

APPEARANCES

COMMISSIONERS

Chuck Winner, Chairman

Richard Rosenberg, Vice Chairman

George Krikorian

Steven Beneto

Jessie Choper

Madeline Auerbach

Alex Solis

STAFF

Rick Baedeker, Executive Director

Jackie Wagner, Assistant Executive Director

Phil Laird, Staff Counsel

Wendy Voss

Rick Arthur, Equine Medical Director

ALSO PRESENT

Kim Lloyd, Barrett's Auction

Brad McKinzie, Los Alamitos Racing Association

Rick English, Los Alamitos Racing Association

Joe Morris, TOC

Larry Swartzlander, Cal Expo

Sonia Logman, Cal Expo

Joe Harper, Del Mar

APPEARANCES (CONTINUED)

ALSO PRESENT

Craig Dato, Del Mar

Tim Robbins, Del Mar

Josh Rubenstein, Del Mar

Alan Balch, CTT

Tawny Tesconi, Sonoma County Fair

Stacy Lapman, Sonoma County Fair

Dino Perez, PCQHRA

Mike Ernst, Del Mar

Richard Castro

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California if it's on the Veterinarian's List in another racing jurisdiction, unless with prior approve of the stewards for good cause. (This concludes the 15-day public comment period. The Board may adopt the proposal as presented.

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| 11. | Public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1632, Jockey's Riding Fee, to adjust the non-winning jockey riding fee scale for losing mounts, pursuant to Business and Professions Code 19501(b)(1), to reflect California's most recent minimum wage increase to 12.5 percent and to amend the non-winning jockey riding fee scale to reflect an increase of 12.5 percent for the second and third place mounts in races with a gross purse of \$9,999 or less.

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14. Discussion and action by the Board regarding the proposed adjustment of the 2015 Southern California racing calendar, to allocate September 26th to September 27th from Santa Anita to Fairplex, at Los Alamitos. 12

15. Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personal matters, as Authorized by section 1126 of the Government Code. --

- A. The Board may convene a Closed Session to confer with and receive advice from its legal

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counsel, considering regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation" as authorized by Government Code section 11126(c).

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(c).

C. The Board may convene a Closed Session for the Purpose of considering personnel matters as authorized by Government Code section 11256(a).

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P R O C E E D I N G S

9:42 a.m.

PROCEEDINGS BEGIN AT 9:42 A.M.

(The meeting was called to order at 9:42 A.M.)

ARCADIA, CALIFORNIA, THURSDAY, MAY 21, 2015

MEETING BEGINS AT 9:42 A.M.

CHAIRMAN WINNER: Good morning, Ladies and Gentlemen. This meeting of the California Horse Racing Board will come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, May 21, 2005 [sic] at Santa Anita Race Track.

Present at today's meeting are: Chuck Winner, Chairman; Richard Rosenberg, Vice Chairman; Steve Beneto; George Krikorian; Jesse Choper; Madeline Auerbach; and Alex Solis. Did I miss anybody? Because we're doing this from a new --

EXECUTIVE DIRECTOR BAEDEKER: I don't know.

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

1 racing in California.

2 In order to ensure all individuals have an
3 opportunity to speak and the meeting proceeds in a timely
4 fashion, I will strictly enforce the three-minute time limit
5 rule for each speaker. The three-minute time limit rule
6 will be enforced during discussion of all matters as stated
7 on the agenda, as well as during the public comment period.

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

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

21 When all the names have been called the Chairman
22 or I will ask if there's anyone else who would like to speak
23 on the matter before the Board. Also, the Board may ask
24 questions of individuals who speak. If a speaker repeats
25 himself or herself I will ask the speaker, and if the

1 speaker has no further comments I'll ask the speaker to be
2 seated so that others who wish to speak on the subject can
3 speak.

4 Before we proceed there are a couple of points
5 we'd like to make. First of all, we lost a former
6 Commissioner on April 11th, William Bianco. And I'd like to
7 just read a little bit of his background because he was
8 really a special individual. And unfortunately he passed
9 away at the age of 75 on April 11th.

10 "William Bianco, Jr., a former Racing Commissioner and
11 horse owner who spent most of his life giving to others
12 suffered a stroke and passed away April 11th in San
13 Jose at the age of 75.

14 "The self-made man lacking a formal education, Mr.
15 Bianco taught himself chemistry and eventually co-
16 founded Kinetic Systems which provided process systems
17 for the semiconductor, biotech, pharmaceutical and food
18 industries, most notably containing systems and
19 chemicals for the start-up company Intel in the early
20 1970s.

21 "After Mr. Bianco sold his company in 1998 he increased
22 his involvement in thoroughbred racing and partnered in
23 Fog City Stables, an ownership group with 35 horses.
24 He and one of his sons, William Bianco III, bred and
25 raced Cal Bred horses at Sunset Stables.

1 "Then Governor Gray Davis appointed Mr. Bianco to the
2 California Horse Racing Board in March of 2001. He
3 served six years as a Racing Commissioner through
4 January of 2007, including one year as Vice Chairman in
5 2005. During his years on the Board Mr. Bianco
6 consistently demonstrated his selfless and
7 compassionate nature in the way he voted and through
8 his generosity to others.

9 "When he learned that backstretch workers were having a
10 difficult time completing income tax returns, he paid
11 for a CPA to work with them. And when there were
12 concerns about a possible milk-shaking problem, horses
13 with excessive total carbon dioxide levels, and the
14 CHRB did not initially have funds for TC02 testing, Mr.
15 Bianco paid for the experimental testing which
16 eventually led to the rules and full-fledged TC02
17 testing program that is still in place today.

18 "Outside of horse racing Mr. Bianco and his wife gave
19 generously to many worthwhile causes large and small by
20 financing a wing at a cancer hospital, donating
21 generously to the San Jose Symphony, endowing a chair
22 at Stanford University and financially assisting
23 employees at Kinetic Systems during especially
24 difficult times."

25 I think all of us on the Board and in horse racing

1 will miss Mr. Bianco.

2 Let me also mention that our former Vice Chairman
3 Bo Derek is no longer on the Commission. She's resigned
4 from the Commission to move on with her personal career.
5 And we'll have a special presentation at the June meeting
6 for -- for Bo. But I think all of you know how much she
7 meant to racing, especially to the health and safety of the
8 animals, as well as to the -- as well as to the riders. And
9 having worked with her was a special treat because she as so
10 dedicated, worked so hard, had so many good ideas, and
11 she'll be missed on this Board for sure.

12 On the positive side, we have a new Commissioner,
13 Alex Solis. And we are all very delighted that the governor
14 has appointed Alex to be a member of the Board. I believe
15 it's the first time there have been -- there's been an
16 active jockey. I'm not even sure it's not the first time
17 there's been a retired jockey on the Board. I think it's
18 going to be -- Alex will be a great addition to the Board.
19 I've known Alex for 250 years or so, I think. Well, he's
20 young, I'm old. But he's -- he's a wonderful person and
21 will be a great addition to the Board and will bring
22 something really special, I think, to the Board. So we'll
23 all very happy to have -- to have Alex.

24 Okay, moving right along, I believe the next item
25 is Mr. Baedeker's report.

1 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.
2 Chairman.

3 CHAIRMAN WINNER: I guess we have to approve the
4 minutes.

5 EXECUTIVE DIRECTOR BAEDEKER: Oh, I'm sorry.
6 Yeah.

7 CHAIRMAN WINNER: Yeah. So is there a motion to
8 approve the minutes? Are there any suggested changes or
9 additions to the minutes? Let's start with that. Any
10 changes or additions?

11 Is there a motion to approve?

12 COMMISSIONER AUERBACH: So moved.

13 COMMISSIONER CHOPER: Second.

14 COMMISSIONER AUERBACH: Commissioner Auerbach
15 moves. Commissioner Choper seconds. All in favor?

16 ALL COMMISSIONERS: Aye.

17 CHAIRMAN WINNER: The minutes are approved.

18 Now, Mr. Baedeker?

19 EXECUTIVE DIRECTOR BAEDEKER: Okay. Thank you,
20 Mr. Chairman.

21 First of all, there will be two committee meetings
22 held on Wednesday the 27th. They'll both be held in this
23 room. The Medication Committee chaired by Commission
24 Auerbach will meet at 10:00 a.m. There are a number of
25 interesting and important items on the agenda, including a

1 discussion of emerging threats and related detection
2 techniques in racing, including gene doping and air follicle
3 testing. And I would invite you to have a look at that
4 agenda. There are many complex issues on it. And it would
5 be very worthwhile a meeting for as many as possible to
6 attend.

7 And then later that day there will be another
8 meeting. This will be the Jockey and Drive Welfare
9 Committee chaired by Commissioner Solis which will consider
10 further changes to the construction of the whip as other --
11 as well as other modifications of the whip rule, including a
12 very new idea of the potential of optional whip-free races.

13 Now keep in mind, folks, for both of these committees, so
14 that nobody gets, you know, too riled up, these are for
15 discussion purposes. The Committee then decides if, as a
16 matter of fact, it wants to move anything forward to the
17 full Board. So that will be up to the chairs and the
18 members to make those decisions.

19 A note about Maddy Lab funding. I have talked
20 about this several times over the last year in these notes.

21 And our budget change proposal to provide additional
22 funding for the Maddy Lab is now a reality. CHRB is now
23 authorized to augment our contract with the Maddy Lab up to
24 \$1.2 million, without which the lab would have needed to cut
25 services in this fiscal year which starts on July 1st. The

1 shortfall is the result of declining handle, which is one of
2 the sources of funding for the Maddy Lab. So you just heard
3 me talk about emerging threats in racing, such as gene
4 doping, coming down the pike. And we need to be ready to
5 address it and that requires an investment in technology for
6 complicated issues like that.

7 And it was -- it was just mentioned by the
8 Chairman earlier in talking about Commission Bianco, when
9 TCO2 because an issue the CHRB lacked funding to conduct
10 testing. We have currently a similar situation with cobalt.
11 And who knows what's next to come. But I think we'd all be
12 in agreement that there's probably no more important
13 investment in the integrity of the sport than in the Maddy
14 Lab.

15 Yesterday I testified before a joint Senate and
16 Assembly GO Committee hearing on the regulation of gaming in
17 the state, particularly in the context of the potential for
18 online poker. It provided a good opportunity to explain the
19 complex workings of the CHRB.

20 One fact I shared with the panel was the extensive
21 drug testing done by CHRB at the Maddy Lab. The last fiscal
22 year more than 59,000 samples were tested at the lab. By
23 comparison and to put it in context, USADA, the US Anti-
24 Doping Agency, during the same timeframe testing samples
25 from around the country tested about 9,000 samples. So it

1 shows you the volume of work that is being done by the lab.

2 I was also able to remind the parties that horse
3 racing was authorized by the voters 50 years before the
4 lottery or tribal gaming. And we are the only gaming entity
5 in California that has been conducted legal online gaming,
6 and we've been doing so for 13 years. So the statement by
7 some that racing doesn't have expertise in this area is
8 clearly inaccurate.

9 Staff met with the Executive Officer of the
10 Veterinary Medical Board to discuss proper labeling of
11 prescriptions in the compounding of drugs. We also
12 discussed standards of practice. The Vet Board has been
13 very cooperative with CHRB over the last six to nine months.
14 And we've -- we've agreed to continue working together on
15 these things. And I think everybody probably knows that
16 before a veterinarian can be licensed by CHRB he or she must
17 first be licensed by the Vet Board.

18 The financials for the month are fairly rosy
19 because we had two additional days of live racing which
20 resulted in an overall gain of 12.28 percent. Nighttime
21 racing had the same number of days and still was up 9.63
22 percent. So the month looks good with overall -- with an
23 overall lift of about 12 percent. Year to date, everything
24 in we're up 1.78 percent.

25 Finally, James Goldstein, the Undersecretary of

1 what we refer to as Agency, which is the Business Consumer
2 Services and Housing Agency, has left his position. And
3 it's kind of ironic because it was difficult for Staff to
4 begin working with Agency in July of 2013, largely because
5 CHRB had been completely autonomous for 80 years and now had
6 to report to Agency, and things had to be done differently.
7 There was a bit of a tug-of-war at the outset.

8 Now, however, we are very disappointed that James
9 has decided to leave because whereas at the time in July of
10 2013 he didn't know anything about CHRB, didn't know
11 anything about horse racing, he in fact had become the
12 champion of our causes, and as a matter of fact had become a
13 real fan of racing. So this is an opportunity to
14 acknowledge his contribution to our work.

15 And that's the end of my report.

16 As the Chairman points out, I need to correct
17 myself. I should have said riding crop, not whip. And
18 apparently I'm going to be fined for each of those
19 utterances. So this is going to be like \$6.00 or something.

20 CHAIRMAN WINNER: It's only -- it's only going to
21 be three months' salary --

22 EXECUTIVE DIRECTOR BAEDEKER: Oh.

23 CHAIRMAN WINNER: -- for each. Thank you, Mr.
24 Chair -- or thank you, Rick, or Mr. Chairman probably. Okay.

25

1 Let me also echo what Rick has said about James --
2 James. Because having worked with him was a delight, not
3 just on a professional level and not just from the
4 standpoint of what -- how hard he worked to understand what
5 our needs are and what racing is all about in California,
6 and he did work very hard to find out and to learn and to
7 bring his -- his subordinates up to speed on it. But he was
8 a joy to work with. And I'm looking forward to working with
9 him because he's moved back over to ARB, Air Resources
10 Board, which is where he came from. And I have other issues
11 wherein I deal with the ARB. So I'm looking forward to
12 working with him over there.

