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MEETING

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of)
)
CALIFORNIA HORSE RACING BOARD)
)
_____)

DEL MAR SURFSIDE RACE PLACE

GENERAL ADMISSION AREA

2260 JIMMY DURANTE BOULEVARD

DEL MAR, CALIFORNIA

THURSDAY, AUGUST 20, 2015

9:32 A.M.

REPORTED BY:

ANN BONNETTE, CSR NO. 6108

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APPEARANCES

COMMISSIONERS

- Chuck Winner, Chairman
- Richard Rosenberg, Vice Chairman
- Jesse H. Choper, Commissioner
- Steve Beneto, Commissioner
- Madeline Auerbach, Commissioner
- George Krikorian, Commissioner
- Alex Solis, Commissioner
- Rick Baedeker, Executive Director

STAFF

- Robert Browning Miller, Staff Counsel
- Jacqueline Wagner, Regulations/Legislation Manager
- Dr. Rick Arthur, Equine Medical Director

ALSO PRESENT

- Philip J. Laird, Staff Counsel
- Alan Balch
- Don Shields
- John Bucalo, Barona Casino Off Track Betting
- James Morgan, Humboldt County Fair
- Bing Bush, Jr.
- Joe Morris

1 ALSO PRESENT

2 Christopher Schick, Watch and Wager

3 Calvin Rainey

4 Chris Korby

5 Jerome Hoban

6 Jim Cassidy

7 Jack Liebau

8 Gail Matthews

9 Dan Cirimile

10 Eric Sindler

11 Ben Kenney

12 Ed Cummings

13 John Alkire

14 Larry Swartzlander

15 Dr. Karen Valko

16 Tawny Toscani

17 Scott Daruty

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PROCEEDINGS

DEL MAR, CALIFORNIA, THURSDAY, AUGUST 20, 2015

9:32 A.M.

CHAIRMAN WINNER: Okay. 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 Friday (sic), August 20, at the Del Mar Surfside Race Place, 2260 Jimmy Durante Boulevard, Del Mar, California.

Present at today's meeting are myself, Chuck Winner, Chairman; Vice Chair Richard Rosenberg, Madeline Auerbach, Commissioner; Commissioner Steve Beneto, Commissioner Jesse Choper, Commissioner George Krikorian, Commissioner Alex Solis, Commissioner.

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

In order to ensure all individuals have an individual to speak and the meeting proceeds in a timely fashion, I will strictly enforce the three-minute time

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

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

12 When a matter is open for public comment, your
13 name will be called. Please come to the podium, introduce
14 yourself by stating your name and organization clearly.
15 This is necessary for the court reporter to have a clear
16 record of all who speak.

17 When your three minutes are up, I will ask you
18 to return to your seat so others can be heard. When all
19 the names have been called, I will ask if there is anyone
20 else who would like to speak on the matter before the
21 Board.

22 Also, the Board may ask questions of individuals
23 who speak. If a speaker repeats him or herself, I will
24 ask if the speaker has any new comments to make. If there
25 are none, the speaker will be asked to let others make

1 comments to the Board.

2 Okay. The meeting is open. And I want to
3 announce that Item No. 8 on the agenda has been removed
4 and will be put off until later meeting. And I also would
5 like to announce that at this time we are going to go into
6 executive session for what I hope will be a short period
7 of time and then well return and continue.

8 (A recess was taken from 9:35 a.m. to
9 10:00 a.m.)

10 CHAIRMAN WINNER: Ladies and gentlemen, first of all,
11 my apologies for making you wait, and we are about ready
12 to reconvene.

13 Next item on the agenda is the approval of the
14 minutes from the July 17, 2015 meeting.

15 Are there any additions or corrections to the
16 minutes? Is there a motion to approve?

17 COMMISSIONER BENETO: I will make a motion.

18 CHAIRMAN WINNER: Commissioner Beneto moves. Vice
19 Chairman Rosenberg seconds. The minutes are approved.

20 Now we're going to go to the Executive
21 Director's report.

22 Rick.

23 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.
24 Chairman.

25 I'm going to start off with the -- with the

1 financials. First of all, the performance for July,
2 industry wide, was very good. The daytime business was up
3 7.5 percent. Nighttime meets were up 13.3 percent, and
4 day and night combined, everything in was up 8 percent.
5 Solid performances year to date, everything in, night,
6 day, we're showing a gain of 3.35 percent, and the numbers
7 also looked good on the fairs.

8 All three meets to date have shown gains.
9 Pleasanton was up 1.7 percent even though their field size
10 dropped from 7.3 to 6.6.

11 Sacramento, of course, had an extra four days.
12 They were up total 63 percent as a result. And Santa
13 Rosa, which, of course, was moved back a week in the
14 calendar despite the fact that they had two fewer days,
15 they nonetheless -- total handle everything in were up
16 5.7 percent.

17 The average daily handle there was up
18 considerably. On-track was up 14.3 percent, satellite
19 betting in California on them up 27.8 percent, ADW 28.3
20 percent, and out of state betting on Santa Rosa was up
21 21 percent.

22 Field sizes at Sacramento and Santa Rosa were
23 just about dead even with last year. Hopefully, based on
24 these results, Santa Rosa will look at adding a fourth day
25 of racing to its final racing week next year.

1 And just as an aside, as I have commented about
2 the other fairs, I had an opportunity to go to Santa Rosa.
3 And, folks, if you haven't been, I encourage you to go.
4 It's a -- it's a throwback to the good old days. I was
5 there before the first race. They were holding a
6 handicapping seminar. This was a Friday, and there were
7 about 125 people attending the seminar seated at round
8 tables, picnic tables under these big trees in a nice,
9 shaded park-type area, and you would have thought that it
10 was a post-graduate biology class with the attention that
11 these folks were paying to the -- to the handicappers.

12 And then just to see the stands full of people,
13 see the apron -- the apron looks more like a tailgate
14 party than anything else, and so it does your heart good.
15 If you get a chance, you should -- you should go check it
16 out.

17 The next phrase of the Microchip Pilot Program
18 begins next month when all horses at Pleasanton will be
19 chipped. This will allow tracking of horses shipping in
20 and out to Golden Gate Fields and the remaining fairs.
21 Two weeks ago you may have noticed the Jockey Club
22 announced that beginning in 2017 all thoroughbred founs
23 will be required to be chipped; so within not so many
24 years, this program really should be utilized on a
25 national basis.

1 You have heard me say before that CHRB staff has
2 been pursuing a budget-change proposal to allow us to
3 replace our antiquated data management system with a new
4 one. The old one was written in the 1980s. It's
5 proprietary software, and it's basically -- well, it's
6 archaic. We have no cross-referencing capabilities. We
7 can't incorporate digital records and so forth.

8 The new system we were targeting was used by the
9 British Horseracing Authority and is also used in America
10 by law enforcement agencies such as Homeland Security. We
11 have been trying to get it for about a year and half.
12 It's been a very difficult process.

13 And we've decided, based on input from our new
14 IT manager, that as a matter of fact we didn't need to go
15 down that complex, expensive route, that as a matter of
16 fact we can take our old 1980 software, and we can
17 modernize it and incorporate it into relational databases
18 that will give us the ability to do most of the things
19 that are important for our work.

20 The other thing would have had a lot of bells
21 and whistles that, frankly, we would not have used on a
22 regular basis; so we feel good about that. We are going
23 to be saving you all that pay for CHRB. We're going to be
24 saving you money, I think, going forward.

25 And just a note that CHRB has open positions for

1 license -- licensing technicians up north. If you know of
2 anyone who might be interested, please have them check the
3 CHRB web page for details.

4 Thank you, Mr. Chairman.

5 CHAIRMAN WINNER: Thank you very much, Mr. Baedeker.

6 Moving on, then, to the public comment period.

7 I have one card. If anybody else would like to speak
8 during the public comment period, please see Mike Marten
9 and fill out a card.

10 Gail Matthews.

11 MS. MATTHEWS: It's Gail Matthews, Winning Hands,
12 Equine Massage Therapy.

13 First, I would like to thank and acknowledge the
14 Board and the Executive Medical Director for moving
15 forward with measures to safeguard the lives of the horses
16 and their jockeys.

17 Partial list, amending 1658 to include visible
18 bleeders; 1588, ineligibility to start, and the Vet's List
19 in other jurisdictions; 1688, use of the riding crop;
20 1891.1, possession of an electrical device; revised
21 medical regulations regarding clenbuterol; and the amended
22 medical violation penalties.

23 Thank you. You haven't been dragging your
24 heels, except in one area.

25 On August 2nd, Valley Spirit, a five-year old

1 gelding by Awesome Spirit out of a Siberian Summer mare,
2 finished fifth out of fifth -- five at Los Alamitos.
3 Within a week, he was at Mike's Livestock Auction in Mira
4 Loma. His trainer is a repeat offender, as well as a
5 frequent program trainer, which I was recently told was
6 against the regulations.

7 The California Penal Code states it is unlawful
8 for any person to sell, buy, give away, hold or accept any
9 horse with the intent of killing or having another kill
10 that horse if that person knows or should have known that
11 any part of that horse will be used for human consumption.

12 Anyone who brings a thoroughbred to a livestock
13 auction knows about the kill buyers. By taking no action,
14 we are participating in this crime.

15 What I would do, if I had the power that has
16 been invested in the CHRB to protect the law as it applies
17 to California racetracks, one, I would get every racehorse
18 microchipped. That was great news. I'd print the Penal
19 Code in the condition book, have signage in the racing
20 office, the stable offices, the barn area, and the
21 director's room.

22 I'd establish and advertise a CHRB call-in
23 number and email address for any one wanting to report a
24 racehorse found in a livestock auction; have a CHRB
25 investigator call the racehorse's trainer and owners and

1 let them know where the horse ended up, let them know the
2 Penal Code, and talk to them about due diligence. Have a
3 CHRB marked vehicle show up at the auctions. You won't
4 have to get out of the car.

5 Shame the Attorney General and the D.A.s into
6 enforcing California state law. They're not doing their
7 jobs. Most of all, impose sanctions here at the
8 racetrack, warnings, suspensions, and revocations. Bring
9 this heinous practice to an end.

10 And just a quick quote from statesman Edmund
11 Burke, "All it takes for evil to triumph is for good men
12 to do nothing."

13 Thank you very much for what you are doing.

14 CHAIRMAN WINNER: Thank you, Ms. Matthews.

15 My understanding is that you have been in touch
16 with Staff?

17 COMMISSIONER AUERBACH: That wasn't her.

18 CHAIRMAN WINNER: No?

19 COMMISSIONER AUERBACH: No.

20 What happened, Gail, you didn't come to us.
21 See, the way that this -- the way that we can all be a
22 part of the solution rather than you having to come up and
23 tell us, someone has to tell us; all you have to do is
24 tell us. I don't care who you call. You can call a
25 commissioner. You can call Rick.

1 This is already under investigation because
2 somebody from Northern California called me while I was in
3 New York and I called here, and we are already on top of
4 it.

5 So thank you for your concern, but you can all
6 help us, not by waiting for meetings but by giving us
7 timely information when it occurs. And I would encourage
8 all of us to be part of the solution on this, and I thank
9 you for your words.

10 CHAIRMAN WINNER: Go ahead.

11 EXECUTIVE DIRECTOR BAEDEKER: I would like to add to
12 further what Commissioner Auerbach has said. You know, we
13 have a safety steward at each of our racetracks on the
14 backside every day. We have investigators on the backside
15 every day. We have CHRB that can be reached through a web
16 page, through CHRB Staff and Licensing, any CHRB
17 individual.

18 I can tell that you since I have been involved
19 with the Board just over 18 months, I know two of these
20 investigations, these particular ones, and also I know of
21 at least two and possibly three that we have pursued from
22 a Penal Code standpoint.

23 Now, they don't always -- they don't always --
24 they're not always accepted by the District Attorney, but
25 that is our goal when we have any kind of -- any animal

1 welfare issue, any abuse, that is our goal.

2 And the first we hear of it, as in this case, we
3 do act; so I want to reassure you and everybody in the
4 room that there may not be a higher priority for certainly
5 our investigative staff and CHRB staff than the one you
6 just described.

7 CHAIRMAN WINNER: Let me just say, again, first of
8 all, we appreciate your bringing these kinds of things to
9 our attention. And as Commissioner Auerbach said, as soon
10 as you find out about it, it would be really helpful to
11 notify Staff in the various ways that have been outlined
12 here by Rick because, as Rick said, this Board completely
13 supports your goal.

14 It's our goal as well. We feel very strongly
15 about it, and we will work with you and anyone else, as
16 the Executive Director has said, to alleviate that kind of
17 behavior and to -- and to punish that kind of behavior.

18 MS. MATTHEWS: I will be glad to contact you
19 directly. I and various other organizations have
20 contacted track management over the years, and this is
21 still happening; so if you can move faster on this.

22 We talked -- I suggested a year ago having
23 something in the condition book just to put it in
24 everyone's face that this is the law. It's not in the
25 condition book yet. That would be very simple. We need

1 to be more proactive.

2 And I appreciate that this is a priority for
3 you. You have got to move faster because, as I'm standing
4 here, there are horses being killed in slaughter houses.
5 This is urgent. Thank you very much.

6 CHAIRMAN WINNER: Thank you very much.

7 Anybody else?

8 All right. We're going to move on, then, to
9 Item No. 4: Discussion and Action by the Board regarding
10 the distribution of race day charity proceeds of the Los
11 Angeles Turf Club II in the amount of \$37,964.66 to twelve
12 beneficiaries.

13 Anybody going to speak on that? Good.

14 MR. SINDLER: Good morning. Eric Sindler at Santa
15 Anita. Mr. DeMarco does apologize for not making it, but
16 I am here to answer any questions.

17 As you see, we donated \$37,964.66, and as Staff
18 noted, one hundred percent of that is for racing related
19 charities.

20 CHAIRMAN WINNER: Any discussion on this item?

21 Is there a motion to approve?

22 Commissioner Choper moves to approve.

23 Commissioner Solis seconds.

24 All in favor.

25 ALL COMMISSIONERS: Aye.

1 CHAIRMAN WINNER: Any opposed?

2 Motion carried seven to nothing.

3 Thank you very much.

4 MR. SINDLER: Thank you.

5 CHAIRMAN WINNER: We'll move on to item No. 5.

6 Discussion and action by the Board on the
7 Application for License to Conduct a Horse Racing Meeting
8 of Watch and Wager LLC (H) at Cal Expo, commencing
9 October 24, 2015 through December 20, 2015, inclusive.

10 Gentlemen.

11 EXECUTIVE DIRECTOR BAEDEKER: I might point out for
12 the commissioners, Mr. Chairman, that the recommendation
13 in your packet reads, "If the outstanding items that were
14 listed there had not been received as of last Friday, that
15 Staff recommended that this application not be heard
16 today."

17 All of the outstanding items that could be
18 gotten and submitted to CHRB have been; so we thank you
19 guys for getting us all of that. But, again, to reiterate
20 what we said at the last meeting, if as a matter of fact a
21 license application is not complete, it will not be heard
22 by the Board unless the Board directs us otherwise.

23 CHAIRMAN WINNER: Good morning, Chairman Winner and
24 members of the Commission. Christopher Schick, Watch and
25 Wager.

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

2 MR. CUMMINGS: Ed Cummings, President, Watch and
3 Wager. Over to Chris.

4 MR. SCHICK: You want us to go -- go right into our
5 app?

6 CHAIRMAN WINNER: Yes, please.

7 MR. SCHICK: Oh, okay. Thank you, Mr. Chairman.

8 Let me just say this is our -- what we're
9 proposing here is our fourth season under the Watch and
10 Wager banner here for harness racing at Cal Expo. We're
11 coming off a pretty good season last year. Things went
12 reasonably well for us. I think some of the highlights
13 were our export handle increased pretty dramatically last
14 year, and the public responded pretty good to our product.

15 Our in-state and on-track was approximately
16 flat, but one of the big things that happened last year is
17 that we returned to a partial year three-day-a-week
18 schedule, and that was something that we had set out to do
19 the year before, and we were happy that we were able to do
20 that for essentially the months of January and part of
21 February.

22 Things are looking good as we approach this
23 proposed meet recruiting-wise. We have doubled down on
24 our recruiting incentives and our marketing efforts to
25 recruit new stables, and I'm happy to report that thus far

1 the response with the combination of going three days last
2 year and the incentive money that we're putting up, we're
3 pretty excited about what is going to happen this year,
4 hopefully.

5 But anyway, to go right into this application --

6 COMMISSIONER CHOPER: Before you do --

7 CHAIRMAN WINNER: Commissioner Choper.

8 COMMISSIONER CHOPER: You know, you list a bunch of
9 things. I mean, you had a great comparative six months
10 here.

11 Is there anything specifically to which you can
12 attribute that, that could be used by other branches of
13 the industry?

14 MR. SCHICK: Well, you know, yes. I think the answer
15 is yes. We -- we actually turned down a number of stables
16 last year that we felt were problematic, and we really
17 feel that by turning those stables down and coupling that
18 with our house cobalt rule that we really -- we really
19 improved the racing last year, the overall perception and
20 the integrity of the racing, and I think the betters
21 really respond to it.

22 I would say that would be the biggest thing that
23 I think that we did last year that really -- really turned
24 the corner a little bit for us.

25 COMMISSIONER CHOPER: Is there any major harness

1 racing track that's in bus- -- that operates during the
2 same time that you do?

3 MR. SCHICK: Yes. And there's more every day, it
4 seems.

5 COMMISSIONER CHOPER: Is that right?

6 MR. SCHICK: Meadowlands runs -- they open in
7 November and run right through August, obviously. They
8 are at the top, but now you have got a year-round circuit
9 in Ohio that goes year-round with the VLTS, and Pompano
10 Park down in South Florida is a big venue in the winter.
11 Yonkers and a number of the New York tracks operate in the
12 winter as well.

13 COMMISSIONER CHOPER: Thank you.

14 MR. CUMMINGS: Just on that, Commissioner Choper,
15 just one thing, I think, with -- in terms of the success
16 was we did see quite a lot of international premium player
17 money coming in the Cal Expo pools, something Watch and
18 Wager specializes in. And so we were given the ability to
19 do that on other tracks where we can bring in tremendous
20 levels of handle and from international players.

21 MR. KENNEY: Let me add one other thing.

22 CHAIRMAN WINNER: Please identify yourself.

23 MR. KENNEY: I'm sorry. Ben Kenney, Watch and Wager.

24 Cal Expo put \$700- or \$800,000 into the
25 backstretch. As you know, previously we were unable to

1 give our grooms tack quarters, and they really went out
2 there and they made it possible for us to bring in
3 trainers who had grooms could have living quarters. We
4 can't thank them enough for going out there and doing
5 that. That really helped our recruiting effort, not only
6 last year but this year.

7 CHAIRMAN WINNER: Thank you.

8 Chris.

9 MR. SCHICK: Just to get back to the application at
10 hand, unless there's -- obviously, this application versus
11 this similar application, this is part one.

12 Our part two application from after Christmas
13 through the first -- I think it's going to be 8th of
14 May -- will be heard in a couple months. But this
15 application actually has five less days than the similar
16 application last year, and that's strictly a function of
17 most of our guys race -- when they leave Cal Expo in May,
18 the core base of our people race in Minnesota during the
19 summer.

20 And Minnesota changed their dates this year and
21 they are running until the middle of September. So we,
22 along with the CHHA, just determined that it didn't make
23 sense to open the first week in October, and so our
24 opening has been pushed back three weeks.

25 We anticipate, when we combine this with the

1 second part of the application, that we might have three
2 less days than last year. And one of those days is
3 because, you know, Christmas falls on a Friday; so we
4 don't anticipate any significant cut in dates versus last
5 year.

6 CHAIRMAN WINNER: Three days.

7 MR. SCHICK: That's what we are looking at right now.

8 CHAIRMAN WINNER: Okay.

9 Any questions? Any comments?

10 Is there a motion to approve?

11 Commissioner Choper moves. Vice Chair Rosenberg
12 seconds.

13 All in favor?

14 ALL COMMISSIONERS: Aye.

15 CHAIRMAN WINNER: Any opposed?

16 Motion carries unanimously.

17 Thank you, gentlemen, very much. Have a good
18 meet.

19 We'll move on, then, to Item No. 6.

20 Discussion and action by the Board on the
21 Application for License to Conduct a Horse Racing Meeting
22 of the Pacific Racing Association (T) at Golden Gate
23 Fields commencing August 22, 2015 through December 20,
24 2015, inclusive.

25 Gentlemen, please identify yourselves.

1 MR. CIRIMILE: Dan Cirimile, Golden Gate Fields.

2 MR. RAINEY: Cal Rainey, Golden Gate Fields.

3 MR. DARUTY: Scott Daruty, Golden Gate Fields.

4 CHAIRMAN WINNER: Cal, are you going to --

5 MR. RAINEY: Good morning.

6 CHAIRMAN WINNER: Good morning.

7 MR. RAINEY: We plan to race for this meet for
8 32 days, up until the Christmas break. We start on
9 October 22nd through December 20th.

10 Pacific Racing Association proposes racing an
11 average of over eight races per day, which is what we have
12 been doing normally. Post time for this meet is at 12:45,
13 except for Breeders' Cup and Thanksgiving. We have some
14 earlier post times on those days.

15 Golden Gate Fields had a strong finish to our
16 spring meet with a small increase in field size and also
17 handle increasing just over 1 percent. Our summer race
18 meet starts tomorrow. We had seen a good number of
19 entries for our first couple days. Hopefully, that trend
20 will continue throughout the meet.

21 We have a similar stake schedule to last year
22 with seven stakes races and have listed those on one page
23 at Commissioner Auerbach's request in the last meeting for
24 use of the Board.

25 Can you get that?

1 In the off-season, Golden Gate Fields has been
2 working on improvements and upgrades to our facilities.
3 We have completed our waste water treatment facility
4 improvements, which are in full compliance with the Water
5 Boards. We just had an inspection this summer; so we are
6 in good shape along there.

7 We've added flat-screen TV monitors to the
8 clubhouse and to the steward stand. We recently completed
9 some upgrades to our video distribution system, adding a
10 digital video signal directly to the stewards' stand for
11 their clear video replay of the races at that request,
12 along with some new monitors for them.

13 We have installed the fiberoptic cable from our
14 video production facility that goes right to the uplink
15 truck for the out-of-state people; so they can get a
16 better signal from Golden Gate.

17 And as suggested by the CHRB, we have contracted
18 with GeoVision to do some stable area surveillance, and we
19 are -- additional surveillance in the stable area where
20 you have some; so we are happy that we have already
21 received most of our equipment and are beginning the
22 installation now, integrating our existing video system
23 with the GeoVision platform, which is very high tech and
24 has a lot of capabilities; so we look forward to expanding
25 on this in the barn area in the future as well as in the

1 grandstand.

2 And our application is complete, has no
3 outstanding items.

4 Thank you for considering our application for
5 approval.

6 CHAIRMAN WINNER: Thank you very much.

7 Any questions?

8 Any suggestions?

9 Yes, Commissioner. Vice Chair Rosenberg.

10 VICE CHAIR ROSENBERG: A question on the marketing
11 report that you included.

12 You noted that you cut down the marketing budget
13 by about \$40,000 from \$160,000. But the way that you
14 worded the reason is that you said that this decrease is a
15 result of funds being moved from traditional media
16 channels that have proven to be very expensive for the
17 small amount of fans that they drive to the track.

18 But you haven't moved it. You removed it;
19 right? You didn't shift it to the other types of
20 marketing. And I'm not criticizing. I'm asking a
21 question to see whether or not you -- why you decided not
22 to shift that money over to the more successful types of
23 marketing, if there is such a thing?

24 MR. CIRIMILE: No. To clarify, you are right. The
25 money was put into the improvements that Cal had

1 mentioned; so when we were looking at our funds, it was
2 more of a process of where can we pull them from.

3 In regard to the traditional advertising, we
4 support it absolutely. Does it work, but at the time
5 there's some things that need to be improved so that was
6 an area that it was moved from and moving forward with the
7 traditional advertising, something that we'd love to bring
8 back but for the time being it wouldn't work out for this
9 autumn meet.

10 VICE CHAIR ROSENBERG: The reason I asked the
11 question, this comes up with a number of stakeholders
12 where marketing proposals and budgets. It seems as if
13 there's a conclusion that there isn't really an effective
14 way to drive people to the track by spending a lot more
15 money on marketing. It seems to be something that you
16 glean from reviewing all of these things.

17 Do you feel that way?

18 MR. CIRIMILE: No. I would hope not. I mean I
19 wouldn't have a job. I certainly believe in marketing,
20 absolutely. I just -- I think -- I think every track is
21 faced with a big problem, which is how do you drive -- how
22 do you create or, you know, bring it back to a day that it
23 used to be at.

24 And I think there's many areas that need to be
25 improved, and like Cal had mentioned with the

1 improvements, unfortunately certain funds need to be
2 pulled to put into another area and that was just the
3 instance with this meet.

4 VICE CHAIR ROSENBERG: So if you had a big year and
5 there's ten million dollars unexpected profit, you would
6 be glad to spend it.

7 MR. CIRIMILE: I would -- I would love to.

8 VICE CHAIR ROSENBERG: How would you spend it? How
9 would you spend it? On traditional media or on social
10 media or how would you --

11 MR. CIRIMILE: It would be a mix. Absolutely it
12 would be a mix. I think the traditional certainly is a
13 great way of advertising. Just -- it's very expensive,
14 especially in the San Francisco market.

15 Yeah. If I had an unlimited budget, it would
16 certainly be a mix. I would definitely increase our
17 digital presence. I think I that a lot of brands have
18 proven that social media has been a great way to advertise
19 and it is a realm that you need to put a lot of creative
20 thought behind, and it's a growing form. But I wouldn't
21 cut out one area and ignore another. I think all of them
22 certainly prove to be valuable at some point.

23 MR. DARUTY: If I could just add one thing. We all
24 know racing and where the revenue ultimately comes from.
25 It comes from handle. We ran some numbers on our recent

1 meets, and it was interesting that of all the wagers on
2 Golden Gate Fields races only 7 percent of those wagers
3 came from people actually at Golden Gate. The other
4 93 percent came from people either elsewhere in Northern
5 California or Southern California or across the country;
6 so when we talk about marketing, it is important to
7 continue to try to bring people to the track, but
8 ultimately, things that Cal mentioned, improving the
9 simulcast signal, getting broader distribution on
10 television, that's exposing us to the whole country and
11 certainly is an important part of marketing.

12 One other thing I wanted to mention, not
13 necessarily an issue on this particular license, but it is
14 a preview of coming attractions for later when we talk
15 about dates and stabling in Northern California. We have
16 in this application mention of our stabling as a --
17 required to mention, we have got 1325 stalls available at
18 Golden Gate Fields, and for the upcoming fall meet we also
19 have 680 stalls listed here at Pleasanton. That's sort of
20 been the historic norm for Golden Gate Fields.

21 We are not sure that is necessarily a viable way
22 to stable horses moving forward. Again, it doesn't impact
23 this particular license, but it is something I'm sure we
24 will be talking about in future licenses, and I do have a
25 presentation when we talk about dates and stabling later

1 this afternoon, and I will drill further into that.

2 COMMISSIONER CHOPER: Let me ask you a question, if I
3 can. Hispanic Heritage Day, back, I guess that was in
4 what, May? Remember what I'm talking about?

5 MR. RAINEY: Yes. We had --

6 COMMISSIONER CHOPER: How many people -- I mean
7 roughly how many people were there --

8 MR. CIRIMILE: About 11,00.

9 COMMISSIONER CHOPER: How many?

10 MR. CIRIMILE: It was about 10,000, 11,000.

11 MR. RAINEY: About 11,000, but we only count adults.
12 There's also probably four or five thousand children that
13 go with that.

14 COMMISSIONER CHOPER: And let's take the 1011. When
15 is the last time you had attendance of that size? I mean,
16 could you remember?

17 MR. RAINEY: In 2013, the first week in our summer
18 meet, I think it was August 14th or something like that we
19 had the big 11,000 crowd.

20 COMMISSIONER CHOPER: So this was a big -- lot of
21 people there. How was the handle?

22 MR. CIRIMILE: The handle for that day was up, but
23 proportionally, it wasn't up as much as the attendance
24 was. I think what that proved for us would be that we
25 attracted a lot of newcomers to the races, and I think

1 that racing --

2 COMMISSIONER CHOPER: Do you have a way of keeping
3 track of how many come back?

4 MR. CIRIMILE: Yeah.

5 COMMISSIONER CHOPER: You give them a free something
6 or other --

7 MR. CIRIMILE: Yeah. Uh-huh.

8 COMMISSIONER CHOPER: -- vouchers?

9 MR. CIRIMILE: Uh-huh. Bounce-back coupons and
10 tracking cards similar to --

11 COMMISSIONER CHOPER: This is everybody that was in
12 that day?

13 MR. CIRIMILE: Not -- I mean, not every single
14 person, but we do offer coupons that -- at certain
15 admission gates for bounce-backs on certain days.

16 COMMISSIONER CHOPER: And you have any way of knowing
17 what percentage, how many, whatever it is, of those folks
18 who are probably first-time attendees --

19 MR. CIRIMILE: Uh-huh.

20 COMMISSIONER CHOPER: -- come back?

21 MR. CIRIMILE: Off the top of my head, no. I don't
22 have anything I could certainly say with an exact figure
23 of how many would come back. But we certainly do -- I
24 mean, if you want to just say from a qualitative sense of
25 just observing the crowd, certainly you start seeing

1 similar families coming back to the races.

2 COMMISSIONER CHOPER: Is that right?

3 MR. CIRIMILE: Yes. Yes.

4 Is it scientific? I don't think so, but
5 absolutely from walking the grandstands you could see --

6 COMMISSIONER CHOPER: No, no, no. That would be a
7 good thing if you had some way of isolating the -- the
8 object of the promotion --

9 MR. CIRIMILE: Uh-huh.

10 COMMISSIONER CHOPER: -- and checking them.

11 MR. CIRIMILE: Uh-huh. I think that's a good idea.

12 CHAIRMAN WINNER: Can I just go back for a second to
13 the marketing issue that was raised by Vice Chairman
14 Rosenberg.

15 Would you agree, or not, that marketing is not
16 just a function of money, it is a function of strategy?
17 You can have all the money in the world. If you don't
18 spend it right, you're not -- it is not accomplishing its
19 objective. Or you can have a limited amount of money and
20 spend it properly, and you might achieve certain
21 objectives that by not spending that money you would not
22 have achieved. And that's true whether it is to increase
23 on-track attendance or handle from other locations.
24 Marketing is a part of that.

25 Obviously, as we have seen, marketing -- in most

1 cases, the marketing budget at most of the tracks have
2 gone down. That's where the cuts -- at least some of the
3 cuts have taken place.

4 So, again, I'm not arguing one way or the other.
5 I'm simply asking you, do you agree with that, that it's
6 not simply a question of money. It is a question of
7 strategy.

8 MR. RAINEY: Yes.

9 CHAIRMAN WINNER: Technique.

10 MR. RAINEY: Yes.

11 CHAIRMAN WINNER: Judgment.

12 Okay. Thank you.

13 Are there any other questions?

14 COMMISSIONER BENETO: I've got a question.

15 CHAIRMAN WINNER: Yes, please. Commissioner Beneto.

16 COMMISSIONER BENETO: How come TVG doesn't give you
17 better play? I'm trying to get the races -- I'm watching
18 the races on Saturday or Sunday or whenever you are
19 running. They just don't -- I mean, that's good
20 advertising by them running your races, but it seems like
21 I might get two or three races out of a nine-race card
22 that they televised.

23 MR. DARUTY: Yes. It is a good question. And as I
24 mentioned, because our product is a national product, the
25 television exposure is very important, as all of you know

1 or most of you know. For many, many years, Golden Gate
2 Fields was not on TVG at all. In fact, up until last year
3 Golden Gate Fields was not on TVG at all. And we entered
4 into a transaction where we essentially merged the
5 television operations of HRTV and TVG back in February of
6 this year; so it has been about six months.

7 As part of that transaction, now Golden Gate is
8 shown on TVG. We do have guarantees as to the specific
9 percentage; so there is a certain percentage of races over
10 the course of a meet that are required to be on
11 television, on TVG, and will be.

12 However, what you are mentioning is a Saturday
13 afternoon, which is the most crowded time in the racing
14 calendar. And as much as we would like every race from
15 Golden Gate Fields to be on, we also have to recognize the
16 reality that some television viewers want to watch NYRA or
17 they want to watch the track in Kentucky or Florida, or
18 whatever else may be.

19 So we think our partners at TVG do a terrific
20 job of trying to manage that. Would we like more
21 coverage? Of course we would, but we also realize that
22 with one linear television channel you can only show one
23 track at a time.

24 COMMISSIONER BENETO: On your advertising, would it
25 be wise to put your money in TVG and HRTV advertising

1 Golden Gate Fields rather than putting it, say, in
2 newspapers or local TV or --

3 MR. DARUTY: Well, you know, that's a good question,
4 and it's something we probably should think about more,
5 perhaps, but I think the short answer is you are
6 advertising to a viewer if you are advertising on TVG who
7 already is interested in watching the races and betting
8 the product and, really, more so than showing ads on TVG.
9 It's most important how many races we get on TVG, as you
10 pointed out earlier. I think the advertising ideally
11 would be bringing new fans to Golden Gate Fields and new
12 fans to racing as opposed to just advertising to the
13 people who are already watching.

