's
24 position on this?

25 COMMISSIONER DEREK: This was seriously just an

1 oversight when we passed around the drug testing. I think
2 we all thought alcohol would be included, but it wasn't.
3 Right now you have to have cause in order to Breathalyze
4 them.

5 CHAIR ISRAEL: This is a remedy for a rule that was
6 written improperly when we first --

7 COMMISSIONER DEREK: Yes. And it's not meant to
8 catch anyone. It's meant as a deterrent.

9 CHAIR ISRAEL: And it's consistent with our agreement
10 with the Jockeys Guild, I believe. So Darrell Haire from
11 the Jockeys Guild is here.

12 Please.

13 MR. HAIRE: Darrell Haire, Western Regional Manager
14 for the Jockeys' Guild.

15 This procedure is done throughout the country.
16 Most racetracks, this is in place now, where the riders,
17 when they come in to ride, they are Breathalyzed every
18 day. And the jockeys and of course the Jockeys' Guild
19 welcomes this and we hope this is approved.

20 CHAIR ISRAEL: Thank you.

21 Any other questions?

22 VICE CHAIR WINNER: No. Move for approval.

23 MS. WAGNER: Approved for notice.

24 CHAIR ISRAEL: Okay. Approved for notice 45 days.

25 Motion presented by Commissioner Winner.

1 Who seconds?

2 COMMISSIONER DEREK: Second.

3 CHAIR ISRAEL: Seconded by Commissioner Derek.

4 All in favor?

5 Opposed?

6 Motion passes unanimously.

7 Okay. Item 18: Report from Pari-Mutuel/ADW and
8 Simulcast Committee.

9 I think that's you, Richard; right?

10 COMMISSIONER ROSENBERG: Yes.

11 Okay. We had a three-hour meeting. I'll try to
12 do this in 30 seconds.

13 There were four items on the agenda. The first
14 two were somewhat related because they involved division
15 of funds from night -- the night industry's advance
16 deposit wagering imports, how to split those funds between
17 harness horse interests and quarter horse interests.

18 After about two hours of trying to work this
19 out, the parties asked to postpone this for another month
20 because -- they're actually are going to negotiate both of
21 those items.

22 In the past, it turned out that Item 1, they had
23 been negotiating. Item 2, they were -- one party was very
24 firm on it.

25 So in any event, we're hoping to have resolution

1 very quickly. And if not, we'll deal with it in the next
2 Board -- the next committee meeting.

3 The other two items were somewhat related. They
4 were just detailed reports from SCOTWINC and NOTWINC, how
5 they operate, the history. And they each have the same
6 problems, as most of racing does, that the last four or
7 five years they've suffered due to reduction in handle.
8 They've suffered so that budgets keep going down. And
9 they have a big responsibility to staff and furnish the
10 satellites and mini-satellites with equipment.

11 If anyone's interested, these public -- these
12 reports are public.

13 And there was one thing that came up in the
14 NOTWINC meeting, which after we had the SCOTWINck
15 presentation, that SCOT- -- SCOTWINC does not have a
16 general manager. They use the mutuel managers from each
17 racetrack as they're open, when the meeting is being run,
18 which seems very inefficient. And since they have some
19 additional funding, which hopefully will get hem to break
20 even, it seems as if they need some -- one person in
21 charge who gets the phone call when my friend from Barona
22 Casino has a problem, he doesn't know who to call. He has
23 to call a mutuel manager who is doing his other job at the
24 racetrack.

25 That's it. Thirty seconds.

1 CHAIR ISRAEL: That was 30 seconds?

2 COMMISSIONER ROSENBERG: Yeah.

3 CHAIR ISRAEL: You're not -- you do not have a clock
4 in your head.

5 Well, believe it or not, with that, we can
6 conclude, since the items 19 and 20 are being put over.

7 That concludes the public part of today's
8 meeting. And we'll just adjourn the public part in memory
9 of Kirk Breed, and go into closed session.

10 Thank you.

11 (At 2:05 p.m., the proceedings were
12 concluded.)

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