13 But we are -- we'll -- he'll be missed for racing
14 in California because not only was he understanding and
15 worked with us on issues, but he actually was an advocate
16 where we needed him on certain things with the legislature,
17 with the governor and whatnot. Where he -- where he felt
18 that we were in the right, which was most of the time, he
19 was very instrumental in helping us achieve our objectives.

20 So we've sorry that James has made the decision to
21 go back to ARB, which is really his -- sort of his passion.

22 Before we go any further, let also announce the
23 committee assignments. Since we have a new commissioner and
24 one has left we made just a few changes, not -- not many.

25 Pari-Mutuel, ADW, Satellite and Simulcast remains

1 the same, George Krikorian is the chairman, Richard
2 Rosenberg is the vice chair.

3 Legislative, Legal and Regulations, Jesse Choper
4 is the chair, Richard Rosenberg is the member.

5 Medication and Track Safety, there's a little bit
6 of a change. Madeline Auerbach is now the Chairperson and
7 Alex Solis is the member.

8 And Jockey and Driver Welfare, Alex Solis is now
9 the chairman and Madeline Auerbach is now the member.

10 Stewards Committee, I'm the chair and Vice Chair
11 Rosenberg is the member.

12 Budget Finance and Audit, Steve Beneto is the
13 Chair, George Krikorian is the member.

14 Racing and Breeding Marketing Initiatives, Richard
15 Rosenberg is the chair and I am the member.

16 Northern California Race Dates and Stabling
17 Oversight, Steve Beneto is the chair, Jesse Choper is the --
18 is the member.

19 And Southern California Race Dates and Stabling,
20 George Krikorian is the chair and I am the member.

21 And Santa Anita Backstretch Improvements, George
22 Krikorian is the chair and I am the member. All right.

23 One other point is that item number 14 on the
24 agenda has been moved to the June calendar, to the June
25 agenda. We will not be hearing item 14 today. Item 14 was

1 a discussion and action by the Board regarding the proposed
2 adjustment of 2015 Southern California racing calendar, to
3 allocate September 26th and 27th from Santa Anita to
4 Fairplex-Los Alamitos. That is off the agenda for today and
5 will be on the agenda for June. Okay.

6 Public -- public comment. We have -- Kim Lloyd
7 has submitted a card. Kim? I suppose to talk about the
8 upcoming sale.

9 MR. LLOYD: The upcoming sale. Good morning,
10 Commissioners. I'm Kim Lloyd, the General Manager of
11 Barrett's. I want to invite everybody the sale next
12 Thursday, May the 28th at Del Mar. We have our preview 10
13 o'clock Tuesday. We also have a reception at the Pacifica
14 in the Plaza at Del Mar. That's from 6:00 to 8:00. We'd
15 like everybody to attend.

16 I want to take this opportunity to give a special
17 thanks to the 22nd Agricultural District, and especially the
18 Del Mar Thoroughbred Club in the big assistance that they've
19 given us in getting our new venture at -- with Barrett's at
20 the Beach started. We've very excited about the opportunity
21 and we look forward to a great sale now and in the future.
22 Thank you.

23 CHAIRMAN WINNER: Thank you. Any questions for
24 Mr. Lloyd?

25 Is there anyone else who would like to speak

1 during the public comment period? I don't have any other
2 cards.

3 So we'll move on then to item number -- item
4 number four, discussion and action by the board regarding
5 delegating authority to the Executive Director to approve
6 CHRB service contracts on behalf of the Board.

7 MS. VOSS: Good morning. Can you hear me? I'm
8 Wendy Voss, CHRB Staff.

9 Prior to each fiscal year the staff requires
10 either Board approval or another mechanism to ensure that
11 Staff can execute contracts at the beginning of the fiscal
12 year, which is July 1.

13 Beginning last Fiscal Year '13-14 the staff was
14 able to get a resolution that the Board approved, signed by
15 the Chairman, giving the Executive Director authority to
16 executive. So Staff is here today asking if you would
17 consider a resolution again.

18 Prior to that what was required is that in your
19 Board package the staff would present a listing of those
20 service contracts and we would ask that the whole Board
21 would approve them. And --

22 EXECUTIVE DIRECTOR BAEDEKER: One note, Wendy --

23 MS. VOSS: Sure.

24 EXECUTIVE DIRECTOR BAEDEKER: -- if I can insert
25 it. We should say that the approval for the Executive

1 Director to approve the contracts is with the approval of
2 the Chairman or the Vice Chairman. So it's not --

3 MS. VOSS: The resolution would be signed by the
4 Chair.

5 EXECUTIVE DIRECTOR BAEDEKER: It's not unilateral
6 authority.

7 MS. VOSS: Right. The full Board would give the
8 Chairman approval to sign the resolution --

9 EXECUTIVE DIRECTOR BAEDEKER: Right.

10 MS. VOSS: -- for the Executive Director to
11 execute the contracts so it's just a little quicker and
12 easier for Staff.

13 CHAIRMAN WINNER: Is this the item that John
14 Harris --

15 MS. VOSS: Yes.

16 CHAIRMAN WINNER: -- wrote proposing --

17 MS. VOSS: Yes.

18 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

19 CHAIRMAN WINNER: Do we need to say that?
20 Probably.

21 COMMISSIONER AUERBACH: Well --

22 CHAIRMAN WINNER: Go ahead.

23 COMMISSIONER AUERBACH: Well, I was going to -- I
24 was going to bring that up --

25 CHAIRMAN WINNER: Okay. Go ahead.

1 COMMISSIONER AUERBACH: -- because he -- I made
2 the mistake of getting started on trying to --

3 CHAIRMAN WINNER: Are you --

4 COMMISSIONER AUERBACH: Hello. Sorry.

5 I made the mistake of trying to assuage any fears
6 about it. And actually it did bring to mind one thing.
7 John Harris was opposed. He was concerned about not having
8 oversight. And as I read the resolution I know what we
9 talked about and I know what our intent was. And so I just
10 throw this out as an open question.

11 Do we need to be more specific in terms of what --
12 of what actually we will be allowing those two people to do.

13 Do we want to set any kinds of limits? I don't know the
14 answer to that. I don't know if we need to or if we want
15 to.

16 And one other point, and then I'll let you
17 respond, I would also like to see that when this kind of,
18 assuming that we pass it, when this kind of authority is
19 exercised I would hope and trust that we would see a
20 notification immediately of this being -- especially to the
21 Board Members so they can see specifically what's happened
22 and what it entails.

23 EXECUTIVE DIRECTOR BAEDEKER: I might refresh the
24 point that we made last year. This actually was -- we
25 brought this to the Board at the suggestion of James

1 Goldstein from Agency who has been Executive Director of
2 much bigger departments. And he said it's actually very
3 rare that these individual contracts are brought before the
4 full Commission for approval. And so he suggested that we
5 bring this measure forward.

6 And last year, actually I think we brought it
7 forward as a proposal to just give the Executive Director
8 the ability to approve the contracts. And at that time
9 the -- the additional step of requiring the approval of the
10 Chairman was approved by the Board.

11 And I think it would be helpful for Staff to talk
12 about what happens with any of these contracts before we
13 ever bring it to the point where the Commissioners have the
14 opportunity to -- or the Executive Director has the
15 opportunity to approve it.

16 Why don't you, Wendy --

17 MS. VOSS: Certainly.

18 EXECUTIVE DIRECTOR BAEDEKER: -- tell them the
19 steps.

20 MS. VOSS: Staff produces based on whatever
21 program has described the service components to be. Staff
22 reviews and prepares a contract package with the transmittal
23 and a standard state form that requires signature from the
24 contractor and CHRB Staff that have signatory authority.
25 And that package, after it's done, has to go to the Office

1 of Legal Services. And the State Administrative Manual, I
2 forgot, I believe it's in the staff analysis, one section
3 requires from boards and commissions such as yourself that
4 you all have to approve the ability to execute these
5 documents.

6 So per agency, Mr. Goldstein, it was suggested
7 rather than giving you a laundry list of all these contracts
8 to just get a resolution that the Chairman has gotten
9 approval from the full Board to give Mr. Baedeker the
10 ability to execute.

11 So it's -- it's a formality. It's a procedure.
12 And the Office of Legal Services, they either have to have
13 you approve all of them individually or I have to have this
14 resolution.

15 CHAIRMAN WINNER: My recollection, and I may -- I
16 may not be recalling it correctly, is that when this came
17 before us before there was some concern about, well, there's
18 no problem with this Executive Director, but how do we know
19 in the future. So we put this one-year time limit on it and
20 it's a year-to-year. And it seems to me it's worked very
21 well up to this point and there's no reason to believe that
22 it won't work well moving forward.

23 So is there a motion? Is there any other comment?
24 If not, is there a motion to approve?

25 COMMISSIONER AUERBACH: Moved.

1 VICE CHAIR ROSENBERG: So moved.

2 CHAIRMAN WINNER: It's -- I'm sorry, Mr. Beneto?

3 COMMISSIONER BENETO: How tight is this going to
4 be? I mean, are we -- we're going to -- we'll still have to
5 pass it here at the Board; right?

6 MS. VOSS: That's right. That's what you're doing
7 today. And then if you all agree through a motion then I
8 would present the resolution to the Chairman, he would sign
9 it, and then that gives Mr. Baedeker authority to execute
10 the contracts beginning July 1.

11 EXECUTIVE DIRECTOR BAEDEKER: I think the answer
12 is no, Steve. Because what you're doing is you're saying
13 that -- that the Board delegates its authority to the -- to
14 the Chairman, essentially. So the Executive Director --
15 first of all, we go through the hoops with the Office of
16 Legal Services, whatever it's called, bring it to the
17 Executive Director. The Executive Director then would come
18 to the Chairman, or in his absence the Vice Chairman, and
19 say we have this contract that we believe we need to -- to
20 execute. And the Chairman at that point would either agree
21 to approve it or not. And if the -- correct me if I'm wrong
22 here, but if he agreed -- if he wasn't comfortable, if it
23 was too, if it was extraordinary, if it was different, and
24 he felt that the full Board should consider it, then it
25 would be his or her decision to bring it back to the -- to

1 the full Commission.

2 COMMISSIONER BENETO: So we will -- somebody will
3 be the policeman?

4 CHAIRMAN WINNER: Yeah. It's a two-step process
5 actually. The Executive Director has to even -- it has to
6 go through him to even be brought to me or Richard --

7 COMMISSIONER BENETO: You just can't sign it --

8 CHAIRMAN WINNER: That's correct.

9 COMMISSIONER BENETO: -- and let us know?

10 CHAIRMAN WINNER: That's correct.

11 So is there a motion? I think we had a motion. I
12 think Commissioner Auerbach moved.

13 VICE CHAIR ROSENBERG: Second.

14 CHAIRMAN WINNER: Vice Chair Rosenberg seconds.
15 All in favor?

16 ALL COMMISSIONERS: Aye.

17 CHAIRMAN WINNER: Any opposed? Thank you very
18 much.

19 MS. VOSS: Thank you very much.

20 COMMISSIONER AUERBACH: Wendy, I still want to
21 (inaudible) that delineates notification, like an automatic
22 thing that goes out to the Board when these contracts are
23 approved. I don't know how often this happens or will
24 happen. But I think I want to make sure that the Board
25 knew, was aware of these things when they occur, not that we

1 weigh in but that we're aware of them.

2 MS. VOSS: Okay. Certainly.

3 COMMISSIONER AUERBACH: Okay.

4 MS. VOSS: I'll work on that.

5 COMMISSIONER AUERBACH: Please.

6 MS. VOSS: Thank you.

7 COMMISSIONER AUERBACH: Thank you.

8 CHAIRMAN WINNER: Thank you.

9 Moving on to item number five, discussion and
10 action by the Board on the Application to Conduct a Horse
11 Racing Meeting of the Los Alamitos Racing Association at Los
12 Alamitos, commencing July 2nd, 2015 through July 12th, 2015,
13 inclusive.

14 Gentlemen?

15 MR. MCKINZIE: Brad McKinzie for Los Alamitos
16 Racing Association.

17 Rick English from Los Alamitos Racing Association.

18 MR. MCKINZIE: Well, Board Members, we're excited
19 to be up here to seek our dates for our second July
20 thoroughbred meet at Los Alamitos, which Commissioner Winner
21 said starts July 2nd. We plan this year to try to build on
22 what we accomplished last year, try -- try some new things
23 marketing-wise. We have a stakes' schedule now that's --
24 and a purse structure that's built on actual numbers as
25 opposed to projections. But we're very excited about the

1 meet and looking forward to it starting off our 2015 racing
2 season.

3 CHAIRMAN WINNER: Any discussion?

4 COMMISSIONER AUERBACH: I have a list.

5 CHAIRMAN WINNER: Go.

6 COMMISSIONER AUERBACH: Sorry.

7 CHAIRMAN WINNER: You're on.

8 COMMISSIONER AUERBACH: I just want to -- I want
9 to start out with a \$350,000 Los Al Derby.

10 MR. MCKINZIE: Yes.

11 COMMISSIONER AUERBACH: And I just -- I'm not
12 trying to second guess, but boy, \$350,000 is very generous.

13

14 And my question was -- is do you think you could
15 have attracted the same horses for 250 as 350? Because I
16 believe you're in a deficit situation.