14 CHAIRMAN WINNER: Scott, isn't it true that when the
15 merger took place between HRTV and TVG one of the points
16 that was made before this Board at that time was that it
17 would allow HRTV to show the Northern California races
18 that currently they are -- at that time were not showing
19 on their --

20 MR. DARUTY: Well, yes --

21 CHAIRMAN WINNER: -- on their second channel?

22 MR. DARUTY: Yeah. That's a good point. And just to
23 be clear, every race of Golden Gate Fields is on
24 television.

25 CHAIRMAN WINNER: So it's just on --

1 MR. DARUTY: It's either -- it's either on TVG or
2 HRTV, and I should have been clear. I was answering your
3 very specific question, Commissioner Beneto, about TVG,
4 but any race that is not shown on TVG will be shown on
5 HRTV.

6 COMMISSIONER BENETO: Is that the fairs too?

7 MR. DARUTY: I'm sorry. I don't -- I don't know
8 about the fairs.

9 COMMISSIONER BENETO: Because I have a hard time
10 getting the fair racing on -- even on HRTV. And I only
11 watch it on, really, Saturdays. That's my day of watching
12 the races. And I'm trying to get Golden Gate, and it's
13 tough to get. And I usually have to pull my cell phone
14 out, and I can get it on there very easy.

15 CHAIRMAN WINNER: Any other questions? Any comments?

16 Is there a motion?

17 I'll move approval.

18 Commissioner Auerbach seconds.

19 All in favor?

20 ALL COMMISSIONERS: Aye?

21 Any opposed?

22 Passed seven to nothing.

23 Thank you very much, gentlemen. Good luck, good
24 meet.

25 Where are we?

1 UNIDENTIFIED SPEAKER: Seven.

2 CHAIRMAN WINNER: Discussion and action by the Board
3 on the Application for License to conduct a Horse Racing
4 Meeting of the Big Fresno Fair at Fresno, commencing
5 October 8, 2015 through October 18, 2015 inclusive.

6 Gentlemen.

7 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, before
8 they start and before I forget, I meant to put this in my
9 comments earlier. If I could have the attention of the
10 associations in the room.

11 CHRB Staff is going to be revising the
12 application for our life -- for our race meet, and we have
13 a couple things that we know we need to incorporate into
14 it that Commissioners have mentioned. But we thought we'd
15 take the opportunity to get the feedback from everybody
16 that has to go through this, as to what may be confusing,
17 or what to improve on, or what is superfluous or whatever.

18 And Andrea Ogden from CHRB is going to be
19 reaching out to each of you, each of the associations, to
20 get feedback. Please take it seriously. This is your
21 shot to make this better. After that Commissioners will
22 be asking you the same question: What, if anything, would
23 you like to see done differently in the application.

24 Thank you.

25 CHAIRMAN WINNER: Gentlemen, please identify

1 yourselves.

2 MR. ALKIRE: Good morning. My name is John Alkire.
3 I am the CEO of the Big Fresno Fair. To my right is Larry
4 Swartzlander, our Director of Racing.

5 Chairman Winner, distinguished members of the
6 Board, on behalf of our board of directors, Big Fresno
7 Fair, staff and management, they wanted me to come forth
8 and thank you for the opportunity to be here this morning
9 to request dates where we are -- the proposed dates of
10 October 8th through the 18th, the same days that we
11 basically raced last year, synonymous with last year.

12 Our license application is thick and very
13 thorough. As you might guess, we always try to prepare
14 for this meeting each year; so I'll skim across the top.
15 Just a few quick things that I thought might be of
16 interest to you.

17 Number one, our ad budget, we added \$46,000 this
18 year to hit some new promotions. One of the new
19 promotions is the artwork that I have put in front of you
20 this morning. This will be on all bus -- buses in Fresno
21 County starting in a couple weeks and all the wraps that
22 are up and down Highway 99.

23 It's kind of a new concept that we have some
24 young, aggressive PR people that brought in some vibrant
25 colors, and obviously when you have racehorses running

1 through fields of cotton candy trees, that's a little
2 different for us; so I wanted to bring this illustration
3 to you and show you that we are going to try something
4 new.

5 Additionally, working with ESPN with these
6 coasters that are being placed throughout Fresno County,
7 they also have our QR code on here. People can go queue
8 on and basically find out what our race dates are and
9 welcome them to the fair, and we're hoping to get
10 thousands of these out throughout Fresno County.

11 We've put together another program that we felt
12 was very important. We're adding an additional \$40,000
13 out of our pocket to help Stockton and Fresno as an
14 incentive for trainers and owners to come to Stockton and
15 Fresno. We feel that the numbers challenge of getting
16 horse numbers to our facilities is one that we needed to
17 address and this is an insurance policy that our Director
18 of Racing brought to us and we accepted, and we are moving
19 forward.

20 Our PR department, again, come up with a great
21 idea of doing "Even losers can win," a promotion, taking
22 all the losing vouchers, put your name and cell phone
23 number on those, put them in a box, and each day we're
24 going to pick out numbers. The winners will receive
25 additional vouchers to come back the next day and box

1 seats to sit in the VIP area of our grandstand area.

2 We're also initiating a new area. The old
3 Cantina Bar that was next to the paddock area, that's now
4 the Harris Farms Starters Sports Bar, and we're trying to
5 pick that area up and change that area. Again, that came
6 from our Director of Racing, and that was a great idea and
7 we'll see if it works.

8 Last year, we had our Salute to California
9 Chrome Day. It was probably one of the most successful
10 days that we've had at the Big Fresno Fair for many, many
11 years. We've also put a section in our museum, and I put
12 a picture in the package for you to take a look at.

13 We're also doing a lot of promotions around the
14 California Chrome folks that have come back two or three
15 times since we had that California Chrome Day and
16 initiated a lot of interest and brought a lot of
17 memorabilia to our museum.

18 We're bringing back the jumping horses between
19 the races. We think that downtime is critical to keep
20 people busy and entertained. We are also bringing back
21 the K-9 dogs, the attack dogs. They love to -- the crowd
22 loves to see the speed guns drawn on those dogs to see how
23 fast they can attack someone. To me, it's exciting, but
24 it really gets the crowd going.

25 Our demographic breakdown, as we put forth in

1 our application, heavily involves the Hispanic culture; so
2 on our Sundays we're bringing back the dancing horses, and
3 that's usually one of our biggest cultural days of the
4 two-week run.

5 As you know, we sit in the bread basket of the
6 world, the San Joaquin Valley. Fresno County is the
7 number one ag-producing county in the world. Without
8 water, we're in trouble, and we're in a drought and we're
9 concerned, high unemployment; so we have some challenges
10 so we're doing everything we can as far as getting folks
11 there, Dollar Day, Two-Dollar Day, Food Drive Day, to make
12 sure that everybody has an equal opportunity to attend.

13 Are there any questions at this time?

14 CHAIRMAN WINNER: One at a time.

15 Commissioner Beneto.

16 COMMISSIONER BENETO: I love this.

17 UNIDENTIFIED SPEAKER: It took me a while to warm up
18 to it.

19 COMMISSIONER BENETO: Well, I tell you, you got
20 horseracing in there on that -- on that ad, and that's
21 something that very important to me anyway.

22 MR. ALKIRE: Absolutely. Me too.

23 COMMISSIONER BENETO: I think with adding with your
24 corn dogs and your tractor and the horseracing together
25 that's good advertising.

1 CHAIRMAN WINNER: What about the cotton candy?

2 MR. ALKIRE: Thank you.

3 CHAIRMAN WINNER: Commissioner Choper.

4 COMMISSIONER CHOPER: You have 8.79 thoroughbred
5 horses average per race last year.

6 MR. ALKIRE: Yes, sir.

7 COMMISSIONER CHOPER: Now, I don't have all of the
8 numbers of other racetracks around, but certainly, if you
9 consider yourselves in the North, which I guess you do,
10 that is really high.

11 What's the -- what is the -- do you happen to
12 know offhand, what is the lowest --

13 MR. SWARTZLANDER: Commissioner, I believe you have
14 got the wrong number, because we were at 6.79 Fresno last
15 year.

16 COMMISSIONER CHOPER: Oh, not 8.69?

17 MR. SWARTZLANDER: No, sir.

18 COMMISSIONER CHOPER: I'll take back my question.

19 CHAIRMAN WINNER: Larry, identify yourself, please.

20 MR. SWARTZLANDER: Larry Swartzlander, Director of
21 Racing.

22 Also, I would like to add on to Mr. Beneto, that
23 we do have a contract with TVG. The specifics are that
24 we -- they will show live the Pick Four races on Fridays,
25 Saturday, and Sunday. The rest of the thoroughbred races

1 are at their discretion as time permits.

2 It also goes with HRTV. HRTV generally shows
3 all the thoroughbred races.

4 CHAIRMAN WINNER: That's basically the question, is
5 the thoroughbred races are shown on one or the other
6 channel; correct?

7 MR. SWARTZLANDER: Yes. But in this case the
8 Pick Four is shown on TVG.

9 CHAIRMAN WINNER: Is not shown on TVG directly?

10 MR. SCHWARTZLANDER: It could be shown on HRTV also.

11 CHAIRMAN WINNER: Got it. Thank you very much.

12 Any other questions?

13 Commissioner Krikorian.

14 COMMISSIONER KRIKORIAN: I was just going to say I'm
15 impressed with all the creative things you are doing to,
16 you know, attract people to your fair this year. And I'm
17 also -- I'm also a great fan of any advertising that has
18 the word "big" in it. Thank you.

19 MR. ALKIRE: Thank you.

20 CHAIRMAN WINNER: Any other questions or comments?

21 Is there a motion?

22 Commissioner Krikorian moves; Commissioner
23 Auerbach seconds.

24 All those in favor?

25 ALL COMMISSIONERS: Aye.

1 CHAIRMAN WINNER: Any opposed?

2 Mr. Rosenberg, you voting for?

3 Passes seven to nothing.

4 Thank you very much, gentlemen, and have a
5 wonderful meeting.

6 MR. SWARTZLANDER: Humboldt is going well also.

7 CHAIRMAN WINNER: Let's go on to Item No. -- we're
8 skipping Item No. 8. Remember, I took that off the agenda
9 earlier; so we're going to go on to Item No. 9:

10 Discussion and action by the Board regarding the
11 proposed amendment to CHRB Rule 1734, Whipping, to curtail
12 and prevent excessive use of the whip in the harness
13 racing.

14 Commissioner -- or Mr. Baedeker, are you going
15 to speak on that or is --

16 EXECUTIVE DIRECTOR BAEDEKER: Yeah. Well, I will and
17 Staff will.

18 This is a followup to the effort to modify the
19 use of the whip in horseracing, not just thoroughbred
20 racing.

21 Watch and Wager has had a house rule in place
22 that is very similar to this and -- and -- but we want to
23 follow through from a regulatory standpoint. Excuse me,
24 that's the purpose of this agenda item, and the language
25 has been prepared by Staff; so Joe or Jackie, you want to

1 take it from there?

2 CHAIRMAN WINNER: Let me just make the point that we
3 already have the crop rule for thoroughbreds and quarter
4 horses; so this would implement a crop rule, or a whip
5 rule, for harness racing?

6 EXECUTIVE DIRECTOR BAEDEKER: Correct.

7 CHAIRMAN WINNER: Phil or Jackie.

8 Please identify yourselves.

9 MS. WAGNER: Jackie Wagner, CHRB Staff.

10 The introduction is just as Executive Director
11 Baedeker has mentioned. We want to bring it to the
12 Committee's attention that the whipping rule is predicated
13 on what is being practiced right now at Cal Expo.

14 Cal Expo has been using basically these rules in
15 regards to the use of the whip at their facility. We use
16 that as the basis for the development of this rule. My
17 understanding is Watch and Wager is in support, and they
18 are prepared to make a statement to the Committee.

19 CHAIRMAN WINNER: I have a card here, Jackie, from
20 Chris Schick; so I assume he's going to speak on this --

21 MS. WAGNER: Why don't you have Chris come forward.

22 So we just want to let you know that this is in
23 practice currently at Cal Expo in the harness racing
24 industry.

25 VICE CHAIR ROSENBERG: The language exactly as you

1 have it here?

2 MS. WAGNER: Yes.

3 VICE CHAIR ROSENBERG: Exactly?

4 MS. WAGNER: Pretty much.

5 CHAIRMAN WINNER: I think -- were you going add --
6 is there a sentence to be added to this?

7 MS. WAGNER: Yes. We'll let Chris put it on the
8 record.

9 CHAIRMAN WINNER: Okay. Mr. Schick.

10 MR. SCHICK: Thank you, Mr. Chairman.

11 Watch and Wager rises in support of, obviously,
12 the amendment to Rule 1734. We -- as was stated by
13 Jackie, we have been operating under a rule which we
14 consider a very strict whipping rule for the past three
15 years. It is probably the second strongest whipping rule
16 in the nation, and we support it.

17 I also want to speak on behalf of Mr. Jim Perez
18 of the CHHA. He could not be here today. I spoke with
19 him yesterday. He has been in an accident and has been
20 somewhat immobile, although he is okay. It is mostly with
21 his leg; so he apologizes for not being here.

22 But the CHHA also has been a firm supporter of
23 this rule from the time it has been implemented as a house
24 rule. There is one minor issue that we see with the rule
25 that was kind of -- I don't know if it was omitted or not

1 included -- that we have in the house rule.

2 I spoke with our stewards regarding this
3 yesterday, because they have been very helpful in
4 implementing this house rule over the past three years.
5 And there is one section, if I may, I would like to read
6 it into the record as a potential amendment to this rule.

7 CHAIRMAN WINNER: Please.

8 MR. SCHICK: Okay. I don't know what -- what section
9 it would be, but it would be drivers must keep one line
10 slash rein or hand hold in each hand at all times during
11 the race, except when the horse and driver reach the
12 seven-eighths mile pole marker during the race.

13 Essentially, what we are saying is we are not
14 going to have a driver take the lines in one hand and have
15 whipping only in the final eighth of a mile. And then it
16 would certainly be under the guise of all of the other
17 guidelines, no exaggerated or whipping below the shaft or
18 any of those things, which would already be covered under
19 the -- under the proposed amendment. But we'd like to add
20 that, that no one-handed whipping until the final eighth
21 of a mile be included in this amendment.

22 CHAIRMAN WINNER: Thank you.

23 EXECUTIVE DIRECTOR BAEDEKER: Jackie, we're ready to
24 send this out to 45 day -- right? -- if the Board agrees
25 to do it?

1 MS. WAGNER: Correct. That would be Staff's
2 recommendation, that we adopt the suggestion made by
3 Chris Schick and that the Board instruct us to initiate
4 the 45-day commentary --

5 CHAIRMAN WINNER: Is there a motion to approve the
6 amendment?

7 VICE CHAIR ROSENBERG: I want to discuss -- have some
8 questions.

9 CHAIRMAN WINNER: Oh, I'm sorry. I apologize.
10 Richard.

11 VICE CHAIR ROSENBERG: Chris, presently, that rule is
12 in writing as part of your house rules; correct?

13 MR. SCHICK: Yes.

14 VICE CHAIR ROSENBERG: What happens in practice when
15 someone violates it? Do you have author- -- jurisdiction
16 to actually fine the rider -- the rider? What do you do
17 about it is my question?

18 MR. SCHICK: Well, that's kind of why we are here
19 today because this house rule has kind of come under
20 scrutiny where the stewards, I think, maybe in some cases,
21 tried to impose a penalty but didn't have a rule
22 essentially on the books. This was an issue that kind of
23 we work together on, and we were going to basically, as a
24 management, when we saw violations, we were going to take
25 what we saw the offenders and call them in and tell them

1 that is an unacceptable practice and if it continues you
2 are not going to allowed to participate. That was, from
3 our perspective, our only avenue.

4 EXECUTIVE DIRECTOR BAEDER: The stewards had the
5 ability to enforce house rules on behalf of the house. It
6 is in a couple of different of our sections of our rules,
7 and a simple example would be a house prohibition of
8 parking in a particular area. In that instance, the
9 stewards can go ahead and enforce penalties. That's clear
10 in our rules.

11 VICE CHAIR ROSENBERG: So my question is, this
12 language is very specific and very detailed and very long,
13 a number of prohibitions as compared to a thoroughbred
14 being -- in terms of how they are treated and whipped with
15 what and whatever. It's very different because pretty
16 visually you can see it pretty easily. Here, it seems
17 like from all these definitions it's very complicated.

18 Do you envision a problem that the stewards are
19 going to be constantly -- if they bring somebody in to --
20 and fine them constantly getting into the issues? Is it
21 not -- for example, persistently -- persistently using the
22 whip even though the horse is showing no response?

23 MR. SCHICK: Right. That is obviously somewhat of a
24 subjective --

25 VICE CHAIR ROSENBERG: They're all subjective.

1 MR. SCHICK: -- position, no doubt.

2 VICE CHAIR ROSENBERG: Yeah.

3 MR. SCHICK: Obviously, you know, obviously, we don't
4 want people hammering away or hitting a horse when he's
5 obviously backing through a field or he's done or out of
6 anger or any, you know, anything type of that when, you
7 know, maybe some kind of road rage during a race when a
8 guy gets parked out or whatever.

9 VICE CHAIR ROSENBERG: I'm just raising the concern.
10 If you read through these seven items -- or now there are
11 seven items. You can see, you know, see problems coming
12 up every time if the stewards want to bring them in.

13 EXECUTIVE DIRECTOR BAEDER: Mr. Vice Chair, I might
14 point out that these seven items, actually six, we added
15 one item that says use of the whip when the horse does not
16 appear to be advancing through the field or is no longer
17 in contention, that mirrors language that we have for
18 thoroughbred and other breeds.

19 As opposed to the change that we need to the
20 Whip Rule for thoroughbreds and quarter horses which was
21 all new, these provisions have been in place by virtue of
22 the house rule for how many seasons, did you say?

23 MR. SCHICK: Three years.

24 EXECUTIVE DIRECTOR BAEDER: Three years. So they
25 have been -- the drivers have been operating under these

1 provisions.

2 VICE CHAIR ROSENBERG: No. I get that. My concern
3 is that up until now they have never had an issue of
4 someone raising, well, you can't fine -- you can't object
5 to a fine, because they haven't been finding anyone. All
6 they have been doing is calling them in and saying you
7 shouldn't do that.

8 EXECUTIVE DIRECTOR BAEDEKER: No. They have been
9 fining them.

10 VICE CHAIR ROSENBERG: Oh, they have been?

11 How often? I read the minutes. I don't see
12 many fines.

13 EXECUTIVE DIRECTOR BAEDEKER: There were several
14 towards the end of last season.

15 MR. SCHICK: Yeah. We've had a number -- and I think
16 they've used just kind of the rule that's on the book now,
17 excessive whipping, to kind of be a catchall for the fines
18 that they imposed.

19 CHAIRMAN WINNER: Just to clarify, as I read this
20 change with the addition of your change being an addition,
21 but the changes that are in the book when I read it, these
22 are very similar to what the stewards are making decisions
23 on now, only they are doing it on a house rule and that
24 this recommendation, this motion is for the purpose of
25 codifying, so to speak, as a rule what is taking place

1 now; is that correct?

2 Chris?

3 MR. SCHICK: Yes, that is correct.

4 COMMISSIONER KRIKORIAN: I have a question.

5 CHAIRMAN WINNER: Yes, Commissioner Krikorian.

6 COMMISSIONER KRIKORIAN: I just -- I just want to
7 ask, what has been done to solicit rider opinions as to,
8 you know, what is being proposed here or what the current
9 rules are, anyway, and what kind of feedback have you
10 gotten from the riders, if any?

11 CHAIRMAN WINNER: Drivers?

12 COMMISSIONER KRIKORIAN: Drivers, sorry.

13 EXECUTIVE DIRECTOR BAEDEKER: We -- CHRB Staff hasn't
14 gotten feedback from drivers.

15 Chris, have you --

16 MR. SCHICK: When this rule was first proposed,
17 obviously, we met with the drivers, and I think it's fair
18 to say that most of the drivers agree with this rule, and
19 I'm sure you're going to find a driver that doesn't agree
20 that would want one-handed whipping, maybe at any point in
21 the race, or maybe some would want to be able to whip
22 below the shafts or do things like that.

23 But I think the vast majority of the drivers
24 understand that this is a very fair rule and they have
25 been operating under it and I think support it. And I

1 think -- you know, that the CHHA basically supports the
2 rule. Obviously, they represent the drivers. I think
3 it's -- you know, I think that's an important part.

4 COMMISSIONER KRIKORIAN: Right. I mean, I understand
5 what you have done maybe a few years ago, but have you
6 recently sat the drivers down and had a meeting with them
7 to discuss the rules and see if they have any different
8 opinions than what you may have heard three years ago?

9 MR. SCHICK: No. We haven't done that.

10 COMMISSIONER KRIKORIAN: Should you not consider --
11 should you not consider, you know, doing that before you
12 take affirmative action?

13 CHAIRMAN WINNER: Let me make this point. This is
14 going out for 45-day hearing; so if the drivers and if
15 Chris wants to -- which I think is a good suggestion --
16 meet with the drivers during that 45-day period and the
17 drivers can comment during that 45-day period, or they can
18 submit their position in writing or appear before the
19 Board at that time and then we can make whatever change is
20 necessary, but the purpose of this is to go out for 45
21 days.

22 COMMISSIONER KRIKORIAN: I know. I'm just suggesting
23 that --

24 CHAIRMAN WINNER: I agree with --

25 COMMISSIONER KRIKORIAN: -- get their response, since

1 they are the drivers.

2 CHAIRMAN WINNER: I agree with that.

3 COMMISSIONER KRIKORIAN: And would be responsible.

4 CHAIRMAN WINNER: Anything else for Mr. Schick? Any
5 other questions? Any other comments?

6 Is there a motion to approve to send out for
7 45-day hearing -- 45-day public comment.

8 Commissioner Auerbach moves. Vice Chairman
9 Rosenberg seconds.

10 All in favor?

11 ALL COMMISSIONERS: Aye.

12 CHAIRMAN WINNER: Any opposed?

13 Motion -- I'm sorry.

14 COMMISSIONER KRIKORIAN: I'm wondering if you could
15 add to that that some effort will be made to reach out to
16 the drivers as part of the 45-day process.

17 CHAIRMAN WINNER: It's your motion, Commissioner
18 Auerbach. Do you accept the amendment?

19 COMMISSIONER AUERBACH: I -- I'll accept -- I don't
20 think it's necessary but I'll accept it, if it makes it
21 more cohesive. I trust Chris to get it done.

22 CHAIRMAN WINNER: And the second, Commissioner
23 Rosenberg, you seconded it. Do you accept the amendment?

24 VICE CHAIR ROSENBERG: Yes.

25 CHAIRMAN WINNER: Okay. The amendment has been

1 accepted. Then with the amendment, all in favor?

2 ALL COMMISSIONERS: Aye.

3 CHAIRMAN WINNER: Any opposed?

4 Motion carried seven to nothing.

5 Thank you. Thank you, gentlemen. Thank you,
6 ladies, and thank you, Mr. Schick, as well.

7 Moving on then to Item 10: Public hearing and
8 action by the Board regarding the proposed amendment to
9 CHRB Rule 1845, Authorized Bleeder Medication, to require
10 that authorized bleeder medication be administered by
11 independent, third party veterinarians. This concludes
12 the 45-day public comment period. The Board may adopt the
13 proposal as presented.

14 Dr. Arthur and Mr. Laird are here to comment.

15 We have one -- one member of the public who
16 would like to comment.

17 DR. ARTHUR: Thank you, Mr. Chairman, Dr. Arthur,
18 Equine Medical Director.

19 California is committed to the National Uniform
20 Medication Program. We have adopted the therapeutic
21 thresholds. The Maddy Laboratory was one of the first
22 labs to be accredited. We need to move forward with third
23 party Lasix and multiple medication violation penalties
24 will be next.

25 Third party lasix has been successfully adopted

1 and administered in other major racing states, most
2 importantly, New York and Kentucky, as well as a number of
3 smaller jurisdictions. It has been in place in Woodbine
4 for 20 years. The TOC, the organization representing
5 thoroughbred owners, supports third party Lasix. we have
6 successfully administered third party Lasix at the last
7 two Breeders' Cups. The American Association of Equine
8 Practitioners supports third party Lasix as good for the
9 industry. We have been talking about third party Lasix in
10 California for nearly three years.

11 And for those of you who follow such things, one
12 of the arguments for federal legislation is the inability
13 of the states to implement the National Uniform Medication
14 Program, of which third party Lasix is a key element.

15 There has been opposition to third party Lasix
16 by some local veterinarians who see this as interfering
17 with their practices providing this high-margin
18 professional service. This is the same complaint we have
19 faced with many other reforms. And California and other
20 states have implemented in recent years from the
21 elimination for anabolic steroid and restrictions on
22 intra-articular corticosteroids.

23 Everyone in racing, including the veterinary
24 profession, has to do what is best for the sport. The
25 AEP's 10-point action plan discussed yesterday at the

1 Medication Track Safety -- was discussed yesterday at the
 2 Medication Track Safety Meeting.

3 The AEP's action plan is an ample of equine
 4 veterinarians taking a leadership role in proposing
 5 strategic plan to ensure long-term success of horseracing.
 6 Third party Lasix in the National Uniform Medication
 7 Program is part of that. And the AEP is the largest
 8 equine veterinary organization in the world and in the
 9 U.S.

10 We have worked closely with the California
 11 Veterinary Medical Board to resolve any conflicts with
 12 what is called the veterinary client patient relationship.
 13 California has gone further than any other racing
 14 jurisdiction in this regard. Fortunately, both the CHRB
 15 and the California Veterinary Medical Board are under the
 16 Business Consumer Services and Housing Agency which
 17 coordinate in cooperation between agencies in developing
 18 regulations that meet each agency's needs and concerns.

19 Personally, I believe we have made a simple
 20 problem unnecessarily complicated to satisfy a few
 21 individuals but what we have is workable and clean.
 22 Executive Director Rick Baedeker, myself, and CHRB Board
 23 Counsel Bob Miller explained the amendments to the
 24 California Veterinary Medical Board at their public
 25 meeting. The California Veterinary Medical Board agreed

1 unanimously that CHRB's new regulations addressed their
2 concerns, specifically concerning the veterinary client
3 patient relationship.

4 Private racetrack practitioners Dr. Don Shields
5 and Dr. Don Smith have submitted a number of comments. We
6 respect and appreciate their concerns. Staff will answer
7 those when the amendments are submitted to AOL, but I have
8 a few comments to make today, as will Staff Counsel Phil
9 Laird. I will address some practical matters. Mr. Laird
10 will respond to any legal and regulatory matters.

11 The CHRB has gone out of its way to satisfy the
12 veterinary client patient relationship issue. This has
13 not been a problem in Kentucky, New York, and other states
14 and shouldn't be an issue here this California.

15 At this year's AEP meeting of racetrack
16 practitioners, I ask if there was one veterinarian who --
17 in the room who had not walked up to a horse they had
18 never seen before and administered Lasix, the dose per the
19 trainer's instructions in violation of the veterinarian
20 client patient relationship. Not one veterinarian raised
21 their hand.

22 Yes, we do believe California has one of the
23 cleanest, if not the cleanest racing in the U.S., but
24 cleanest is relative. We are not perfect. We can always
25 do better. Racing has a public perception problem and

1 needs to be addressed.

2 Third party Lasix is an important step in that
 3 direction. Let's remove suspension and temptation --
 4 suspicion and temptation. Dr. Shields has the drug
 5 violation reports for the last few years in his
 6 submission. You will see Carbazochrome, Kentucky Red, and
 7 tranexamic acid or that list.

8 It is important to know that these drugs can
 9 only be found if they are administered by IV injection on
 10 race day. Furthermore, we have found veterinary books in
 11 barn searches with instructions for veterinarian to
 12 administer undetectable drugs right next to the Lasix
 13 dosage administration.

14 Safety stewards and investigators often hear
 15 whistles when they walk into barns to give everyone a
 16 heads up that CHRB is in the barn. Why is that necessary?
 17 I could give -- go into this further, but I don't think it
 18 is necessary.

19 California will benefit from the Kentucky and
 20 New York experience with third party Lasix. Their
 21 procedures and protocols have been shared with us and
 22 draft protocols for California have been developed.
 23 California already has hands-on experience with two
 24 Breeders' Cups with third party Lasix that were conducted
 25 successfully.

1 Veterinary professional administering Lasix will
2 be licensed by the California Veterinary Board and the
3 California Horse Racing Board. They will be
4 professionally responsible for their conduct in the same
5 manner as veterinarians administering Lasix on a race day
6 today. That does not change.

7 As an aside, I have trained many young
8 veterinarians over the years personally -- and have
9 personally administered somewhere between an astounding
10 twenty to thirty thousand race-day Lasix injections myself
11 and over twice that number again from morning Lasix
12 injections.

13 Administering Lasix is technically one of the
14 easiest and most complication-free procedures done in
15 racing. Any idea there is something professionally
16 complicated or challenging about administering Lasix is
17 nonsense.

18 The CHRB believes third party Lasix program and
19 these amendments are the least burdensome and most
20 effective approach. Private veterinarians, not State
21 employee veterinarians, will be administering the Lasix.
22 There will be opportunities for veterinarians to provides
23 these service if do -- if they are so inclined. It is a
24 business opportunity and experienced racetrack
25 veterinarians have already inquired.

1 Third party Lasix will be similar to our other
2 veterinary programs. Pre-race examining veterinarians,
3 official vets, and track vets are disinterested
4 veterinarian professionals that cannot practice on the
5 backsides. Lasix vets should be the same. We are simply
6 reducing temptation and an opportunity for horses to
7 receive something other than Lasix on race day.

8 And that's the end of my comments. And I will
9 respond to any Commissioner's questions at the appropriate
10 time.

11 CHAIRMAN WINNER: We have a number of folks who would
12 like to speak on this item. But do we have at this point
13 any questions for Dr. Arthur?

14 VIC CHAIR ROSENBERG: I would like to hear first.

15 COMMISSIONER AUERBACH: I just have one question, if
16 I may.

17 CHAIRMAN WINNER: Commissioner Auerbach.

18 COMMISSIONER AUERBACH: As I understand it, Rick, the
19 communities -- I'm speaking aside from the veterinarian
20 community, the other racing associations are in favor of
21 what we are talking about here; is that correct?

22 DR. ARTHUR: I have heard in the three years we have
23 discussed, I have heard no objections from any racing
24 associations. I have discussed this with many of
25 them over the years. No one has expressed any opposition

1 from a racing association, and any here today could say so
2 but, you know, we have had this before us for three years,
3 and I don't think a racing association has objected to
4 this.

5 COMMISSIONER AUERBACH: Just wanted to clarify.
6 Thank you.

7 CHAIRMAN WINNER: Did you want to comment?

8 VICE CHAIR ROSENBERG: I'll wait until I hear the --

9 CHAIRMAN WINNER: All right. Thank you, Dr. Arthur.

10 I'm going to start calling on those, and the
11 public would like to speak on this, and then I am sure
12 there will be other questions and we may ask you to come
13 back up, Dr. Arthur, or you can stay there, if you'd like.

14 Don Shields, Dr. Don Shields.

15 DR. SHIELDS: Mr. Chairman, Dr. Don Shields, equine
16 veterinarian.

17 Mr. Chairman, may I defer for just a moment,
18 please. One of the other vets has to get back to treating
19 race-day Lasix; so is it okay? Here is her card --
20 there.

21 CHAIRMAN WINNER: I don't have a card.

22 DR. SHIELDS: Here is her card right there.

23 CHAIRMAN WINNER: What is it? Valiko? Valko.

24 Dr. Valko.

25 DR. SHIELDS: Thank you.

1 CHAIRMAN WINNER: Yes, you may go ahead, please.

2 DR. VALKO: Yes. My name is Dr. Karen Valko. I have
3 roughly been practicing back here 29 years at this point.
4 And there are some things that are inferred through all
5 this, and I am sure you have heard all the arguments for
6 good and for bad. And I am for what is best in the
7 interest of racing, but I want it done for the right
8 reasons, and I want the right method to implement that
9 done.

10 There are some things Dr. Arthur said that make
11 everything look kind of bad, and I want to refute a lot of
12 that because I guess I'm tired of being painted as that
13 I'm doing something wrong back here, or that my fellow
14 veterinarians are doing something wrong, and we're not.
15 There are no bad tests that have been consistently thrown
16 out there and things.

17 And to say when the CHRB comes in the barn and
18 there's whistles, that means the CHRB is in the barn,
19 watch what you are doing. That doesn't mean that's what is
20 being done, but that's what Dr. Arthur says is being done,
21 because the book is found there saying these treatments,
22 next to the Lasix shot, that doesn't mean those treatments
23 have been done. It means it is written down there. That
24 is all it means.

25 That's a lot of hearsay evidence, and to change

1 rules and to paint everybody with a brush just because
2 there's a lot of hearsay thoughts of what is meant or what
3 isn't, that's not true. And I have -- I have been back
4 here a long time. I don't see a lot of things going on.
5 You know, I understand that this is the movement in this
6 day and age, but it doesn't mean that things are being
7 done wrongly.

8 Additionally, to the third party, addressing
9 that issue, there are options out there. Dr. Shields, I
10 think, will be talking further in that, and I think you
11 need to consider the impact on everybody involved, and we
12 as veterinarians aren't just wanting it because that is,
13 you know, what we want.

14 And there have been other rules changed where
15 we've lost certain treatments, but don't paint us with a
16 brush that we are doing something wrong, and that is why
17 this rule has to be changed. We are not. We never --
18 it's -- I guess I'm just tired of being painted in that
19 way, and I feel very strongly about that.

20 CHAIRMAN WINNER: So your concern is the -- some of
21 the reasons given, not necessarily the determination or
22 outcome of the motion -- of the rule?