17 MR. MCKINZIE: I don't believe we could have
18 attracted the same horses for 250. Number one, it would
19 affect our graded status. We're hoping to make this race a
20 Grade 1. I think that last year with Shared Belief winning
21 the race, that's one more step forward in getting Grade 1
22 status. It is highly competitive for these types of horses.

23

24 This race is the centerpiece of race and it's --
25 we use it, quite frankly, not only because we think it's

1 very much needed in the California schedule -- the Santa
2 Anita Derby is basically the last Derby of the year in
3 California -- but we need a race. We've been -- we've been
4 out of the -- we've been out of sight for six months. We
5 ran a meet in December. Now we're coming back in July for
6 eight days. I don't have the luxury of getting into a meet
7 and just letting it build. If we don't get their attention
8 the first weekend we're done.

9 So we need a race that not only locally but
10 nationally let's people know that Los Alamitos is back. Los
11 Alamitos opens July 2nd. Los Alamitos is that weekend. Los
12 Alamitos is running a major race. Our nominations for that
13 race close tomorrow. I can promise you that the horses that
14 have nominated into that race will draw national attention
15 to Los Alamitos operating a meet.

16 I -- we don't have any other luxury. We have to
17 catch their attention, not only locally but at every
18 satellite facility in California, satellite facilities in
19 New York and Florida, everywhere. That's where 85 percent
20 of our handle comes from. We have to catch the attention of
21 the people sitting at home betting on ADWs. We need a
22 marquee event.

23 And we negotiated with the TOC. We talked to them
24 about -- we showed them our purse projections based upon our
25 handle last year. And we don't feel we will be in a deficit

1 position over the course of the year. Last year we knew --
2 we knew that we were going to be overpaid for the year. We
3 didn't feel we had a choice.

4 When you're in this competitive a market you have
5 to offer purses that attract horses. When you -- when you
6 have an eight-day meet in between Santa Anita and Del Mar,
7 if you just -- if you just run races you're going to get
8 bypassed. This year we looked at -- we looked at what
9 our -- how we handled last year and we've made this
10 projection. We were almost \$500,000 overpaid last year.
11 We're not attempting to get all of it back this year. We
12 hope maybe we'll get some of it back this year. But we
13 realize that that was the price we had to pay to get these
14 meets off to as good a start as possible.

15 Once again, we don't have the luxury of building.
16 It's opening week or bust.

17 COMMISSIONER AUERBACH: I hear you and it's not
18 just a price you pay, it's a price we all pay when these
19 things happen. So --

20 MR. MCKINZIE: Yes.

21 COMMISSIONER AUERBACH: -- I get that.

22 I have a question about -- and this is what
23 brought it to mind, your program for enhanced security at
24 stake races. We -- the CHRB did a lot of extensive work on
25 getting a security system. And in fact we held the meeting

1 at your facility that -- where we passed on to the racing
2 associations what appeared to be a very all-encompassing
3 good system to provide security, not only for stake races
4 but all the time.

5 And I planned to ask this so, everybody, I'm going
6 to ask the other racing associations, too, what have you
7 done with this information that we basically researched and
8 gave to you?

9 MR. MCKINZIE: Well, for sure not enough.

10 COMMISSIONER AUERBACH: No, no, I'm just -- no.
11 Because, you know, we did this and --

12 MR. MCKINZIE: We have not -- we have not -- to
13 answer your question bluntly, we have not implemented
14 anything. We have not placed security cameras in the barn
15 area.

16 COMMISSIONER AUERBACH: Have you even discussed
17 this -- this stuff? Because I'm asking for a specific
18 reason. I think Rick will agree with me, we did a very -- a
19 very thorough and complete job in trying to get the racing
20 associations, all of them -- I'm not -- I'm not picking on
21 Los Alamitos, I'm picking on everybody, I'm an equal
22 opportunity abuser -- we did --

23 MR. MCKINZIE: I've always loved that about you,
24 by the way.

25 COMMISSIONER AUERBACH: -- we did this in the --

1 not only the hope but the expectation that we're going to
2 have some cooperation from the racing associations. So I'm
3 thinking that if I start talking about it now I would hope
4 that the racing associations will start to enact some of
5 these procedures so that we don't have to mandate them.

6 EXECUTIVE DIRECTOR BAEDEKER: I think,
7 Commissioner, that we also presume that TOC who would -- who
8 would at one point at least earmark some startup funds --

9 COMMISSIONER AUERBACH: Uh-huh.

10 EXECUTIVE DIRECTOR BAEDEKER: -- for a program
11 like this.

12 CHAIRMAN WINNER: \$180,000 (phonetic) was
13 substantial.

14 EXECUTIVE DIRECTOR BAEDEKER: Yeah, it was at
15 least that, I think.

16 CHAIRMAN WINNER: Maybe it was more, but it was
17 substantial.

18 EXECUTIVE DIRECTOR BAEDEKER: And so, yeah, it was
19 left -- I think we made it clear that CHRB doesn't have the
20 staff to move the program any further than -- than we had.
21 And so I think there was a clear understanding that the
22 tracks and the horse owners would -- and the trainers would,
23 you know, take it from there. So we haven't had an update.
24 We also haven't asked for one.

25 So I guess -- I guess it's now official. So I'm

1 guessing that you all can put together something and send it
2 to us and we'll share it with the -- with the Commissioners.

3 MR. MCKINZIE: What would you like us to put
4 together for you? I'm a little confused.

5 EXECUTIVE DIRECTOR BAEDEKER: Well --

6 MR. MCKINZIE: We can tell you we have no, as far
7 as I know, unless there's been meetings that -- that I
8 missed, that there have been no follow-up meetings that I'm
9 aware of --

10 EXECUTIVE DIRECTOR BAEDEKER: All right. Well,
11 thank you for the update.

12 MR. MCKINZIE: -- as far as --

13 EXECUTIVE DIRECTOR BAEDEKER: That's --

14 MR. MCKINZIE: -- as far as implementing. And I
15 could be wrong about that. Joe Morris is --

16 EXECUTIVE DIRECTOR BAEDEKER: That's kind of
17 surprising --

18 MR. MCKINZIE: Joe --

19 EXECUTIVE DIRECTOR BAEDEKER: -- given all the
20 work that was put into it.

21 MR. MCKINZIE: Well, that -- maybe I could be
22 wrong about that. I would think Joe should be standing up
23 behind me to give an update.

24 EXECUTIVE DIRECTOR BAEDEKER: Unless he's gotten
25 real short. Oh, here he is. Here he is.

1 COMMISSIONER AUERBACH: Here he is.

2 CHAIRMAN WINNER: And introduce yourself.

3 MR. MORRIS: Joe Morris with the TOC.

4 We have had some follow-up meetings. I've met
5 with the -- I can't remember the gentleman's name from the
6 security company. We've had two meetings with him here.
7 We've also met with the director of security here at Santa
8 Anita. We were starting here. We've been inventorying what
9 they have for a current system to see what their -- what
10 the -- what the basement is, so to speak, the foundation is.
11 And we're -- and we're looking to build onto that. The TOC
12 is still committing dollars to it and we're just starting
13 here and moving forward with it. So --

14 COMMISSIONER AUERBACH: Do you, Joe, do you think
15 you can keep us updated? I -- this is something that I
16 don't want to see get -- I know there's a lot of stuff going
17 on. I appreciate that. But I think this can go on side-by-
18 side where we can get this implemented without affecting all
19 the other issues that we have.

20 MR. MORRIS: Yeah, we will do that.

21 COMMISSIONER AUERBACH: Thank you.

22 MR. MORRIS: Yeah.

23 COMMISSIONER AUERBACH: Thank you. And then I
24 have one other question.

25 CHAIRMAN WINNER: Please go ahead.

1 COMMISSIONER AUERBACH: Sorry, Chuck.

2 I'm on your marketing plan and budget.

3 MR. MCKINZIE: Yes.

4 COMMISSIONER AUERBACH: I'm curious as to how
5 these numbers compare to last year?

6 MR. MCKINZIE: A little bit more.

7 COMMISSIONER AUERBACH: You're spending more?

8 MR. MCKINZIE: Yes.

9 COMMISSIONER AUERBACH: And can you -- can you
10 describe the changes in what you're doing to try to make
11 your eight days count?

12 MR. MCKINZIE: Well, and I just would like to say
13 that we were -- well, personally I was -- you know, we were
14 disappointed last year, particularly with our -- with our
15 on-track business. There's no question about it, it is a
16 frustrating process for us, how to try to build this market
17 with the hand we've been dealt as far as, you know, number
18 of racing days and location.

19 What we're trying to do this year is we're --
20 we're trying to build from our strengths. You know, if they
21 asked Willie Sutton why he robbed banks he says that's where
22 the money is. We have found that looking at our -- our
23 mailing list that we developed during the daytime and
24 nighttime the vast majority of our crowd comes from a 15-
25 mile circle around our race track. So we are concentrating

1 our marketing dollars within the 15-mile circle. We've
2 taken money away from newspaper which is a much larger reach
3 and we've concentrated it into local cable.

4 We've partnered with local businesses and local
5 charities to try to somehow give our local community a
6 feeling of ownership of this race meet where instead of --
7 to try to make this race meet something of a little bit of a
8 regional happening, like between -- we're starting in
9 Cypress and Los Alamitos, to where they have some ownership
10 in it and it feels like it's part of their meet.

11 It's -- it's -- we're starting from ground zero,
12 so it's going to take some time. And like we said, we don't
13 have a lot of time to accomplish it. I mean, it's - you
14 know, we hope to get them out for opening weekend, because
15 if they're not out for opening weekend then the only chance
16 they can come is for closing weekend. So that's -- that's
17 what we've done is we're -- we're kind of more of a
18 grassroots marketing plan as opposed to a large reach media
19 plan.

20 And we're -- we're still doing the things with the
21 OC Register which were beneficial. We're still spending
22 money with the OC Register because, quite frankly, we need
23 to do it because part of our deal with Los Alamitos spending
24 money with the OC Register is they not only run our entries
25 and results but they run the entries and results for Santa

1 Anita and Del Mar. So we feel that's important to just have
2 a constant racing, you know, in their face in the OC
3 Register.

4 So we're trying new things. Whether they will
5 work, I don't know, but we're going to -- we are going to
6 keep trying.

7 CHAIRMAN WINNER: You know, Brad, how difficult it
8 is with an eight-day meet. And after -- after such a long
9 way off. And we've talked about the problem that that
10 creates from -- certainly from a marketing standpoint. And
11 I know there are some philosophical differences between some
12 of us with respect to the importance of marketing anyway,
13 both on-track, as well as internet and offsite.

14 But I do think that you're -- I appreciate the
15 fact that you're trying some of these new things which I
16 believe have a chance of being a little more successful.
17 Because I agree with you that you really, in my view, have
18 to concentrate on that 10- to 15-mile radius rather than
19 scatter gunning throughout the whole community. It's just
20 so tough when you're -- when you do have that limitation
21 that you have and limited amounts of money.

22 So I think the approach that you're taking I
23 appreciate and wish you luck. I'm not sure, as you're not,
24 how much effect it will have because of the limitations that
25 you face. But I do appreciate your trying these -- these

1 new -- these new plans.

2 MR. MCKINZIE: Well, I can tell you, we're going
3 to keep trying. And we are also open to suggestions.

4 CHAIRMAN WINNER: Okay.

5 George?

6 COMMISSIONER KRIKORIAN: I have a question. Is a
7 two-week meet, is it really a real handicap for you to have
8 a successful meet? Could it be something different?

9 MR. MCKINZIE: Well, I mean, yeah. I mean, a two-
10 week meet is tough. And a two-week meet, the way this meet
11 is paced, is doubly tough, I mean, as far as horse
12 population-wise.

13 I have to tell you, the one aspect that we were
14 thrilled about last year and I hope it continues this year
15 is the support we received from the owners and trainers
16 running their horses at our meet. We -- the entries went
17 well. We ran quality racing. We were scared to death being
18 stuck between Santa Anita and Del Mar that we were just
19 going to be completely bypassed.

20 So, yes, it's hard to build customer loyalty and,
21 you know, a fan base with eight days of racing. But that's,
22 you know, that's the hand we were dealt and we're going
23 to -- we're going to make the most of it. And, you know,
24 there are certain limitations that we have as far as
25 lengths. I mean, we don't have a turf course. So, I mean,

1 there's always going to be limitations.

2 And as I've said last year, this industry is still
3 kind of trying to find its equilibrium after the closing of
4 Hollywood Park and where do these dates go and what's the
5 best way for this industry to move forward. And right now
6 this is what we've got and we're just trying to make the
7 best of it.

8 CHAIRMAN WINNER: Any other thoughts? Questions?
9 Commissioner Choper?

10 COMMISSIONER CHOPER: I just have a thought, and
11 that is I want to congratulate you and thank you for what
12 you're doing down there. You've got plenty of bumps in the
13 road, and added to the big ones there to begin with in our
14 industry. But you folks are just doing, I think, the very
15 best that you can and it's appreciated.

16 MR. MCKINZIE: Well, we appreciate the comment.
17 Dr. Allred is committed to horse racing. He loves horse
18 racing in this state and is committed to do everything he
19 can to keep this business as healthy as it can be.

20 CHAIRMAN WINNER: Any other comments or questions?

21 VICE CHAIR ROSENBERG: We're missing the 2014
22 financials, which I presume -- we're missing the 2014
23 financials. I presume it's because the -- all the
24 statements aren't ready yet; correct?

25 MR. ENGLISH: That's correct. We'll have our

1 audits complete --

2 VICE CHAIR ROSENBERG: Right.

3 MR. ENGLISH: -- mid to late July. And we'll
4 forward them to the Board as soon as they're available.

5 VICE CHAIR ROSENBERG: But this brings up a good
6 point for Staff that I think it's time to do the review of
7 the -- the application again, revising it. Because to me
8 there's no need for audited -- there's a need for audited
9 statements. But when they're unavailable there's no reason
10 not to have unaudited statements, especially when it comes
11 to projected and past profit and loss for the -- which is
12 one of the items in the -- in the meeting. But that's for
13 Staff to discuss.

14 CHAIRMAN WINNER: That's a good point.

15 MR. ENGLISH: Thank you.

16 CHAIRMAN WINNER: Anything else? And is there a
17 motion to approve, pending the submission of the outstanding
18 items?

19 I guess there's a bond. The bond expires July
20 15th; is that correct?

21 MR. ENGLISH: And we renew.

22 MR. MCKINZIE: Yes, it does expire in July.

23 CHAIRMAN WINNER: Okay. And I assume we'll have
24 the renewable -- renewed?

25 MR. ENGLISH: Yes.

1 CHAIRMAN WINNER: Okay. So pending the
2 receipt -- the receipt of these documents by Staff, is there
3 a motion to approve?

4 COMMISSIONER CHOPER: So moved.

5 CHAIRMAN WINNER: Moved by Commissioner Choper.
6 Seconded by Commissioner Krikorian. All in favor?

7 ALL COMMISSIONERS: Aye.

8 CHAIRMAN WINNER: Any opposed?

9 Good luck, gentlemen.

10 MR. MCKINZIE: Thank you.

11 MR. ENGLISH: Thank you. Look forward to seeing
12 you down there.

13 CHAIRMAN WINNER: We'll be
14 there.00000000000000000000000000000000nnnxx

15 Item number six, discussion and action by the
16 Board on the Application to Conduct a Horse Racing Meeting
17 at the California Exposition and State Fair at Sacramento,
18 commencing July 10th, 2015 through July 26th, 2015.

19 Ladies and gentlemen?

20 MR. SWARTZLANDER: Larry Swartzlander, the
21 Director of Racing at Cal Expo.

22 MS. LOGMAN: Sonia Logman (phonetic), Director of
23 External Affairs for Cal Expo. And Rick Pickering, our CEO,
24 sends his regards. He's participating in the state peer
25 breakfast (phonetic) with the state legislature this

1 morning, and so wanted to note that for the Commissioners.

2 CHAIRMAN WINNER: Thank you. Go ahead.

3 MS. LOGMAN: Well, thank you for having us here
4 today to review the license. We're very excited and have
5 certainly invested in success.

6 Just from an overview in terms of marketing and
7 come of the outreach that we're doing tied to the race meet
8 and really making sure that our community knows, we have a
9 robust marketing and advertising campaign that happens
10 during the State Fair in which the -- the horse racing
11 component has been integrated. You may have this at your
12 seat. But just as a little sample, you know, sort of how
13 we're taking the State Fair, sort of our rich tradition, and
14 celebrating, you know, the rich history of agricultural, but
15 then also the future, and making horse racing sort of front
16 and center. That includes a \$1.2 million cash buy, as well
17 as, you know, several other in-kind and earned-media
18 opportunities, both in advance of fair and during fair.

19 We're also looking at nontraditional marketing by
20 way of our box seat outreach. We're introduced a new Blue
21 Ribbon Season Pass for some of our avid State Fair fans,
22 that includes horse racing elements. We're also looking at
23 some of our traditional community outreach, things like
24 inviting our Metro Chamber which represents the six county
25 region and 1,700 business members. And they will be, you

1 know, hosting, for example, a lunch. And with Larry's help
2 and others, integrating horse-racing based components,
3 hosting that at our newly remodeled clubhouse in order to
4 expose some of those folks who are fans already or potential
5 new fans to horse racing in our Sacramento DMA.

6 Let's see, a couple other highlights for you with
7 regards to cross promotion. As the oldest professional
8 sport in the Sacramento region with horse racing we're very
9 well to house, as well as the newest, with USO Pro Soccer.
10 We're looking at what are some creative ways to retain some
11 of those new fans at Cal Expo by way of Bonnie Field and
12 being the home space for soccer to be exposed to horse
13 racing through creative promotions on both sides of the
14 house.

15 So those are a couple of the highlights that we
16 just wanted to bring to your attention with regards to
17 marketing.

18 And then, of course, Larry is here to answer
19 anything related to the meet as our Director of Racing.

20 MR. SWARTZLANDER: I'd like to just go into some
21 more specifics that -- that Sonia already covered in general
22 terms. We're talking about purses. We're giving up close
23 to \$1.3 million in overnight purses. We'll have an
24 additional stakes race that the State Fair this year. It
25 will be called the Golden Fair Stakes for three-year olds

1 and up going six furlongs.

2 Also, the Commissioner asked a question about
3 surveillance. Our detention barn, we have a video
4 surveillance system, a digital system with six to ten
5 cameras that is deployed at each fair to cover the detention
6 stalls during that meet.

7 Also, recruitment. We have a recruitment program,
8 out-of-state recruitment. Any trainer, owner bringing a
9 horse into the state of California receives \$250 for the
10 first start at the fair and \$150 for the second start.

11 Also, we have an increased trainer incentive
12 program at the State Fair for trainers that have five starts
13 that receive \$800 for the five horses. And if they start
14 ten horses they receive \$1,500. At other fairs it's a \$500
15 and \$1,000 incentive.

16 Also, we will complete the installation of the
17 inside rail, the Mawsafe Rail that will be done by mid-June.
18 It's a state-of-the-art technology-type race, very safe,
19 safe rail. And that will be done. And the housing
20 improvements are completed.

21 The one outstanding thing from our license, the
22 fire inspection. We're having a re-inspection of the
23 kitchen on the backside today. And I hope to have that to
24 you next Monday, Monday or Tuesday, for the final
25 inspection.

1 COMMISSIONER CHOPER: How about the air
2 conditioning (inaudible)?

3 MR. SWARTZLANDER: The air conditioning is -- is
4 fine.

5 COMMISSIONER CHOPER: It's in?

6 MR. SWARTZLANDER: Yes, it's in.

7 COMMISSIONER CHOPER: Good.

8 MR. SWARTZLANDER: Also we talked briefly about
9 the wagers. We will have a \$30,000 guaranteed Pick 4 at the
10 State Fair. It will be offered on the weekends. TVG will
11 host that Pick 4 for us, so you can see it nationally on TV.
12 Also, we have will coverage of HRTV. HRTV will cover both
13 stakes' races, give a human interest background to the
14 stakes' races. We had that last year and expect -- they did
15 an excellent job last year and expect the same this year.

16 Some of the onsite promotions that were very
17 successful last year, we'll continue with the Miller Lite
18 Race of the Day. What we do is we select a race, usually
19 the seventh race, and we'll pick an odd or even number and
20 say that any odd horse -- for example, if you pick odd that
21 day, if an odd horse comes in we offer \$1.00 beers for 25
22 minutes until the next race. Last year you had to fight
23 your way through the lines for the people waiting to get
24 their beers.

25 Also, we used the Spin to Win last year which was

1 very successful. What this does is all the patrons that
2 come in the main gates or any of the gates into the fair are
3 offered a voucher. And this voucher has them -- gives them
4 the opportunity to come to the grandstand, go to the
5 information booth. We have an information booth which is
6 monitored by four people; two that are stationed there
7 permanently and two that rove to help out racing fans.
8 They'll take their voucher up there and they spin for them.
9 Either they'll win some racing memorabilia, they'll win a
10 voucher up to \$20.00, or they could win a seat for two to
11 four in the clubhouse for that day and the buffet line.

12 Also, just in closing I want to say that, you
13 know, this year we run two weeks with Del Mar. I think
14 we're going to be very successful. Watching Golden Gate, we
15 take a close look at Golden Gate as to where they're at on
16 handle. They've increased significantly. Nationally,
17 handle looks good. I expect the same thing to roll into the
18 Alameda Meet and on to Cal Expo. And I'm a Triple Crown
19 fan, and I think American Pharaoh is going to do it this
20 year. I call it the tsunami effect. I think that last year
21 California Chrome really just (inaudible) on the Belmont.
22 But I think Pharaoh will move on.

23 And the last bit of information I want to pass on
24 to the Commissioners is this year the State Fair will be
25 hosting the first inaugural drone competition July 16 and

1 17. So if you'd like to enter your drones it costs you
2 \$99.00, and they have to be in by July 1st.

3 MS. LOGMAN: (Inaudible) drones. And this is an
4 event sanctioned by the American Model Association.

5 VICE CHAIR ROSENBERG: I have a question.

6 CHAIRMAN WINNER: Yes, please.

7 VICE CHAIR ROSENBERG: I recall the discussions
8 we've had over the last two years about backstretch housing
9 and the improvements that were made. And I believe they
10 were all made.

11 So exactly how many tack rooms do you have or
12 housing accommodations for those who stable there? I think
13 you have 700 stalls there or --

14 MR. SWARTZLANDER: Yeah. The -- the improved tack
15 rooms will house 42 grooms.

16 VICE CHAIR ROSENBERG: And what happens to the
17 rest? How many -- typically, how many horses do you have
18 stabled there?

19 MR. SWARTZLANDER: Typically at the State Fair the
20 last two years it has been more than 350.

21 VICE CHAIR ROSENBERG: The state, for the whole --

22 MR. SWARTZLANDER: Yes.

23 VICE CHAIR ROSENBERG: -- pretty much the whole
24 meet?

25 MR. SWARTZLANDER: That stable there, yes.

1 VICE CHAIR ROSENBERG: And what happens to the --
2 where do the grooms live, offsite?

3 MR. SWARTZLANDER: We only had one incidence where
4 we hadn't completed all -- all the tack rooms yet and we --
5 we put those people up in hotels. But these are --
6 everything is complete.

7 VICE CHAIR ROSENBERG: All right.

8 MS. LOGMAN: Sir, if I may also add, we do have an
9 active RV year round -- I'm sorry, an active year-round RV
10 campground which we do make available. And some have chosen
11 in the past to utilize that space co-located at Cal Expo's
12 property.

13 VICE CHAIR ROSENBERG: Thank you.

14 MS. LOGMAN: Uh-huh.

15 VICE CHAIR ROSENBERG: Another question. I'm
16 curious, how did calculate the projected purses for this
17 year compared to last year? What, you're saying 11 days
18 this year and you raced 7 days last year. And also you have
19 the overlap with Del Mar. So it would seem you would be
20 more optimistic in terms of the average daily purse -- purse
21 structure.

22 MR. SWARTZLANDER: Here's my -- here's my
23 algarhythm. What I did is that at the time that this
24 license was first conceived with the other Golden Gate
25 was -- you know, we look at what their handle is doing, and

1 they were in the five -- five percent downrange. So I took
2 that particular number and I took the total handle at --
3 that was generated at the 7-day meet last year, multiply it
4 by 95 percent, projecting that we would be 5 percent less
5 this year in our handle than we did last year, divide it by
6 7, and then multiply it by 11.

7 COMMISSIONER AUERBACH: Well, Richard, don't they
8 still have -- doesn't CARF still have a consolidated purse?

9 MR. SWARTZLANDER: Yes. Yes.

10 COMMISSIONER AUERBACH: So they individually,
11 whatever CARF decides is what they're going to offer.

12 MR. SWARTZLANDER: Correct.

13 COMMISSIONER AUERBACH: My concern is -- is the
14 average number of thoroughbreds. It's really low.

15 MR. SWARTZLANDER: I totally agree with you.
16 We've already started to -- our recruitment program. We've
17 been in Southern California. We've been in Arizona, Oregon,
18 and we plan to go to Idaho. And to tell you, it's -- it's
19 been very positive. We have a lot of new trainers that want
20 to come with the incentive program that we talked about.

21 We've come up with \$50,000 from Alameda to go to
22 trainers, in addition to the incentive program and say, you
23 know, what is it going to take you? Do you need
24 transportation in order to get here? And the trainers have
25 been very responsive. And so far it's not been negative at

1 all.

2 COMMISSIONER AUERBACH: How many days of racing
3 did the Board give you last year?

4 MR. SWARTZLANDER: Forty-two total for all the
5 fairs.

6 COMMISSIONER AUERBACH: No. Your --

7 MR. SWARTZLANDER: Seven in California.

8 COMMISSIONER AUERBACH: This meet?

9 MR. SWARTZLANDER: Seven.

10 COMMISSIONER AUERBACH: Seven. Okay. So it's
11 6.45 with 7 days of racing, I'm wondering, you know, this
12 is -- I don't expect you to know the answer, but I am
13 concerned that the way you get handle is with --

14 MR. SWARTZLANDER: Horse.

15 COMMISSIONER AUERBACH: -- obviously, with horses.

16 And 6.45 is not going to generate the kind of handle that
17 everybody needs or --

18 MR. SWARTZLANDER: No. And one other thing, too,
19 is that with a three-week meet you'll get more trainers to
20 come from Golden Gate and from out of state. Movement is
21 very expensive on the fairs and the -- you know, with going
22 three weeks. And also we're opening a week earlier, so we
23 will open on the 30th of June for owners and trainers to
24 move into Cal Expo, which is a week earlier than we've ever
25 done. So they can get over there from Pleasanton and Golden

1 Gate and get set up.

2 VICE CHAIR ROSENBERG: Can I ask you a question?

3 Can you educate me on the subject of consolidated purses for
4 the fairs.

5 Why do you have to go through the trouble of using
6 an algarhythm, a formula that you described if in fact these
7 purses are consolidated with the other fairs, I don't -- if
8 it's laid out as a package, or is it?