23 DR. VALKO: Say that again. I'm sorry.

24 CHAIRMAN WINNER: It sounds like your concern has to
25 do with some of the reasons that were stated by Dr. Arthur

1 and not necessarily with the decision.

2 DR. VALKO: Well, I'm definitely concerned with the
3 reasons. I am concerned with the decision, because it
4 definitely impacts all of us, and I am concerned with
5 that. There are other options besides a third party
6 veterinarian where we as veterinarians can still be
7 monitored and be administering the Lasix without having a
8 total third party involved.

9 And I have spoken with many trainers. They have
10 concerns as to -- they have no say as to who is there, and
11 if something goes wrong with that shot, who is held
12 responsible at that --

13 CHAIRMAN WINNER: Well, we have both Mr. Balch and
14 Mr. Cassidy from CTT are going to be speaking on this
15 issue. They have submitted a card; so you'll hear from
16 them as well.

17 DR. VALKO: So I'm concerned with all -- I am
18 concerned with all aspects of it, but a lot of it --

19 CHAIRMAN WINNER: Thank you, Doctor.

20 Any other questions? Any other questions?

21 Thank you very much for coming and commenting.
22 We appreciate it.

23 Now, Dr. Shields.

24 DR. SHIELDS: Good morning everyone. Dr. Don
25 Shields, equine practitioners -- or practitioner, sorry.

1 Commissioners, look, we can go into everything
2 that Dr. Arthur has mentioned, but I think I submitted way
3 too long of a document explaining why I believe there are
4 a lot of issues with the language or the rule that still
5 exists. I will answer any questions you want on that, but
6 I am not here to focus on that. I would like to focus on
7 a solution to move us forward.

8 Under Government Code, you always put into every
9 proposed rule that under Government Code, this Board must
10 demonstrate that no alternative that is equally effective
11 and less burdensome to those affected does not exist. And
12 alternatives do exist.

13 The handout that I provided you, and there's
14 more, if anybody in the audience is interested. We have
15 more. Just stick your hand up and I'll have one sent to
16 you. But the handout that I just provided you, the first
17 Point No. 1 is from the RMTTC, who started this whole
18 thing, the RMTTC website. And it lists Indiana as having
19 successfully implemented the third party administration of
20 Lasix. Well, they don't.

21 Indiana has private veterinarians under the
22 supervision of commissioned employees so it would be still
23 me treating the horse, and the RMTTC accepts this option as
24 having implemented the third party model rule.

25 Number 2 is excerpts from petitions that were

1 sent to this Board that even though the proposed rule as
2 it was noticed to the public states that no alternatives
3 exist and none have been submitted, where the 200
4 licensees signed this alternative and submitted it before
5 many of you commissioners who were on the Board back in
6 February 4th of 2013; so alternatives have been proposed
7 to you, and I've put a red box around the first
8 alternative that we proposed, and that was to have
9 disinterested, impartial security personnel commissioned
10 employees go with us and supervise the administration of
11 Lasix, which has now been implemented successfully in
12 Indiana, more than a year after we recommended it.

13 The second page are slides from a presentation
14 by Dr. Dionne Benson, Executive Director of the RMTC. If
15 you notice, it's under National Uniform Medication
16 Program, third party furosemide administration. The two
17 red dots are the two options. Veterinarians under the
18 control of the Racing Commission give furosemide. That's
19 your third party veterinarians. And the second dot, which
20 is in a box, says: In some instances, private
21 veterinarians are supervised by commission employees.

22 And that's the alternative that we proposed in
23 2013, that's the alternative that's implemented in
24 Indiana. The next slide shows, once again -- this is RMTC
25 presentation -- shows that Indiana is considered by the

1 RMTTC as having implemented third party administration.

2 So there is an effective alternative. All I
3 have ever asked is for this thing to be done legally.
4 We're not here looking at a third iteration because I
5 complained. We're looking at a third iteration of this
6 bill, this rule, because the existing language before
7 violated existing statutes. And so here now we have a
8 situation where I think there are still many issues with
9 the language.

10 Commissioners, you yourselves in the February
11 meeting brought up clarity issues: Who gets designated,
12 how do they get designated, where is this information
13 recorded, how long are they designated, et cetera. Those
14 things remain unsolved. These are clarity issues.

15 But the OAL will, in my opinion, focus in on.
16 But now we have this Government Code section about
17 alternatives. What are we going to say there? We have
18 never had a discussion, a constructive discussion, on
19 alternatives. What are we going to say to the OAL on
20 that?

21 And this alternative exists, successfully
22 implemented in Indiana, and the RMTTC is talking about it.
23 It proves it. It's in their presentations.

24 So I would be happy to answer any of the other
25 questions. I'm sorry that I submitted such a long

1 document, but I didn't want to just sit -- submit a list
2 of what I thought long was wrong. I wanted to explain why
3 I thought it was wrong.

4 CHAIRMAN WINNER: Thank you. Thank you, Dr. Shields.

5 Any questions or comments? And now I would like
6 Phil or Bob to comment on the legal issue that --

7 COMMISSIONER AUERBACH: I would -- I would like to
8 comment, if I may.

9 CHAIRMAN WINNER: Please.

10 COMMISSIONER AUERBACH: I'm a little concerned,
11 because I have been on the Board now a year and a half,
12 and there are other commissioners that -- I don't think
13 George has been on much longer, and I know Alex is less
14 than I have. And this is the first time I have seen this.
15 And I do run the Medication Committee, sort of, and I am
16 concerned because I was unaware that this was even an
17 alternative.

18 I don't know -- I can't speak for the rest of
19 the Board members, and it does concern me that we had a --
20 you were at the meeting yesterday. I wish someone would
21 have brought this, at least, to my attention so that we
22 could discuss this.

23 This is new to me, and much as I hate to delay
24 this process, because I would like to get it done, I would
25 also like more input on investigating this.

1 DR. SHIELDS: You know, I'm sorry to interrupt, but
2 that's one thing I forgot to say is, the fact is, we can
3 walk out of here today with this done. Put it behind us.
4 You have the authority to collect my syringes. You have
5 the authority. People are already videotaping stake
6 races, videotaping every human contact with a horse on
7 race day. You can do this today, and we can be done with
8 this.

9 And it doesn't need OAL approval because you --
10 this is within your rules, this is within your grasp, and
11 here is an answer that the RMTTC themselves have on their
12 own website and their own slides.

13 CHAIRMAN WINNER: Commissioner Choper.

14 COMMISSIONER CHOPER: I understand your inclination
15 to get things moving, but in the meantime, the status quo
16 stands until changed.

17 My first question was, when I read this today
18 was is -- was this reviewed by our Medication Committee?

19 COMMISSIONER AUERBACH: Not since --

20 COMMISSIONER CHOPER: And if --

21 DR. SHIELDS: We submit it was.

22 COMMISSIONER CHOPER: I mean, if someone knows
23 that --

24 DR. SHIELDS: We submitted it, Commissioner. We
25 submitted it. Two hundred -- more than 200 licensees

1 signed. We took two days and got another 60 or 80
2 signatures that I've turned in --

3 COMMISSIONER CHOPER: Did you appear before the
4 Medication Committee.

5 DR. SHIELDS: This was submitted on February 4th of
6 2013 to the full Board.

7 COMMISSIONER CHOPER: No, no. That -- I understand
8 that, but --

9 EXECUTIVE DIRECTOR BAEDEKER: This process was
10 started in 2012 --

11 CHAIRMAN WINNER: We're going to let Executive
12 Director Baedeker --

13 EXECUTIVE DIRECTOR BAEDEKER: This process was
14 started in 2012, and here we sit in 2015. I wasn't part
15 of it either early on. First time I experienced this, as
16 an agenda item, was last March.

17 And the only objection that day, as I recall,
18 that the Board was concerned about was the opposition by
19 the California Veterinary Medical Board over this VCPR,
20 this Vet-Client-Patient Relationship.

21 We then worked for eight months with the
22 Veterinary Medical Board to work together cooperatively to
23 develop language that they ultimately approved by a seven
24 to nothing vote at their January meeting. Now we are here
25 having gone through the process of vetting this language

1 through agency, getting it through the 45-day period,
2 receiving the comments that were submitted as well as
3 those yesterday and today, yesterday on a related subject,
4 and so we are really talking about almost a three-year
5 process and naturally, Commissioners and Executive
6 Directors are going to change over that period of time.
7 I'm not sure that's an argument to go back and start from
8 scratch, but I suppose you can hear a little bit of
9 frustration in my voice because this has been a -- this
10 has been very heavy lifting for Staff, we have been
11 passionate about trying to reach an agreement with the --
12 not only did the California Veterinary Medical Board
13 accept it, they enthusiastically endorsed it; so I think
14 we have come a great deal. I do hear the concern
15 expressed by Commissioners and, obviously, you can do what
16 you please. I think it is so significant at this
17 particular juncture given the effort on a national basis
18 to take regulatory powers away from the states and give
19 them to the federal government. Timing is important on
20 this; so whatever you decide to do, great, we'll follow.
21 I just want to give you that background that this -- I
22 don't think you can characterize this is as having been
23 rushed.

24 CHAIRMAN WINNER: Just -- just as a followup to what
25 Rick has said. I was on the Medication and Track Safety

1 Committee --

2 COMMISSIONER AUERBACH: It's your fault.

3 CHAIRMAN WINNER: -- and it did come through our
4 committee, and Commissioner Derek was the Chair of that
5 committee. This was very important. It was discussed at
6 committee on a number of occasions. People had an
7 opportunity to express their opinion. Dr. Shields
8 appeared before the full board, actually, at sometime
9 after -- I don't recall whether you appeared at the
10 committee meeting, but you came before the Board.

11 DR. SHIELDS: I don't believe -- I'm sorry to
12 interrupt you. Don Shields again. But I don't believe
13 that alternatives were ever discussed --

14 CHAIRMAN WINNER: But you had the opportunity to
15 submit those alternatives.

16 DR. SHIELDS: I did. And that's the things. That's
17 the thing you must understand. So for you new
18 commissioners, I have also submitted, back in 2013, why we
19 should keep Premarin, and I also submitted why it was a
20 violation of veterinary practice act, and all this Board
21 focused on was the one thing. That is not my fault.

22 CHAIRMAN WINNER: Well, I don't agree with that, but
23 that's okay. That's your opinion.

24 Let us -- let us -- are there other questions
25 for Dr. Shields, and then we can move on to some of the

1 other folks who want to speak on the issue.

2 Commissioner Choper.

3 COMMISSIONER CHOPER: I am certainly ready to vote
4 for this now. I was concerned about the Medication
5 Committee. I understand that there are always
6 alternatives. We have to defer, to a certain degree, to
7 our -- our appointed medical director and his judgment in
8 the matter.

9 If I am told now the California Medical Society
10 is in -- or Vet Society is in agreement with an act under
11 this, all -- I don't want to say there are not other
12 reasons that can be put in against it. I understand there
13 always are, and you have made perfectly reasonable kind of
14 objection to it. But we -- I think we have examined it,
15 vetted it, I guess is the current word, as much as one
16 reasonably expect, and I would -- I would move that we
17 pass the -- pass the motion.

18 CHAIRMAN WINNER: Commissioner Choper, can we wait on
19 the motion so that other speakers can speak before we get
20 to the motion.

21 COMMISSIONER CHOPER: Absolutely.

22 CHAIRMAN WINNER: Commissioner -- Vice Chairman
23 Rosenberg.

24 VICE CHAIR ROSENBERG: I would disagree with
25 Commissioner Choper, which I usually don't do. This has

1 not been discussed in detail by the Board. This is
 2 absolutely -- when I read this for the first time before I
 3 got to Dr. Shield's comments, it was like totally new to
 4 me. There were so many items that come under this subject
 5 of the official veterinarian giving an injection. It's
 6 not just about the ethics rules. It's about a million
 7 other things, which are being changed, which are in the
 8 body of the description. And then when I read Dr.
 9 Shields's full 60 pages --

10 DR. SHIELDS: Sorry.

11 VICE CHAIR ROSENBERG: -- or more, 70 pages, whatever
 12 there are, I must say that I think this is -- this is --
 13 just because it was sent out for 45 days doesn't mean that
 14 that's some implication that we approve it as written.
 15 And I absolutely think this is overkill. I don't
 16 understand so many of the items. I can go over them
 17 individually, but, for example, a third party veterinarian
 18 designated by the official veterinarian shall administer
 19 Lasix.

20 Well, how is that going to work in practice? So
 21 all of a certain the official vet is going to be in charge
 22 of who he decides to hire? I mean, there's all kinds of
 23 ramifications. This is a very complicated change. And I
 24 do agree with Dr. Shields, that if there are simple
 25 alternatives, which is in the body of his report, why not

1 do them? We're not in a hurry to do this. We waited this
2 long to do it.

3 CHAIRMAN WINNER: Hold on just a second, Doctor.

4 This is the language, Commissioner, that
5 appeared before us when we put it out for 45 days. This
6 is not new language.

7 VICE CHAIR ROSENBERG: It was never -- it was never
8 discussed in detail, to the best of my recollection --

9 CHAIRMAN WINNER: But it was.

10 VICE CHAIR ROSENBERG: -- in the Board meeting. It
11 was --

12 CHAIRMAN WINNER: It was in the book.

13 VICE CHAIR ROSENBERG: It was short -- it was in the
14 book but it was -- whatever reasons, it was not discussed
15 in detail, and I have no recollection.

16 Does anyone else remember discussing it in
17 detail like this?

18 CHAIRMAN WINNER: Because nobody discussed it in
19 detail.

20 VICE CHAIR ROSENBERG: Okay. Well, now we are
21 discussing it in detail.

22 CHAIRMAN WINNER: Dr. Arthur, did you want to
23 comment?

24 DR. ARTHUR: Yeah. I just think -- I'm sorry,
25 Commissioner. I think you have been hoodwinked by a very

1 long document that is really a bunch of smoke and mirrors.
2 This is a very simple process. It's been implemented in
3 Kentucky successfully, it's been implemented in New York
4 successfully. It's not that complicated. The only
5 difference is that rather than having private
6 veterinarians who have an interest in the outcome of the
7 race, and let's face it, with our mega stables, there
8 are -- there are trainers that are hundred-thousand-dollar
9 a month accounts for veterinarians; so it's very difficult
10 to say no.

11 Now, I want to make clear that I think most of
12 our vets -- if somebody asked for some illicit activity, I
13 want to make clear that most of our veterinarians are
14 absolutely clean. We can certainly -- I don't want to
15 wash -- to bring out a lot of dirty laundry in public
16 here, but we can certainly have safety stewards and
17 investigators talk to you about what we see on the
18 backside.

19 This is -- it is drugs other than Lasix are
20 being administered to horses on race day. We know that.
21 And this is what we are trying to prevent. We are trying
22 to protect the integrity of racing. This is a very simple
23 process. All we're doing, we have to jump through these
24 hoops -- as I said in my opening comments, we have made a
25 very simple problem complicated to satisfy a few

1 individuals. This was very simple to do. All you are
2 doing is, you are going to be hiring, as is done in other
3 racing jurisdictions where you have veterinary practices
4 that don't have an interest in the outcome of the race,
5 treating those individuals horses. It is done in a number
6 of other jurisdictions. It is done in -- it has been done
7 in Woodbine for 20 years. It is done in Kentucky. They
8 are starting -- they had three years of this. It has been
9 in New York for five years. They have all been done
10 successfully with very, very little problems.

11 VICE CHAIR ROSENBERG: What is your objection to the
12 simpler system that is listed by Dr. Shielders?

13 DR. ARTHUR: It is a -- if you think about it --

14 VICE CHAIR ROSENBERG: How --

15 DR. ARTHUR: -- you will see -- if you will see it's
16 a very compli- --

17 VICE CHAIR ROSENBERG: Are they doing in this
18 Indiana?

19 DR. ARTHUR: I have no idea. This -- I haven't seen
20 before --

21 VICE CHAIR ROSENBERG: Didn't you cite Indiana --

22 DR. ARTHUR: Indiana -- Indiana is not California, I
23 will tell you. There is a big difference.

24 VICE CHAIR ROSENBERG: -- California. We have -- you
25 just said we have the most successful and the best drug

1 testing in the country; so don't -- that's not -- that's
2 not relevant --

3 DR. ARTHUR: No, no, no. What I'm talking about is
4 Indiana Downs is not a layout like Santa Anita. You have
5 a very, very different -- different physical layout. You
6 have different pressures on people that are running for
7 small purses as compared to large purses.

8 VICE CHAIR ROSENBERG: Answer my question.

9 DR. ARTHUR: Logistically, it's different. You know,
10 I -- I can talk to Dr. Benson and find out exactly how
11 they do it in Indiana, but just think about it.

12 If you have -- we have what are there? -- 30
13 veterinarians on the backside. We're going to have to
14 assign somebody to everyone? We're going to have to put a
15 horse in every stall for Lasix administration. We have to
16 test the syringes. We have to test the Lasix that is
17 administered to make sure it's pure.

18 In Kentucky, they charge \$20.00 -- \$20.00 for
19 race-day Lasix. In New York, they charge a little bit
20 more than that, and they actually make a profit off of it.
21 What you are trying -- going to do is put a greater burden
22 on the owners who will eventually be paying for this, if
23 you have to have somebody go along and stand behind
24 somebody and watch them give a shot, confiscates the
25 syringe, and test those syringes. These have been thought

1 about.

2 CHAIRMAN WINNER: I'm going to call on the next
3 speaker, Joe Morris.

4 DR. SHIELDS: May I just -- may I just comment just
5 briefly?

6 CHAIRMAN WINNER: No. You can come back and comment
7 after everybody else has a chance. We gave you a lot more
8 than three minutes, Doctor. So I will allow you to come
9 back and comment at the end, if you would choose to.

10 DR. SHIELDS: Thanks. Appreciate it.

11 CHAIRMAN WINNER: Joe, identify yourself, please.

12 MR. MORRIS: Good morning. Joe Morris with the TOC .

13 Some of this is repetitive, but this process
14 started three years ago; so and it has been talked about
15 at every year multiple times a year over this process.
16 When it started three years ago, it was a national
17 industry movement; it's not a California movement. We're
18 a part of it. It's a national movement, and following the
19 RMTTC and the National -- Uniform National Medication
20 guidelines, we have made it through two of the steps.
21 This is the third step. It took over a year to get to
22 this point, but I mean at numerous medication meetings,
23 we've checked in, hey, how is the third party coming, and
24 now we are finally here.

25 So I'm surprised that other people are

1 surprised, because we have been working on this for a long
2 time. There's 13 states in that three years that have
3 fully made it through all four steps; so, you know, we
4 have been a little slower on it, but we are diligent in
5 trying to work through it.

6 This system matches up to Florida, New York,
7 Kentucky, Toronto. There were all concerns in those
8 states about it happening. It's change. Change always
9 bothers people, but it's well thought out, it is a good
10 program, it matches some of the other major racing states,
11 and it is a step we need to get done as a part of the
12 uniform medication guidelines. We have got to get all the
13 states on the same -- on the same page here. And this is
14 the next step of it for us.

15 And I would hope that, you know, we could get
16 this passed and then we could get on to the fourth step so
17 the country is unified and we could get out of the
18 conversations with the federal governments and USAAD
19 (phonetic) and others being involved, something that needs
20 to happen. It has been well thought out and it is a
21 program that matches other racing states.

22 VICE CHAIR ROSENBERG: Joe, you just made a comment
23 that this is the same as the other states. Are you sure
24 the language of the proposed statute exactly the same as
25 all those states?

1 MR. MORRIS: I don't know. I haven't checked it
 2 word-for-word. And the other part, I believe, and I will
 3 ask Dr. Arthur, I believe the CTT and the TOC are going to
 4 be able to participate in the hiring of the third party
 5 group that comes in; so we'll get some say as to what
 6 level of expertise they have and what the costs are.

7 EXECUTIVE DIRECTOR BAEDEKER: Commissioner Rosenberg,
 8 I think Staff that has had more experience in this effort
 9 than I have can probably explain that last point that you
 10 made.

11 I believe that the national uniform language
 12 is -- has not changed. What has changed is the language
 13 addressing the vet-client-patient relationship. And
 14 that's what we have been working on for the last eight
 15 months. Longer than that, actually. So that's what is
 16 different.

17 And I don't think any of us on the Staff level,
 18 other than Dr. Arthur, are experts in providing language
 19 that would satisfy that need, but certainly the Vet Board
 20 is; so that -- that has been -- there hasn't been anything
 21 else discussed -- correct me if I am wrong here, Staff --
 22 in the last eight months other than that VCPR.

23 CHAIRMAN WINNER: Did the Vet Board see the language
 24 when they voted seven to nothing --

25 EXECUTIVE DIRECTOR BAEDEKER: Yes.

1 CHAIRMAN WINNER: -- to support -- did they see the
2 entire language, the one as Commissioner Rosenberg raises?

3 EXECUTIVE DIRECTOR BAEDEKER: Yes.

4 VICE CHAIR ROSENBERG: The Vet Board approved just a
5 V -- the client relationship part.

6 EXECUTIVE DIRECTOR BAEDEKER: That was their focus
7 but --

8 VICE CHAIR ROSENBERG: That was their focus --

9 EXECUTIVE DIRECTOR BAEDEKER: -- but the entire
10 regulation was before that --

11 VICE CHAIR ROSENBERG: But they didn't approve the
12 specific language as to approve the language. They
13 approved the concept as it relates to the ethics issue of
14 the --

15 EXECUTIVE DIRECTOR BAEDEKER: I have no role in the
16 other regulatory language.

17 DR. ARTHUR: Mr. Chairman, let me just say that --
18 that this is a very common problem in trying to get all
19 jurisdictions to write the same rules. It doesn't matter
20 whether it's for cobalt or whether it is for whipping, you
21 know. You have to write your regulations for your --
22 your -- each individual office of administrative law.

23 This was specifically designed to be flexible.
24 We're not like Indiana that has one racetrack or two
25 racetracks. We have -- what is it? Ten, eleven

1 racetracks in the state. We have Ferndale, we have Del
 2 Mar. You have to -- it's written so we can be flexible.

3 In Kentucky it is the racing commission
 4 veterinarians that administer it, and we have
 5 gone over this before. In New York, it is the NYRA
 6 association veterinarians that administer it. And many of
 7 the tracks in the mid-Atlantic area, particularly harness
 8 tracks, there are veterinary practices specialize in
 9 providing this service.

10 So we have done this in a way that makes it
 11 easy. The concept is that the TOC, CTT, the associations
 12 will contract with either a veterinary practice that wants
 13 to provide this. And as I indicated, there has already
 14 been inquiries to me about how -- how do -- can I get this
 15 job?

16 They will make the contract. If they want to
 17 use board certified -- or boarded surgeons to give their
 18 Lasix and pay \$150 a Lasix shot, fine. If they want to do
 19 it in a different way, they can do that, because the
 20 expenses will be reimbursed by the owner. So it is done
 21 in a very flexible way that allows for different
 22 circumstances based on different tracks.

23 We had -- you know, Ferndale is an entirely
 24 different situation than Del Mar, and to think that we can
 25 write one regulation that is going to solve all that is,

1 you know, just doesn't make sense.

2 COMMISSIONER AUERBACH: Dr. Arthur, I just wanted --

3 CHAIRMAN WINNER: Hold --

4 COMMISSIONER AUERBACH: Sorry.

5 CHAIRMAN WINNER: Commissioner Rosenberg.

6 VICE CHAIR ROSENBERG: Who's going to do the -- I
7 still don't understand that, what you just described. You
8 make it sound like the TOC and the tracks will decide. It
9 says right here on the section -- page 10.2, it says: A
10 third party veterinarian designated by the official
11 veterinarian shall -- shall administer Lasix.

12 There seems to be nothing else -- nothing
13 referring to how it's chosen other than who is the office
14 vet that will make that decision.

15 DR. ARTHUR: The office vet will make that decision
16 that they meet the criteria of being -- they don't have a
17 conflict of interest and are capable to do that. Just
18 like today, the racetrack hires the track veterinarian,
19 and it is actually the official veterinarian that
20 designates that individual to do the pre-race
21 examinations.

22 VICE CHAIR ROSENBERG: So this company who might
23 become a specialist in delivering Lasix shots as
24 official -- you know, officially, cannot have a business
25 relationship for 30 days with anyone -- any horse that

1 that's entered that day?

2 DR. ARTHUR: That's right.

3 VICE CHAIR ROSENBERG: So they basically will not be
4 in the business of being track vets, will they?

5 DR. ARTHUR: That's the point, yes.

6 VICE CHAIR ROSENBERG: They'll be nontrack vets
7 pretty much?

8 DR. ARTHUR: They'll be non -- they'll be nontrack --
9 well, they're nontrack vets, but just like for the
10 Breeders' Cup, we used veterinarians that had had
11 experience at the racetrack that are no longer practicing
12 here, or somebody that the people who have contacted me
13 who are thinking about retiring or doing a different sort
14 of practice. It's actually a pretty good job. Four and a
15 half hours and you are going to be charging probably
16 fifteen hundred to twenty-five hundred dollars worth of
17 veterinary services for a five-hour period of time.
18 That's -- there's a lot of profit margin in that. So
19 somebody is going to do it.

20 VICE CHAIR ROSENBERG: Who will make the -- so will
21 you be -- you as the representative of the CHRB, Medical
22 Director, be in charge of telling the official --

23 DR. ARTHUR: I have -- I have already --

24 VICE CHAIR ROSENBERG: -- official veterinarians who
25 to choose or how to choose them?

1 DR. ARTHUR: I certainly -- we have draft protocols,
2 what to look for based on Kentucky and New York. I have
3 certainly offered to help identify how they want to set
4 this up. They need to be able to meet the criteria in the
5 regulations that they don't have a conflict of interest,
6 they are disinterested veterinarians, and are capable of
7 doing the job.

8 CHAIRMAN WINNER: You had a question, Commissioner
9 Auerbach?

10 COMMISSIONER AUERBACH: I did. Actually,
11 Commissioner Rosenberg really read -- led into, we are on
12 the same line.

13 My comment is, is that Joe Morris asked a
14 question that you didn't have an opportunity to respond
15 to, and I would like you to respond.

16 Exactly what input will the CTT and the TOC have
17 in making the decision about who gets -- I don't know if
18 awarded is the correct word, but who will be chosen? Who
19 is going to make the choice about who is going to
20 administer the Lasix? Is the TOC going to have two votes,
21 the CTT two votes? How -- how do we -- how are we going
22 to do this because --

23 DR. ARTHUR: The way -- the concept, and we discussed
24 this many years ago, it's not actually in the --

25 COMMISSIONER AUERBACH: I'm sorry I wasn't there, but

1 I want to know.

2 DR. ARTHUR: -- but the concept is that this is going
3 to be part of the agreement between the TOC and the racing
4 associations. Whether the racing associations want to
5 take it over, whether TCO -- TOC wants to handle it,
6 whether it's a combinations thereof, it doesn't really
7 matter.

8 COMMISSIONER AUERBACH: Well, it does matter
9 because -- because I think that I -- I would like some
10 kind of guide here in getting this done. It would make me
11 more comfortable getting this through today, which I think
12 we would all like to do, if I knew that the CTT, the TOC,
13 and the racing associations are ready somehow with, I
14 guess, speaking with you or whatever. What is the
15 mechanism we're going to use to get it actually
16 accomplished?

17 We're asking us to vote on something, which I
18 believe in, and I'd like to see done, but I -- unless I
19 didn't read carefully, I don't really understand the
20 mechanism that will guarantee everybody's satisfaction in
21 the participation.

22 VICE CHAIR ROSENBERG: The official vet is the
23 mechanism.

24 COMMISSIONER AUERBACH: So it's up to you -- it's up
25 to Dr. Arthur.

1 VICE CHAIR ROSENBERG: No. The official
2 veterinarian is the track veterinarian.

3 COMMISSIONER AUERBACH: The track vet.

4 EXECUTIVE DIRECTOR BAEDEKER: The State vet.

5 DR. ARTHUR: The official --

6 COMMISSIONER AUERBACH: That's what I said.

7 DR. ARTHUR: The official vet but -- but that will
8 still have to be the Board's approval, because you have to
9 have this program in place before you can run a race meet;
10 right?

11 COMMISSIONER AUERBACH: So, in other words, we would
12 approve this today and then down the line you're going
13 to -- someone is going to come to us and say this is the
14 way we structured it?

15 DR. ARTHUR: Yeah. Here is -- here is our race meet
16 and this is the way our Lasix is going to be administered.

17 COMMISSIONER AUERBACH: Okay. Got it now. Thank
18 you.

19 VICE CHAIR ROSENBERG: One question.

20 What about the fact that with the states
21 involved, wouldn't you have to have some procedures where
22 someone has to submit technically RFPs, whatever they are
23 called, first? Would it fall within the jurisdiction of
24 what existing law is, or do we -- are we something by not
25 having it explained that the official vet doesn't just

1 have total authority to pick and choose who will be doing
2 the work?

3 DR. ARTHUR: No. He would be -- just like you have a
4 track veterinarian that is designated by the official
5 veterinarian to do the pre-race examinations, or other,
6 because other tracks where there's people who don't work
7 in the afternoons, the track veterinarian, you can do
8 exactly the same thing.

9 In other words, they -- if they meet the
10 criteria and they are competent to do so, then that
11 veterinarian designates it. If you look at the
12 regulations, 1842 or 1841 -- I can't remember which one it
13 was -- all veterinarians are under the supervision of the
14 official veterinarian on the backside. That is just a
15 continuation of that language, or concept.

16 CHAIRMAN WINNER: I think the question was asked of
17 Mr. Laird, or Mr. Miller.

18 Did you want to comment, either of you?

19 MR. LAIRD: Do you mind clarifying? Just a minute.

20 VICE CHAIR ROSENBERG: It seems like there is a
21 conflict of interest. In other words, under existing
22 state law, you have to have bidding for project of any
23 size. I don't know how big this project is, but it sounds
24 like it is pretty big when you add up the whole race
25 meeting.

1 So if the official veterinarian has -- according
 2 to Section 1845(d), and I'm just reading from page 102
 3 which is the summary of the actual statute, that section,
 4 it says: A third party veterinarian designated by the
 5 official veterinarian shall administer the Lasix.

6 MR. LAIRD: I think that -- I imagine that purposely
 7 lays out some discretion to the official veterinarian to
 8 designate. I think what has been discussed right is maybe
 9 it would be a single operation, but alternatively, I can
 10 sure the official veterinarian can also designate multiple
 11 independent parties --

12 VICE CHAIR ROSENBERG: I'm asking -- I'm asking if
 13 that's okay with you in the sense of if the official vet
 14 has the authority just to decide on X, Y, Z company,
 15 that's not normally done when it comes to bidding for a
 16 project of -- I imagine, this size when you -- you are
 17 getting the approval of the State. Wouldn't it require
 18 something more significant, a mechanism --

19 CHAIRMAN WINNER: Is there an RFP that would be
 20 required under some State law for a contractor? An
 21 agreement of this size, would it require an RFP? Would it
 22 require a bidding process? That's the question.

23 MR. LAIRD: Not that I'm aware of, but I'm happy to
 24 look into the matter.

25 VICE CHAIR ROSENBERG: It also seems as it if would

1 be the right thing to do.

2 DR. ARTHUR: This is not --

3 COMMISSIONER KRIKORIAN: Make it an RFP process?

4 DR. ARTHUR: This is not -- this is not a State
5 contract.

6 CHAIRMAN WINNER: It is not a State contract.

7 DR. ARTHUR: It's just like -- it's just like when
8 the racetracks contract with the service that takes the
9 horse carcasses to the necropsy laboratory, it's just --
10 it's a contract that somebody else is designating. We
11 just have to make sure that they have one in place that
12 gets the job done. It's not -- it's no more complicated
13 than that. You are over thinking this. This is not --
14 this is not that complicated.

15 VICE CHAIR ROSENBERG: I have been hoodwinked.

16 DR. ARTHUR: Yes, you have.

17 CHAIRMAN WINNER: Rick, you wanted to respond to
18 that?

19 VICE CHAIR ROSENBERG: Can I ask you a question on
20 that?

21 CHAIRMAN WINNER: Hold on just one second, please. I
22 think Rick wanted to respond to that.

23 EXECUTIVE DIRECTOR BAEDEKER: No. I just wanted
24 to -- I think the point has been made that this is not a
25 State contract that we're talking about.

1 So there is no state RFP process that needs to
2 be followed; correct?

3 CHAIRMAN WINNER: That would be my guess but I would
4 like legal confirmation of that.

5 MR. MILLER: The California Horse Racing Board. This
6 is not a State contract.

7 VICE CHAIR ROSENBERG: Okay.

8 MR. MILLER: It's a designation.

9 VICE CHAIR ROSENBERG: To an individual.

10 MR. MILLER: It is a designation; it's not a
11 contract.

12 VICE CHAIR ROSENBERG: Yeah. I'm uncomfortable with
13 the official vet, the State vet having that authority to
14 hire whomever he or she wants.

15 DR. ARTHUR: He will not be hiring that individual.
16 They will be hired by the TOC, the --

17 VICE CHAIR ROSENBERG: Who is making the decision?

18 DR. ARTHUR: And once -- once that entity is employed
19 or those veterinarians, then the veterinarian will check,
20 make sure that there is not a conflict with them
21 practicing on the backside, and unless they are
22 incompetent, he will designate them.

23 COMMISSIONER AUERBACH: The problem that we're
24 having, and I don't want to speak for anybody else, the
25 problem that I'm personally having is I want to know that

1 there's going to be, for example, two representatives from
2 the CTT, two representatives from the TOC, two
3 representatives from each of the racing communities, that
4 they're going to be able to get together and decide on or
5 and what they want to use so there's consistency.