9 MR. SWARTZLANDER: It's laid out as a package for
10 all the fairs and it gives the fair managers and myself, you
11 know, an executive, you know, benchmark as to what we
12 expect. Our goal is always to have no overpayments. So
13 this projection is something we'd like to -- you know, as we
14 move through the fairs, for example let's say after we're
15 done with a State Fair and we're \$200,000 overpaid --

16 VICE CHAIR ROSENBERG: Right.

17 MR. SWARTZLANDER: -- at least for the
18 consolidated purse fund, now we have the opportunity to
19 revisit and go to the TOC and say, hey, you know, we'd like
20 to reduce purses.

21 VICE CHAIR ROSENBERG: So the calculation for your
22 meeting is basically hooked up to you?

23 MR. SWARTZLANDER: Yes. Yes.

24 VICE CHAIR ROSENBERG: Okay.

25 MR. SWARTZLANDER: Yes.

1 VICE CHAIR ROSENBERG: Okay. That's what I was
2 clarifying. Okay.

3 MR. SWARTZLANDER: And it's been very, very good
4 in the past.

5 VICE CHAIR ROSENBERG: Yeah.

6 CHAIRMAN WINNER: Going back to what Commissioner
7 Auerbach asked us, 6.45 (inaudible) --

8 MR. SWARTZLANDER: Yes.

9 CHAIRMAN WINNER: -- what -- what -- aside from
10 what you're currently doing what's your current -- what are
11 you -- how do you feel that's going to improve?

12 MR. SWARTZLANDER: Well, I'd like to have eight.

13 CHAIRMAN WINNER: I mean, I -- I agree with the --

14 MR. SWARTZLANDER: Yeah.

15 CHAIRMAN WINNER: -- with the point that 6.45
16 really isn't enough to --

17 MR. SWARTZLANDER: Yes. Yeah. We'd like to
18 always shoot for 7.5. The numbers say once you get to 7.5
19 you're good, 8 you're golden.

20 CHAIRMAN WINNER: Yeah.

21 COMMISSIONER BENETO: Are you -- are you counting
22 quarter horses in that 6.5 or just thoroughbreds?

23 CHAIRMAN WINNER: No.

24 MR. SWARTZLANDER: No, we keep that --

25 CHAIRMAN WINNER: Quarter horses --

1 MR. SWARTZLANDER: We keep that separate.

2 CHAIRMAN WINNER: -- are 5.33.

3 COMMISSIONER BENETO: So just thoroughbreds?

4 CHAIRMAN WINNER: Yeah.

5 MR. SWARTZLANDER: Just thoroughbreds.

6 CHAIRMAN WINNER: The way they've got it is 6.45
7 for thoroughbreds, 7 for Arabians, 5.33 for quarter horses,
8 and 6.77 for mules. So there are more mules than
9 thoroughbreds.

10 MR. SWARTZLANDER: That's post start. The mules
11 are still alive out there.

12 CHAIRMAN WINNER: Are there any other questions?
13 Any comments? Questions? All right.

14 What are we missing? Fire clearance, which has
15 still always been a big deal. What are we -- what -- can
16 you bring us up to date on that?

17 MR. SWARTZLANDER: Yeah. As I said, that we have
18 our re-inspection of our kitchen today, so expect to have
19 that completed next week.

20 CHAIRMAN WINNER: I was out, I apologize, when
21 that was raised. All right.

22 Is there a motion to approve pending the
23 clearance, the fire clearance? Is there a motion?

24 COMMISSIONER BENETO: Moved.

25 COMMISSIONER AUERBACH: Yes.

1 CHAIRMAN WINNER: Commissioner Beneto moves.

2 Commissioner Auerbach seconds. All in favor?

3 ALL COMMISSIONERS: Aye.

4 CHAIRMAN WINNER: Any opposed?

5 Good meet.

6 MR. SWARTZLANDER: Thank you.

7 CHAIRMAN WINNER: Good luck.

8 EXECUTIVE DIRECTOR BAEDEKER: I really would
9 encourage you if you visit the fair to ask to see the -- the
10 tack rooms. They're the finest in the state I think by --
11 by a wide margin. It took a while to get them done but it
12 was good work.

13 MS. LOGMAN: Thank you, sir. And I'm sure Rick
14 would offer a personal tour should any of you be interested.

15 CHAIRMAN WINNER: Thank you.

16 Moving on, discussion and action by the Board on
17 the Application to Conduct a Horse Racing Meeting of the Del
18 Mar Thoroughbred Club at Chanel Murray, commencing July
19 16th, 2015 through September 7th, 2015, inclusive.

20 MR. HARPER: Yeah. Well, a slow day at Del Mar.

21 Well, you have the application in front of you. I
22 noticed that some of the open issues were a TOC contract
23 which has been finalized. The CTT contract which is
24 currently going to be finalized, I'm pretty sure. I don't
25 see Alan sneaking up behind me.

1 CHAIRMAN WINNER: Well, he's -- he gave me a card,
2 so we'll find out.

3 MR. HARPER: Okay. And the fire clearance which
4 historically is never given until after the fair is over
5 down there because of the different use period. So we see
6 no -- no problem.

7 Other than that I think our application is pretty
8 clear on most of the items that -- that we've been asked to,
9 especially marketing and things like that.

10 CHAIRMAN WINNER: Joe, do you mind introducing
11 yourself?

12 MR. HARPER: Joe Harper, Del Mar.

13 CHAIRMAN WINNER: Craig?

14 MR. DATO: Craig Dato, Del Mar.

15 We're very excited about this meet and looking
16 forward to some big numbers this year. Of course, we have a
17 new dirt course that you're probably going to have some
18 questions about. We have four extra racing days, going from
19 a 36-day meet to a 40-day meet. And from a marketing
20 standpoint we're doing what we've been doing in the past,
21 which is basically to have a major event every weekend.
22 We're targeting our core racing fans as we've always done
23 with database marketing techniques, and then promoting to
24 new and occasional fans with our aggressive advertising
25 campaign, PR campaign, social media campaign. And again

1 we're promoting the -- the events that we offer, fashion,
2 style, and the social elements of Del Mar.

3 You have the -- the marketing plan in front of you
4 there. It's similar to past years and it's quite long, so
5 I'm not going to bore you by going through it. But I'm more
6 than happy to answer any questions.

7 One element in there I'd like to point out is that
8 the marketing budget is actually up 12 percent this year.
9 It's over \$3.5 million. And the advertising budget is now
10 over \$1 million. And in San Diego \$1 million over eight
11 weeks goes a long ways. So we are aggressive. We're not
12 holding back. We're -- we're hoping for a big meet.

13 So I'd be happy to answer any questions.

14 CHAIRMAN WINNER: Anybody else want to speak
15 before we go to the Board? Josh? Tommy?

16 MR. ROBBINS: Tom Robbins, Del Mar. Just to go
17 over a few of the racing items, as Craig indicated, a 40-day
18 meet, 8 weeks over the 7 weeks that we traditionally have,
19 the stakes' schedule, we are running the same number of
20 stakes' races as we have the last several years, 43 stakes'
21 events, 10 of which are overnight stakes.

22 Overnight purses, we didn't -- we had a bit of an
23 overpayment last year, so we're recovering some of that this
24 year. We've been working with the thoroughbred owners of
25 California and we will have a slight purse reduction this

1 year. Having said that, our purses are second in the
2 nation, only second to NYRA. Of course New York, as you all
3 know, has the ability to enhance their purse structure with
4 their casino operations.

5 Ship and Win again is returning for the fifth year
6 at Del Mar. Different than in Southern California, though,
7 is that this is now a Southern California program initiated
8 early April starting with Santa Anita. It will continue
9 with the Los Alamitos meet, and then on to Del Mar again.
10 We've seen it succeed for us and continue to move up. So we
11 think it's important for the rest of the race tracks to be
12 engaged in the same program, so we're happy with that.

13 Main track, no longer poly track. As you all know
14 we are dirt, the often mentioned El Segundo sand that is the
15 same material that we have which is at Santa Anita. And
16 thanks to Santa Anita we've had the benefit of having their
17 Track Superintendent Dennis Moore join us and be somewhat
18 involved in the process working with our Track
19 Superintendent Richard Tedesco (phonetic). Dennis has been
20 down once. He will be there tomorrow.

21 As Kim Lloyd mentioned earlier, we have the
22 Barrett sale at the end of the month, May 28th, the preview
23 day, May 26th. We currently have horses training on the
24 track. So the first time we've, I think in our history, we
25 have thoroughbreds training in the month of May, which is a

1 good thing. The track was completed in April and very happy
2 with it so far.

3 I think that's about it.

4 COMMISSIONER AUERBACH: Would you -- would you
5 please make sure that you explain to everybody the little
6 tweaking that you've done with Ship and Win? Because I
7 think it's important for the trainers to be aware and the
8 owners to be aware of the new data restriction.

9 MR. ROBBINS: Right. Right. Well, first of all,
10 last year it was a 33.3 percent bonus for a horse that
11 qualified running in a non-stakes' event. We've taken that
12 number down to 30 percent. In addition to that, a horse
13 that has started within the previous 12 months at any race
14 track in California would not be eligible, regardless of any
15 ownership changes. So that's a slight tweaking of it.

16 This is -- this is a program that, you know, it's
17 between the race tracks and the Thoroughbred Owners of
18 California and CMC all contributing to the -- to the cost
19 and the benefits of the program.

20 So that's really it. Other than that it's pretty
21 much basically the same program. Stakes' horses get just
22 the first part of the reward which is \$1,000. Any other
23 horses running in any other overnight races get the \$1,000
24 plus the 30 percent bonus on the purse money earned in that
25 initial start at Del Mar.

1 One other thing I wanted to mention, speaking
2 about Dennis Moore and Rich Tadesco, we also employ the
3 services of Dr. Mick Peterson from the University of Maine.
4 And his quality maintenance program will be employed on our
5 equipment which is really serving to create a more uniform
6 consistent surface, in addition to moisture content. So --
7 so Mick is with us right now and has been here for the last
8 week. And we've moving -- moving ahead. We're looking
9 forward to it.

10 COMMISSIONER SOLIS: I have a question.

11 CHAIRMAN WINNER: Commissioner Solis?

12 COMMISSIONER SOLIS: Regarding -- regarding to the
13 track -- sorry. Alex Solis.

14 Regarding to the track, do you have any feedback
15 from let's say during the time that you had training, have
16 you had any feedback from any exercise boys or exercise
17 riders that we can --

18 MR. ROBBINS: So far. And if Kim is still around,
19 he's been dealing with those two-year-olds that have been
20 out there. But what feedback we're getting, albeit there's
21 only 150 horses --

22 COMMISSIONER SOLIS: Yeah.

23 MR. ROBBINS: -- on our surface, which we know
24 enough to understand that that's going to change and make
25 maybe a difference. But we're getting positive feedback so

1 far.

2 CHAIRMAN WINNER: Kim --

3 MR. LLOYD: Yes. Kim Lloyd, General Manager of
4 Barrett's.

5 I meant to mention, actually, when I was
6 discussing the sale next week, we had two inches of rain
7 Thursday. Friday you could have raced any horse you wanted
8 any distance. The track was perfect. Everybody loves the
9 track. The horses are getting a hold of the track very,
10 very well. We've had not one single complaint. Everybody
11 on the whole loves the track and it's in great shape, and
12 they've done a really wonderful job with it.

13 CHAIRMAN WINNER: Are there any other questions or
14 comments? Commissioner Krikorian?

15 COMMISSIONER KRIKORIAN: You're opening on the
16 15th; correct?

17 MR. RUBENSTEIN: Josh Rubenstein, Del Mar.
18 No, the 16th, Thursday the 16th.

19 COMMISSIONER KRIKORIAN: Oh, I it says here the
20 15th. Well, that's what it says. It will be -- so it will
21 be -- it is the 16th then? Okay.

22 And, Josh, can you enlighten us on the Pick 6
23 change, your modification you were discussing?

24 MR. RUBENSTEIN: Yeah. We had sent a letter to
25 Rick Baedeker, Executive Director, about potentially

1 modifying our Pick 6. And we'd like to pull that request
2 back until next month if that's okay.

3 COMMISSIONER KRIKORIAN: Okay. That's fine.

4 CHAIRMAN WINNER: Probably what I'm going to do on
5 that is refer to -- to the Committee and have the Committee
6 have a meeting on it, it's your Committee, I think you and
7 Richard, as soon as possible so that that can get resolved
8 as quickly as possible.

9 Any other thoughts or questions?

10 COMMISSIONER CHOPER: Just one.

11 CHAIRMAN WINNER: Yes, please.

12 COMMISSIONER BENETO: Jesse?

13 COMMISSIONER CHOPER: You know, I haven't counted
14 up the exact number of weeks you're now, you know, scheduled
15 to run for this year. I just -- I've asked this question
16 before.

17 How has the community reaction been in terms of --
18 you know, how has it been, traffic? That's the, I mean,
19 that's -- that's the -- that's the negative driver.
20 Revenue, I guess, is the positive driver. So --

21 MR. HARPER: Well, I think -- Joe Harper again.

22 I think the community, Del Mar, has been very
23 supportive of the Del Mar Thoroughbred Club's operation for
24 a number of years. And I think, you know, unfortunately our
25 traffic is -- hits two -- twice the times during the year,

1 whereas the fair kind of it's all day long.

2 But with the expansion of the racing calendar in
3 the month of November, the month -- the November meet, I
4 will say, was -- was a wonderful surprise to all of us.
5 It -- it was -- it was a delight. It was not the crazy
6 summer meet that we -- that we have in July and August. But
7 this was -- it was kind of like the old days at Del Mar.
8 The traffic was very easy to get along. It was profitable.
9 It just had a great feel about it. Craig Dato with -- with
10 his marketing campaign of old Hollywood, making it the Bing
11 Crosby Meet, put a certain nostalgic feel to it that kind of
12 just had a good feeling all the way through it.

13 So the locals loved it. It was a local meet.
14 Most of the people there were -- were locals. And I think
15 that all the feedback that I got in going to Del Mar City
16 Council meetings and listening to all that, it was very
17 positive.

18 CHAIRMAN WINNER: Can I just say that, on that
19 issue, not just the traffic issue, but the -- the fall meet
20 was -- you guys just did a fabulous job. And I agree,
21 Craig's -- Craig's marketing program was super. And it's
22 typical of the kind of work that -- that you do on all of
23 your meets. But I think I was -- it couldn't have been of a
24 pleasant surprise. I'm not sure if it was as much a
25 surprise because we all knew that you would do whatever

1 needed to be done to make it successful. But it's probably
2 more successful than any of us had -- had even hoped for.
3 And racing appreciates it and appreciates what you're doing.

4 Any other comments?

5 COMMISSIONER AUERBACH: I just wanted to -- first
6 of all, did you find somebody for your film specialist?
7 Still working on it?

8 MR. ROBBINS: Still working on it.

9 COMMISSIONER AUERBACH: Okay. All right. It's
10 part of the application so I have to ask.

11 I want to also commend Del Mar. They could have
12 gone into the fall with their heads down, and we had a lot
13 of difficulties in the summer, and they didn't. And I
14 just -- talk about really rising to the occasion. And as a
15 big supporter of California racing I just want to thank you
16 guys for doing a great job. We really appreciated it.

17 MR. ROBBINS: Thank you. I appreciate it.

18 CHAIRMAN WINNER: Any other comments?

19 EXECUTIVE DIRECTOR BAEDEKER: Tom, you might brief
20 the Commissioners on the condition of the turf course. I
21 know that it's had a chance to mature and it's really
22 arguably, I guess, a different course than it was this time
23 a year ago.

24 MR. ROBBINS: Right. We have one year under our
25 belt. It's one -- one more year of maturity. Our Turf

1 Course Superintendent Leif Dickinson learned a lot in the
2 last year. And with the new course it's -- it's moving
3 along beautifully at this point.

4 Also, Dr. Peterson is engaged with Leif, as well,
5 in testing. And it's -- we're out there almost every day.
6 And it's -- it's very, very good at this point. And of
7 course, you know, we're -- we're getting it to the point
8 with his watering, new watering system and aeration program,
9 getting to the point where it's in optimum shape for opening
10 day.

11 CHAIRMAN WINNER: I think it's true to say, knock
12 on wood, that in the fall meet we had no catastrophic
13 injuries on either of the --

14 MR. ROBBINS: Right.

15 CHAIRMAN WINNER: -- either track --

16 MR. ROBBINS: Right.

17 CHAIRMAN WINNER: -- correct?

18 MR. ROBBINS: Yeah. It was a magical meeting
19 as --

20 CHAIRMAN WINNER: Yeah. Yeah.

21 COMMISSIONER KRIKORIAN: I have a question.

22 Tom, are you able to use recycled water on
23 that turf course?

24 MR. ROBBINS: Yes. We -- we actually use
25 reclaimed water, not just for the turf course but for the

1 main track and for the dirt roads in the -- in the barn
2 area. So it's --

3 COMMISSIONER KRIKORIAN: Oh, very good.

4 MR. ROBBINS: I think that that is something that
5 we're very fortunate there because of our water district,
6 the use of reclaimed water, we're the -- we're the last stop
7 on the reclaimed water. What we don't use goes out into the
8 ocean, which seems pretty silly to me. But that's the way
9 it -- it does.

10 So we use it extensively, you know? And right now
11 I think we were going to paint our water trucks
12 appropriately to say this is reclaimed water so that they
13 don't get booed going around the track. Yeah. So --

14 VICE CHAIR ROSENBERG: I've got a question on the
15 Pick 6, the new pick 6, because I'm not quite -- I guess it
16 was delayed because of this idea of going to a Committee.
17 But will that give you sufficient time if it's approved at
18 the June meeting to really market this new bet? I mean, why
19 the delay or is it -- does the delay matter to you from a
20 marketing standpoint?

21 MR. ROBBINS: Well, I don't -- no, I don't think
22 it will -- will affect us.

23 VICE CHAIR ROSENBERG: Okay.

24 MR. ROBBINS: I think we -- we just need to I
25 think maybe explain a little bit as to how we came to -- to

1 feeling this would be good for Del Mar and good for our
2 fans. You know, we've met with a lot of groups in and
3 around it and I think we needed to do a better job of
4 explaining just what it is, because it is different, it's
5 changing. There's some other tracks that have a similar
6 bet, but I think, you know, when it's Del Mar I know it gets
7 a little more scrutiny. And --

8 VICE CHAIR ROSENBERG: Right.

9 MR. ROBBINS: -- hopefully we'll be able to -- to
10 explain everything --

11 VICE CHAIR ROSENBERG: Thank you.

12 MR. ROBBINS: -- by then.

13 CHAIRMAN WINNER: Any other -- any other
14 questions? Any other comments?

15 I think Mr. Balch has asked to speak on the
16 matter.

17 Why don't you guys stay there for a moment and see
18 if there's anything that needs to be answered that -- or
19 commented on that he's going to raise.

20 MR. BALCH: Alan Balch, California Thoroughbred
21 Trainers. I'm glad that you made that suggestion because
22 there may be some comments.

23 We haven't signed the race meet agreement for the
24 CTT for Del Mar, although we are essentially in agreement
25 with Del Mar's management on its contents, but with one

1 major exception which is stabling capacity, total stabling
2 capacity for its race meeting. And that's the elephant in
3 the room today. Generally speaking we join in all the
4 positive comments that have been made about Del Mar. Their
5 communication, they've involved us tremendously in the race
6 track installation and all the other matters of concern.

7 It would be an easy thing for us to just sign the
8 race meet agreement. But a year ago we took out, and with
9 agreement with Del Mar, the stabling capacity. And we're
10 finding that to have been a problematic decision that we
11 made. The Board has decided, as you well know, to defer yet
12 again the apparent disagreement between Los Alamitos and
13 Santa Anita as to the opening weekend dates of Santa Anita's
14 fall meeting. But the Board needs to understand that this
15 impacts a great many other things, including the stabling
16 capacity for Del Mar, and including the ability to project
17 purses and stakes all the way to the fall. These things, we
18 believe as the CTT, need to be confronted sooner rather than
19 later.

20 There's too much uncertainty. The horsemen, the
21 trainers in particular cannot reasonably be expected to plan
22 with confidence if they don't know where they're going to be
23 stabled less than 60 days from today. What the date will be
24 that the stable area here at Santa Anita will close when CTT
25 believes that at least a portion of Santa Anita Stable area

1 should -- should remain open throughout Del Mar, which is
2 not agreed to. The dangerous conditions that could exist at
3 Del Mar if the stable area and the track there are
4 overpopulated. And what is the total capacity going to be
5 at Los Alamitos and elsewhere during the Del Mar meeting.

6 Now these things are to some extent beyond Del
7 Mar's capacity to decide. That's why they've objected to
8 this being in the -- in the Del Mar agreement. It's really
9 up to the Stabling and Vanning Committee, which includes, of
10 course, TOC and the other associations. But we're worried
11 that there's a leverage going on here in this negotiation
12 between Santa Anita and Los Alamitos which results in the
13 horsemen being held hostage.

14 We appreciate very much TOC's ongoing
15 communication with us which has been very positive. They
16 have scheduled a Stabling and Vanning Committee meeting for
17 later this week which is critical to resolve these problems.
18 They've also agreed to hold a joint leadership meeting of
19 CTT and TOC together, and I think that's critically
20 important to be done right away.

21 So we would respectfully ask this Board, rather
22 than deferring this matter again, to consider mediating the
23 disagreement between Santa Anita and Los Alamitos within the
24 next ten days.

25 CHAIRMAN WINNER: We are doing just that. So --

1 MR. BALCH: Excellent.

2 CHAIRMAN WINNER: -- Alan, let me just interrupt
3 you to say that -- that Commissioner Krikorian and I have
4 had many meetings with the various parties who are involved
5 in that -- in that issue, and we'll continue to do so. And
6 the reason that I was put off is because we think we're
7 making some progress. And hopefully by the -- before the
8 June meeting that issue will be resolved. That's our hope.

9 MR. BALCH: Okay. Well, that -- that really
10 precludes the rest of what I was going to say because we do
11 appreciate that. We were very concerned that late in June
12 is -- is not only pushing the envelope but breaking the
13 envelope because we need to know, the horsemen, the owners,
14 everybody needs to know what the situation is going to be
15 going forward. And especially given the fact that this is
16 our showcase meeting.

17 So thank you for hearing me out and permitting me
18 to put these concerns on the record.

19 CHAIRMAN WINNER: Thank you.

20 MR. BALCH: Thank you.

21 CHAIRMAN WINNER: Any other comments?

22 Is there a motion?

23 COMMISSIONER AUERBACH: Moved.

24 COMMISSIONER KRIKORIAN: Second.

25 CHAIRMAN WINNER: Commissioner Auerbach moves.

1 That's approval pending the agreement with CTT; correct?

2 COMMISSIONER AUERBACH: Yes, it has to be. Yes.

3 CHAIRMAN WINNER: Okay.

4 COMMISSIONER AUERBACH: I think -- I don't know
5 that that's a reason for them to not sign the agreement
6 because I don't know what control Del Mar has, but that was
7 put in there.

8 CHAIRMAN WINNER: And that is the problem is we --
9 is that --

10 COMMISSIONER AUERBACH: That is the problem. It's
11 not up to them.

12 CHAIRMAN WINNER: -- Del Mar does not have
13 control --

14 COMMISSIONER AUERBACH: It's --

15 CHAIRMAN WINNER: -- of this situation. But
16 hopefully it will get worked out.

17 COMMISSIONER AUERBACH: Right.

18 CHAIRMAN WINNER: And in the meantime, you should
19 know that we're doing everything we can from our
20 perspective, from our -- from what we can do to try to
21 resolve the problem that you've raised.

22 MR. ROBBINS: Knocks on the heads.

23 CHAIRMAN WINNER: Pardon me?

24 MR. ROBBINS: I said little knocks on the heads
25 and --

1 CHAIRMAN WINNER: Well, we'll see.

2 Commissioner Krikorian seconds?

3 COMMISSIONER KRIKORIAN: Yes.

4 CHAIRMAN WINNER: All in favor?

5 ALL COMMISSIONERS: Aye.

6 CHAIRMAN WINNER: Any opposed?

7 Good luck.

8 MR. ROBBINS: Thank you.

9 CHAIRMAN WINNER: George, if you can schedule a
10 meeting on the -- on this Pick 6 issue as soon as possible,
11 I think that would be very helpful to them in terms of
12 marketing.

13 COMMISSIONER KRIKORIAN: I will.

14 CHAIRMAN WINNER: Okay.

15 VICE CHAIR ROSENBERG: I think Jackie is working
16 on scheduling a date, aren't you right now, in early June --
17 early June?

18 MR. DATO: No.

19 VICE CHAIR ROSENBERG: All right. I don't know
20 what --

21 CHAIRMAN WINNER: Craig -- Craig, excuse me,
22 Craig, before you leave --

23 MR. DATO: Yeah.

24 CHAIRMAN WINNER: -- could you just work with
25 Jackie and George on scheduling that meeting with Richard to

1 make sure that gets resolved really quickly? Because I know
2 from a marketing standpoint you got to move on that if
3 you're going to do it. Thank you.

4 Moving right along, item number eight, discussion
5 and action by the Board on the Application to Conduct a
6 Horse Racing Meeting of the Sonoma County Fair at Santa Rosa
7 commencing July 30th, 2015 through August 16th, 2015,
8 inclusive.

9 MS. TESCONI: Hello. I'm Tawny Tesconi, Fair
10 Manager Adviser at the Sonoma County Fair. And with me is
11 Stacy Lapman (phonetic), our Assistant Director of Racing.

12 So thank you very much for reviewing our license
13 today. We're very excited, as always. We think Sonoma
14 County has got a beautiful meet. We're very proud of our
15 track, and especially our turf track.

16 Our meet is scheduled for July 30th through August
17 19th. It's 11 days of racing, down two days from last year
18 when we did 13 days of racing. We're offering seven
19 overnight stake races, five on our turf track. And two of
20 those will be for two-year-olds over the three-week period.