6 We're just putting out something here where it
7 looks like we don't really have a lot of control over how
8 it is going to be handled. Maybe we don't need control.
9 I don't know.

10 DR. ARTHUR: I don't know why you would -- you would
11 want or want to get involved in it if the --

12 COMMISSIONER AUERBACH: The only --

13 DR. ARTHUR: -- if the racetracks -- if the
14 racetracks can provide competent -- the official
15 veterinarian, besides the fact that you have the
16 opportunity to approve the agreement between the TOC, the
17 CTT, and the associations, you also have the official
18 veterinarian who is a double-check to make sure that the
19 vet -- the individuals are competent, they are licensed,
20 they are operating in a way that's consistent with the
21 regulation, like they do with all the other regulations
22 for veterinarian --

23 COMMISSIONER AUERBACH: Well, I understand -- I
24 understand why you are saying that, but let me tell you
25 why I want to be involved with it. I'm an owner. I'm

1 going to pay for this, whatever it is. And so I have a
2 vested interest. I'm also going to have somebody
3 administer Lasix to my horse that I have spent a lot of
4 time and effort getting here, like everybody else.

5 So that's why I'm concerned, because we are
6 making what I consider to be a significant change in the
7 way -- so and I -- it's not that I don't believe in it, I
8 do. I think it's necessary and important. I'm just
9 concerned with how much flexibility we have out there that
10 I don't really know how it's going to work out.

11 DR. ARTHUR: Commissioner Auerbach, this was designed
12 to give enormous flexibility, as I said. If you are at
13 Los Al, for example, they may want to do it on the cheap.
14 I'm not saying that's the way to do it. But, you know,
15 let's say they want to do it with two veterinarians --
16 right? -- or a veterinarian and a registered veterinary
17 technician like they do in Woodbine. They can do that,
18 and it may cost only \$15.00 a shot.

19 Whereas at Del Mar you may need to have --
20 because of the layout, you might want to have five
21 veterinarians like we did for Breeders' Cup to make sure
22 there's no screwup, make sure that they have five years of
23 experience, if you want, if the TOC wants to put that in
24 the agreement, and you can put other criteria on that you
25 want. So it may cost you \$75.00 a shot, even though it

1 shouldn't. I mean --

2 COMMISSIONER AUERBACH: No. I know.

3 DR. ARTHUR: It shouldn't at all.

4 COMMISSIONER AUERBACH: Shouldn't cost but about
5 twenty bucks.

6 DR. ARTHUR: But, you know, the level of service that
7 you want from this, the TOC or PCQHRA or CTT, if they are
8 involved, it would be part of that. It is designed to be
9 and it was -- it was presented this way three years ago.
10 It was designed to be flexible so that we can -- we can
11 work with Ferndale, we can work with Santa Anita, we can
12 work with Del Mar. We -- all our tracks are not the same.
13 Just like Saratoga is not laid out the same Belmont, Del
14 Mar is a pain to work with whereas Santa Anita is actually
15 fairly easy to work with for Lasix so --

16 CHAIRMAN WINNER: Mr. Miller or Mr. Laird, would
17 the -- would the selected vet or organization be a part of
18 the license application from the association when they
19 come before the Board? Would that be included in the
20 license application, who they have selected?

21 MR. MILLER: That could be included in the licensing
22 application. The language is not there yet. I mean, this
23 rule is not in effect.

24 CHAIRMAN WINNER: But once it's in effect, if it was
25 included in the license application, then indeed the Board

1 would be able to approve or disapprove in the license
2 application the agreement between TOC, CTT, and the
3 association; is that -- am I correct?

4 MR. MILLER: That's correct.

5 VICE CHAIR ROSENBERG: There's nothing in the law
6 now. This specifically gives jurisdiction to the official
7 veterinarian, period.

8 CHAIRMAN WINNER: I understand.

9 MR. MILLER: But that's -- you are talking about, I
10 think, what Commissioner Auerbach is talking about is
11 various interests wanting to have input into the selection
12 of a group and similar to our hearing officers are
13 selected for medication violations, Commissioner has to
14 approve the individual, a track has to approve the
15 individual, the owners organization has to approve the
16 individual, and the trainers organization. So, I mean,
17 that -- and that's designated in the statute. This is --
18 this is a regulation that allows the official vet to
19 designate who is going to administer these things.

20 Now, how it goes through, if you want to -- you
21 have to change the application process, you have to change
22 the application for a racing association, and to come
23 forward with what is the panel, what are the pool of
24 veterinarians that are going to be licensed or designated
25 to perform this function? But it can be part of the

1 application, but the application has to change by Board.

2 CHAIRMAN WINNER: Okay. Thank you.

3 Can we move on and -- to some other speakers,
4 please.

5 Alan Balch.

6 MR. BALCH: Alan Balch, California Thoroughbred
7 Trainers.

8 I think, beginning with me, we should all take a
9 deep breath here. I think that there has been some
10 statements made that overlook what really happened here
11 and why we are in the situation we are today. After the
12 Belmont Park meeting on Lasix in 2011, right after that,
13 at a meeting of the then CHRB, we advocated -- CTT
14 advocated third party administration of Lasix provided
15 that it be accompanied by commensurate increase in
16 security to really address the problem, which was the
17 perception, not the reality, but the perception that
18 something nefarious might be administered at the time
19 Lasix was administered.

20 There was a long gap from 2011 to 2013, if my
21 memory serves, and what has happened here now, excuse me,
22 is that I think there has been so much concentration on
23 the third party administration literally understood and
24 the veterinary practices problem that was raised at the
25 meeting in Cal Expo, which was quite a while ago, that we

1 didn't get, really, to discuss again what the alternatives
2 are to strictly understood third party administration of
3 Lasix.

4 Because I go to ever RMTC meeting, I believe Dr.
5 Arthur does too, and the Indiana alternative has in fact
6 been listed and been discussed by the RMTC as an
7 acceptable quote, unquote, third party administration.
8 Even though it's not a third party administration, it
9 achieves the same goal, which is to prevent the
10 administration of anything other than Lasix by the
11 attending veterinarian, because like it or not, one of the
12 things we have learned in this multi-year process is that
13 the state-by-state regulations, not just of racing, but in
14 this particular case, of veterinary medicine differ. And
15 the California law as to veterinary medicine is different
16 from New York, is different from Indiana and so forth.

17 So what I think should have happened, and it
18 didn't, but I'm not reading anything into that, is that
19 what you have today in front of you, instead of coming
20 back to the medication committee after the Cal Expo
21 meeting, it did not. It came right to the Board, and so
22 we are all doing committee work now in front of the Board.

23 And the third party admin -- I know that there's
24 certain people that feel hostile about Dr. Shields
25 exercising his rights under the administrative procedures

1 act to raise questions, but I think this discussion has
2 demonstrated they are good questions. I can't begin to
3 answer some of the things that have just been discussed.
4 I didn't even know that CTT would be involved in selecting
5 this vet. All we know is what is written here in the
6 packet.

7 So I think -- take another breath myself. I
8 know Mr. Cassidy wants to speak, but I think we have to
9 work these things out in the committee. But the most
10 important thing is that Dr. Shields maintains, and I have
11 had -- I have reviewed his whole paper; I see no reason to
12 disagree with him -- that if urgency is the problem,
13 urgency in addressing the fundamental issue, as Mr. Morris
14 said, the Indiana method could be implemented under
15 existing rules, why wouldn't we look at that and try to
16 expedite that process. It just seems logical to me.

17 Thank you.

18 CHAIRMAN WINNER: Questions for Mr. Balch?

19 Next, Jim Cassidy.

20 I assume you are not going to disagree with
21 Mr. Balch?

22 MR. CASSIDY: Jim Cassidy, President, CTT.

23 You know, I look at this, Commissioners, in a
24 way of perception, and we all talk about perception and
25 it's so important, but to me, this has been more scare

1 tactics than perception. We have all these trainers back
2 there with these little books, when they got all this
3 stuff written down and vets are looking at it and they are
4 doing things to horses that -- and I find that very
5 difficult to believe.

6 And if it is true, I would like proof of it.
7 And then on the other side, well, we have safety stewards
8 and investigators walking around. They see all of the
9 business that is going on back here. Well, if that's the
10 case, how come nothing is done about it?

11 So I find this to be scare tactics more than
12 perception. Perception is not third party Lasix. The
13 public doesn't care about that. Perception, to be
14 truthful, is no Lasix at all. Now, I'm not advocating no
15 Lasix, of course, but I'm saying that's the true
16 perception.

17 I asked questions of Commissioner Winner at the
18 Sacramento meeting. If he recalls, I asked who is going
19 to be responsible for a bad test, who is going to be
20 responsible if a horse gets injured, and you said, quote,
21 Dr. Arthur, those are very good questions. Do we have any
22 answers?

23 They still have -- they still have not been
24 answered, those questions, nor has the fact that we're
25 going to give people a job and that is exactly what it is,

1 it is a job. They don't really care about the animals.
2 But our veterinarians do, and so do we.

3 I had a filly come to me in the paddock the
4 other day to saddle and blood was coming out of her vein
5 that they hadn't stopped in the receiving barn from --
6 from the blood that they take, because they don't care.
7 It is a job.

8 I'd just like to say that this third party Lasix
9 thing, as far as the trainers are concerned, is not going
10 to work. And that's for the health and safety of the
11 horse more than anything else.

12 Thank you.

13 CHAIRMAN WINNER: Dr. Arthur, can you respond to the
14 question that Mr. Cassidy asked at Cal Expo, and I asked
15 you to respond to?

16 DR. ARTHUR: Sure. The two issues are, as I said
17 before in my opening comments, the veterinarians are
18 professionally liable for their professional conduct, and
19 in terms of taking care of the animal and to suggest that
20 somebody just giving Lasix and doesn't care and even
21 taking blood in the test barn, they don't care, is really
22 silly, and I think disappoints me that Jim would say that.

23 You know, people become veterinarians because
24 they care about animals, and certainly, the people who
25 have talked to me about this job are practicing now, and I

1 think they care about animals as well.

2 In terms, just like we do for the Breeders' Cup,
3 and we have been experimenting with this at this meet for
4 the one year-end races, we have been confiscating all
5 syringes and holding those -- these syringes that we
6 confiscate for one year-end we're actually testing because
7 Breeders' Cup requires one year-end to have third party
8 Lasix, and this was a compromise until we get the third
9 party Lasix in and still have those designated as one
10 year-end races.

11 But what we -- we have done for Breeders' Cup,
12 we take the syringes that are used to administer the
13 Lasix, just like they do in Kentucky because I said we
14 mimic their procedures and we hold those until the tests
15 are clear. So you have the syringe that was used to
16 administer the Lasix so that you can test that in the
17 entire history, if I think Mr. Soclay (phonetic) told me
18 they have done 38,000 Lasix administrations in Kentucky,
19 there was one trainer that asked for the syringe to be
20 tested.

21 So, you know, it is a process that works. If
22 you go -- if anybody runs horses in the Breeders' Cup this
23 year in Kentucky, if you go -- any time you go to
24 Kentucky, you will go under this program. If you go to
25 New York, you are going to race under this program. You

1 go to Woodbine, you are going to race under this program.
2 And any idea that this is some pie-in-the-sky nonsensical
3 program is just -- just --

4 CHAIRMAN WINNER: Doctor, let me -- just follow up,
5 please.

6 I think one of the questions that Jim asked was
7 what -- who is responsible if something tragic happens to
8 the horse because of an administration by a third party.

9 What -- what is the answer to that?

10 DR. ARTHUR: The -- the veterinarian is
11 professionally liable for the conduct of that horse. When
12 they are treating that horse, they will be professionally
13 liable. And obviously, if I was contracting, as TOC, I
14 would require as, by the way, the tracks do, that the
15 veterinarians have professional liability insurance and
16 you could -- that is very simple to do and readily
17 available for veterinarians.

18 CHAIRMAN WINNER: The only other comment I would make
19 is you have made the case, and I think very well, about
20 the professionalism and the caring and concern about vets,
21 but that would be true of all vets --

22 DR. ARTHUR: That's right.

23 CHAIRMAN WINNER: -- of course, including those that
24 are being -- that this is about, this whole --

25 DR. ARTHUR: That's right.

1 You know, I do want to make clear that I -- we
2 have very few problems in California, and I do think we
3 are the cleanest racing jurisdiction in the country. But
4 as I said, "cleanest" is a relative term. We have
5 identified the carbazochrome, the transamic acid. We have
6 other issues that indicate that we know things other than
7 Lasix were being administered. Maybe it's a small
8 percentage. What we are trying to get it is down to as
9 low as we possibly can. That's the goal.

10 COMMISSIONER BENETO: On insurance, what do you --
11 what do we require for a veterinarian to have?

12 DR. ARTHUR: I think it's a -- we don't require
13 anything. Even though we do compensate a veterinarian, we
14 pay them for liability insurance, I think they carry a
15 million dollars, or official vets, if they want to get it,
16 and I think they all do. I don't know what the tracks
17 require. It's relatively inexpensive.

18 What's that?

19 COMMISSIONER BENETO: Does anybody in the audience
20 know what is required? We got to have some type of
21 requirement.

22 DR. ARTHUR: I couldn't tell you what the tracks
23 require.

24 CHAIRMAN WINNER: Let me stop just for a second and
25 ask Mr. Miller.

1 If we were to send this back to committee at
2 this point, and no change was made to the -- to the issue
3 that was resolved by the vet board so they wouldn't have
4 to go back to the vet board, would it then have to go back
5 for 45 days, I assume; is that correct?

6 In other words, if we send it to committee,
7 committee brings it back to the Board with changes but
8 those changes don't impact on the client-patient issue,
9 that the vet board has passed on as a seven to nothing,
10 then what would be required?

11 It would come before the board -- it would have
12 to go out again for 45 days after passage from the
13 Medication and Track Safety Committee, would come to us
14 for passage; if it is passed, it goes back out for 45
15 days; is that correct?

16 MR. MILLER: That's correct. It goes out for 45
17 days.

18 CHAIRMAN WINNER: Right. But if there was a change
19 in committee on a client-patient, I'll call it, provision,
20 that went before the Vet Board, then it would have to go
21 back to the Vet Board; is that correct?

22 MR. MILLER: There's nothing in the law that says
23 that, but because we are under the same agency as the Vet
24 Board, I would assume that the agency that's over us would
25 ask us to consult with the Veterinarian Medical Board.

1 EXECUTIVE DIRECTOR BAEDEKER: We have that
2 understanding now with the Vet Board, that if the language
3 that has been mutually agreed upon has changed, we'll go
4 back to them.

5 CHAIRMAN WINNER: Okay.

6 COMMISSIONER CHOPER: I'll ask one question.

7 CHAIRMAN WINNER: Yes, please. Commissioner Choper.

8 COMMISSIONER CHOPER: Mr. Cassidy, let me ask you a
9 question. You take a horse to Kentucky --

10 MR. CASSIDY: Yes, sir.

11 COMMISSIONER CHOPER: -- or you take a horse to New
12 York or Maryland or any of these other states, which it
13 seems to me are all of them -- all of the major racing
14 jurisdictions in the country, are you going to have -- I
15 mean, aren't you going to be subject to the same rule?
16 Have you ever been subject to one of their rules there,
17 and how does it work? Work okay?

18 MR. CASSIDY: Yes, sir. Yes, sir. I am, and I can
19 tell you firsthand there's been some mistakes.

20 COMMISSIONER CHOPER: It's what?

21 MR. CASSIDY: There's been mistakes.

22 COMMISSIONER CHOPER: You don't like it?

23 MR. CASSIDY: And I'm not making it up. I'm --

24 COMMISSIONER CHOPER: No, no, no.

25 MR. CASSIDY: I have seen it firsthand. There's been

1 mistakes. They have gotten the wrong horse because the
2 wrong barn number --

3 COMMISSIONER CHOPER: Well, they always -- there's
4 always going to be mistakes.

5 MR. CASSIDY: Yeah. But those kind of things you
6 can't make mistakes on. I mean, I had one filly in the
7 big race --

8 CHAIRMAN WINNER: We have that now, Jim, even with
9 the vet -- the trainer vet --

10 MR. CASSIDY: I understand, but --

11 CHAIRMAN WINNER: -- we had -- we had situations
12 where the wrong medication was given to the wrong horse
13 because they went to the wrong barn -- barn number --
14 stall number.

15 DR. ARTHUR: Could I just say that in discussions
16 with Dr. Skolay (phonetic) in three years there have been
17 four instances where the Lasix vet made an error, all of
18 those were in the first 60 days. So there has now been
19 coming on 34 months without one mistake that has resulted
20 in a horse being scratched.

21 And by the way, in terms of reactions, there has
22 been one filly that had colic twice, the same filly, from
23 of 38,000 Lasix injections. As I said before, it is one
24 of the most complication-free procedures in horseracing.
25 This is not that complicated to do.

1 VICE CHAIR ROSENBERG: I don't think that's an issue.
2 I think no one is on -- to my knowledge, on the Board has
3 raised an objection to the concept of having this go into
4 place. The objections relate to the language and the
5 breath of it, that changes that are made that are not
6 covered yet.

7 So I don't think anyone is really questioning
8 whether it is ultimately a good idea, if you can put the
9 right procedures in place which don't particularly exist,
10 as I see it.

11 DR. ARTHUR: Commissioner -- Commissioner Rosenberg,
12 this was designed to be flexible. The more, more you
13 define within the rule, the less flexible you are going to
14 be.

15 VICE CHAIR ROSENBERG: It's not flexible. It
16 specifically says the official vet shall designate, and
17 you didn't hear that, did you? We said --

18 DR. ARTHUR: No, no, no. I wrote it; so I know what
19 it's about.

20 VICE CHAIR ROSENBERG: So how is that flexible?

21 DR. ARTHUR: It is flexible that the person that is
22 presented to the official veterinarian, once -- once it is
23 decided that this is the -- these are the veterinarians
24 that are going to be administering the Lasix, if they meet
25 the criteria, it is really a check and balance on the

1 agreement where these people are identified to give
2 this -- provide this particular service.

3 VICE CHAIR ROSENBERG: It's covered in the statute --

4 DR. ARTHUR: That's right, and purposely so.

5 VICE CHAIR ROSENBERG: That's all I want to tell you.
6 It is not in the statute.

7 DR. ARTHUR: Purposely so.

8 EXECUTIVE DIRECTOR BAEDEKER: There's argument to be
9 made, and correct me if I'm wrong here, Counsels, that
10 when you are writing a regulation, you're writing to
11 regulate the issue, not manage it necessarily. And you
12 can paint yourself into a corner by putting the management
13 of the process into a regulation, and then you
14 subsequently find out that the way you have written the
15 management doesn't work, for whatever reason.

16 So I think that the point was to try to
17 designate, as Mr. Miller has said, that this needs to be
18 done and to comply with CHRB regulations and then work out
19 the logistics of it so it meets that compliance.

20 COMMISSIONER CHOPER: I'm willing to go along with
21 your suggestion that we send it back to the committee and
22 have them look at it, and if it takes another 45 days, it
23 is better to take it there than to take it in this meeting
24 today, because --

25 CHAIRMAN WINNER: Is that a motion?

1 COMMISSIONER CHOPER: -- exhausted --

2 CHAIRMAN WINNER: Is that a motion?

3 COMMISSIONER CHOPER: If you want it to be, it will
4 be.

5 CHAIRMAN WINNER: Okay. Hold on a second.

6 Commissioner Choper has moved that the -- that
7 this issue go back to committee, to the Medication and
8 Track Safety Committee, chaired by Commissioner Auerbach,
9 with the member being Commissioner Solis, for the purpose
10 of revisiting some of these issues to be -- that have been
11 discussed today, and then based on whatever happens in
12 committee, come back, recognizing that that will delay the
13 process by some probably 75 days or more, it will delay
14 the process by 75 days or more, and if changes are made
15 with respect to the language having to do with
16 client-patient and it has -- and we will then, under
17 agreement, have to go back to the Vet Board so that would
18 delay it by significantly more than 75 days.

19 I'm want -- I'm not arguing for or against. I'm
20 simply making the point that that's what we are talking
21 about. I don't know if Joe Morris is here, but there is a
22 motion on the floor.

23 Joe made the point about timeliness on this, and
24 I think that should be considered as you -- as you vote on
25 this motion.

1 There is a motion by Commissioner Choper,
2 seconded by Vice Chair Rosenberg.

3 Discussion on the motion? Is there any
4 discussion on the motion?

5 COMMISSIONER AUERBACH: I only wanted to say that I
6 think that I recognize the timeliness is necessary, but I
7 feel terribly disadvantaged not being aware of all these
8 things, only because I wasn't in the position to be aware
9 of it. And from the discussions I have heard a lot of
10 people that seem to be very unsure, and I would -- I'm
11 uncomfortable with postponing it and I'm uncomfortable
12 with going for it. I don't know how else to express it.
13 I'm concerned.

14 CHAIRMAN WINNER: Any other questions for Jim?

15 Okay, Jim. Thank you, or did you -- or were you
16 through?

17 MR. CASSIDY: Yeah, yeah. I think -- something about
18 the Staff providing you, Madeline, or the committee, with
19 the previous --

20 COMMISSIONER AUERBACH: Well, no. I know we can get
21 everything, and I don't want to delay this. If there is a
22 way to schedule a meeting that we can get it, get it
23 quickly and get through it.

24 CHAIRMAN WINNER: If you are going to change it, it's
25 going to have to go out for 45 days.

1 COMMISSIONER AUERBACH: I don't know if we'd want to
2 change -- I have no -- I don't feel educated enough in it.

3 VICE CHAIR ROSENBERG: That's why you're postponing
4 it, to have a hearing.

5 COMMISSIONER AUERBACH: Right.

6 CHAIRMAN WINNER: Hold on.

7 DR. SHIELDS: Don Shields. If I could just --

8 CHAIRMAN WINNER: Hold on.

9 DR. SHIELDS: Okay. Sorry.

10 CHAIRMAN WINNER: If we send it back, if there's any
11 change, especially the issues that have been raised by
12 Commissioner Rosenberg, any change, then it has to go out
13 for 45 days. So it means it has to go to committee, a
14 committee has to meet, it has to be noticed so prior to
15 the committee meeting, then it has to go to committee,
16 committee has to make a decision, bring it back to the
17 Board, it has to be noticed so at the following Board
18 meeting if there is enough notice so if you had a
19 committee meeting, let's say, tomorrow, then it would come
20 back for the September meeting with no -- yes, it would,
21 wouldn't it?

22 EXECUTIVE DIRECTOR BAEDEKER: No. Because after --
23 if there's any change made in committee, then that
24 language is submitted to agency for review and
25 traditionally that takes two or three weeks, because they

1 have a number of other departments that they are doing
 2 work for. So it is very unlikely, I think, that it could
 3 come back from September. It could very well come back
 4 for October.

5 CHAIRMAN WINNER: And if it came back for October and
 6 was voted on in October, then it would have to go out for
 7 45 days so we'd have it go the next year.

8 DR. ARTHUR: You know, Mr. Chairman, I would like to
 9 point out I think we have to realize the gamesmanship in
 10 these particular type of efforts, and as we all know, it's
 11 a lot easier to stop a regulation than it is to get one
 12 approved.

13 This is going to have to go through OAL. We're
 14 going to have to answer all 60 pages of Dr. Shields's
 15 comments. We think it's going to be fairly easy for us to
 16 do, but it is no guarantee to get through OAL, which means
 17 it will come back, we'll have to make other arrangements.
 18 You know, this could -- this is a process that has been
 19 going on for three years and, frankly, I think it is an
 20 embarrassment to California, this Board, and this
 21 industry, that you can't get something as simple as this
 22 implemented as they have in other states and --

23 VICE CHAIR ROSENBERG: Gamesmanship.

24 DR. ARTHUR: You know, what you do, if you look -- if
 25 you look at -- Richard, when you look at the way these

1 things work, and we see it all the time, somebody doesn't
2 show up at a committee meeting when you discuss the
3 points, they wait until it comes to this point, it's
4 been -- this has already been before the Board. You have
5 already approved it. It has been out for the 45 days to
6 come up, oh, then they throw all these other issues up
7 that gets everybody confused as to what the real issues
8 are. And then it goes back and then you have to start all
9 over again. I mean, it's just the way that they play the
10 game to delay a decision that people don't want to see.

11 This is a dollars-and-cents issue for practicing
12 veterinarians. That's as simple as that. I don't see it
13 any different, and I know more about the veterinary
14 practice than you do, Richard.

15 CHAIRMAN WINNER: Okay. Hold on. Hold on. Take it
16 easy and let's not make this personal. Okay?

17 VICE CHAIR ROSENBERG: None of us on this Board are
18 veterinarians. We are looking at these things with, I
19 hope, an open mind, no preconceived ideas as to what to do
20 about this. In fact, no one spoke about concept, to begin
21 with. So I think you are totally out of line with your
22 comments. There's no gamesmanship --

23 DR. ARTHUR: I apologize. I apologize. I am a
24 little bit frustrated --

25 VICE CHAIR ROSENBERG: Well, that's too bad.

1 DR. ARTHUR: -- after all this time, because we are
2 revisiting things that we talked about years ago, and it's
3 just the silliness of all this, I just find disgusting.

4 CHAIRMAN WINNER: Hold on. Hold on. Okay. Let's be
5 careful with what we are saying and so forth.

6 Now, Commissioner Choper has made a motion. It
7 was seconded by Commissioner Rosenberg. The
8 clarification -- as a clarification to the maker of the
9 motion and the seconder of the motion, we're talking about
10 if we do this, it is likely that this matter will be put
11 off until no earlier than December.

12 VICE CHAIR ROSENBERG: Mr. Chairman, I think your
13 comments are very unfair. That's an editorial comment --

14 CHAIRMAN WINNER: That is an editorial comment in
15 speaking to the motion.

16 VICE CHAIR ROSENBERG: That's different. That's
17 different.

18 COMMISSIONER CHOPER: My motion. All right?

19 I don't know that I'm in favor of my motion but
20 I think we've got to move it -- wait up. Wait a second.
21 Because we got to stop about this today. I would say that
22 if two or month people on a Board want to hear more about
23 it, understanding the delay that you just accurately
24 described, I would be in favor of it.

25 CHAIRMAN WINNER: Then you are for your motion.

1 COMMISSIONER CHOPER: There's a lot to be -- yeah, I
2 would be -- I would be in favor of sending it back to
3 committee, that two or more. Yeah.

4 CHAIRMAN WINNER: Well, there are two. We know
5 Commissioner Auerbach and Commissioner Rosenberg are in
6 favor --

7 COMMISSIONER AUERBACH: I have one other -- one other
8 question I want to ask and that will tip me one way or the
9 other.

10 You said something about the office of
11 administrative law having to respond to Dr. Shield's
12 questions or -- what did you say?

13 DR. ARTHUR: We have to respond to Dr. Shield's
14 comments and all the comments, by the way, that are made
15 before this particular Board, when it goes to
16 administrative law.

17 COMMISSIONER AUERBACH: So, in other words, if we
18 pass this day as it is, then there's another process that
19 has to happen with the Office of Administrative Law, and
20 that has to be answered, because a lot of the issues that
21 Richard has relates specifically to a liability and
22 concerns about legal responsibility owner -- everybody's
23 relation to everybody else. So you are saying that that
24 would be part of it being finally, final?

25 DR. ARTHUR: The Office of Administrative Law -- and

1 Jackie may help me here. The Office of Administrative
2 Law, when Commissioner Rosenberg brings up these issues,
3 we have to make sure that we have answered those properly
4 before Office of Administrative Law will sign off on this.

5 COMMISSIONER AUERBACH: So if they are not -- Jackie,
6 if they are not answered to the satisfaction of the Office
7 of Administrative Law in terms of relationships of these
8 parties, it would then come back to any us anyway;
9 correct, or not?

10 MS. WAGNER: Absolutely. The process for completing
11 the rule making file, we would have to respond, we being
12 the Board would have to respond to every comment that we
13 receive during the 45-day comment period, which would
14 include Dr. Shields's comments that are included in the
15 package.

16 I think we also received another letter from
17 another doctor that's in that package. We have to respond
18 to those documents, and then we also have to respond to
19 the comments that are made here at this hearing. The
20 Office of Administrative Law will have that transcript,
21 and they will review that.

22 So we have a monumental task in front of us in
23 some respects, but I know that we would be able to respond
24 to the comments. When that rule-making file is completed
25 and submitted to the Office of Administrative Law, they

1 will review that file its entirety.

2 There are five standards that the rule has to
 3 pass in order for Office of Administrative Law to sign off
 4 on. One of those is necessity, the other one is clarity,
 5 and the other three, off the top of my head, I can't
 6 remember them. However, if any of those standards are
 7 found -- if our rule-making file is found to be deficient
 8 in any of those areas, including the comments that we --
 9 the responses that we make to the comments, the file would
 10 be disapproved. We will receive a disapproval opinion
 11 from Office of Administrative Law, they will compose the
 12 disapproval opinion, and in that opinion they will
 13 highlight the deficiencies. They will give us a road map,
 14 so to speak, as to why they are disapproving it. That
 15 will come back to the Board, and at that time then we will
 16 have the opportunity to make the corrections to the file,
 17 as we see fit, or we can start all over.

18 COMMISSIONER AUERBACH: So to me, Jesse and Richard,
 19 I -- I am comfortable knowing that there is that other
 20 level so that specifically some of the questions that
 21 Richard had in terms of relationship will be addressed.

22 VICE CHAIR ROSENBERG: If we approve this?

23 COMMISSIONER AUERBACH: If we approve this
 24 because --

25 VICE CHAIR ROSENBERG: The points that are mentioned,

1 such as the alternative, I mentioned a bunch of things. I
2 didn't get to all of them.

3 COMMISSIONER AUERBACH: I understand that.

4 VICE CHAIR ROSENBERG: The thing about the
5 alternatives, specifically, will not be discussed.

6 CHAIRMAN WINNER: Yes, it will. It will be
7 discussed --

8 VICE CHAIR ROSENBERG: What did that say -- oh, look
9 at --

10 CHAIRMAN WINNER: We have to respond.

11 VICE CHAIR ROSENBERG: But this is -- it's a matter
12 of substance. We haven't looked into those. We haven't
13 evaluated those. Why we're not doing those? It's much
14 simpler than the procedure that's suggested.

15 So, anyway, we have waited -- if it's taken
16 three years, and by the way, it's a mischaracterization to
17 say that we're working on this. Staff has put a lot of
18 time into this. Dr. Arthur's put a lot of time into this.
19 Bottom line, that's unfair to put the burden on us to
20 accept something just because a lot of time was spent and
21 it wasn't really discussed in detail, as Mr. Balch pointed
22 out. The procedure -- procedurally, we missed a step here
23 somehow.

24 CHAIRMAN WINNER: Mr. Choper -- Commissioner Choper,
25 it's your motion. You said if two people --

1 COMMISSIONER CHOPER: I say if there are two -- if
2 two, yes, two or more people --

3 CHAIRMAN WINNER: We know that Commissioner Rosenberg
4 would like to send it back.

5 COMMISSIONER CHOPER: -- I don't know who they are.
6 I'm going to wait to see how -- I'm going to wait to send
7 it back. If you -- if you vote on my motion, I'm going to
8 wait to see how much people vote for it.

9 VICE CHAIR ROSENBERG: Let's vote alphabetically.

10 COMMISSIONER CHOPER: If two or more vote for it, I'm
11 going to vote for it --

12 CHAIRMAN WINNER: Okay. Well, there is a motion and
13 a second, and we will do this by roll -- I'm sorry.

14 Mr. Miller.

15 MR. MILLER: Commissioner Beneto, did you have a
16 comment you wanted to make?

17 COMMISSIONER BENETO: I was going to ask Rick, you
18 feel comfortable with this whole process that we're going
19 through today?

20 DR. ARTHUR: Absolutely, and I know that I am going
21 to be the one that is going to have to make it work.

22 CHAIRMAN WINNER: If, by the way -- I just want to
23 make the point that if the motion is rejected and we
24 can -- we will then continue the discussion. We have
25 several other people -- I think three other veterinarians

1 who have submitted cards and because of the -- they
2 obviously have a right to speak, but because we have to go
3 to the Office of Administrative Law, that would put their
4 comments on record as well.

5 So I just wanted to clarify that all of the
6 people have not yet spoken on this issue, and Dr. Shields
7 had requested that he have another opportunity to speak as
8 well. So there is a motion.

9 COMMISSIONER BENETO: Yeah. But I want -- can I ask
10 a question --

11 CHAIRMAN WINNER: Yeah, please. Of course.

12 COMMISSIONER BENETO: -- call out.

13 CHAIRMAN WINNER: Go ahead, please.

14 COMMISSIONER BENETO: Rick Arthur works -- he worked
15 for the Board of the racing, I guess, in a sense here
16 employed by California Horse Racing Board; is that
17 correct?

18 DR. ARTHUR: Actually, I'm employed by the University
19 of California and assigned to you full time. By law -- by
20 the law, I'm your primary advisor on animal welfare, drug
21 testing, and related issues.

22 COMMISSIONER BENETO: And I asked you just earlier,
23 you are -- you feel comfortable with this?

24 DR. ARTHUR: Absolutely.

25 CHAIRMAN WINNER: I'm going to -- before we vote -- I

1 thought you were through. You can have 20 minutes. You
2 are a commissioner. You can speak as long as you want. I
3 apologize.

4 COMMISSIONER BENETO: I -- I feel comfortable with
5 this. I'm not a professional, but you are a professional.
6 And I think we ought to take, with Dr. Arthur's
7 recommendation, and go with it.