21 We're very proud of our stake races. We think
22 it's one of the strongest schedules you have before you in
23 Northern California for the shorter meets that are running
24 this year.

25 We are suggesting fewer race days and less monies

1 to hopefully balance our 2014 overpayment, an overpayment
2 that primarily resulted from a decline in out-of-state
3 handle.

4 We have been working with TOC to offer a strong
5 blend of races that will attempt to increase or at least
6 maintain our 7.2 starters for our thoroughbred meets. And
7 we're offering about \$1.17 million in purses.

8 From a marketing standpoint we're very proud of
9 our continued marketing program. Something we started last
10 year that we brought to you that was very successful that
11 we're going to continue with is our paddock dining program
12 which brings more groups to the racing program on a daily
13 basis, and our track-side dining which offers kind of a
14 higher-end experience with tableclothed tables for people to
15 enjoy the races.

16 And, of course, we continue with a very strong Hat
17 Day. We're very proud of that. We have roughly 250 people
18 that come to a special celebration of the races and have
19 some amazing press on our Hat Day activities.

20 We will be offering something that I don't know
21 that the other Northern California fairs are offering this
22 is year is we are offering a \$100 starter fee to all of the
23 thoroughbred that place sixth through tenth in the races,
24 and \$50 to all the emerging breed starters.

25 In addition, we are going to be doing a special

1 drawing in our racing director's office every day, offering
2 ten \$50 gas cards to our trainers.

3 And that concludes my report. Do you have any
4 questions?

5 COMMISSIONER CHOPER: Yeah. Are the -- are the
6 three weekends -- is the fair open all three weekends?

7 MS. TESCONI: No. Well, the fair, we will be
8 running the fair starting July 24th through August 10th.
9 And then we will have one additional week of racing which
10 has three days of racing in it. So there will be eight days
11 of racing during the fair and three days following the fair.
12 During those three days we're doing a special celebration of
13 Sonoma County. I'm very proud to say Sonoma County is, in
14 my opinion, the foodie world part of the world. And so
15 we're going to be celebrating locally grown foods and our
16 strong brewing program. We've got lots of craft brews.

17 COMMISSIONER CHOPER: Is that the same thing as
18 last year?

19 MS. TESCONI: Last year we had all our race days
20 covered our fair. Our fair covered our race days.

21 COMMISSIONER CHOPER: Uh-huh.

22 MS. TESCONI: Yes. Uh-huh. This is the first
23 time --

24 COMMISSIONER CHOPER: First time you're doing
25 it --

1 MS. TESCONI: -- because of the shift in dates
2 with Cal Expo.

3 COMMISSIONER CHOPER: -- you're doing it without
4 this immediately following --

5 MS. TESCONI: Right. Uh-huh.

6 COMMISSIONER CHOPER: -- the close of the fair?

7 MS. TESCONI: Immediately following.

8 So the one advantage with that third week of
9 racing so closely tied to our fair dates is that there is
10 still is our robust marketing program --

11 COMMISSIONER CHOPER: Yeah. Yeah. Yeah.

12 MS. TESCONI: -- that is celebrating the third
13 week of racing as if it was part of the overall fair, and it
14 is part of our overall fair. Some of our food stands are
15 staying back.

16 And we're celebrating the connection with
17 Lagunitas. Lagunitas is a craft brew, I think it's number
18 eight right now in the nation, that's in Sonoma County.
19 They are the sponsor of Sliders which is our kind of higher-
20 end restaurant at our track. And we're going to be doing
21 lots of special programs with them in that third week to
22 bring their fan who tends to be a young adult who enjoys the
23 fantasy football and all of those great things will be part
24 of our third week program.

25 And then also we do have a relationship with River

1 Rock Casino and we're doing a program where if people sign
2 up ahead of time on our website for the third week of racing
3 they have to show up early in the race day. And at the end
4 of the meet there's a party bus that will be taking them up
5 to the casino.

6 COMMISSIONER CHOPER: One other question. You
7 have a new director of racing, I take it?

8 MS. TESCONI: At this point we do not.

9 COMMISSIONER CHOPER: Uh-huh.

10 MS. TESCONI: I believe Mr. Baedecker has allowed
11 Richard Lewis to stay with us through this year's meet.

12 COMMISSIONER CHOPER: Oh, is that right?

13 MS. TESCONI: Yes.

14 COMMISSIONER CHOPER: Okay. I see a list of
15 the --

16 MS. TESCONI: I was like, oh, don't tell me that.

17 COMMISSIONER CHOPER: I saw a list that I thought
18 it was a typo, you know?

19 MS. TESCONI: All right. Yes.

20 COMMISSIONER CHOPER: Uh-huh.

21 MS. TESCONI: So --

22 COMMISSIONER CHOPER: Okay.

23 COMMISSIONER BENETO: Tawny, you're racing what,
24 ten days?

25 MS. TESCONI: Racing 11 days total, two weeks of

1 four and one week of three.

2 COMMISSIONER BENETO: Okay. I must -- I must --
3 okay, I see the 16th. You're going to end on the 16th?

4 MS. TESCONI: On the 16th, yes. Uh-huh.

5 COMMISSIONER AUERBACH: I had a question.

6 MS. TESCONI: Yes.

7 COMMISSIONER AUERBACH: You mentioned your
8 participation purses. Is that something additional, outside
9 of what you already get for participation purses?

10 MS. TESCONI: Yes. Uh-huh. You're talking the --
11 the -- for the -- the \$100 stake?

12 COMMISSIONER AUERBACH: Uh-huh.

13 MS. TESCONI: Yes. Uh-huh. So in addition the
14 horses -- the sixth through tenth placing horses will get
15 \$100, the starts.

16 COMMISSIONER AUERBACH: What was it last year?

17 MS. TESCONI: Last year I believe it was \$50.00.
18 Was it?

19 MS. LAPMAN: It was \$100.

20 MS. TESCONI: \$100. Okay.

21 MS. LAPMAN: But it's been dropped by the other
22 fairs, I believe.

23 MS. TESCONI: The other fairs have dropped.

24 COMMISSIONER AUERBACH: The other fairs have
25 dropped that?

1 MS. LAPMAN: I think that's what Larry
2 Swartzlander told us in his report.

3 COMMISSIONER AUERBACH: Oh, I wasn't aware of
4 that. Thank you. Wow. No wonder they can't get horses
5 there.

6 MS. TESCONI: Any other questions?

7 CHAIRMAN WINNER: Any other questions?

8 COMMISSIONER BENETO: Overpayments, how much
9 you -- what's your overpayment?

10 MS. TESCONI: I think our overpayment was right
11 around \$240,000.

12 COMMISSIONER BENETO: Are you going to recover
13 that this year?

14 MS. TESCONI: Well, we'd, of course, love to do
15 that. We have been -- you know, TOC has been kind to allow
16 us to, you know, if -- to see how this year goes and see
17 what we have to do in the future. But we would really
18 appreciate that.

19 We did have -- you know, one thing that did happen
20 to us, and because of the change in dates we're not going to
21 see it, but we had a real challenge our opening day of
22 racing last year because Sonoma Raceway had a very large
23 event going on. And some of the horses didn't -- in our
24 stakes didn't make the meet. So that was a challenge that I
25 think cost us about --

1 COMMISSIONER BENETO: That was a big challenge.

2 MS. TESCONI: -- that was a big challenge that
3 cost, I think --

4 COMMISSIONER BENETO: I remember that.

5 MS. TESCONI: -- \$50,000 or \$60,000. So Sonoma
6 Raceway still has the event, but that's not the weekend
7 we're running races. So that was an unfortunate --

8 COMMISSIONER BENETO: They're not going to --
9 they're not going to conflict with you?

10 MS. TESCONI: Not -- no, because -- well, they'll
11 conflict with the fair, but the racing will start the
12 following Thursday. They have a lot of big events there.
13 But I think that just kind of caught everybody by surprise.

14 CHAIRMAN WINNER: There are a number of items that
15 are missing.

16 MS. TESCONI: Actually, I think we've got most of
17 those cleared up.

18 CHAIRMAN WINNER: Jackie?

19 MS. WAGNER: The two agreements -- Jackie Wagner,
20 CHRB Staff.

21 The two agreements that are noted as outstanding
22 have been received. I got those this morning. The other
23 two items are still outstanding.

24 CHAIRMAN WINNER: So the two outstanding items are
25 fire clearance and horse shoe inspector?

1 MS. TESCONI: Correct. Yes. And fire clearance,
2 we're actually doing some -- changing out some electrical
3 panels on our barns, and so we need to get that completed.
4 And typically our fire clearance does come in a little bit
5 later. They wait until we've done some of our sprinkler
6 testing and has gotten everything going back. So I think
7 almost every year we've had to wait on that one.

8 CHAIRMAN WINNER: Okay.

9 MS. TESCONI: We've never had a problem with it.

10 CHAIRMAN WINNER: So is there a motion to -- to
11 approve, pending the receipt of the fire clearance and horse
12 shoe inspector?

13 COMMISSIONER BENETO: I'll make a motion.

14 COMMISSIONER KRIKORIAN: Second.

15 CHAIRMAN WINNER: A motion is made by Commissioner
16 Beneto. Seconded by Commissioner Krikorian.

17 Is there any discussion? All in favor?

18 ALL COMMISSIONERS: Aye.

19 CHAIRMAN WINNER: Opposed?

20 Good meet.

21 MS. TESCONI: Thank you.

22 CHAIRMAN WINNER: Good luck.

23 COMMISSIONER BENETO: Good luck.

24 CHAIRMAN WINNER: Thank you.

25 MS. TESCONI: Come visit.

1 CHAIRMAN WINNER: We will.

2 Now just for the -- just to put it on the record,
3 going back to the prior item, Jackie, could we just make
4 sure the date is correct, the starting date for the Del Mar
5 meet? Because in the book it was off by a day, I believe.

6 COMMISSIONER BENETO: It's on a Thursday, isn't
7 it?

8 MS. WAGNER: The 15th was actually allocated to
9 Del Mar. The -- I think their first day of racing is the
10 16th.

11 CHAIRMAN WINNER: Okay. As long as that's clear.
12 Thank you.

13 Moving on then to item number ten -- nine --

14 EXECUTIVE DIRECTOR BAEDEKER: Nine.

15 VICE CHAIR ROSENBERG: Nine.

16 CHAIRMAN WINNER: -- discussion and action by the
17 Board regarding the proposed amendment to CHRB Rule 1489,
18 Grounds for Denial or Refusal of License, to amend the
19 criteria to be used when considering the denial, suspension
20 or revocation of an occupational license.

21 Who is going to speak on this, Rick?

22 Mr. Miller?

23 MR. LAIRD: Good morning, Commissioners. Phil
24 Laird, CHRB Staff Counsel.

25 So the purpose of the reg is to align the CHRB

1 Rules with requirements of Business and Professions Code
2 section 481. The amendment before you is a revision of the
3 version brought before the Board at the last meeting in
4 April and addresses the concerns raised by the Commissioners
5 then.

6 CHAIRMAN WINNER: Any comment? Any discussion?

7

8 COMMISSIONER CHOPER: I have one question.

9 CHAIRMAN WINNER: Yes, please, Commissioner
10 Choper.

11 COMMISSIONER CHOPER: They've dumped it back to
12 you because you weren't precise enough; is that right?

13 MR. LAIRD: That's my understanding.

14 COMMISSIONER CHOPER: So the --

15 VICE CHAIR ROSENBERG: It wasn't the -- it wasn't
16 those guys, it was us, what we did.

17 MR. LAIRD: Yeah. The Commissioners did at the
18 last meeting, yeah.

19 COMMISSIONER CHOPER: Yeah, we did. So --

20 VICE CHAIR ROSENBERG: Right.

21 COMMISSIONER CHOPER: So what are we supposed to
22 do with the language that say, "or potentially," the very
23 end, "unfitness to perform the functions authorized in
24 (inaudible) with the public health, safety and welfare?"

25 MR. LAIRD: So this language is --

1 COMMISSIONER CHOPER: That's quite a catchall that
2 you have there.

3 MR. LAIRD: Yeah, I agree to -- to a degree.
4 However, this is actually language --

5 COMMISSIONER CHOPER: To a degree?

6 MR. LAIRD: -- used by pretty much every other
7 Board across --

8 COMMISSIONER CHOPER: I got it. Okay.

9 MR. LAIRD: -- across the various boards in
10 California.

11 COMMISSIONER CHOPER: Okay.

12 CHAIRMAN WINNER: Is there a motion to approve?
13 Is there any discussion, any further discussion? Any
14 questions?

15 MR. LAIRD: And I think we need you just to
16 approve it to move to the 45-day comment period.

17 CHAIRMAN WINNER: Yeah. This would be
18 approval --

19 MR. LAIRD: Yeah. Yeah. Okay.

20 CHAIRMAN WINNER: -- to move to 45-five day --

21 MR. LAIRD: Great. Great. Great.

22 CHAIRMAN WINNER: -- public hearing.

23 Is there a motion to approve?

24 VICE CHAIR ROSENBERG: So moved.

25 COMMISSIONER CHOPER: Second.

1 CHAIRMAN WINNER: Vice Chair moves. Commissioner
2 Choper seconds. Any -- any discussion on the motion? All
3 in favor?

4 ALL COMMISSIONERS: Aye.

5 CHAIRMAN WINNER: Any opposed? The motion
6 carries.

7 Thank you very much, Phil.

8 Moving on to item number ten, public hearing and
9 action by the Board regarding the proposed amendment to CHRB
10 Rule 1588, Horse Ineligible to Start in a Race, to provide
11 that a horse is ineligible to start in any race in
12 California if it's on the Veterinarian's List in another
13 racing jurisdiction, unless with prior approve of the
14 stewards for good cause. This concludes the 15-day public
15 comment period. The Board may adopt the proposal as
16 presented.