8 CHAIRMAN WINNER: Go ahead.

9 COMMISSIONER SOLIS: I feel the same way. I really
10 do. I agree with Dr. Arthur. Maybe the wording needs to
11 be changed. I think this is good for racing I mean, if
12 New York already have it, you are going to have guys from
13 here to New York, just nothing going to change if we agree
14 to lease (phonetic). That's how I feel about it.

15 CHAIRMAN WINNER: All right. I'm going to speak in
16 favor of the motion, and I'm going to speak in favor of it
17 because there is concern by Staff, and I think legitimate
18 concern, that what has happened today in itself will make
19 it very difficult to get approval of the Office of
20 Administrative Law, because of the clutter of the
21 discussion that is taking place, and therefore, if the
22 motion -- if the item is sent back to committee,
23 hopefully, when it comes back to us, it will be clear and
24 concise and the points have been raised and it will be
25 answered and, we will be able to get through when it does

1 come to committee, when it does come to the full Board, we
2 will be able to get through it, and with a record that the
3 Office of Administrative Law will approve.

4 So therefore, even though I strongly support the
5 effort and what is being proposed, I recognize there may
6 be some language issues that should be clarified or may be
7 clarified, but more importantly, I want to get this to the
8 point where it will pass muster with the Office of
9 Administrative Law. So, therefore, I'm speaking in favor
10 of the motion.

11 Anybody else?

12 COMMISSIONER SOLIS: I second.

13 CHAIRMAN WINNER: Anybody else?

14 Commissioner Krikorian.

15 COMMISSIONER KRIKORIAN: If this passed today,
16 doesn't the Board still have the right to revisit the
17 regulation in the future?

18 EXECUTIVE DIRECTOR BAEDEKER: Well, if it passed
19 today and it successfully was adopted or approved by OAL,
20 then it would become as -- at a date forward, it would
21 become a rule. And so you would then have to start a
22 separate independent process, either to change the rule or
23 abolish it or add to it, whatever you wanted to do, but
24 there would be two separate processes.

25 COMMISSIONER KRIKORIAN: Well, how long would the

1 process to amend the rule in the future take?

2 EXECUTIVE DIRECTOR BAEDER: This one has taken
3 three years to get to this point so --

4 DR. ARTHUR: I would like to point out that you will
5 always have the option, if you don't like the way this all
6 comes together, of suspending the regulation you have just
7 approved. So you do have an opportunity to make sure you
8 are comfortable with all the nuts and bolts, which I have
9 explained has been purposely designed to be flexible so we
10 can address Ferndale as effectively as --

11 CHAIRMAN WINNER: Doctor -- Dr. Arthur, there is a
12 motion --

13 DR. ARTHUR: -- as Santa Anita.

14 CHAIRMAN WINNER: -- there is a motion on the floor.
15 So we're going to have to vote on the motion. The
16 commissioners have a right to speak on the motion, if they
17 so choose; otherwise, I'm going to call for the question.

18 COMMISSIONER AUERBACH: Which way did you go? Did
19 you go for it for it or against it? I mean, you lost me.

20 CHAIRMAN WINNER: I went for the motion. I am
21 speaking in favor of the motion to refer back to committee
22 because of the reasons that I so stated and not because I
23 oppose --

24 COMMISSIONER AUERBACH: No. I think -- I don't want
25 to speak for everybody. I think we all sort of agree we

1 need -- we need the program. We've just not -- I don't
2 know that we all feel fully informed.

3 EXECUTIVE DIRECTOR BAEDEKER: If I might add one
4 thing, Mr. Chairman --

5 CHAIRMAN WINNER: Yes.

6 EXECUTIVE DIRECTOR BAEDEKER: -- just from a Staff
7 standpoint, I would say that we haven't done our prep work
8 probably in the manner that we should have, maybe as
9 thoroughly as we should have.

10 And in retrospect, we probably should have taken
11 this back to committee, but the fact that it has been
12 discussed ad nauseam led us to just bring it directly to
13 you. But I don't think -- I think Staff -- I think I
14 speak for Staff in saying that when commissioners vote,
15 you know, they ought to vote on a clear understanding of
16 what is before them, and it's obviously not the case here.
17 So from a Staff standpoint we get it. We understand what
18 the -- what the momentum of the Board is here.

19 COMMISSIONER AUERBACH: Call the question.

20 CHAIRMAN WINNER: Would you like to vote by voice
21 vote or --

22 COMMISSIONER AUERBACH: Yes.

23 CHAIRMAN WINNER: Okay. All in favor of referring
24 this matter back to committee, say aye.

25 COMMISSIONERS: Aye.

1 COMMISSIONER BENETO: No.

2 CHAIRMAN WINNER: All opposed?

3 Wait. You're the one who seconded it.

4 VICE CHAIR ROSENBERG: Just wanted to confuse you.

5 CHAIRMAN WINNER: You did.

6 You want an individual vote?

7 VICE CHAIR ROSENBERG: Yes.

8 CHAIRMAN WINNER: Okay. Commissioner Rosenberg has
9 asked for an individual vote.

10 Commissioner Beneto.

11 COMMISSIONER BENETO: No.

12 CHAIRMAN WINNER: Go right down the line.

13 Commissioner Beneto votes no.

14 Commissioner Choper.

15 COMMISSIONER CHOPER: I see at least two want -- want
16 to do it. I vote yes.

17 CHAIRMAN WINNER: Commissioner Choper votes aye.

18 Vice Chair Rosenberg.

19 VICE CHAIR ROSENBERG: Yes.

20 CHAIRMAN WINNER: Vice Chair Rosenberg has switched
21 his vote from no to aye.

22 I'll vote -- the Chairman votes aye.

23 Commissioner Auerbach.

24 COMMISSIONER AUERBACH: Aye.

25 CHAIRMAN WINNER: Commissioner Solis.

1 COMMISSIONER SOLIS: No.

2 CHAIRMAN WINNER: Commissioner Solis votes no.

3 Commissioner Krikorian?

4 COMMISSIONER KRIKORIAN: Aye.

5 CHAIRMAN WINNER: Commissioner Krikorian votes aye.

6 The matter passes by a five to two vote.

7 The matter is referred back to Committee.

8 Thank you all very much.

9 VICE CHAIR ROSENBERG: We'll have an open meeting
10 too, I take it; right?

11 CHAIRMAN WINNER: Yes.

12 Where are we? We're going to 11.

13 VICE CHAIR ROSENBERG: The biggest thing that
14 influenced me is that I'm not on that committee.

15 CHAIRMAN WINNER: Public hearing and action by the
16 Board regarding the proposed amendment to CHRB Rule
17 1843.2, Classification of Drug Substances, to add cobalt
18 to the CHRB Penalty Categories Listing by Classification,
19 thereby establishing the violation and penalty guidelines
20 for the presence of cobalt in an official blood sample.
21 This concludes the 45-day public comment period. The
22 Board may adopt this proposal as presented.

23 I hope this doesn't take as long, Mr. -- Dr.
24 Arthur.

25 (To Vice Chair Rosenberg) You are in charge.

1 I'm going to the restroom.

2 DR. ARTHUR: I have no comments except to say that I
3 hope the Board passes this, was an urgency provision.
4 It's very important to get this in place before the
5 harness racing comes back to Cal Expo.

6 Cobalt is an issue in harness racing. We had a
7 very successful program -- house program at Cal Expo this
8 last year, but cobalt is now part of the CHRB drug testing
9 program, and we need to have some teeth in our cobalt
10 testing program.

11 COMMISSIONER AUERBACH: I don't know what happened to
12 Chuck --

13 UNIDENTIFIED SPEAKER: We're on 11. He went to the
14 restroom.

15 COMMISSIONER AUERBACH: Okay. I don't know that we
16 have anything, really, to discuss. I think that this
17 particular motion is just codifying and putting in place
18 something that has been done on a temporary basis. Just
19 it's a procedural thing, and it has been very successful,
20 and I don't know if anybody wishes to speak against it.

21 But from Committee, what I have learned is that
22 this is basically a no-brainer, and I would recommend that
23 we go ahead with it.

24 Anybody else?

25 VICE CHAIR ROSENBERG: Anybody else?

1 So should we make a motion -- is there a motion?
2 Is there a motion?

3 COMMISSIONER AUERBACH: I'll make a motion that we
4 approve.

5 COMMISSIONER CHOPER: Second.

6 VICE CHAIR ROSENBERG: Do we have enough
7 commissioners to vote presently?

8 COMMISSIONER AUERBACH: Yeah. We got five.

9 VICE CHAIR ROSENBERG: One, two, three, four, five.

10 Okay. We have a motion to approve the
11 regulation.

12 All in favor?

13 ALL COMMISSIONERS: Aye.

14 VICE CHAIR ROSENBERG: Opposed?

15 Nobody opposed. The motion passes.

16 Okay. Let's go to No. 11?

17 COMMISSIONER AUERBACH: Twelve.

18 VICE CHAIR ROSENBERG: Twelve. Sorry. Where is my
19 list? I lost my list. There it is.

20 This is a public hearing and action by the Board
21 regarding the proposed amendment to CHRB Board Rule 1887,
22 Trainer to Insure Condition of Horse, to add owners of a
23 ship-in horse as equally responsible for the condition of
24 a horse. This concludes the 45-day public comment period.

25 Anybody have any comments? Rick?

1 EXECUTIVE DIRECTOR BAEDEKER: I don't believe.

2 VICE CHAIR ROSENBERG: This is No. 12.

3 EXECUTIVE DIRECTOR BAEDEKER: There are no more
4 comment cards, no.

5 MS. WAGNER: Jackie Wagner, CHRB Staff.

6 The item is presented by Vice Chairman Richard
7 Rosenberg is as he stated. This is a proposal to add to
8 our current Rule 1887, the proposal to hold the owner
9 co-responsible for ship-in horse.

10 The rule has been -- the rule has been out for
11 45 days. There were no comments received on the proposal,
12 and Staff would represent that the Board adopt it as
13 presented.

14 EXECUTIVE DIRECTOR BAEDEKER: And no comment cards
15 submitted.

16 Mr. Vice Chairman.

17 COMMISSIONER KRIKORIAN: I think someone wanted to
18 speak to this issue.

19 Bing, did you want to speak to this --

20 VICE CHAIR ROSENBERG: Sir, did you fill out a card?

21 MR. BUSH: Yes, I did.

22 COMMISSIONER AUERBACH: Maybe it's over there by
23 Mike's desk.

24 VICE CHAIR ROSENBERG: Just go ahead. It's okay.
25 Identify yourself. Please go ahead.

1 MR. BUSH: Certainly. Good afternoon. My name is
2 Bing, B-I-N-G, my last name is Bush, B-U-S-H. I am a
3 licensed owner here, and I had an opportunity to review
4 the proposed change, and I had a couple of concerns and I
5 just wanted to bring them to the attention here.

6 I guess everybody is familiar with the rule,
7 basically, that the trainer is the absolute insurer for
8 the horse's condition. This rule changes that to make an
9 owner responsible for it the first time, and I had an
10 opportunity to review the intent behind the rule and the
11 concerns behind the rule for horses that ship in.

12 I'm just concerned that an owner now is going to
13 be made responsible for the condition of the horse. The
14 current rule making a trainer responsible, I know it's
15 onerous on trainers when horses ship in. It makes them
16 responsible for it. However, to make an owner responsible
17 is a whole different ball of wax. Owners typically, as
18 you all know, aren't really involved in the day-to-day
19 care for the horse. Typically, they don't even know what
20 types of medication their horses are getting.

21 This rule, as written, I believe is overbroad.
22 I understand the intent behind it, but I think that
23 particularly paragraph B defines what a ship-in horse is,
24 is overbroad as written and would put an undue burden on
25 owners, particularly out-of-state owners that might want

1 to ship horses in, make them responsible for the
2 conditions of the horses that come into California, I just
3 think that's fundamentally unfair and just not practically
4 a workable solution. I think there may be other
5 solutions.

6 I would also be more than happy to work on a
7 potential revision for this rule to help address some
8 other solutions, if the Board would like me to perhaps
9 work with Mr. Miller.

10 COMMISSIONER CHOPER: How would you change paragraph
11 B --

12 MR. BUSH: Sure.

13 COMMISSIONER CHOPER: Because I tell you, we've seen
14 this in countless -- it's not an exaggeration, cases that
15 come before us in which the horse ships in, trainer that
16 receives the horse doesn't know beans about him, often has
17 never seen the horse before he races, and he is drugged.

18 Now, who should be responsible? Well, you know,
19 what we've been is been holding the trainer -- the
20 temporary trainer, and that is temporary, responsible. We
21 all -- we all thought that the horse was on the owner's --
22 owner's ranch. That is usually the way it works.

23 And who was to be responsible under those
24 circumstances? It seems pretty natural it's the owner.
25 If you say, well, the owner, you know, doesn't have

1 much -- you're saying -- I'm not questioning the accuracy
2 of what you are saying. So you don't have any real
3 control over, you know, what goes on in your own ranch.
4 That may be so. But who is to be responsible?

5 MR. BUSH: I understand that we want to address the
6 situations where horses are coming from private ranches or
7 private training centers or things of that sort where they
8 don't have licensed trainers who are taking care of these
9 horses.

10 Paragraph B, as it's drafted, does not
11 specifically design a ship-in horse -- B. In my draft,
12 I'm looking at paragraph B. It says: A ship-in horse is
13 defined as any horse entered to race that has not been in
14 the care of a board licensed trainer -- I assume that
15 means California Board, certified trainer -- for seven
16 consecutive calendar days prior to the day of the race for
17 which it's entered.

18 Well, that could include horses that ship in
19 from out of state that were in the care of a
20 non-California board trainer. It doesn't specifically
21 narrow the horses -- to horses that are on private
22 training centers.

23 COMMISSIONER CHOPER: We do have some rules for --
24 for coming in from outside the state.

25 VICE CHAIR ROSENBERG: Well, it depends. Are you

1 talking about -- Mr. Bush, are you talking about the
2 example of a ship -- a horse that ships in that is sent by
3 the out-of-state trainer to a licensed owner in the state,
4 or are you speaking about a trainer that comes in from out
5 of state that is licensed in California in order to be the
6 trainer here?

7 MR. BUSH: I'm talking about a horse that's -- this
8 rule as written --

9 VICE CHAIR ROSENBERG: The license --

10 MR. BUSH: -- doesn't narrow -- doesn't narrow the
11 horses as ship-in horses to the type of horses that are
12 coming from private center -- training centers or private
13 barns. It's more inclusive in that.

14 You would actually include horses that are
15 shipping in from out-of-state. They may have an
16 out-of-state owner, an out-of-state trainer that ships
17 into a new in-state trainer. Of course, the owner needs
18 to go ahead and licensed here in the state. But the owner
19 that might be a licensed now in both states certainly
20 doesn't have any control over -- or often cases doesn't
21 have control over or any involvement in any of medication
22 issues.

23 I would note that Paragraph C sort of addressed
24 that situation but it only --

25 COMMISSIONER CHOPER: Have provisions for that. I

1 don't know where they are or exactly what they read, but
2 it happens in the Breeders' Cup in which they're -- when
3 the Breeders' Cup is run here in California, and they are
4 shipped in from outside the state right before the race,
5 certainly not seven calendar days before, and we permit
6 the horse to race despite that fact if certain conditions
7 are complied with outside the state. I don't know -- I
8 don't mean to put you on the spot you have to know every
9 one of these rules --

10 EXECUTIVE DIRECTOR BAEDKER: Well, I think the
11 difference is that, particularly in the case of the
12 Breeders' Cup and prominent stakes races, generally the
13 trainer that is shipping a horse from -- in from out of
14 state is also licensed in the -- already licensed in the
15 state of California. So there wouldn't be application
16 here. That horse would have been in the care of a
17 licensed California trainer.

18 This is -- this is no different, really, in this
19 the scenario that you are talking about if a horse is
20 being shipped in from Arizona to California and
21 immediately put into the care, you know, two days before
22 into the care of a program trainer.

23 And Mr. Bush, what -- what you are not privy to
24 is to the incidents -- the numerous incidents that have
25 come before this Board over the last 18 months, and I am

1 sure liker than that, where program trainers are used,
2 ship-in owners, as Commissioner Choper explained, ship-in
3 owners are never held responsible, and there is a
4 violation -- and as a matter of fact, that program trainer
5 has never trained that horse for even a day and doesn't
6 really do anything more than show up to saddle the horse
7 in the paddock, if that, sometimes. And so this is an
8 attempt to -- to for fairness, for two reasons: One is,
9 as you'll note that references the ship-in owner becomes
10 the co- -- the joint absolute insurer along with the
11 trainer. The trainer is not off the hook.

12 But also we have had the incidents -- several
13 incidents where ship-in owners have shipped in horses that
14 have not -- that have positive tests, the trainer is
15 penalized, and the owner simply finds another trainer and
16 continues the same practice. So this is an effort to try
17 to protect the betting public, obviously, the trainer and
18 the legitimate owners.

19 CHAIRMAN WINNER: Let me just go beyond that, and I
20 think everybody that Rick said and that Commissioner
21 Choper said is the reason for this. And the fact of the
22 matter is we are trying to create a deterrent because
23 right now these owners are paying the trainer a hundred
24 dollars and saying can I put it under your name, here is a
25 hundred dollars. The trainer never, in some cases, even

1 sees -- sees the horse, and the number of positives is not
2 something that we are all very proud of. So what we're
3 trying to do is stop it. I think this is the best way to
4 stop it.

5 VICE CHAIR ROSENBERG: Mr. Bush, I just want to
6 clarify something you said. I think you have a point in
7 this sense, which I don't believe requires any change, but
8 the ship-in -- someone ships a horse from Kentucky to a
9 stakes race out here and chooses to use a trainer that --
10 the trainer that chooses to use a trainer here, a licensed
11 California trainer, and that trainer from Kentucky does
12 not come -- does not come with the horse, does not have a
13 California license, and the horse doesn't arrive seven
14 days before to the trainer, the owner is liable.

15 So it puts an added burden on the owner to know
16 who his trainer is shipping the horse to. I think that's
17 a legitimate concern.

18 MR. BUSH: I appreciate the concern. I just think
19 the rule should be drafted a little more narrowly to
20 address that concern. I think it's overbroad as it's
21 written, and I also think that perhaps there might be
22 other options too. For example, holding program trainers
23 accountable. You know, there might be an alternative too,
24 where you could maybe have -- I mean, we're not talking
25 necessarily about a great number of horse, but have those

1 horses drug tested, you know, when they come in, you know,
2 so that we can have a baseline and we can know that they
3 are clean when they come in and, you know, go that way.

4 But to make an owner responsible, I just, you
5 know, under these -- under this broad field of
6 circumstances, I think it's going to be a little
7 ill-founded. I also think that -- well, there are just --
8 there are other options to do that. We can do the drug
9 testing. We can make -- you know, just don't hold the
10 trainer responsible, but I think it's kind of tough on
11 out-of-state owners.

12 CHAIRMAN WINNER: Okay. Any other questions for
13 Mr. Bush?

14 COMMISSIONER CHOPER: I have a question for us.

15 CHAIRMAN WINNER: Please.

16 COMMISSIONER CHOPER: Maybe make an answer --

17 CHAIRMAN WINNER: Thank you, Mr. Bush.

18 COMMISSIONER CHOPER: What happens if the owner has
19 got multiple -- multiple horses at the track and he ships
20 one in and he comes up dirty. What does he do with other
21 four horses he has got in training? I mean, he can't run
22 those horses?

23 EXECUTIVE DIRECTOR BAEDEKER: No, sir. Would be just
24 like any other positive -- you know, an investigation
25 would be conducted and then a hearing would take place,

1 and the horses aren't in jail during that period of time.

2 CHAIRMAN WINNER: Wouldn't affect the other four.

3 Would only affect the one horse that came up positive.

4 COMMISSIONER CHOPER: But he's lost the use of his
5 license.

6 EXECUTIVE DIRECTOR BAEDEKER: That would be at the --
7 at the end of an investigation and a hearing and a ruling
8 by the stewards. He then would have an appeal process and
9 so forth.

10 CHAIRMAN WINNER: Just like now.

11 EXECUTIVE DIRECTOR BAEDEKER: None of that changes.

12 CHAIRMAN WINNER: It just -- just puts the owner --
13 puts the owner at fault along with the trainer, just as
14 the trainer is currently at fault.

15 COMMISSIONER CHOPER: But he loses his license;
16 right?

17 CHAIRMAN WINNER: If he goes through the process, I
18 mean, he's found -- found, and through the process, he's
19 found guilty --

20 COMMISSIONER CHOPER: Right.

21 CHAIRMAN WINNER: -- then he loses his license if
22 that's the determination of the hearing officer, the
23 Board, if he appeals it --

24 COMMISSIONER CHOPER: So if he has got four other
25 horses in the --

1 CHAIRMAN WINNER: It doesn't affect those four
2 horses, because it takes a long time to get through the
3 process.

4 COMMISSIONER CHOPER: But he can't run them.

5 CHAIRMAN WINNER: Of course you can.

6 COMMISSIONER CHOPER: After he goes and gets -- after
7 he has no owner's license --

8 CHAIRMAN WINNER: Could be months later.

9 EXECUTIVE DIRECTOR BAEDEKER: Yes.

10 CHAIRMAN WINNER: He doesn't lose his license until
11 the end of the process.

12 COMMISSIONER CHOPER: I'm talking about when he loses
13 his license, he can't come around a track.

14 CHAIRMAN WINNER: Well, if he's guilty, then he
15 shouldn't be able to come around the track.

16 COMMISSIONER CHOPER: I know, but he's got four
17 horses in the barn.

18 CHAIRMAN WINNER: Well, then, he'll lose those.

19 EXECUTIVE DIRECTOR BAEDEKER: Those horses have to go
20 to somebody else.

21 CHAIRMAN WINNER: Go to somebody else.

22 EXECUTIVE DIRECTOR BAEDEKER: That's no different --
23 this --

24 COMMISSIONER CHOPER: So he has to turn them over --
25 sign the papers over to somebody else to run those horses?

1 EXECUTIVE DIRECTOR BAEDEKER: If, after the entire
2 process, his license is revoked or if he's suspended --

3 CHAIRMAN WINNER: He can't run --

4 EXECUTIVE DIRECTOR BAEDEKER: -- more than 60 days,
5 he has to turn them, yes. He has to turn them --

6 CHAIRMAN WINNER: Has to sell them. They can't run
7 under his license.

8 EXECUTIVE DIRECTOR BAEDEKER: That's really -- that's
9 not a part of this rule. What you are talking about would
10 be unchanged by this -- by this language.

11 CHAIRMAN WINNER: That's the case today. If an owner
12 loses his license or her license, they can't run horses
13 under there name. That would be true -- that's true now.

14 COMMISSIONER CHOPER: Yes.

15 CHAIRMAN WINNER: This doesn't change that.

16 COMMISSIONER CHOPER: Okay. That's my question.

17 CHAIRMAN WINNER: Right. Okay.

18 Yes?

19 MR. BUSH: Make one more comment.

20 CHAIRMAN WINNER: Yes.

21 MR. BUSH: I would just like to suggest that instead
22 of making the owner an absolute insured jointly with the
23 trainer that we use some of language from Paragraph C that
24 addresses if they don't notify the trainer or the owner
25 within 21 days that the owner may be liable only if he is

1 deemed -- let's see. Responsible if it's shown by a
2 preponderance of the evidence that he administered the
3 drug.

4 COMMISSIONER CHOPER: See -- answering, sir --

5 MR. BUSH: Yes.

6 COMMISSIONER CHOPER: Can I say this?

7 I just looked at it very quickly.

8 MR. BUSH: Yes.

9 COMMISSIONER CHOPER: But your objection to B is
10 cured in C, because it says notwithstanding the above.

11 MR. BUSH: Right. It's almost cured by C.

12 COMMISSIONER CHOPER: Pardon me?

13 MR. BUSH: The problem with that is C only applies if
14 they fail to notify within 21 days, and that was another
15 suggestion. Just drop that first part and apply that
16 aspect only to the owner.

17 CHAIRMAN WINNER: Thank you.

18 Any other discussion on this matter?

19 Is there a motion to approve?

20 COMMISSIONER CHOPER: I move.

21 CHAIRMAN WINNER: Commissioner Choper moves to
22 approve the motion -- to approve and Commissioner Auerbach
23 seconds.

24 All in favor of the rule change?

25 COMMISSIONERS: Aye.

1 CHAIRMAN WINNER: Any opposed?

2 Commissioner Krikorian opposes. So it is six to
3 one -- all right. Alex is not here. So five to one in
4 favor. The motion carries.

5 Moving on.

6 Discussion and action by the Board regarding the
7 license renewal for AmTote, the totalization selected by
8 Southern California Off Track Wagering, Incorporated
9 (SCOTWINC) and Northern California Off Track Wagering,
10 Incorporated (NCOTWINC) to provide California wagering
11 services and the impact the selection may have on
12 California racing.

13 Before we begin, let me just say that we
14 requested information that had not been provided -- at the
15 last meeting when this came before us, we requested
16 information that had not been provided up to that point
17 and that was one of the reasons for putting this over
18 until this meeting.

19 My understanding from Staff is that that
20 information has been provided.

21 Secondly, we -- one of the reasons for putting
22 it over was to determine -- was to see if there was a
23 determination with respect to any kind of antitrust or
24 conflict issues that had been presented to the Attorney
25 General's office. My understanding is that the Attorney

1 General's position -- and Phil or Bob, you correct me if
2 I'm wrong -- the Attorney General's office has said that
3 there is nothing that they can see that would put the CHRB
4 or the State at risk for any kind of conflict or antitrust
5 issues, and there was nothing that they could see as of
6 that point without being fully vetted, without it being
7 fully vetted that would create that problem as they saw it
8 unless certain conditions arose in the future that created
9 a conflict.

10 Am I stating that correctly?

11 MR. MILLER: Yes, you are.

12 CHAIRMAN WINNER: Okay. So it's important for the
13 Board to understand that those issues had been at least
14 resolved to the satisfaction of Staff.

15 Now, I apologize. Please go ahead, gentlemen.

16 MR. DARUTY: Scott Daruty appearing on behalf of
17 AmTote.

18 MR. TRUE: I'm Jeff True for AmTote.

19 MR. DARUTY: I would like to start by saying Mr.
20 Keech of AmTote apologizes for not being able to be here
21 today, but Jeff and I are hopefully able to answer any
22 questions that you all have.

23 We did submit the requested information,
24 applications, various documents over the past 30 days
25 since the last CHRB meeting. We've also submitted a

1 written letter addressing each of the five conditions that
2 the Board talked last meeting about placing on the
3 license, and you all have that in front of you. So if
4 there are any further questions, we will be happy to
5 address them.

6 CHAIRMAN WINNER: Questions?

7 Mr. Krikorian, do you have any further
8 questions?

9 COMMISSIONER KRIKORIAN: No one else has -- no one
10 else is speaking on the matter?

11 CHAIRMAN WINNER: Pardon me?

12 COMMISSIONER KRIKORIAN: I'm sorry. Was no one else
13 speaking on the matter?

14 CHAIRMAN WINNER: No. I have no other cards. I
15 don't -- I didn't get another card on this. Is there
16 anybody else who is going to speak on this issue?

17 Is John speaking on this issue?

18 John, you wanted to speak on this issue?

19 MR. BUCALO: Yes. Yes, I do.

20 CHAIRMAN WINNER: Okay. Hold on. You didn't --
21 there's no number on here.

22 MR. BUCALO: Oh, I'm sorry.

23 CHAIRMAN WINNER: Hold on a second, everybody.

24 I think there's a duck in here.

25 Okay. We actually have three -- three speakers

1 on this issue. So we'll start with John Bucalo.

2 MR. BUCALO: John Bucalo from Barona Casino Off Track
3 Betting.

4 I just wanted to advise the Board that sometime
5 ago when we first started with Sci-Fi Games and we opened
6 at Barona, they had a technician at our satellite on a
7 daily basis in case of breakdowns or repairs. And then
8 they cut back, and we have a technician two days a week
9 now for repairs.

10 And we had a significant problem on Saturday,
11 which happened to be the Arlington Million, and we had a
12 shirt give-away, a polo shirt give-away that day, and we
13 had a huge attendance, 374 people, which was about 100
14 more than expected.

15 But the technician for the machines was on
16 vacation, and this wasn't the first time. And we didn't
17 have anyone to repair the machines, and six of them were
18 broken down, causing many shutouts and many, many
19 complaints.

20 And we've worked so hard to build up our
21 clientele. I just wanted to be sure that -- and most
22 likely, there's no cause for an alarm, but I just wanted
23 to sure that the new company, AmTote, will have those
24 technicians on property, and at no lesser than two days,
25 as we are receiving, to repair those machines when and if

1 they break down, and these machines that we currently have
2 are breaking down on a daily basis.

3 CHAIRMAN WINNER: Am I correct in the following:
4 Number one, the machines you currently have are not
5 AmTote; correct?

6 MR. BUCALO: That -- that's correct, but I just want
7 to --

8 CHAIRMAN WINNER: Okay. And then, secondly, am I
9 correct that the responsibility for maintaining those
10 machines are the association where racing is taking place
11 at the time?

12 MR. BUCALO: I don't believe --

13 CHAIRMAN WINNER: Is that correct? Who is
14 responsible for maintaining that, for the technician to
15 maintain the equipment? Is that -- is that the tote
16 company or is that the association?

17 MR. TRUE: Chairman, Jeff True of Amtote.

18 Those are AmTote employees typically that repair
19 machines --

20 CHAIRMAN WINNER: That would be AmTote, in your case?

21 MR. TRUE: Typically.

22 CHAIRMAN WINNER: Okay. Thank you.

23 MR. BUCALO: So that's my question, just asking if
24 we'll have a technician on property and there won't be any
25 cutbacks. If there are, we would like to know.

1 CHAIRMAN WINNER: Okay. And his answer is
2 affirmative. They will.

3 MR. TRUE: We have a large staff that has all been
4 per the RFP. I don't know specifically the schedule for
5 Barona, but we will have brand-new equipment that will
6 have much fewer breakdowns than they are currently
7 experiencing with the existing equipment. And we have a
8 great track record of service in all of our operations.
9 I'm confident that we'll have Mr. Bucalo taken care of.

10 CHAIRMAN WINNER: Nothing wrong about that. It's
11 not the association's responsibility --

12 COMMISSIONER CHOPER: I think his point is if the
13 technician goes on vacation, then someone from your office
14 ought to show up.

15 MR. TRUE: Of course they should.

16 COMMISSIONER CHOPER: That's it.

17 MR. BUCALO: Thank you very much.

18 CHAIRMAN WINNER: Thank you.

19 I asked Mr. Baedeker whether I was correct or
20 not with respect to who is responsible for this.

21 EXECUTIVE DIRECTOR BAEDEKER: Yeah. The process is,
22 John, as we explained in emails, is that if there is any
23 problem with equipment at any of the satellites, SCOTWINC
24 manages that - that operation. SCOTWINC is one that holds
25 the tote -- tote's feet to the fires.

1 SCOTWINC goes to tote, says "You got to fix the
2 machines at Barona" that -- dealing directly with -- with
3 the tote is not appropriate; so deal directly SCOTWINC.

4 And it's the mutual manager of the host track
5 that is really coordinating all of these things, usually
6 for SCOTWINC. So go -- go to the track to get the problem
7 fixed.

8 MR. BUCALO: Okay. That was something that we
9 weren't aware of. Thank you very much for clarifying
10 that, and I did get that clarification in your email as
11 well. Thank you.

12 CHAIRMAN WINNER: Thank you.

13 Joe Morris.

14 MR. MORRIS: Last time was good morning; this time is
15 good afternoon. Joe Morris.

16 CHAIRMAN WINNER: Next time will be good evening.

17 MR. MORRIS: Speaking is Chairman of SCOTWINC. You
18 know, we've had a long process here. We started it June
19 or July of a year ago. We knew our tote contract was up.
20 We sent out a request for information. We sent out a
21 request for pricing. It was a collaborative effort of all
22 of the SCOTWINC and NOTWINC originations. Basically every
23 stakeholder in the state was a part of it.

24 We -- it was a long, very deliberate process we
25 went through. We have awarded the contract to AmTote for

1 a number of reasons, and we have been through this at
2 numerous other subcommittees, but we would urge the Board
3 to sign the contract with them.

4 The current contract ends on October 25th. That
5 tote company -- the previous one is going to be leaving
6 the state at that point. They have already doled out the
7 machines to other places. We need to be in at the end of
8 business on the 25th, cutting over to the AmTote system so
9 that we can come up -- that's a Sunday night -- so we can
10 come up on Wednesday, the 27th, I guess, 28th, whatever
11 the day is, and not have an interruption in business and
12 be able to carry on. So we urge from SCOTWINC that you do
13 give it full consideration and approve their license.

14 Thank you.

15 CHAIRMAN WINNER: Thank you, Joe.

16 Chris Korby.

17 MR. KORBY: Chris Korby, California Authority Racing
18 Fairs, and also here as Director of Northern California
19 Off Track Wagering and acting as -- I was Chairman during
20 the time when this contract was approved, and I would also
21 speak in support of the contract to echo many of the
22 things that Joe said.

23 And I would just -- I would like to amplify the
24 fact that it was a very exhaustive request for proposals
25 process that we went through. There was a very

1 comprehensive RFP prepared by the industry that was
2 offered to tote companies who were interested in bidding
3 on it, and it was a process that was virtually identical
4 to the process we went through when we selected the
5 company that is in place now. So this was not the first
6 time that we had gone through a request for proposals
7 process like this.

8 We would -- we would urge the Board to vote in
9 favor of this license. Thank you.

10 CHAIRMAN WINNER: Any discussion by the Board?

11 EXECUTIVE DIRECTOR BAEDEKER: I would like to point
12 out for the commissioners one thing that is not included
13 here that I think is important to everybody, and that is
14 when we met with -- when Staff met with Mr. Keech and the
15 others a month ago, we talked about this delay in showing
16 the final odds, and Mr. Keech indicated that that problem
17 can be fixed. And they have committed to dramatically
18 reduce the amount of seconds it takes to get those final
19 odds up on the board. So this has been a problem for a
20 decade that AmTote has pledged to fix.

21 CHAIRMAN WINNER: Commissioner Krikorian.

22 COMMISSIONER KRIKORIAN: I have a couple questions,
23 and then a couple of comments.

24 CHAIRMAN WINNER: Please.

25 COMMISSIONER KRIKORIAN: First on the questions,

1 under the suggested -- suggested conditions, you are
2 talking about having the ability to review corporate
3 minutes, financial audits, and other financial documents
4 and so forth. So at whose costs and expenses is this to
5 be, and in what manner and what timeframe would this all
6 be done?

7 EXECUTIVE DIRECTOR BAEDEKER: Phil, did you address
8 that in your discussions with AmTote?

9 MR. LAIRD: Ah --

10 EXECUTIVE DIRECTOR BAEDEKER: The ordinary -- the
11 ordinary auditing that is done by CHRB would, I presume,
12 be done at our expense. But if we're requiring other
13 audits or other financial documents, I presume that is at
14 the expensing of AmTote?

15 MR. LAIRD: Phil Laird, Staff counsel.

16 We didn't go into details specifically about
17 these things, but I think you stated it accurately, that
18 we do have the ability to audit and, furthermore, just
19 request for, at least, documents -- you know, regular
20 documents such as corporate minutes or anything like that.
21 We would assume probably just be provided by AmTote.

22 EXECUTIVE DIRECTOR BAEDEKER: And, I think,
23 Commissioner, it's probably based on the nature of the
24 audit. For instance, if we purposely inserted the word
25 "forensic" in there, that's a completely different type of

1 audit, if that's an audit that is done kind of on a
2 regulatory or even enforcement basis, that is probably
3 something that we would want complete control of, and I
4 would anticipate that we would probably pay for that type
5 of audit.

6 MR. LAIRD: Yes.

7 COMMISSIONER KRIKORIAN: There is no -- there is no
8 requirement that anyone provide anything in any
9 timeframes. So how do you -- how do you control that?

10 EXECUTIVE DIRECTOR BAEDEKER: By requesting it at any
11 time we want. We purposely left it to our discretion.

12 COMMISSIONER KRIKORIAN: So wouldn't it be better to
13 put some language in the agreement that says if there's --
14 if there's a request that it be provided within a certain
15 timeframe and add that to this condition?

16 EXECUTIVE DIRECTOR BAEDEKER: We certainly can. Did
17 you address that?

18 MR. LAIRD: Say that one more time.

19 EXECUTIVE DIRECTOR BAEDEKER: Did you -- did you
20 address, you know, performance timeframes; in other words,
21 if we require an audit of some kind be performed by, say,
22 a third party, did we put any timeline of -- or is that to
23 be negotiated be Staff, or how will that work?

24 MR. LAIRD: It could be carried out a number of ways.
25 The conditions you see are pretty much how they have been

1 proposed to this point. And as you stated, Mr. Baedeker,
2 it is to the Board's discretion if they want to attach a
3 timeframe to a condition. These are merely suggested
4 conditions for the Board.

5 But, again, it would be -- as established by the
6 Board, it would be a condition that AmTote would be
7 subject to as a licensee in whichever form.

8 COMMISSIONER KRIKORIAN: Shouldn't the -- but
9 shouldn't the timeframes be a prerequisite to -- to the
10 conditions? You don't have any timeframes in here now.
11 You are not proposing any -- any timeframes.

12 EXECUTIVE DIRECTOR BAEDEKER: Can you explain -- give
13 me an example of are you talking about an audit that we
14 would require financial documents or --

15 COMMISSIONER KRIKORIAN: Right. You want -- you want
16 to look at their annual financial audits and other
17 relevant financial documents. So any -- any document that
18 they might have, he said we want to look at your last
19 year's financial statements.

20 At what timeframe do they have to provide them?
21 Usually, in any contract, if you are going to have -- if
22 you're going to put in a condition, it is going to be a
23 requirement, you know, for the applicant to provide
24 something, usually for the time frame in there. With no
25 time frames, you have -- you have no control. Why

1 wouldn't you put controls in these things?

2 EXECUTIVE DIRECTOR BAEDEKER: Well, I would ask
3 Mr. Miller and Mr. Laird -- I mean, we have -- we have
4 the ability, I believe, as a regulator under the terms of
5 this agreement to -- to set time frames, do we not?

6 MR. MILLER: That's correct. The law implies a
7 reasonable time of compliance, and if the licensee fails
8 to respond in a reasonable amount of time, and that can --
9 that's a variable. We can then take disciplinary action
10 against their license.

11 COMMISSIONER KRIKORIAN: Okay. Well, let's just go
12 to No. 5, then. You talk about if there are any winning
13 tickets generated, a minimum payoff, then you want to have
14 the right to look at all of that information; correct?

15 But you are not saying what time frame that they
16 have to provide it. So if someone -- if someone to --
17 were to win a big ticket and you want to look for it, you
18 might not get it for two or three months.

19 What is going to be the benefit of you getting
20 that information two or three months later? Why is there
21 not a specific set time here as well?

22 EXECUTIVE DIRECTOR BAEDEKER: That's -- that's a
23 great point, because I think we actually did include that
24 requirement in language someplace, or at least in
25 discussion, and that's the whole point of this No. 5 is to

1 get the information about those tickets within a matter of
2 minutes of the conclusion of one of these major vets where
3 a big ticket is won.

4 So, I mean, it seems to me that we are talking
5 about a reasonable time being something like ten minutes
6 or so. We could probably have you agree to that on the
7 record right now.

8 MR. DARUTY: Scott Daruty on behalf of AmTote.

9 I'll read specifically from the letter we sent
10 in on this particular item, Item No. 5. It says,
11 as to .5: AmTote has developed and deployed the
12 transaction audit file per the TRPB and TRA
13 specifications. This file is intended to provide detailed
14 information about individual transactions, including
15 details of any winning ticket with a certain minimum
16 payoff, the origin, the base amount, and other information
17 file. The file is delivered to the TRPB at the conclusion
18 of each race and is available for review at a time by any
19 authorized official of any TRA track. Obviously, that
20 would include the CHRB.

21 AmTote has automated this information,
22 delivery service, to all TRA host tracks and provides this
23 file to the TRPB tracks regulatory authority upon request
24 so --

25 EXECUTIVE DIRECTOR BAEDEKER: An extension of this

1 item goes to the subsequent license applications wherein
2 -- and that is one of the things that we are in the
3 process of changing -- where an association comes before
4 us for its license, and one of things will be included is
5 the requirement to get this information from tote and make
6 it public within X -- haven't determined exactly how many
7 minutes that will be.

8 COMMISSIONER KRIKORIAN: Let's see. Xpressbet -- has
9 Xpressbet used any kind of computer equipment in their
10 operation?

11 MR. DARUTY: Well, yes, is the short answer. You
12 know, when you are talking about Xpressbet, account
13 wagering company that's the sister company to AmTote.

14 COMMISSIONER KRIKORIAN: Yeah. Does it use -- does
15 it use computers?

16 MR. DARUTY: Well, Xpressbet is an advanced deposit
17 wagering company. So people put their money on file and
18 then wager via typically their computer or sometimes the
19 telephone or a Smartphone.

20 COMMISSIONER KRIKORIAN: So No. 4 here says: AmTote
21 must not have any ownership interest in any company -- in
22 any computer-assisted wagering company or other similar
23 wagering entities.

24 So that would be Xpressbet; correct?

25 MR. DARUTY: Well, okay. Commissioner Krikorian,

1 first of all, AmTote and Xpressbet are sister companies;
2 so AmTote does not technically own any interest in
3 Xpressbet. They are owned -- both owned by the same
4 corporate parent.

5 As far as that condition, it was our
6 understanding that the use -- the term computer assisted
7 wagering was used in the sort of term of art. Since that
8 our industry has established, meaning it's large
9 computer -- some people call it batch wagering -- where a
10 computer algorithm is using looking at the odds and
11 placing many, many wagers, you know, automatically.

12 That is not what Xpressbet does. Xpressbet is a
13 retail advance deposit wagering business where customers,
14 through their own personal computers, laptops or
15 Smartphones, can place a wager.

16 COMMISSIONER KRIKORIAN: I know. But there's the
17 same ownership and there's using computer-assisted
18 equipment so --

19 EXECUTIVE DIRECTOR BAEDER: This -- this language
20 was really directed toward transparency relative to
21 robotic betting. That's -- that's why we -- that's why we
22 insisted on this language.

23 I think the issue that you are raising,
24 Commissioner, may be related to it, but it's not what we
25 had in mind when we -- when we drafted this language.

1 COMMISSIONER KRIKORIAN: Well, that's what it says,
2 though. I don't mean to be argumentative, but that's what
3 it says --

4 VICE CHAIR ROSENBERG: Robotic betting was the
5 subject we discussed. Maybe this won't delay anything, I
6 don't believe. Maybe we have to just correct that or
7 broaden that --

8 EXECUTIVE DIRECTOR BAEDEKER: We really did the
9 politically correct thing by calling it computer-assisted
10 wagering, whatever -- whatever it says. So we can
11 certainly -- we are clarifying it on the record as we
12 speak.

13 MR. DARUTY: It is our understanding that what you
14 are talking about is robotic wagering. As Executive
15 Director Baedeker says, that is a term that has sort of
16 fallen out of favor within the industry and is now
17 referred to as computer-assisted wagering.

18 COMMISSIONER KRIKORIAN: Well, like stated in last
19 month's meeting, and I don't want to be repetitive, but
20 there is really some serious conflicts of interest here,
21 in my opinion. And I don't think the Board needs to have
22 the burden of looking over their shoulders constantly.

23 And one way of potentially avoiding a conflict
24 of interest, if you are going to pass this, would be maybe
25 to consider at least putting in some requirement that they

1 provide a performance bond, and then if there are any
2 violations in the future, you know, they would lose --
3 they would lose that bond as a penalty -- as a penalty,
4 and then the Board doesn't have to continue to
5 look over its shoulder. It would make them be -- take
6 more serious responsibility for what they are doing here.
7 That's something that I would recommend.

8 I mean, I would recommend you don't approve it,
9 and I know all the other issues -- all the other issues
10 that have been spoken in favor of it and the time frames
11 and all that, I'd recommend you don't do it. You put out
12 a new request and not make -- not allow AmTote to be part
13 of that process.

14 But if you are going to move forward, at least
15 take the opportunity to consider putting in a requirement
16 that they provide a performance bond, and if there are any
17 violations, they lose -- they lose that money.

18 So you might think about that. That's all I
19 have to say.

20 CHAIRMAN WINNER: Do you want to respond to that,
21 gentlemen?

22 MR. DARUTY: Well --

23 CHAIRMAN WINNER: The performance bond question?

24 MR. DARUTY: Yeah. I mean, I think there are certain
25 circumstances where a performance bond is appropriate. I

1 think a perfect example of that is in the account wagering
2 business where the account wagering companies are holding
3 actual funds of their customers and California law has
4 asked them to place performance bond up so that if they
5 abscond with the money, there is something there to
6 recover from and pay the customers back.

7 I think in this particular case, what we are
8 really talking about is AmTote's compliance with licensing
9 requirements, and if we fail to comply with those
10 requirements that you have imposed upon us, you can
11 certainly pull our license. But it's not necessarily that
12 there has been some money damage that has occurred.

13 So I don't really know what the performance bond
14 amount would be or what it would be designed to do. So I
15 guess, no, we're not necessarily open to providing a
16 performance bond.

17 COMMISSIONER CHOPER: Commissioner Krikorian says you
18 are saying capital punishment. That's the -- pull -- pull
19 it. It's not so easy to simply say AmTote doesn't do it
20 anymore, and even to give it to somebody else. You got
21 the question of replacing all those -- all those machines,
22 and how many -- I won't begin to count the number. So I
23 think something less than pulling the license is a -- is a
24 reasonable suggestion to -- you know, to try to assure
25 performance.

1 MR. DARUTY: I would -- I would argue that the amount
2 of investment we are making in new equipment to bring in
3 to the state of California to sit at the racetracks and
4 off-track wagering locations is vastly larger than any
5 performance bond you would request and that that
6 commitment in and of itself establishes our good faith and
7 our willingness to cooperate and comply with our license.

8 COMMISSIONER CHOPER: Yeah. But that's my point. So
9 given everything you have done, it's going to be very
10 difficult for us to pull -- pull it out. Lesser
11 penalties, it seems to me, are appropriate.

12 COMMISSIONER KRIKORIAN: I mean, obviously, you can
13 always take that equipment and you can just relocate it
14 someplace, but that shouldn't really be the issue. The
15 point is there's conflicts of interest here, and this
16 gives the Board a lot more assurance that you will be on
17 your toes.

18 MR. DARUTY: Well, I understand your hesitation,
19 Commissioner. I certainly respect your views. I'm also
20 looking forward to when the AmTote machines are first in
21 place in California and you have an opportunity to use
22 them, because I think you are going to be very pleased.

23 That said, again, I think we have shown good
24 faith along the process. We have tried to comply with
25 everything this Board has asked, including the conditions,

1 and we are certainly here willing to continue to
2 cooperate.

3 But unless somebody can explain to me again
4 exactly what the bond would cover, exactly what it
5 would -- the language would look like, we are not prepared
6 to offer a bond today, because it's nothing that has ever
7 been required of any tote company prior to this point.

8 CHAIRMAN WINNER: Let me ask counsel.

9 If AmTote is the licensee, and we feel that they
10 are not performing, we can fine them, can we not?

11 MR. MILLER: That's correct.

12 CHAIRMAN WINNER: We can fine them any amount we
13 want; is that correct?

14 MR. MILLER: That's a good point.

15 CHAIRMAN WINNER: That's a point that Mr. Baedeker
16 made. I can't take credit for it.

17 MR. MILLER: I don't know about any amount but --

18 CHAIRMAN WINNER: Any reasonable amount.

19 MR. MILLER: Any reasonable amount.

20 COMMISSIONER AUERBACH: I think at this point, from
21 my point of view, I think this is almost to the point of
22 being unfair.

23 I respect your right, George, to question -- and
24 I'm glad that you do -- but the nature of everything that
25 has been -- all of the work that has been done by the

1 parties who run this industry, they have done their due
2 diligence, and they have selected this group. And they --
3 when they come before us last time and we asked them for
4 all of the information and all the followup, they have
5 provided that for us. And I know this is not your intent,
6 but it almost feels a little bit unfair and obstructionist
7 to be even entertaining more conditions on them.

8 I respect your right to vote anyway you choose
9 and do what you what in terms of your personal feelings,
10 but I also think that we have a responsibility -- we have
11 asked these people to comply, they have complied, and at
12 this point I think we should be making a decision, not
13 coming up with new road blocks, because I think it's
14 inappropriate, especially --

15 CHAIRMAN WINNER: Are you making a motion?

16 COMMISSIONER AUERBACH: I'm making a motion.

17 CHAIRMAN WINNER: To approve?

18 COMMISSIONER AUERBACH: To approve, yes.

19 CHAIRMAN WINNER: Is there a second?

20 VICE CHAIR ROSENBERG: Second.

21 MR. MILLER: With the condition -- just for
22 clarification --

23 COMMISSIONER AUERBACH: Which conditions? The new
24 ones where they -- oh, not changing any of this --

25 VICE CHAIR ROSENBERG: The five condition.

1 COMMISSIONER AUERBACH: The five conditions, which
2 you are aware of?

3 MR. DARUTY: Yes.

4 COMMISSIONER AUERBACH: Yes. I am making --

5 CHAIRMAN WINNER: The motion is to approve with the
6 five conditions --

7 COMMISSIONER AUERBACH: Conditions attached --

8 CHAIRMAN WINNER: -- that are contained in the --

9 COMMISSIONER AUERBACH: -- because those are
10 reasonable.

11 CHAIRMAN WINNER: And I believe Commissioner
12 Rosenberg seconded it; is that correct?

13 VICE CHAIR ROSENBERG: Yes.

14 CHAIRMAN WINNER: All right.

15 Any discussion? Do you have any further
16 discussion? Any discussion?

17 Want to voice that on this, or do you want to --

18 VICE CHAIR ROSENBERG: Not to me. I feel strongly --

19 CHAIRMAN WINNER: Okay. All in favor?

20 COMMISSIONERS: (Except Commissioner Krikorian) Aye.

21 CHAIRMAN WINNER: Any opposed?

22 COMMISSIONER KRIKORIAN: I'm opposed.

23 CHAIRMAN WINNER: Okay. Passes by six to one
24 majority.

25 MR. DARUTY: Thank you.

1 CHAIRMAN WINNER: Thank you very much.

2 Okay. Moving right along. Okay. We are going
3 on to Item No. 14:

4 Discussion and action by the Board regarding the
5 allocation of the 2016 Northern California Race Dates.

6 Let me -- I just want to preface the discussion
7 on Northern California and then on Southern California by
8 making it clear that this is 2016 only. We are not
9 talking about setting precedents; we are not talking about
10 any commitments for -- beyond 2016. Whatever the decision
11 is of the Board with respect to dates for 2016, those are
12 only for 2016. So there is no -- there is no -- there
13 would be no understanding whatsoever that they are
14 precedent setting. This is strictly for 2016.

15 Mr. Baedeker.

16 EXECUTIVE DIRECTOR BAEDEKER: Commissioners, please
17 disregard the composite graph that is in your Board book
18 relative to Northern California and replace it with the
19 one that I placed at your spot. That has every proposal
20 that has been made to date rather than just the two that
21 you have before you.

22 I will state this disclaimer, that I am somewhat
23 capable of this. I did this handy work, but I'm not
24 exceptionally capable, and there're some mistakes in here.
25 And I can tell you that I -- in my estimation, it's

1 probably taken about six weeks off my life trying to get
2 through this thing and proof it and make sure it's
3 correct.

4 I think it will serve well as kind of -- give
5 you an idea of the placement of the different meets. I am
6 not exactly sure that the dates I have underneath are
7 entirely accurate.

8 CHAIRMAN WINNER: Now, having heard that from that
9 Mr. Baedeker and now you have -- are these mine? I don't
10 know that I have one --

11 COMMISSIONER CHOPER: You got an extra one of these.

12 EXECUTIVE DIRECTOR BAEDEKER: Yes. I put them down
13 there.

14 CHAIRMAN WINNER: Here is mine.

15 Okay. Let me say this. First of all, I
16 appreciate the work and the effort of all of the
17 participants who have been engaged in trying to resolve
18 the negotiation -- trying to negotiate and resolve the
19 dates for Northern California. Same thing is true for
20 Southern California, and we'll get to that when we get to
21 Southern California.

22 But I want to thank on -- behalf of the Board,
23 thank all of the folks involved -- the fairs, the
24 association, CARF, CTT, TOC, and of course the Chairman
25 and the Member of the Committee who have worked tirelessly

1 trying to -- trying to resolve a lot of competing
2 requests. So with that, I'm going to turn it over to the
3 Chairman of the Committee, Commissioner Beneto, to give
4 his report.

5 COMMISSIONER BENETO: Well, we have worked on this
6 for three, four months, and looks like we came up with --
7 has everybody got the copy of this?

8 EXECUTIVE DIRECTOR BAEDEKER: I did make some extra
9 copies. I don't know if you have it. It's over here
10 where Mike Marten --

11 COMMISSIONER BENETO: Looks like TOC, CTT --

12 EXECUTIVE DIRECTOR BAEDEKER: Okay. They all -- yes,
13 they do. They have it.

14 COMMISSIONER BENETO: I guess CARF and CTT and CO --
15 TOC, excuse me -- the other one. They have up with, I
16 guess, an agreement on race dates for 2016. And I'm not
17 going to get into what I did. I mean, that's kind of
18 history. So everybody has got that in their pant -- in
19 their package.

20 But it looks like three is the proposal,
21 Proposal 3.

22 Do you want me to go through -- you want me to
23 go through each one?

24 CHAIRMAN WINNER: No. The only thing I would suggest
25 is that I'm not sure, and I will obviously let Chris Korby

1 speak on behalf of CARF.

2 I don't know that Proposal 3 is the proposal
 3 that CARF has recommended or supports. I will let him
 4 speak for himself. But this is -- Proposal 3, is my
 5 understanding, is -- has been -- has been the one that's
 6 been -- one of the ones that has been under a great deal
 7 of discussion. I think this is a one week -- there's a
 8 one week-movement from the CARF proposal here to this
 9 proposal, but I will let them speak for themselves.

10 EXECUTIVE DIRECTOR BAEDER: That's correct, Mr.
 11 Chairman. Number 2 is the original CARF proposal, which
 12 pushed the fair season back by a week, which also, of
 13 course, then pushed Sonoma back yet another week from the
 14 change that was made this year.

15 Proposal No. 3 is identical, except that it
 16 restores the start of the fair season to the pattern that
 17 has existed for the last couple of years. Really,
 18 Proposal No. 3 is a near mirror image of this year's
 19 calendar prior to the changes that were made to
 20 accommodate the problem with Fresno.

21 COMMISSIONER CHOPER: We did move Stockton back to
 22 follow Fresno. And last -- this year, they were actually
 23 following Golden Gate, wasn't it?

24 EXECUTIVE DIRECTOR BAEDER: Yeah. We created that
 25 gap in between Stockton and Fresno.

1 COMMISSIONER CHOPER: Now, is Golden Gate satisfied
2 with -- with --

3 CHAIRMAN WINNER: Golden Gate is here. Scott is here
4 to speak. Let's hear from -- let's hear from -- if you
5 don't mind, I'd like to hear from Chris only to extent of
6 whether the Proposal No. 3 -- you will have a chance to
7 speak at length, if you choose, but Proposal 3, is that
8 your position? Is that the CARF position?

9 MR. KORBY: The CARF calendar -- the CARF proposed
10 calendar starts on June 24th.

11 VICE CHAIR ROSENBERG: Where is that?

12 MR. KORBY: Mr. Chairman, may I respectfully offer a
13 suggestion here?

14 CHAIRMAN WINNER: Yes, please. Yeah. We can't hear
15 you.

16 First of all, can you -- can you introduce
17 yourself?

18 MR. KORBY: Chris Korby, California Authority Racing
19 Fairs.

20 If I might, I'd like to respectfully make a
21 suggestion, offer a suggestion.

22 By agreement, those of us who have been
23 negotiating this have consented for Mr. Daruty to make a
24 presentation, which lays out some of the background for
25 the discussions, and I think it would be very helpful for

1 the Board to hear that. We're not necessarily on
2 agreement with everything that's in his presentation, but
3 it's very informative because it sets the scope of the
4 discussions.

5 And I am pleased to report that by broadening
6 the scope of discussions about dates we have been able to
7 find more agreement than we started out with. So I think
8 it would be helpful for the Board to hear that
9 presentation, and then we're all willing to speak at
10 length and answer all the questions that may come up.

11 Thank you.

12 CHAIRMAN WINNER: Thank you.

13 Scott, you are on.

14 MR. DARUTY: Well, I appreciate it.

15 CHAIRMAN WINNER: Great.

16 MR. DARUTY: Well, thank you for the opportunity to
17 be heard, and I know it has been a very long day already.
18 So I will try to move quickly through this.

19 But I do think it's important, as Mr. Korby
20 said, that rather than just making a decision based on
21 dates and looking at calendars, but without really an
22 understanding of all the issues that go into it, sometimes
23 that might not be the best way to get to the right
24 results.

25 So what I had intended to do today was walk

1 through the issues of stabling and race dates because
2 those two things are completely intertwined and cannot
3 really be discussed separately.

4 CHAIRMAN WINNER: We totally agree with that. It's
5 our view as well and -- and appreciate that, the fact that
6 that is what you are --

7 MR. DARUTY: So I'm -- I'm going to jump in.

8 This is Golden Gate Fields' perspective. These
9 are the facts as we see them. I'm going to be making
10 statements, which I am sure some in this room won't agree
11 with and may not even like. But I am giving you our
12 perspective so that hopefully both the Board, as well as
13 others in this room, who have a stake in this decision
14 understand why we are saying what we are saying and
15 understand why we are doing what we are doing, and perhaps
16 by seeing each other's perspective, that's how we will get
17 to a compromise in the end.

18 Any discussion about dates and stabling has to
19 start with the question of what is our objective. From
20 the perspective of Golden Gate Fields and the Stronach
21 Group as its owner, I will tell you what -- what our
22 perspective -- or our objective is.

23 And it is the goal of the Stronach Group to
24 ensure that Golden Gate Fields remains an integral part of
25 Northern California racing long into the future. It's

1 really that simple. We happen to have the great pleasure
2 of having a chairman and a founder of our company who is
3 deeply passionate about horse racing and who also has the
4 wherewithal to make great investments in horse racing.

5 And he has done that, and it is his goal to see
6 the racetracks that he owns successful long into the
7 future and running long after any of us have left
8 this earth. Hopefully, I'll still be here providing
9 enjoyment for the communities.

10 Now, I know there are some sceptics in this
11 room. I know there are some who look at the Stronach
12 Group and say, well, we know your objective. It's to
13 dominate California racing, it's to dominate everything in
14 Northern California, it's to put the fairs out of business
15 so you can run year round. All I can say is that's not
16 our objective.

17 Our objective is really pretty simple. We have
18 a bunch of really nice racing assets, and we want to try
19 to figure out how we can keep those as racing assets for a
20 long time. And, of course, keeping racing assets as
21 racing assets depends upon whether or not we can make them
22 financially viable. We believe we can.

23 That doesn't mean we are probably ever going to
24 get the highest and best return on our investment when
25 we're talking about race tracks in urban areas. But at

1 the very least they need to be financially viable. They
2 cannot be a financial drain.

3 So how have we been doing? So far, recent
4 financial performance, well, in 2014 we had a loss of
5 \$2 million at Golden Gate Fields, and in 2015, we are
6 projected to lose \$2.2 million. So it's a big number, and
7 it's going in the wrong direction.

8 Now, again, there are skeptics who say those
9 aren't real numbers. All I can tell you is we've provided
10 audited financials to this Board, and we are happy to
11 answer any questions that might come up.

12 As we start to talk about financial performance
13 and our underperformance, you ask yourself, well, what can
14 we do to improve that bottom line because, obviously,
15 continued losses of \$2 million can't go on forever.

16 Well, it's pretty simple. You can fix the
17 bottom line by working on the revenue side or by working
18 on the expense side. When you are talking the revenue
19 side, the way you increase revenues in racing is through
20 race dates. Race dates are the raw materials that we use
21 to create our product, and not necessarily whether there
22 are more race dates, but perhaps different race dates.
23 That's how we think we could ultimately change the
24 economics of Golden Gate Fields by perhaps a reallocation
25 of race dates.

1 If we're not going to look at the revenue side,
2 you've got to look at the expense side, and I will tell
3 you our single biggest expense is stabling. Now, I'm
4 talking specifically about auxiliary stabling, which is
5 our term of art, meaning stabling at a facility that is
6 not the live racetrack.

7 Obviously, when Golden Gate Fields is running
8 live, we've got horses there, we've got stables there.
9 That's a part of the expense of running a business. But
10 I'm talking about when Golden Gate Fields is not running
11 live and we are stabling horses that are running at the
12 fairs or, also, an example would be where Pleasanton is
13 stabling horses that are running at Golden Gate Fields.
14 If you look at auxiliary stabling, it's our, by far,
15 largest expense.

16 So when we talk about race dates, and I'm not
17 going to dive specifically into race dates too much, but
18 there's one point I want to make here that is illustrative
19 of the problem we have. One of the -- well, one of the
20 proposals here on this sheet that was given out this
21 morning, and it was the proposals that were made by the
22 race dates committee back at one of the early race --
23 Northern California race dates meeting was a proposal that
24 had -- Golden Gate Fields, there was really two options,
25 but basically Golden Gate Fields was going to run a total

1 of five weeks from the time period from June 1 through the
2 end of the Big Fresno Fair, five weeks of racing for
3 Golden Gate in what we would consider to be the
4 summertime.

5 We reacted pretty negatively to that, and so,
6 again, you can understand our perspective. This is the
7 background on racing in Northern California for the past
8 six years. In 2011, as you can see, during the period,
9 again, from June 1 to the closing of the Fresno Fair,
10 Golden Gate ran nine weeks, one of which was overlapped.

11 In 2012 and '13, we then ran eight weeks, two of
12 which were overlapped. In 2014 and 2015, we then ran
13 seven weeks, two of which were overlapped. And there is a
14 proposal on the table where we would be running, in '16,
15 five weeks.

16 So as you can see, as we are struggling to make
17 Golden Gate financially viable and we're, you know, trying
18 to keep our head above water. A decline from nine weeks
19 to eight weeks to seven weeks to five weeks gets us
20 farther from the goal line, not closer.

21 CHAIRMAN WINNER: It's true that Commissioner Beneto
22 stated at the outset that he was not -- that that was
23 history he's no longer pursuing.

24 MR. DARUTY: And I -- that is true, and I do
25 appreciate that fact, and I tried to point that out at the

1 beginning. But just so you understand how we reacted or
2 why we reacted the way we did when we first heard that
3 proposal, the financial impact of these weeks each -- each
4 lost week to Golden Gate Fields is about \$350,000 to our
5 bottom line. So having declined from nine weeks to seven
6 weeks over the past several years cost us \$700,000.

7 As I told you, we are two million in the hole.
8 Well, a third of it is right there related to the loss of
9 racing weeks. If -- and, again, this is no longer, I
10 don't think, on the table, but if we were to go to five
11 weeks that would put us another \$700,000 in the hole.

12 That's -- that's our challenge. It's not that
13 we don't like the fairs. It's not that we don't
14 understand what they bring to the racing industry, into
15 the community; we do. The challenge is we are trying to
16 keep our heads above water.

17 COMMISSIONER BENETO: Scott?

18 MR. DARUTY: Yes?

19 COMMISSIONER BENETO: Where are you getting these
20 five weeks at?

21 MR. DARUTY: Well, even on -- even on --

22 COMMISSIONER BENETO: I mean, my Proposal 1 had you
23 seven weeks of racing starting latter part of August until
24 the fair opened.

25 MR. DARUTY: Correct. And I thank you for that and I

1 do appreciate that. I'm referring in this --

2 COMMISSIONER BENETO: In fact, I like that Proposal 1
3 more than anything I have seen, because this opening and
4 closing is costing you money.

5 MR. DARUTY: Yes, it is.

6 COMMISSIONER BENETO: Big bucks.

7 MR. DARUTY: Yes, it is.

8 COMMISSIONER BENETO: And I moved Stockton back to
9 the first two weeks of June and with Pleasanton following
10 to give you more consistency.

11 MR. DARUTY: And we --

12 COMMISSIONER BENETO: Thought I was doing you a
13 favor.

14 MR. DARUTY: And we appreciate that. And, again,
15 what I was trying to do was illustrate the point by using
16 the committee proposal back -- from back in the June
17 meeting, and I realize those were now off the table, and I
18 appreciate that.

19 As we are talking about race dates in addition
20 to the track commission portion of it, I think we also
21 want to keep an eye on purses. Purses, obviously, an
22 engine that drives our business. If you look at the
23 summer of 2014 -- so the time period from June 1 through
24 the end of the Fresno Fair -- every live race day at
25 Golden Gate Fields generated \$132,350 for Northern

1 California purses.

2 Now, that money counts wagering in Northern
3 California on Golden Gate, it counts wagering out of state
4 on Golden Gate, and it also counts wagering in Northern
5 California on import products such as NYRA or Kentucky,
6 but it's \$132,000.

7 If you look at the same number for the fairs
8 during the same period of time, on average, they generated
9 \$104,000. So the difference in purse generation between
10 Golden Gate and the fairs, Golden Gate is 26 percent
11 higher. Again, not to say the fairs don't have a place,
12 but just to point out the facts.

13 There is also an impact on Southern California,
14 by the way, because as people are wagering in Southern
15 California on the product that is running in the North,
16 they are generating purses. For example, during the Del
17 Mar season, each day during Golden Gate Fields' live meet
18 generated \$28,000 for Southern purses versus \$21,000
19 generated by the fairs. That's a difference of 31
20 percent.

21 So to the extent we are concerned about purses,
22 you know, one way, again, look at the allocation of racing
23 dates. So from our perspective, you know, something needs
24 to change. Why does something need to change? Because,
25 like I said, we are losing \$2 million a year, and we got

1 to figure out how to turn it around.

2 We had made some presentations to the dates
3 committee, and I think we even talked to the full Board at
4 one point early in the Spring about coming back with a
5 restructuring, what did we think, how could we restructure
6 Northern California to keep Golden Gate Fields viable?

7 And we did that by proposing a very significant
8 restructuring of race dates. It was, I believe, at the
9 June race dates committee meeting. We floated a proposed
10 calendar that would have Golden Gate running a lot more in
11 the summertime where we thought we could bring out bigger
12 crowds and have a better product.

13 To say that that fell on deaf ears was an
14 understatement. It drew tremendous criticism from the
15 fairs. It drew tremendous criticism from Commissioner
16 Beneto, who I think was close to throwing me out of the
17 room at the suggestion that maybe the fairs would run
18 their race meets at a time that didn't correspond exactly
19 with their fair.