17 Is there any discussion on this item? This is
18 something we've already heard, we've already voted on. It's
19 gone out for 15 days. And is there discussion on it? Is
20 there discussion on it? Is there a motion to approve?

21 VICE CHAIR ROSENBERG: Are there comments, public
22 comments?

23 CHAIRMAN WINNER: No public comment.

24 Is there a motion to approve?

25 COMMISSIONER CHOPER: Moved.

1 COMMISSIONER SOLIS: Second.

2 CHAIRMAN WINNER: Commissioner Choper moves.
3 Commission Solis seconds. All in favor?

4 ALL COMMISSIONERS: Aye.

5 CHAIRMAN WINNER: Any opposed? The motion
6 carries.

7 Moving on, item number 11, public hearing and
8 action by the Board regarding the proposed amendment to CHRB
9 Rule 1632, Jockey's Riding Fee, to adjust the non-winning
10 jockey riding fee scale for losing mounts, pursuant to
11 Business and Professions Code 19501(b)(1), to reflect
12 California's most recent minimum wage increase to 12.5
13 percent and to amend the non-winning jockey riding fee scale
14 to reflect an increase of 12.5 percent for the second and
15 third place mounts in races with a gross purse of \$9,999 or
16 less. This also has gone out and has concluded the 45-day
17 public comment period.

18 Is there -- are there -- there have been no
19 comments in writing or in any other way. And there's no one
20 who wishes to speak on the issue. So therefore is there --
21 is there a -- is there discussion on the Board, any
22 discussion?

23 COMMISSIONER AUERBACH: I just have a question.

24 CHAIRMAN WINNER: Please.

25 COMMISSIONER AUERBACH: Did we do this already?

1 CHAIRMAN WINNER: Yeah.

2 COMMISSIONER AUERBACH: I thought -- the racing
3 associations have already enacted it; right?

4 MS. WAGNER: Jackie Wagner, CHRB Staff.

5 Yes, the racing associations are abiding by the
6 rule as -- as presented. We did that by directive.

7 COMMISSIONER AUERBACH: So this is just
8 housekeeping?

9 MS. WAGNER: This is just housekeeping.

10 CHAIRMAN WINNER: This is housekeeping.

11 COMMISSIONER AUERBACH: Okay.

12 CHAIRMAN WINNER: Yes.

13 MS. WAGNER: We have to codify the rule to --

14 COMMISSIONER AUERBACH: Okay. Thank you.

15 MS. WAGNER: -- to allow --

16 COMMISSIONER AUERBACH: Thank you, Jackie.

17 CHAIRMAN WINNER: Is there a motion?

18 COMMISSIONER AUERBACH: Moved.

19

20 CHAIRMAN WINNER: Commissioner Auerbach moves.

21 Commissioner Krikorian seconds. All in favor?

22 ALL COMMISSIONERS: Aye.

23 CHAIRMAN WINNER: Any opposed? None opposed? The
24 motion carries. Thank you.

25 Item number 12, discussion and action by the Board

1 regarding the request from the California Authority of
2 Racing Fairs, CARF, and the Pacific Coast Quarter Horse
3 Racing Association, to suspend the use of clenbuterol for 12
4 months effective June 1st, 2015 for quarter horses at all
5 CARF tracks, pursuant to the provisions of CHRB Rule 1844.1,
6 Suspension of Authorized Medication.

7 Is there discussion on this item? Dr. Arthur?

8 EQUINE MEDICAL DIRECTOR ARTHUR: Dr. Arthur,
9 Equine Medical Director.

10 When the Board suspended the authorization for
11 clenbuterol at Los Alamitos for quarter horses, Los Alamitos
12 was only for quarter horses at Los Alamitos as this allowed
13 under 1844.1. This will extend this to CARF tracks where
14 quarter horses are racing. And due to a snafu you're going
15 to see this again for the Santa Rosa Fair, as well.

16 So this is -- the goal here --

17 CHAIRMAN WINNER: Santa Rosa is not a member of
18 CARF; is that right?

19 EQUINE MEDICAL DIRECTOR ARTHUR: Not -- not a
20 member of CARF.

21 So what -- what this essentially does is put all
22 horses in California under the suspension of authorization
23 for clenbuterol, which is supported by the PCQHRA who --
24 Dino Perez is here for -- representing that organization.

25 CHAIRMAN WINNER: Why can't we just --

1 EXECUTIVE DIRECTOR BAEDEKER: Can we ask Mr.
2 Miller?

3 Bob, is there a way to -- to amend this --

4 CHAIRMAN WINNER: Yes.

5 EXECUTIVE DIRECTOR BAEDEKER: -- this item to
6 include --

7 CHAIRMAN WINNER: Santa Rosa.

8 EXECUTIVE DIRECTOR BAEDEKER: -- Santa Rosa or do
9 we have to bring it back separately?

10 MR. MILLER: No. No. It's the ten-day notice
11 period.

12 CHAIRMAN WINNER: Okay. If that's what we have to
13 do, that's what we'll have to do.

14 Is there any discussion on this? Did you want to
15 speak?

16 MR. PEREZ: Dino Perez, PCQHRA.

17 No. We -- we thank the Board for doing this. And
18 we just want to be consistent throughout the state.

19 CHAIRMAN WINNER: Okay. Any discussion on this
20 item? Any questions by Board Members? I think this is
21 something we would agree with.

22 Is there a motion?

23 VICE CHAIR ROSENBERG: Moved.

24 COMMISSIONER BENETO: Second.

25 CHAIRMAN WINNER: Moved by Vice Chairman

1 Rosenberg. Seconded by Commission Beneto. All in favor?

2 ALL COMMISSIONERS: Aye.

3 CHAIRMAN WINNER: Any opposed? None opposed, the
4 matter carries. Thank you very much.

5 And the last item on the agenda is discussion and
6 action by the Board regarding the report on the status of
7 the non-union California Race Pension Plan.

8 Is anybody going to speak on that or has that been
9 worked out?

10 EXECUTIVE DIRECTOR BAEDEKER: It has. But I think
11 Mike Ernst is going to speak.

12 The reason that we asked Mr. Ernst to -- to speak
13 on this, even though I believe that the issue is resolved to
14 the satisfaction of those people that were concerned about
15 it, is that the issues were brought up before the -- the
16 Commissioners, and whereas others were part of the
17 discussion explaining the status of the plan Commissioners
18 weren't privy to it. So I thought it would be a good idea
19 for -- for Mike to brief the Board.

20 MR. ERNST: Good morning. Mike Ernest, Del Mar.
21 And I'm also on the California Race Track Pension Board.

22 And a little history, the California Race Track
23 Pension was established back in 1959 and it covers non-union
24 employees at the California race tracks, racing fairs,
25 NOTWINC and SCOTWINC. And the plan currently has 14

1 participating employers, the race tracks, fairs, and NOTWINC
2 and SCOTWINC. It's what's known as a multiple employer
3 defined pension plan which is a little bit different than
4 our union plans which are multi-employer pension plans.
5 There were as many as 14 participating employers. But with
6 the consolidation in the industry we're down to 14 now. And
7 with the pension crisis that occurred back in 2009 the
8 unfunded pension liability got up to around \$30 million.

9 And the Board was concerned to make sure that all
10 the participants and the retirees received their full
11 benefits if, in fact, companies and multiple employer plans
12 cannot fund the plan and it's turned over to the Pension
13 Benefit Guarantee Corporation there's a reduction in
14 benefits for the retirees and participants, which is
15 certainly what we didn't want to occur.

16 So we started, engaged our actuaries and advisors
17 six years ago and undertook a plan to increase the funding.
18 We froze the benefits to help ensure that all the past
19 benefits were earned. And after five years of aggressively
20 funding the plan we made -- we started the termination
21 process. Last year we filed with the IRS and the PVGC, all
22 the regulators. We've received those approvals. And we are
23 on track to -- to terminate the plan by the end of the year
24 where all the retiree benefits will be turned over to a
25 major financial institution that will do some due diligence

1 and make sure they're financially secure.

2 And then the participants that aren't in
3 retirement status will have the option to either receive a
4 lump sum that they can roll over to a qualified IRA or
5 401(k) or they can elect an annuity at retirement.

6 So the good news is the plan should be settled by
7 the end of the year. Everyone is going to receive their
8 full benefits. And then the race tracks and racing fairs
9 and NOTWINC and SCOTWINC will have no further financial
10 obligations under the plan.

11 CHAIRMAN WINNER: Thank you.

12 VICE CHAIR ROSENBERG: Mike, there's reference to
13 some of the financial statements of the race tracks
14 particular, and Del Mar included, this unfunded pension plan
15 liability.

16 MR. ERNST: Uh-huh.

17 VICE CHAIR ROSENBERG: Is that the only --
18 generally speaking the only unfunded pension?

19 MR. ERNST: Well, no. No.

20 VICE CHAIR ROSENBERG: No? There are others?

21 MR. ERNST: This particular plan we do -- the race
22 tracks also suppose a number of union plans, multiple
23 employer pension plans, and the largest of which is the SEIU
24 plan. And that plan in 2009 was -- was classified as, I
25 believe it's distressed. And they have a rehabilitation

1 plan that's underway. It's a formal 13-year plan where
2 they've increased funding and looked at the accrual of
3 benefits. And so there's a very orderly process that's
4 underway. But there are -- there are -- California race
5 tracks, I believe -- I know Del Mar contributes to five
6 different union plans which is, you know, pretty customary.

7 VICE CHAIR ROSENBERG: Okay. Thank you.

8 CHAIRMAN WINNER: Richard?

9 MR. CASTRO: My name is Richard Castro. I'm a
10 member of Local 280. I'm not representing Local 280. I'm a
11 past president of Local 280. Had I not resigned my position
12 of Local 280 I would have brought this issue up in
13 negotiations since this issue would have been one of my core
14 issues in negotiations.

15 Chairman Winner, Executive Director Baedeker,
16 Commissioners, CHRB Staff, interested racing participants
17 behind me, I cannot thank you enough for getting involved in
18 this issue and making the progress you did to bring this to
19 the forefront, because you did an absolutely outstanding job
20 in letting the beneficiaries know where they stand on this
21 issue. I have gotten comments from so many people that they
22 actually thought they lost their money. And because of what
23 you have done people are just absolutely elated as to what
24 they know now on where their money is. They have an idea of
25 how they're going to get it. And they -- you guys all did

1 this, unusual for this industry, no fighting, no bickering,
2 you just rolled up your shoulders and you did an outstanding
3 job.

4 And I know what you don't know, there are so many
5 beneficiaries listening to this broadcast. And they asked
6 me to say thank you for a job very well done.

7 I do have a couple of questions. When did the
8 full funding stop for the qualified plan beneficiaries, if
9 you know? And was there ever -- I think you may have
10 answered this one -- was there ever a reduction in the full
11 contributions and, if so, when were the -- when and how did
12 you notify the beneficiaries that full funding stopped? And
13 if you don't have the answer, that's okay.

14 MR. ERNST: The Board amended the plan to freeze
15 the plan in June of 2011. And a notice as required by the
16 Pension Benefit Guarantee Corporation was sent out to all of
17 the plan participants.

18 And as I think I mentioned, the Board, the Pension
19 Board undertook a plan to receive -- achieve full funding.
20 And starting in 2010 the board increased the contributions
21 to nearly double the required contribution level. This year
22 we're nearly three times the required contribution level,
23 all in an effort to get to 100 percent funding so everyone
24 will be assured of their full benefits.

25 VICE CHAIR ROSENBERG: And the board you're

1 referring to is the Pension Board, not the Racing Board?

2 MR. ERNST: The Pension Board, yes.

3 VICE CHAIR ROSENBERG: Right. Thanks.

4 MR. CASTRO: And then my two additional
5 questions, they're better not mentioned in a public meeting.
6 But really what is important is that the industry go
7 together without bickering and everybody is really, really
8 happy. I think this is a job really well done and the
9 industry should really be proud with what they did with this
10 issue. And I sincerely thank you for making this an agenda
11 item.

12 CHAIRMAN WINNER: Thank you. And thank you for
13 your comments very much, Richard.

14 Any other discussion? Any other matters? Is
15 there a motion to adjourn?

16 COMMISSIONER BENETO: I'll make a motion.

17 COMMISSIONER KRIKORIAN: Second.

18 CHAIRMAN WINNER: Commissioner Beneto moves.
19 Commissioner Krikorian seconds. This meeting is adjourned.
20 Thank you all very much.

21 (The meeting of the California Horse Racing Board
22 adjourned at 11:25 a.m.)
23
24
25

REPORTER'S CERTIFICATE

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place

therein stated; that the testimony of said witnesses were reported by me,

a disinterested person, and was under my supervision thereafter transcribed into

typewriting.

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

IN WITNESS WHEREOF,

I have hereunto set my hand this 28th day of May, 2015.

Jacqueline Denlinger

CERTIFICATE OF TRANSCRIBER

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

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

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



MARTHA L. NELSON, CERT**367

May 28, 2015