20 So it was clear we were hitting a brick wall.
21 We had to look for another solution. And what we decided
22 to do is we decided, rather than focusing on the race
23 dates, we got to restructure this thing, but let's focus
24 in a different area. Let's explore solutions that don't
25 involve dates, because that's just such a controversial

1 topic. So we are not going to fix the revenue side.
2 Let's look at the expense side -- the stabling and vanning
3 system.

4 As I said earlier, stabling and vanning is by
5 far our largest expense, and there's really two components
6 to that expense. Golden Gate Fields is a live racetrack,
7 pays into a stabling fund. So, in other words, think of
8 it as us writing a check and putting it over in a fund
9 over here to use later.

10 And in addition to writing that check, we also
11 keep Golden Gate Fields open in the summertime so that the
12 fairs have a place to stable their horses, and that act of
13 keeping Golden Gate Fields open in the summertime is very
14 expensive.

15 As we looked at that, as we looked at those two
16 components -- the check we write and the expenses we incur
17 keeping open -- we said there's got to be a more efficient
18 way to use the stabling funding and the stabling
19 facilities.

20 And so to dive into the specifics now of the
21 expense we incur, in 2014 our stabling fund contributions
22 from Golden Gate Fields was over \$2 million. Half of that
23 money is ours that would have gone to our bottom line.

24 The other half comes out of our purse account.

25 So, again, over \$2 million, we essentially wrote

1 a check, and we put it over here in this fund, and we'll
2 talk later about what happened to that money.

3 While we were putting \$2 million into that fund,
4 the fairs, who also run live racing in the North, were
5 putting about \$650,000. Again, just like ours, theirs was
6 half commission and half purses. But when all is said and
7 done, there is this pot of money over here with \$2.6
8 million sitting in it.

9 In addition to that big check we wrote in 2014,
10 we also operated as a stabling facility during the summer.
11 Our costs of staying open last summer for the 13 weeks
12 that we were not running live was \$1.2 million.

13 Now, those costs were only our incremental costs
14 of being open for stabling. It didn't include an
15 allocation of property taxes or of management overhead.
16 It was the incremental cost. It was the security on the
17 backside. It was the crews to work the track. It was the
18 starting gate crews. It was all those incremental
19 expenses. That \$1.2 million worked out to roughly \$16,500
20 for the six days a week we were open for training.

21 One comment I want to make now -- by the way, as
22 we go from nine weeks of live racing to eight to seven, by
23 definition, the time period we're open for stabling
24 increases. So we sort of have a double hit here. As we
25 lose race weeks, not only do we lose the revenue from

1 them, but now we are also staying open as a training
2 facility, which costs us money longer.

3 So that was -- you know, that's the problem with
4 the -- with the -- with the stabling situation, from our
5 perspective. One, we're spending \$1.2 million to stay
6 open, and another is we are putting \$2 million into a
7 fund.

8 Now, it is true that that fund is used for
9 something; right? So out of that \$2.6 million, Golden
10 Gate Fields received approximately \$620,000 -- \$625,000 to
11 stay open as a summer stabling facility.

12 So we did have some reimbursement. We did have
13 some reimbursement of our \$1.2 million. We got about half
14 of it back, but that still left us \$600,000 underwater for
15 the summer. And remember, that's in addition to the fact
16 that we are paying \$2 million into this account.

17 So for those of you who are still awake at this
18 point, the logical question is going to be, wait a minute,
19 Scott. You told me you put \$2.6 million over in a fund,
20 and here is \$600,000 of it was spent at Golden Gate
21 Fields. Didn't fully reimburse you, but it got you part
22 way back. What happened to the other \$2 million?

23 The other \$2 million went to pay for stabling at
24 Pleasanton. Now, please understand, this is not a knock
25 on Pleasanton. It's not a knock on the people at

1 Pleasanton. It's not a comment on whether they're, you
2 know, a worthy location or not. These are just purely the
3 financial facts.

4 And the financial facts are that Pleasanton had,
5 on average, about two to three hundred horses stabled
6 there as opposed to the 1100 or 1200 there were at Golden
7 Gate Fields. But last year in 2014, Pleasanton was open
8 year round with about two to three hundred horses.

9 They received \$1.8 million a year to stay open
10 as a stabling facility, and there was an additional
11 amount -- it was a low six-figure number -- that was paid
12 to van horses from Pleasanton over to Golden Gate Fields.
13 So that's where the \$2 million went. It went to keep
14 Pleasanton open.

15 When you look at that and you look at every
16 starter we got that was stabled at Pleasanton, we ended up
17 paying \$1,300 per starter. It's a number that just can't
18 continue. And again, it's not to say we don't like having
19 Pleasanton open. It's not to say it isn't convenient
20 because, you know what, it is convenient. But can we, as
21 an industry, afford it? I -- I don't believe so. Not
22 anymore.

23 So where does this leave us? What it leaves us
24 is we've had a lot of really positive discussions with the
25 TOC, with the CTT, and with CARF about a new piece of

1 legislation in the North that would allow us to treat
2 stabling a little bit differently. The restructuring, as
3 I said, would have to be legislative. We've worked with
4 TOC and CARF to come up with a language.

5 And what does it do? Well, in essence, it would
6 allow Golden Gate Fields the option of opting out of the
7 stabling and vanning fund, and we would no longer be
8 writing that \$2 million check every year. As a condition
9 of us being able to opt out, we would have to satisfy this
10 Board in our license application that we had adequate
11 stabling without those two or three hundred horses that
12 are currently stabled at Pleasanton, that we had somewhere
13 else to put them, and we are working on solutions to that.

14 But if this law passes and if this Board
15 approves whatever stabling plan we come to you with in the
16 future, then that would essentially put a million dollars
17 back to our bottom line and an extra million dollars in
18 our purse account. Let's not lose sight of that.

19 Yes, Commissioner?

20 COMMISSIONER BENETO: You need to close down after
21 your meets and go back to -- go back to basics and
22 stabling. We got 4,000 stalls, roughly, in the fairs.
23 They are not being used.

24 And in the old days -- I'm going back 30 years,
25 probably before your time, Golden Gate shut down the

1 middle of June and didn't reopen until -- of course, Bay
2 Meadows opened up. You guys didn't open up until after
3 New -- Christmas. You guys are closed. But the thing is
4 we got stalls in Northern California that are not being
5 used.

6 MR. DARUTY: And that's a very --

7 COMMISSIONER BENETO: And -- let me -- can I finish,
8 please.

9 What needs to be done to save you money and do
10 things right is you need to shut down. When your meet
11 shuts down in June, you don't reopen until -- for horses
12 until September. And these guys got to make their moves
13 from fair to fair, and it's better for the fairs because
14 then they got horses there to run.

15 The guys don't like the shuttle. Some guys will
16 shuttle from track to track, from your place to Santa
17 Rosa, Sacramento, so on and so forth. But you go to
18 Sacramento, you go to Pleasanton, you go to Santa Rosa,
19 Stockton, the place is empty, and they're running a meet.

20 You got an asset there that's not being used. I
21 think what you need to get -- Golden Gate needs to do is
22 when their racing is over, it's over. Pack your tack and
23 move to the next town.

24 MR. DARUTY: I think that's a great suggestion. We
25 have talked with CARF about that. And, by the way, I'm

1 just about done. So I will wrap up quickly here.

2 But, as I said, at the bottom bullet point here,
3 we'd like to stay open, if CARF wants us, and if the rest
4 of the industry wants us to stay open, and we are able to
5 reach a financial agreement that makes sense. But the key
6 fact of this new structure, if we are able to get the law
7 passed, is that that would then be CARF's decision, how
8 they want to spend their money on stabling.

9 And if they choose, as you suggest, Commissioner
10 Beneto, to spend their money stabling at the fairs, then
11 they are welcome to do that, and we would shut down. If
12 they wanted Golden Gate to remain open, we'd consider it,
13 and we'd sit down and we'd talk with them. We've already
14 had preliminary discussions about it, about them
15 reimbursing us for our costs.

16 It really puts the financial responsibility for
17 stabling -- it puts the choice for stabling on the person
18 who is bearing the financial responsibility, which we
19 think makes sense.

20 So, again, just to -- just to wrap up quickly,
21 you know, look, we still think racing dates allocation is
22 an important issue, and we as an industry have to look at
23 how -- what the optimum allocation of race dates is.
24 That's a longer-term issue, because as you are going to
25 hear in a moment, I think the industry has general

1 consensus or very close to it on what the calendar should
2 look like for '16. You're not going to see a big fight
3 today between all the parties, you know, grabbing for
4 dates.

5 We think the most critical thing this year is to
6 get the legislation passed so we can restructure stabling
7 and vanning. We -- and this is the key part. You know,
8 assuming that we all are pushing forward with the
9 legislation and in order to demonstrate our commitment to
10 racing in Northern California, we are withdrawing any
11 previous calendar we, Golden Gate Fields, submitted, and
12 we are supporting the 2016 CARF calendar.

13 We will get into the details of what that means
14 and what week falls where, but basically, we are side to
15 side -- side by side with CARF supporting the same
16 calendar.

17 COMMISSIONER BENETO: Do you know which one is it?

18 MR. DARUTY: Well, that concludes my presentation,
19 and let's have all the parties talk about dates.

20 CHAIRMAN WINNER: There are some questions, I think,
21 somebody may have for your -- to discuss with you
22 during -- while you are there.

23 First of all, that legislation that you are
24 talking about, which is -- as you say, is in some ways --
25 it's clearly woven together, Scott. It's clearly woven

1 together with dates.

2 MR. DARUTY: Yes.

3 CHAIRMAN WINNER: We all agree with that. As you
4 know, Staff and some of the Commissioners have been
5 involved in giving you some recommendations or some
6 thoughts with respect to the legislation. I think it's
7 fair to say that -- I'll speak for myself. I won't speak
8 for any other commissioner.

9 It's fair to say that I think that legislation
10 is thoughtful, prudent, and with certain minor changes
11 that we have been working on with you and TOC and others,
12 I believe it's in the best interest of racing.

13 Again, I am speaking only for myself. We don't
14 have -- I have taken a vote on that right now. But -- but
15 the fact of the matter is I think you guys have done a --
16 working together have done a terrific job, and I think
17 it's -- it's very prudent to proceed with that
18 legislation, for all the reasons that you -- that you so
19 stated.

20 VICE CHAIR ROSENBERG: Mr. Chairman, could you
21 explain how the legislation you are referring to is the
22 specific legislation that Scott put up on the Board as a
23 summary of that legislation, or is there other legislation
24 included beyond that, that proposed beyond that, that
25 relates to this subject?

1 CHAIRMAN WINNER: Gentlemen, do you want -- how do
2 you want --

3 MR. MORRIS: Joe Morris with the TOC.

4 Specifically, we've made some modifications to
5 19607, 607.1, 19 -- what -- 607.2, and .3. And that's
6 the -- that is the legislation that funds stabling and
7 vanning, both North and South. We are redoing the
8 language, North and South. That allows us a little more
9 flexibility on how we compensate for auxiliary stabling in
10 the south, and then in the north it allows us that
11 flexibility plus we wrote in this opt-out provision where
12 if the host track didn't meet or couldn't meet the
13 requirements as part of their license for the number of
14 stalls they need they would be able to opt out of the
15 stabling and vanning.

16 VICE CHAIR ROSENBERG: Just to clarify, such
17 legislation would not be something that the Board is
18 presented with nor for approval. The Board does not
19 generally approve legislation before it's --

20 CHAIRMAN WINNER: That's correct.

21 VICE CHAIR ROSENBERG: -- submitted to the
22 legislation.

23 MR. MORRIS: That's correct.

24 VICE CHAIR ROSENBERG: So we -- this discussion is
25 not -- the Board sitting here is not approving anything or

1 acknowledging whether it's a good idea or a bad idea --

2 MR. MORRIS: Only the legislature could --

3 CHAIRMAN WINNER: Yeah. Not only the legislature,
4 but when -- but when they come to us eventually for
5 approval -- right? -- we have to basically stamp approved,
6 and the parties involved have, in my view, correctly
7 involved us earlier in the process so that we are not left
8 with the position of saying yes or no, which is in
9 nobody's interest and that is why there has been
10 involvement of the Board in the process before it gets to
11 the point where we either have to accept or reject.

12 VICE CHAIR ROSENBERG: But the involvement by the --
13 at least to clarify, by the Board is not by the entire
14 Board, nor by a committee. It's strictly by --

15 CHAIRMAN WINNER: That's correct.

16 VICE CHAIR ROSENBERG: -- communication among
17 Staff --

18 CHAIRMAN WINNER: That's correct.

19 VICE CHAIR ROSENBERG: -- and the Chairman, I
20 presume.

21 CHAIRMAN WINNER: That's correct.

22 VICE CHAIR ROSENBERG: Correct? Okay.

23 MR. KORBY: Mr. Chairman, may I offer one additional
24 thought on the legislation?

25 Chris Korby, California Authority Racing Fairs.

1 I do want to address for those of you who have
2 mentioned it and to our members who are here, there is
3 language in this legislation that addresses vanning and --
4 and --

5 CHAIRMAN WINNER: Addresses what?

6 MR. KORBY: Vanning. And addresses how funds can be
7 allocated for the purposes of vanning. I just want the
8 Board to know that, for those of you who are interested in
9 that.

10 COMMISSIONER BENETO: Just vanning or stabling too?

11 MR, KORBY: Both.

12 COMMISSIONER BENETO: Why do you need legislation?
13 You got to clear the air up. Bothering me.

14 MR. DARUTY: Well -- Scott Daruty.

15 I mean, the way it has historically worked is
16 the stabling fund that I talked about, the \$2.6 million
17 that is currently going in there, that is going as a
18 deduction from takeout. So, you know, the wagers take
19 place. There's the takeout, which would normally be
20 split, and half of it would belong to the track and half
21 of it would go into purses. Before that split, there is a
22 deduction of money, which is directed into this fund.

23 We have -- from off-track wagering, not -- not
24 live on-track wagering. And we've tried to, as much as we
25 can, keep that same framework just with the changes that

1 we need to be able to have the flexibility that we've
2 talked about today.

3 COMMISSIONER BENETO: Just talked about closing down.
4 You'll need legislation for that, do you?

5 MR. DARUTY: Well, no. We would not need legislation
6 for that, but if we closed down, the fairs are going to
7 want to stable somewhere, and they're going to --

8 COMMISSIONER BENETO: You got 4,000 stalls.

9 MR. KORBY: I agree with the answer that Scott
10 offered in response to the question. I would offer what
11 might even be a simpler answer.

12 The language in statute that deals with stabling
13 and vanning dates from 1987. The world is changing around
14 us. We needed language that offered more flexibility in
15 how we managed the stabling and vanning fund, and we
16 believe this language gives us that flexibility. It's not
17 a profound change. It's an adjustment that gives us more
18 flexibility about dealing with it, including more
19 flexibility with respect to specific responsibility for
20 paying for certain stabling requirements during certain
21 parts of the year. That was not there before. We think
22 this will be very helpful for us.

23 MR. MORRIS: The other reason is just, you know --
24 Joe Morris, TOC.

25 The other reasons, frankly, the stabling and

1 vanning checking -- checkbook, the current funding
2 percentages wasn't enough, North and South, for the
3 increased costs that we've had to undertake to provide
4 adequate stabling.

5 So part of this legislation is it going to allow
6 us to raise the rates so we can get a sufficient amount of
7 money in the checkbook to pay the bills for stabling.

8 COMMISSIONER BENETO: Did you run the numbers by --
9 I'm talking about Northern California now, because down
10 here you got a problem. Northern California with -- I see
11 all these empty stalls that we got there.

12 Did you guys run the numbers saying we shut down
13 for three -- during the -- during the fairs, which would
14 be first of June to Labor Day, and let the fairs stable
15 these horses?

16 How much would that save you, because --

17 MR. KORBY: We -- we've run the numbers. We've done
18 the analysis. Scott offered some of that from Golden Gate
19 Fields's perspective, but I think it's very important to
20 note at this point we're not making decisions about which
21 facility stay open or closed at any given time.

22 What we are doing now is we are taking forward
23 step by step the changes that we think need to be made to
24 how this fund is managed so that we can with manage it
25 more effectively. And I don't think you will find anyone

1 sitting at this table who is going to say that stabling
2 facilities are going to be open or closed down at any
3 given time yet. We just haven't reached that point of
4 decision.

5 COMMISSIONER BENETO: I hear you. Let's get off of
6 that subject. Let's talk about race dates because you
7 guys got to work something out on the stabling and vanning
8 so --

9 EXECUTIVE DIRECTOR BAEDEKER: Can I make one
10 statement here just by clarification for those that might
11 be listening online, that when there was a reference to
12 raising rates nobody is talking about increasing takeout.
13 These -- these folks are simply talking about taking the
14 net that comes back to purses and commissions and
15 distributing that in a different way.

16 CHAIRMAN WINNER: That's important. No increase in
17 takeout.

18 COMMISSIONER BENETO: Let's talk about race dates and
19 get on down the road here.

20 CHAIRMAN WINNER: Let me just ask. With respect to
21 the points that you wanted to make, Scott, you've made
22 those points --

23 MR. DARUTY: Yes.

24 CHAIRMAN WINNER: -- correct? Okay.

25 Joe, did you want to make any other points with

1 respect to --

2 MR. MORRIS: Not until -- on the schedule only.

3 CHAIRMAN WINNER: Okay.

4 Korby?

5 MR. KORBY: I would like to just offer one thought
6 about Mr. Daruty's presentation.

7 CHAIRMAN WINNER: Yes.

8 MR. KORBY: It's been encouraging to work through the
9 transformation and the tone of discussions with this
10 group. We started off at a point where there was a wide
11 divergence of opinions about how we should proceed, and we
12 have narrowed those. And I think we have actually
13 expanded the scope of what we were talking about to
14 include stabling and vanning, as we discussed earlier, and
15 have now come close to an agreement about racing dates.

16 So I think that whole process has been very
17 encouraging, and I thank publically Scott and Joe Morris
18 and their organizations for --

19 CHAIRMAN WINNER: Commissioner Choper.

20 MR. KORBY: -- allowing this to happen.

21 COMMISSIONER CHOPER: Is there a set of race dates
22 for the North that you are proposing for us for 2016? I
23 think it's time.

24 COMMISSIONER BENETO: Get on down the -- thank you,
25 sir.

1 CHAIRMAN WINNER: That is exactly where we are going.
2 So who is making the presentation, Joe?

3 MR. MORRIS: I will. Joe Morris, TOC.

4 On the composite that Rick handed out, it would
5 be Proposal 3.

6 CHAIRMAN WINNER: Correct.

7 MR. MORRIS: You would see it's a schedule that is
8 very similar to this year. It would be Golden Gate
9 closing down on June 12th, which is the similar weekend to
10 this year; three weeks to Pleasanton -- I don't want to
11 speak to them but, you know, that's not optimum for them
12 because they end on July 4. That's a Monday. We think
13 for this one year to get through it, you know, that
14 hopefully we can work through that part of it.

15 There's three weeks to Sacramento, three weeks
16 to Santa Rosa. On the CARF schedule, Golden Gate
17 opened -- stayed open a week later, which pushed Santa
18 Rosa two weeks past their fair. So that is why we propose
19 to go back to the 12th closing for Golden Gate.

20 That would put Santa Rosa in the same situation
21 they were this year, two weeks on the fair, and the last
22 long weekend without it. You then go into the
23 Humboldt-Golden Gate overlap. That would lay on itself
24 just like it is this year into Stockton and Fresno in what
25 I refer to as their older traditional dates where they --

1 where they had normally run. I think everybody is pretty
2 much in favor with this, and then that is what we would
3 like to put forth.

4 COMMISSIONER BENETO: Stockton, we pushed them back,
5 Joe, this year, as you well know.

6 MR. MORRIS: Right. They go back to their
7 traditional positions --

8 COMMISSIONER BENETO: Now, we're going to keep
9 bouncing those guys around like a basketball? I mean,
10 I'm getting -- you know, I want to be fair.

11 MR. MORRIS: We are trying to get through the one
12 year, and this puts them back in the same position that
13 they have been in for -- except for this year, except for
14 the last few years.

15 CHAIRMAN WINNER: Commissioner Beneto, about this
16 bouncing ball situation, but I want to make it very clear,
17 as I said at the outset, that it's tough enough to deal
18 with one year. So why now we're only going to deal with
19 2016, and I think the point that you raised should be
20 considered as discussions go forward with respect to 2017.

21 MR. MORRIS: And the other point I want to make, you
22 know, I have been five years on Northern schedules. This
23 is the most conversations, collaborations, meetings we've
24 ever had in a single year, and we are already setting
25 meetings for even in September to start the work on '17.

1 So, I mean, that's the good news on the North.

2 CHAIRMAN WINNER: So before us is a recommendation --
3 is there anybody else that wants to speak on this before
4 we entertain a motion?

5 Yes.

6 MS. TOSCANI: Tawny Toscani, Sonoma County Fair.

7 I am just going to continue with our mantra that
8 we would like to get our dates back that we traditionally
9 run, and when you look at the handle, we out-handled
10 Sacramento on a daily basis by about \$107,000 --
11 out-handled them.

12 So, again, I just want everybody to know that we
13 are agreeing to the 2016 calendar as presented, but we are
14 hoping, as we move in 2017, we continue some more
15 conversations about what is best for the industry as far
16 as Sonoma County dates are concerned.

17 CHAIRMAN WINNER: Thank you, Tawny. I think we
18 understood that was your position, and we appreciate your
19 stating it.

20 COMMISSIONER BENETO: Tawny, I would like to see you
21 bend a little bit and move your dates; so you're running
22 three weeks with your fair. You had a terrific fair this
23 year. Your handle was great. I was very impressed, but
24 the last weekend, as far as your wine festival, was it,
25 was not that great a success.

1 I think you -- I think --

2 MS. TOSCANI: Well, if you look at our bonus days of
3 racing, we still outdid Sacramento -- most of the
4 Sacramento days so -- the one thing, though, that we need
5 to keep in mind is we have to keep doing what is best for
6 the industry. We're not going to move our fair dates on
7 top of a school year. You know, that's already a decision
8 that the Board has made, and so I just, once again, would
9 like you guys to consider looking at where Sonoma County
10 runs.

11 VICE CHAIR ROSENBERG: Before we vote, it might be
12 helpful if Staff could provide the commissioners with a
13 set of the report that Commissioner Baedeker -- that
14 Chairman Baedeker -- or whatever he is -- Executive
15 Director Baedeker -- does --

16 CHAIRMAN WINNER: Why don't you sit in his chair.

17 VICE CHAIR ROSENBERG: I'm taking --

18 CHAIRMAN WINNER: Then give him my chair.

19 MS. TOSCANI: And one other thing I wanted to add is,
20 you know, our out of state was extremely successful, and
21 we spent a lot more money than we have in the past on TVG,
22 and I think, from the standpoint of does that work, I'd
23 like to say I do believe it does so --

24 VICE CHAIR ROSENBERG: Anyway, be very helpful to
25 have specific statistics -- hey, Steve. Slow down.

1 It would be very helpful to have specific
2 statistics provided to us after the -- for this year, fair
3 by fair, and can make comparisons, because we get very
4 little of that specifically.

5 The monthly report doesn't show the type of
6 thing I'm looking -- was at least one month into it. It
7 takes one month at a time. Be very helpful to have that
8 so we can evaluate it for next year.

9 COMMISSIONER BENETO: All right. The three fairs --
10 the three fairs that went off already had a gain. If you
11 take the total three fairs, about \$15 million revenue
12 handle that maybe ordinarily wouldn't have happened,
13 Sacramento had nine, she had two million, Pleasanton
14 had -- you had -- what was your gain, Jerome?

15 MR. HOBAN: About three percent.

16 COMMISSIONER BENETO: Three percent of another
17 couple million bucks or so.

18 VICE CHAIR ROSENBERG: Sacramento had an extra week.

19 COMMISSIONER BENETO: Yeah, I know. But you got --
20 it's still a handle.

21 VICE CHAIR ROSENBERG: I know. That's an extra week.

22 CHAIRMAN WINNER: Okay. Let's move along.

23 Alan, you wanted to speak? And then I -- we
24 also have Jim Morgan, who wants to speak.

25 MR. BALCH: Alan Balch, California Thoroughbred

1 Trainers.

2 We also want to thank the committee for
3 permitting this very deep exchange of views. We
4 understand that our reservations -- let me call them --
5 will not rule the day, but we want to echo what Tawny
6 said, because we do believe that we are going to talk
7 about bouncing fairs around. Unfortunately, Santa Rosa,
8 and we believe the sport as a whole, has been hurt by that
9 and we think the figures bear it out. We understand that
10 is not going to be debated or changed today, but we think
11 we can't lose sight of that because of the tremendous
12 business that Santa Rosa does and is capable of doing and
13 should do with their fair.

14 The other reservation is something that I think
15 has already been covered, but I just want to emphasize it,
16 and that is that no decisions have been made on auxiliary
17 stabling plans for the future because, of course, our
18 constituents are very concerned about the future of
19 stabling at Pleasanton.

20 Thank you.

21 CHAIRMAN WINNER: Thank you, Alan.

22 Jim.

23 MR. MORGAN: Thank you, Chairman.

24 I'd like to start by echoing what Executive
25 Director Baedeker said from the outset, is never

1 underestimate the joy that comes from visiting a historic
2 racing venue, and Humboldt certainly joins Santa Rosa as a
3 historic --

4 CHAIRMAN WINNER: Do you want to identify yourself?

5 MR. MORGAN: Yes. Jim --

6 CHAIRMAN WINNER: I should have told you that at the
7 beginning.

8 MR. MORGAN: Jim Morgan, Humboldt County Fair.

9 Our race meets starts tomorrow. So we'd welcome
10 everyone to participate. This process of talking about
11 the dates, and if I noticed the agenda item properly, it's
12 about race dates; it's not about stabling and vanning and
13 those things. So I would like to focus.

14 This process, I thought, started with the
15 Northern California meeting on June 19th. I attended,
16 Commissioner Beneto chaired it, and when I come today, I
17 hear that there has been agreement, some discussions. As
18 members, we were not really invited to participate in
19 that, and we certainly were not -- other than June 19th,
20 and at that time, Commissioner Beneto had two proposals,
21 both of which allowed all the race meets, including
22 Humboldt, to race without overlap. Those were the CHRB
23 proposals. Also, Golden Gate Fields came up with a
24 proposal, I thought, that allowed our first weekend to run
25 without overlap, giving some adjustments to the calendar.

1 I don't know why we would abandon that concept
2 at this time. All race meets matter, and the smallest
3 race meet matter. Several years ago we were told that
4 Humboldt -- that we needed to do three things in order to
5 receive the support of the Board for our ability to race
6 without overlap.

7 The first thing is we had to increase our
8 sponsorship. That was something that was important to
9 Mr. -- to Commissioner Choper. We have done 400 percent
10 increase in our sponsorship during had that time. The
11 second challenge was to increase our facilities. We've
12 widened our tracks, we've made our turns safer, we've made
13 it a more fair venue for jockeys, horses, and the betting
14 public.

15 The last challenge we had was to attract horses
16 because we weren't filling fields, we weren't filling the
17 card. If you look at the racing form, we have eight races
18 carded for tomorrow. Golden Gate Fields has eight races
19 carded for tomorrow. If you look at Saturday, we have
20 nine races calendared. Golden Gate Fields has nine races
21 calendared.

22 So we have done our end of the bargain, and we
23 would appreciate consideration of allowing us, like every
24 other race meet, to have some part of our fair without
25 overlap and access to host status.

1 What has not been mentioned by anyone up to this
2 point is part and parcel with race dates is host status,
3 and we share those dates with Golden Gate Fields, and in
4 equity and fairness, we should share the host status
5 during those days. We're doing the same number of races,
6 and we have done what the Board asked.

7 We, unlike any other fair that I know of or any
8 other meet, we don't -- we don't rely on Golden Gate
9 Fields for stabling, because they have their own meet
10 during our meet. We don't get any vanning subsidies.

11 We would ask this Board if you are going to
12 perpetuate our racing and overlap to at least give us
13 50/50 host status or more than the crust of bread -- we
14 don't need the whole loaf, but right now we are getting
15 the crust of Wednesdays and Thursday, whereas Fridays,
16 Saturdays, and Sundays are three to four times more
17 lucrative for the fair.

18 Golden Gate has 155 days that they race without
19 overlap. They have six days that they do. On those six
20 days it's not going to hurt them and would mean the world
21 to your oldest continuous racing venue at Humboldt to be
22 able to have equal access to horse -- to host status
23 during that time.

24 I would also point out that part of the earlier
25 presentation for Golden Gate Fields indicated that they

1 have approximately 7 percent of their wagering comes from
2 on-track. That is not true of the fairs. The stands are
3 full, they are lively, every day is like a Sunday da at
4 Golden Gate Fields; and as Executive Director Baedeker
5 said at the outset, it's a wonderful experience, and it
6 generates new interest in this sport, in a sport that's
7 otherwise contracting.

8 And all I ask is that you give Humboldt the same
9 fair shake that every other race meet gets. If we can't
10 have a weekend without overlap, at least give us half the
11 host status so we can sustain.

12 Thank you.

13 CHAIRMAN WINNER: Thank you, Jim. Any -- hold on.

14 Any -- any comments on -- yes?

15 COMMISSIONER KRIKORIAN: I just want to ask if you
16 know, what -- on those days, what would the approximate
17 host fees be?

18 MR. MORGAN: I -- I would be guessing. Other people
19 here would know here. Maybe Mr. Korby would know, but my
20 understanding is on Wednesday and Thursday, we get
21 approximately \$25,000 on the average per day. I believe
22 it's three to four times that on the Friday, Saturdays,
23 and Sundays.

24 MR. DARUTY: Scott Daruty on behalf of Golden Gate
25 Fields.

1 I just remind the Board that there is a statute
2 that deals with how the money from the overlap gets split.

3 COMMISSIONER KRIKORIAN: Can you just tell us what it
4 is, if you know?

5 MR. MORGAN: The statute generates, I think, around
6 forty to sixty thousand dollars per our race meet when we
7 race an overlap.

8 COMMISSIONER KRIKORIAN: No, no. What's -- what is
9 the statute numbers?

10 MR. DARUTY: Well, the statute doesn't deal in
11 specific dollar amounts. So you are referring to the
12 percentage?

13 COMMISSIONER KRIKORIAN: Yes, percentage.

14 MR. DARUTY: Is it .75?

15 MR. MORGAN: It's .75 goes to Humboldt.

16 COMMISSIONER KRIKORIAN: Okay. Thank you.

17 COMMISSIONER BENETO: Would you be willing to split
18 the host money with Ferndale?

19 MR. DARUTY: Absolutely we'd willing to comply with
20 the statute, which requires us to split it with them in
21 the proportions the legislation has laid out.

22 MR. MORGAN: We would be delighted to forego the
23 statute money for the privilege of splitting the host
24 fees, something that every other race meet gets every
25 other day it races. We're providing the same number of

1 races on the same dates. We should have equal access to
2 the host status.

3 COMMISSIONER BENETO: I think Scott said that, didn't
4 he?

5 MR. MORGAN: No.

6 MR. DARUTY: No. I said we'd be -- we think it's
7 appropriate to operate under the existing statute.

8 CHAIRMAN WINNER: First of all, there are others who
9 want to speak; so please fill out a card. I have seen a
10 bunch of hands go up. But I'd appreciate it if you'd fill
11 out a card.

12 Secondly, if you are correct, Scott, and it's by
13 statute, then you could -- you could agree, if you so
14 chose between the parties, but I'm not sure that we as a
15 Board can dictate a change in the percentages, because --
16 if it's statutory.

17 MR. MORGAN: Commissioner, our view would be the
18 Board can allocate host status as it sees fit, and like
19 race dates, host status can be allocated at the discretion
20 of the Board, and we are sharing dates. We are having the
21 same horse pool. We are drawing --

22 CHAIRMAN WINNER: Let me just check with Counsel.

23 Is he correct that we can change the percentage
24 by changing host dates?

25 MR. MILLER: I have -- Robert Miller, Board Counsel.

1 I'd have to research that because I don't know.

2 MR. DARUTY: It is Section 19601.2, which governs the
3 allocation of host money when Humboldt County
4 simultaneously conducts a race meeting in the Northern
5 zone at the same time as another fair or association.

6 MR. MORGAN: Mr. Chairman, it's not our position that
7 we are changing the statute. It's our position is that
8 this Board has the discretion to determine which race
9 meets have or share host status at any one time, and we
10 can agree and we would agree to forego the benefits of
11 that statute so that we have equal access to host status,
12 which is the fair thing to do.

13 CHAIRMAN WINNER: Okay. Thank you.

14 Chris.

15 MR. KORBY: Mr. Chairman, may I offer --

16 CHAIRMAN WINNER: Please.

17 MR. KORBY: -- a couple of responses here.

18 First of all, the reason that that provision --
19 is that better?

20 The reason that -- the reason that that
21 provision is in statute is to -- is to distribute funds
22 during the overlap period. It pertains only to Humboldt
23 County Fair. So it is a provision that was put in place
24 so that Humboldt received something during overlapping
25 racing periods.

1 I'd also like to mention that I have spoken
2 multiple times with the fair manager at Humboldt County
3 Fair over the last few days on -- I think the day before
4 yesterday Joe and I had a conversation with him together.
5 The calendar that CARF put forward, which has two optional
6 slots, calendar slots, including overlapping dates and
7 including assignment of days during which Humboldt would
8 not race but it would receive host status has been agreed
9 to by the fair manager.

10 COMMISSIONER CHOPER: Has been agreed to by --

11 MR. KORBY: It has been agreed to by the fair
12 manager.

13 MR. MORGAN: That's absolutely false. That is
14 absolutely false.

15 CHAIRMAN WINNER: Hold on. Let's --

16 MR. MORGAN: All right. I'm sorry.

17 CHAIRMAN WINNER: Let Mr. Korby continue, and then
18 you'll have the opportunity to respond.

19 MR. KORBY: I wanted the Board to be aware of that
20 and those -- those agreements were offered in a conference
21 call with Joe Morris on the phone. So Joe can speak to
22 whether or not the fair manager actually agreed to that.

23 CHAIRMAN WINNER: Joe.

24 MR. MORRIS: Joe Morris.

25 And yes, he did, and the other part that

1 happened on that same call was the CARF schedule had them
2 pushed a week longer also. So by moving Golden Gate
3 closing on June 12th that Humboldt, on the CARF schedule,
4 had a week in August and a week in September, and he said
5 he would prefer to have both weeks in August overlap, like
6 he has in the past.

7 So he was in favor of the schedule that we just
8 laid out and was good with the Wednesday/Thursday,
9 Wednesday/Thursday. Because I'll tell you, I actually put
10 the calendar together Wednesday/Thursday and then the
11 second week Wednesday and then Golden Gate racing on
12 Thursday and was told that's not the way it is this year,
13 we want the Wednesday/Thursday, Wednesday/Thursday; so I
14 changed it back.

15 MR. MORGAN: Can I address that, your Honor?

16 CHAIRMAN WINNER: Yes.

17 MR. MORGAN: The Humboldt this year got
18 Wednesday/Thursday. When TOC, CARF, and CTT presented
19 their calendar, Humboldt was going to have
20 Wednesday/Thursday/Wednesday and no Thursday. So Alan
21 Allred and Rich -- Richard Conway asked what about our
22 other Thursday, and that is the conversation they are
23 alluding to.

24 However, they explicitly -- because we could not
25 get get a response to CARF -- from CARF's management as to

1 what calendar they are promoting, asked me to come down
2 and, first of all, asked for a weekend without overlap
3 and, second of all, asked to split the host fees.

4 There is no agreement by fair management -- and
5 I am here representing fair management -- that they are
6 happy with the limited amount in the assembly bill and
7 they are happy with three or four.

8 As I answered to Mr. Krikorian, it's just --
9 it's a small crumb on a loaf of bread. If we are going to
10 share these dates, if you are going to not allow us to
11 race any portion of our meet without overlap, like every
12 other fair does or every other meet does, then at least we
13 should have equal access to host status.

14 You have the power to allocate that. I --
15 Mr. Miller indicated he needed to check on whether you can
16 alter the AB legislation. We are waiving the AB
17 legislation. We beseech you to give us equal access if we
18 are having to share the dates. That's our position.

19 CHAIRMAN WINNER: Mr. Daruty.

20 MR. DARUTY: Yes. I'd to respond on behalf of Golden
21 Gate Fields.

22 Remember my slide that showed the nine weeks and
23 then the eight weeks and then the seven weeks and at the
24 bottom there were five weeks, and Commissioner Beneto said
25 where are you getting five weeks? There's no proposal

1 that's on the table that talks about five weeks.

2 Well, this is the proposal right here, because
3 he is going to take away our host status, which is
4 essentially leaving us with five weeks of being the host
5 and being a live track in Northern California. And we are
6 just trying to keep our heads above water. It's not a
7 knock on Humboldt. We're trying to hurt them. We're
8 just trying to survive.

9 MR. KORBY: Mr. Chairman, if I may --

10 CHAIRMAN WINNER: Yes.

11 MR. KORBY: -- first of all, there has been quite a
12 bit of correspondence -- I don't know that I have actually
13 had a chance to review all of it -- from Mr. Morgan
14 regarding the Humboldt County Fair situation. And I would
15 like to clarify the record on one aspect of what I have
16 seen in his correspondence.

17 The CARF board and the CARF live racing
18 committee took formal action on a calendar that came to
19 this Board. That is what has been known as the CARF
20 calendar. Humboldt County Fair had an opportunity to
21 participate in that conversation and did and voted in
22 favor of that calendar. That calendar -- this -- this
23 Board has had that calendar since May 5th.

24 Our position has been very solid on that. The
25 CARF position has been we are sticking by the calendar

1 that our Board approved, and it was ratified again at the
2 June meeting. So any assertion that somehow CARF has not
3 taken a position on Humboldt dates or that we haven't
4 responded to questions about Humboldt dates, it's very --
5 the response is very simple. We have taken a position.
6 Our Board took a position. It reviewed it and took a
7 position again and that hasn't changed.

8 Now, I would add to that because we -- we are
9 going to move into this in a moment. There is still one
10 element outstanding where the CARF calendar does not
11 comport with the calendar that has been recommended by
12 TOC. And that has to do with the start date for the
13 summer circuit, which in the CARF calendar is shown as
14 June 23rd, for a starting date for Pleasanton.

15 In the calendar recommended by TOC, that start
16 date shifts forward one week earlier in June, and there
17 are some issues that are created by that. Aside from --
18 from that one week shift, and aside from Mr. Morgan's
19 representations, which I am not sure reflect the
20 management of the Humboldt County Fair Board, we are in
21 agreement with the calendar that TOC is putting forward.

22 So I think, from our perspective, the remaining
23 discussion has to do with whatever the Board resolves with
24 respect to Humboldt, which I think is a fairly simple
25 recommendation on our part, and I think we need to hear

1 from Alameda County Fair about their concerns with a
2 calendar that starts their race meet one week earlier.

3 CHAIRMAN WINNER: Two cards.

4 COMMISSIONER BENETO: We're just doing 16, Chris.

5 CHAIRMAN WINNER: That's right.

6 MR. KORBY: We're talking about 16 only --

7 COMMISSIONER BENETO: We should vote on this. This
8 thing is getting out of control.

9 CHAIRMAN WINNER: Well, wait. We have two more
10 speakers, and Jim?

11 MR. MORGAN: Could I just respond briefly to the last
12 two statements?

13 CHAIRMAN WINNER: Yes.

14 MR. MORGAN: Mr. Daruty's scheme on his showing 2009,
15 nine weeks, eight weeks, seven weeks, what it forgets is
16 that Humboldt ran for a hundred years in those August
17 dates before 2009, and Golden Gate did not. They came on
18 to those August dates afterwards. He hasn't shown 2008,
19 2007 when they are not running there.

20 And the other thing, I was there when the CARF
21 calendar was voted. I've asked Mr. Korby for
22 clarification. Alameda County was there; other fair
23 members were there. There was never a vote by the CARF
24 racing committee to allow Humboldt to race with overlap.

25 Yes, Mr. Korby is correct. Those were the dates

1 we agreed on, but we all -- I -- we expressed concern that
2 we did not want to race with overlap. If we are going to
3 be compelled to race with overlap, we would ask you to
4 equitably and equally allocate the host status.

5 Thank you.

6 CHAIRMAN WINNER: Thank you. We are moving on.

7 I'm not sure I can read this. What does that
8 say? Oh, Cal Rainey. Cal, your handwriting -- your
9 handwriting is like my kids'.

10 MR. RAINEY: Cal Rainey, Golden Gate Fields.

11 I just want to clarify a few things that
12 Mr. Morgan said that I think may be incorrect.

13 First of all, the number of races that
14 Mr. Morgan alludes to at Golden Gate has eight races on
15 Friday; Golden Gate has nine races on Saturday. Our races
16 are all thoroughbred races. I am pretty sure I haven't
17 seen the Humboldt overnight, but I'm pretty sure that
18 their races are not all thoroughbred races, and they may
19 have something like six races instead of eight or seven
20 instead of nine, would be my guess. So I just want to
21 clarify that.

22 Mr. Morgan also said that Humboldt County opens
23 tomorrow. Actually, Humboldt County opened on Wednesday,
24 and they chose not to race. They have on overlapped race
25 days, two this week and two next week, the Wednesdays and

1 Thursdays, and they have run the Thursdays before in the
2 past, or the Wednesday before in the past. And when they
3 receive those host days, they chose not to have on overlap
4 live racing but to collect the host revenue from the
5 satellites.

6 And I just want to say that obviously they could
7 be open and racing today and they are waiting to be
8 overlapped with us until tomorrow. Also, in 2010 -- I'm
9 sorry. In 2009, when Golden Gate Fields started racing in
10 August, it was with an agreement with CARF, because Bay
11 Meadows had closed, and the San Mateo Fair had closed, and
12 we raced, along with CARF at Golden Gate Fields -- we were
13 start of CARF that meet; so that's how that came to Golden
14 Gate Fields, those race dates. It was part of CARF.

15 Also, I want to point out that in 2010 -- I'm
16 sorry -- 2012, Ferndale had ten race days, ten live race
17 days, and they have now reduced that to six, which is
18 overlapped by us. They have the other four race days they
19 can add, but they chose to just race six days instead of
20 the ten that they can.

21 COMMISSIONER CHOPER: Can I ask you a question.

22 You offered last time around not to schedule
23 certain kinds of claiming races. Could you repeat that
24 now?

25 MR. RAINEY: Claiming races under 5000 level. We

1 don't -- we don't offer those during the --

2 COMMISSIONER CHOPER: You will not have that
3 during --

4 MR. RAINEY: We will not have that during our
5 overlap.

6 COMMISSIONER CHOPER: Well, look, everybody here
7 feels, including CARF, I am sure, about the problems of
8 Ferndale; okay? Everyone who has ever been there thinks
9 it's a terrific operation. I guess I think there are ways
10 for you to try to keep it going with the overlap that
11 you've had before. Now, those were better times. That is
12 the problem. What before is not duplicable today.

13 But you can schedule \$4000 claimers, \$3200
14 claimers, \$2500 claimers, \$2000 claimers, and \$1500
15 claimers, for that matter, and maybe get some more -- get
16 some more horses in there.

17 Look, I'm just talking off the top of my head.
18 I don't know enough about it. But it just strikes me as a
19 plausible route to keep your operation going. And I
20 want -- I have no reason to support what I'm about to say,
21 but I think you are going to keep it going, and we all
22 wish you -- that that be true.

23 CHAIRMAN WINNER: Jerome Hoban.

24 MR. HOBAN: Good afternoon. I think it's noon now.
25 I'm not sure.

1 CHAIRMAN WINNER: It's long after.

2 MR. HOBAN: Jerome Hoban, Alameda County Fair, Oak
3 Tree at Pleasanton.

4 I don't want to throw a fly in the ointment, but
5 it's been represented here today that the Proposal No. 3
6 has been agreed upon by everybody, the parties at the
7 table. But in my understanding that is not accurate.
8 Accurate would be Proposal No. 2, which is the original
9 CARF calendar and which, I believe, that there was
10 agreement on and I believe Golden Gate Fields has agreed
11 to that. So I want to elaborate on what the disagreement
12 is.

13 The disagreement is that Pleasanton --
14 traditional dates have always encompassed the 4th of July.
15 And if I ask this group today when is the Kentucky Derby,
16 what is the answer going to be? Well, is it?

17 The first Saturday in May? Because the calendar
18 moves. So they label it the first Saturday in May. Well,
19 the 4th of July moves on the calendar as well. And what
20 has happened is this year I convinced my board, because I
21 was a newbie in this industry, that we were supposed to
22 shift this given year right here, the calendar would roll
23 to keep the 4th of July in the middle weekend of the
24 Alameda County Fair, which is traditional.

25 And what happened was we were granted race dates

1 without me understanding this nuance. And the 4th of July
2 was on the very last Saturday of the fair. Financially,
3 this just cost the Alameda County Fair approximately
4 \$500,000 in net profit, the fair itself. I'm not talking
5 about the race meet.

6 Now, the race meet, I believe, did all right,
7 but it could have done better. The reason this is the
8 case is because when the 4th of July lands in the middle
9 of our fair we had a huge weekend, and every fair has a
10 huge weekend on their last weekend. So instead, I got
11 one huge weekend, which was the 4th of July weekend.

12 So this year the proposal by TOC is that the 4th
13 of July be on the Monday after the fair. The fair will be
14 closed on the 4th of July in their proposal, or they're
15 suggesting well, just stay open one more day.

16 So the question is when does the calendar roll?
17 It should have rolled this year that we are in for all of
18 the fairs, because the 4th of July is the start of the
19 season. So I'm suggesting that this is the year to make
20 up for last year that we roll the calendar, and the CARF
21 proposal is that the racing season for fairs starts on
22 June 23rd, or racing -- the actual race day is the 22nd of
23 June.

24 So that is my main concern is the 4th of July.
25 That is when the season starts and it lands in the middle

1 of the Alameda County Fair. There's a huge financial
2 impact. Additionally, it's an event facility that we
3 run -- that I run. Ahead of the Alameda County Fair is a
4 \$200,000 net to the Alameda County Fair, Good Guys Car
5 Show, and this calendar pushes up against it and is going
6 to make it very challenging to satisfy their needs.

7 The CARF calendar is supported by the CARF
8 fairs, including Sacramento. So I beg this Board to
9 understand the nuance of the fairs. I also really plea
10 that everybody understand that the fairs are good for
11 racing. We introduce people to racing.

12 Golden Gate Fields is not introducing people to
13 racing at -- except for perhaps on Saturdays. We are
14 trying to open the industry to new racing fans, and that
15 is what everybody at the fairs are doing.

16 My concern about moving forward with this
17 Proposal No. 3 is that my Board is to be put in a
18 situation where they are going to have to decide if their
19 fair runs concurrent with the race meet. And sadly, Alan,
20 Santa Rosa had to do that themselves, and Santa Rosa is
21 actually a smaller opposition, and they made that decision
22 to split their fair from their race meet.

23 At Pleasanton, it's even a larger operation of a
24 fair with over half -- almost a half a million people in
25 attendance. My Board is going to have an easier time

1 saying put the fair where you need it, Jerome, and the
2 race meet will be here.

3 I'm concerned about that. I want to keep them
4 congruent -- concurrent, excuse me. So with that said, I
5 please -- I hope that you can understand the nuance of the
6 calendar. It's just like the Kentucky Derby. You can't
7 ask the first Saturday in May to actually land on a
8 Monday. That's what's happening here. And I am sure this
9 is not intentionally done, but the Staff report and the
10 calendars indicate that these are a mirror of 2015.
11 Absolutely not. The calendar has seven days, and it just
12 shifted by one. The entire week needs to shift.

13 And that example is in Proposal 5 where it says
14 mirror 2015 calendar. The calendar moved. So we need to
15 shift the weeks of racing. So I implore you to please
16 take that into consideration. Beyond that, I don't know
17 what happens in 2017 when 4th of July is on a Tuesday,
18 then a Wednesday, then a Thursday, then we leap year.

19 CHAIRMAN WINNER: 2017.

20 MR. HOBAN: No, I know. So I'm suggesting this year
21 is a slippery slope since Monday is outside of the fair.

22 CHAIRMAN WINNER: Thank you.

23 COMMISSIONER CHOPER: I think you can be assured that
24 this is for 2016, and 2016 only.

25 MR. HOBAN: That would be 2016 with a Monday outside

1 of the fair.

2 CHAIRMAN WINNER: Any other questions for Mr. Hoban?

3 COMMISSIONER BENETO: Yeah, I do. I got a question.

4 Jerome --

5 MR. HOBAN: Yes, sir.

6 COMMISSIONER BENETO: -- you are going to run 4th of
7 July in '16 without a fair?

8 MR. HOBAN: No, sir. We're going to put our fair on
9 top of the 4th of July.

10 COMMISSIONER BENETO: Okay.

11 MR. HOBAN: The question is the week --

12 COMMISSIONER BENETO: The fair won't be dark?

13 MR. HOBAN: Our fair will not be dark on the 4th of
14 July, I guarantee that.

15 COMMISSIONER BENETO: Okay.

16 CHAIRMAN WINNER: It's not a question of whether --
17 it's a question of whether the 4th of July falls on the
18 same day as the last day of their -- the last weekend of
19 the fair.

20 COMMISSIONER CHOPER: You made a very good point.
21 There's no question about it. You used to have two big
22 weekends, and now you got one. That's the bottom line;
23 right?

24 MR. HOBAN: No. The bottom line is this is the year.
25 We -- we did that this year, one big weekend. I convinced

1 my Board it's okay for the good of racing. We got to --
2 this coming year, '16, the 4th of July is on a Monday.
3 It's outside of the fair.

4 We need to shift the dates. We got to roll the
5 dates and that's the proposal that CARP has put forward
6 that we've voted on so -- and that is my understanding
7 that --

8 CHAIRMAN WINNER: Wait a minute. The proposal --
9 just so I understand, in Proposal 3 --

10 MR. HOBAN: CARP proposal is No. 2, actually.

11 CHAIRMAN WINNER: No. I'm talking about Proposal 3.
12 In Proposal 3, the 4th of July falls on the last weekend
13 of the County Fair.

14 MR. HOBAN: No.

15 CHAIRMAN WINNER: What do you mean, no?

16 MR. HOBAN: It lands on the Monday, the 4th, which is
17 a Monday.

18 CHAIRMAN WINNER: Yeah.

19 MR. HOBAN: So this is misrepresenting -- this says
20 Pleasanton until the 5th.

21 CHAIRMAN WINNER: Yes.

22 MR. HOBAN: The fair would traditionally have closed
23 on the Sunday, which would be the 3rd.

24 COMMISSIONER BENETO: The 4th is on a Monday.

25 MR. HOBAN: Right.

1 COMMISSIONER BENETO: And forget the 5th. That's
2 just a misprint. Your fair is going to end on the 4th.

3 EXECUTIVE DIRECTOR BAEDEKER: Sunday is the 3rd.
4 July 4th is a Monday.

5 MR. HOBAN: Correct.

6 COMMISSIONER BENETO: Everybody wants to be -- and
7 we're in a small area. Everybody wants to be in this --
8 in this area, and there's not enough room for everybody.
9 That is the problem. Everybody wants July and August or
10 August and part of June, but there ain't enough room for
11 everybody. It's just a fact.

12 I make a motion that -- can I make a motion
13 here?

14 CHAIRMAN WINNER: You can make a motion that we --

15 COMMISSIONER BENETO: Proposal 3 for 2016.

16 CHAIRMAN WINNER: Is there a second?

17 COMMISSIONER AUERBACH: Second.

18 CHAIRMAN WINNER: Okay. It's been moved by
19 Commissioner Beneto, seconded by Commissioner Auerbach --
20 and all right. Let's stipulate the dates. We'll ask
21 Commissioner -- we'll ask Commissioner.

22 We'll ask Executive Director Baedeker, who we
23 just made a commissioner, to --

24 COMMISSIONER AUERBACH: That's twice today.

25 CHAIRMAN WINNER: -- to specifically go through the

1 dates, and there's a part of the motion, if you are
2 willing to take this amendment, I would move that it is
3 agreed upon by Golden Gate not to run less than \$5000
4 claimers during the overlap with Humboldt and that it is
5 understood that this in no way is a precedent but rather
6 it is only for 2016.

7 EXECUTIVE DIRECTOR BAEDEKER: So the dates --
8 actually, the way the calendar is presented is correct,
9 because it's presented per allocated dates, which include
10 the Wednesday before, whatever your opening is, and
11 conclude on the Tuesday following whatever your closing
12 day is.

13 So the dates will be as follows --

14 CHAIRMAN WINNER: Assuming it passes.

15 EXECUTIVE DIRECTOR BAEDEKER: Correct. Thank you for
16 that clarification.

17 Golden Gate Fields will begin on December 26th
18 and run through June 14th;

19 Pleasanton will begin on June 15th and run
20 through July 5th;

21 Cal Expo will begin on July 6th and run through
22 July 26th;

23 Sonoma County Fair will start on August -- or
24 July 27th and run through August 16th;

25 Ferndale will begin, along with Golden Gate, on

1 August 17th. Ferndale will run through August 30th;

2 Golden Gate will continue through September 20th;

3 Stockton will begin on September 21st and race
4 through October 4th;

5 Fresno will begin on October 5th, race through
6 October 18th;

7 Golden Gate will begin on the 19th and run
8 through December. Not sure exactly what the last day
9 would be for the --

10 MR. MORRIS: The 20th.

11 CHAIRMAN WINNER: Okay. That is the motion.

12 Any discussion by the Board on the motion?

13 COMMISSIONER AUERBACH: I have one question.

14 CHAIRMAN WINNER: Yes.

15 COMMISSIONER AUERBACH: Is that what the panel here
16 recommended to us? I'm so totally --

17 CHAIRMAN WINNER: Well, it is what -- it is what the
18 panel recommended with the stipulation that CARF had
19 Proposal 2 rather than Proposal 3; is that correct?

20 MR. DARUTY: That's accurate.

21 COMMISSIONER AUERBACH: Thank you.

22 CHAIRMAN WINNER: Okay. Shall we voice vote this or
23 take a vote? I'll go right down.

24 Commissioner Krikorian?

25 COMMISSIONER KRIKORIAN: Yes.

1 CHAIRMAN WINNER: Commissioner Solis?

2 COMMISSIONER SOLIS: Yes.

3 CHAIRMAN WINNER: Commissioner Auerbach?

4 COMMISSIONER AUERBACH: Yes.

5 CHAIRMAN WINNER: Chairman votes yes.

6 Commissioner Rosenberg?

7 VICE CHAIR ROSENBERG: Yes.

8 CHAIRMAN WINNER: Commissioner Choper?

9 COMMISSIONER CHOPER: Yes.

10 CHAIRMAN WINNER: Commissioner Beneto?

11 COMMISSIONER BENETO: Yes.

12 CHAIRMAN WINNER: The measure carries by a unanimous
13 seven to nothing vote. The calendar for Northern
14 California is agreed to.

15 Thank you all very, very much.

16 We will now go on to Southern California, which
17 should be some fun as well.

18 Discussion and action by the Board regarding the
19 allocation of the 2016 Southern California Race Dates.

20 Now, I don't have any cards on this item. So if
21 anybody plans to speak on this item, please let me know by
22 giving a card to Mr. Marten, or filling out the form.

23 And go ahead, Mr. Baedeker.

24 EXECUTIVE DIRECTOR BAEDEKER: Yeah. Again, by way of
25 clarification. I apologize for the confusing way that I

1 have done this. I did this Southern California dates
2 combination earlier and used projected opening days and
3 projected closing days.

4 Please keep in mind that the Board allocations
5 begin on the Wednesday before your opening day and
6 conclude on the Tuesday following your closing day, unless
7 the Board, in its motion, stipulates differently. There
8 will be a question this year -- we're getting closer to
9 that pick six. It's that late, eh?

10 In this situation there, as I am sure will be
11 argued by Mr. Liebau, there is a situation in December,
12 traditionally, with the dates following a meet that ends
13 in earlier December, continue longer than just the Tuesday
14 following closing, but Mr. Liebau will make that argument
15 when the time comes.

16 CHAIRMAN WINNER: How many proposed calendars do we
17 have, Mr. Baedeker, for the South?

18 EXECUTIVE DIRECTOR BAEDEKER: We have four on the
19 version in front of you. I don't know if others will be
20 brought forward.

21 CHAIRMAN WINNER: Right. So there is the -- my
22 recollection is there is the -- what was called the Santa
23 Anita-Del Mar proposal. There is a CTT proposal, is there
24 not?

25 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

1 Number 1 was submitted by -- jointly by Del Mar
2 and Santa Anita;

3 Number 2 was submitted by CTT;

4 Number 3 was a variation on the CTT that, I
5 think, was forwarded by Los Alamitos;

6 And Number 4 is a variation on that. That is a
7 result of the conversations between the committee and
8 stakeholders.

9 CHAIRMAN WINNER: Correct. And I can say, once
10 again, I want to express appreciation to the various
11 stakeholders for their cooperation and the work that
12 everyone has done in trying to reach an agreement.

13 The fact of the matter is there is -- unlike the
14 North, there is possibly less agreement in the South in
15 terms of reaching a consensus with the various parties,
16 and with that, I am going to turn it over to the Chairman
17 of committee, Commissioner Krikorian, to give a report.

18 COMMISSIONER KRIKORIAN: Just so you know, my horse
19 is going in the gate.

20 COMMISSIONER AUERBACH: Can we have two minutes --

21 COMMISSIONER KRIKORIAN: Oh, no. That's --

22 CHAIRMAN WINNER: Who's got a horse going in the
23 gate?

24 COMMISSIONER KRIKORIAN: That's okay.

25 CHAIRMAN WINNER: No. Well, then, no -- let's take a

1 five-minute break.

2 COMMISSIONER KRIKORIAN: No. Don't take a
3 five-minute break.

4 Alex misses calling the first race.

5 COMMISSIONER AUERBACH: And I got a horse in --

6 CHAIRMAN WINNER: The fact of the matter is with all
7 the money that you guys make for sitting on this board,
8 it's worth it.

9 COMMISSIONER KRIKORIAN: I just wanted to get my
10 notes together here, for a second.

11 Okay. So to get started, Chairman Winner and
12 myself making up the committee for the race date, we spent
13 many hours meeting and discussing date options with all
14 the various stakeholders, and after all the discussions
15 that we have had, speaking for myself, at least, I believe
16 that it's important to have a spring break during the
17 Santa Anita meet for 2016.

18 And anyway, the reason for -- the reason for
19 this would be to give Los Al an opportunity to race in
20 April for three weeks at a time when there's turf race --
21 no turf racing available -- excuse me. Turf racing is
22 available at Golden Gate -- you know, I got my notes mixed
23 up here. I'm sorry.

24 Anyway, let me start over. After reviewing all
25 of the conversations that we had, what we would like to

1 see happen is in setting these dates up is that there be a
 2 break in April for three weeks and to give -- for this
 3 year only, to give those dates to Los Alamitos and that
 4 would give time for the -- give the surfaces a break at
 5 Santa Anita, and then in conjunction with that, we would
 6 then propose that Santa Anita be given three weeks in
 7 September to offset the three weeks lost in -- lost in
 8 April for this year.

9 It's not a perfect solution, but the
 10 recommendation would be that we try this in '16 and we
 11 review the results, and as we move forward into 2017, we
 12 can look at making changes or leaving it alone or maybe
 13 talking about a Del Mar meet or possibly or having an
 14 extended meet at Santa Anita without interruption at that
 15 time.

16 For now, speaking for myself, feel this might be
 17 the best solution and may not be the best economic
 18 solution, but in the interest of horse safety and having
 19 some respect for Los Al as a track that we want to
 20 support, that's the reason for the recommendation.

21 COMMISSIONER CHOPER: Which number is that?

22 COMMISSIONER KRIKORIAN: It's No. 4.

23 COMMISSIONER CHOPER: Number 4. I got it.

24 CHAIRMAN WINNER: Just to add to what Commissioner
 25 Krikorian stated, we worked a lot on evaluating the

1 various schedules that were put forth and evaluating
2 others that took place during discussions.

3 And as Commissioner Krikorian says, there is no
4 perfect answer. There is no way that everybody is going
5 to be satisfied. We discussed with Del Mar whether or not
6 they could host a meet in April, and for various reasons,
7 they cannot because of the Fair Board, et cetera, et
8 cetera. So that left the option of continuing a long meet
9 at Santa Anita. We're going to Los Alamitos. And for all
10 of the reasons that Commissioner Krikorian expressed,
11 which include the support of Los Alamitos as a
12 thoroughbred race course, this is a proposal that is put
13 on the table for discussion and with the recommendation of
14 the committee for, as I said, a whole variety of reasons.

15 Now, what happens here is this -- what actually
16 would happen is the L.A. County Fair meet would move to
17 April from September. So it would be the L.A. County Fair
18 meet at Los Alamitos that would be running, or at least
19 two weeks of that meet would running at Los Alamitos under
20 this plan rather than at Santa Anita.

21 So that is the plan -- that is the
22 recommendation. There're a whole lot of reasons to
23 evaluate all of the other proposals that were made, and we
24 did do that and obviously, reasonable people could differ
25 on what is in the best interest of racing. We concluded,

1 at least in our view, that this was in the best interest
2 of racing, recognizing as Commissioner Krikorian said that
3 from a pocketbook standpoint it may not be the best
4 approach, but there are reasons to do it beyond that that
5 we believe are in the best interest of racing.

6 And so that is the recommendation of the
7 Chairman of the committee and the member of the committee
8 and it is clearly open for discussion.

9 COMMISSIONER CHOPER: Can you expand just a bit on
10 the reasons that compensate for the --

11 CHAIRMAN WINNER: Yeah. Lot of reasons. One is
12 because it's -- because of Los Alamitos running in April
13 is obviously much better for Los Alamitos. There's a
14 grass meet up North that runs simultaneous to that; so
15 grass horses can run up North.

16 There is a concern for the condition of the
17 track at Santa Anita after a long extended non-break meet;
18 so it's to include a break -- it's a safety consideration;
19 correct. So it's welfare and safety of the horses.

20 George, did you want to comment beyond that?

21 COMMISSIONER KRIKORIAN: Well, I think the only other
22 thing I would like to add is that if today dates are
23 assigned the dates should be contingent upon whatever the
24 wishes or concerns or requirements the Board might have
25 that haven't been determined yet as we move forward. So

1 reserve those rights for conditions we might want to
2 impose on tracks in conjunction with those dates.

3 So, for example, there are stabling issues, you
4 know, safety issues, backside issues, and we may want to
5 talk about those in conjunction with the dates moving
6 forward, if it's an appropriate time to deal with them.

7 COMMISSIONER AUERBACH: I have a question.

8 Have the parties come to any kind of a solution
9 themselves without us putting forth a solution or the
10 committee for the CHRB?

11 MR. DARUTY: Scott Daruty on behalf of Santa Anita. I
12 will address that and then let the others speak.

13 I guess, obviously, we disagree with the
14 recommendation of the committee and at the appropriate
15 time will give the reasons why. But now I want to answer
16 your specific question.

17 We have had a number of discussions with Del Mar
18 and with the TOC and, to some extent, with Los Alamitos as
19 well as to what I think is really going on here, which is
20 a stabling discussion, not as much a dates discussion.
21 And while we are close to an agreement on how stabling
22 would work for 2016, we do not have a final agreement yet.

23 COMMISSIONER AUERBACH: Thank you.

24 COMMISSIONER KRIKORIAN: Just to make a comment about
25 that, as far as I'm concerned, there is no decision I'm

1 making based on -- based on stabling here at all. Not at
2 all. I think stabling -- I mean, stabling is an issue,
3 but it has nothing to do with any of my decision-making of
4 coming to a conclusion with my opinions.

5 CHAIRMAN WINNER: Nor mine. Just to clarify, Scott.
6 That is not -- that was not a part of our discussions. I
7 know it was a part of your discussions. It wasn't a part
8 of ours.

9 MR. RUBENSTEIN: Josh Rubenstein, Del Mar.

10 I would echo Scott's comments. There have been
11 a lot of positive discussions, especially over the last,
12 you know, week or two. I'm trying to get some consensus
13 on the calendar, and I guess I would disagree that, you
14 know, stabling is, you know, tied to dates and the ability
15 to run dates. But in terms of the calendar that we
16 submitted, we stand behind that calendar.

17 CHAIRMAN WINNER: I'm not saying that stabling isn't
18 tied to dates. It is. And we accept that. We talked
19 about that when we talked about Northern California.
20 Clearly, they are woven together.

21 What I think Commissioner Krikorian and I are
22 saying is that that was not -- not only wasn't it
23 paramount, it really wasn't even a part of the discussion
24 where we reached the conclusion to make this as
25 recommendation of the committee.

1 weeks off from Santa Anita is going to wreak havoc on that
2 schedule. We would have to figure out which of those
3 stakes races would be lost.

4 Obviously, some could maybe move forward or
5 back, but the first problem is three weeks with basically
6 a three-week gap in our stakes schedule.

7 You know, the other thing I want to make sure
8 the Board takes into account is the heat in Arcadia and
9 the safety of our employees and safety of the horsemen --
10 horses and horsemen that are competing there. We did a
11 little look on the weather yesterday just to be prepared,
12 and it's interesting to note that in September of last
13 year there were nineteen days over 90 degrees in
14 September, six of which were over 100 degrees. September
15 is traditionally pretty much the hottest month out there.
16 You compare that to June or July which are warm but are
17 based on recent numbers five days over 90 and zero days
18 over 100. So yeah, we are very concerned about having
19 people out there in the middle of September and trying to
20 run a race meet.

21 I would be remiss if I didn't mention the law,
22 and I know this is a controversial topic, but we question
23 whether or not this is truly a fair meet that would be run
24 in April. As I mentioned earlier, I just about got thrown
25 out of the room in a Northern California dates committee

1 meeting when I suggested maybe one of the fair meets
2 didn't run at the same time as its actual fair, and to be
3 saying we're going to now have the Los Angeles County Fair
4 run its race meet in a different county in April, I
5 personally think maybe what is going on is just a way of
6 getting around the five-week cap at Los Alamitos.

7 Last point -- last point, as to the traditional
8 period for Los Alamitos, it is -- it is a very good racing
9 facility. I think it is a slightly different racing
10 facility than Del Mar and Santa Anita, and what it
11 traditionally did with its race meet was it sort of
12 provided a buffer between Santa Anita and between Del Mar.
13 So if Santa Anita closed in early July, then we went to
14 Los Al and then on to Del Mar. Same thing in September
15 coming out of Del Mar's meet. There was a little bit of a
16 buffer historically with the Fairplex dates going into
17 Santa Anita's fall meet.

18 To move these dates and put them into April, and
19 put us into September eliminates that buffer, basically.
20 So we are running straight into Del Mar at the front of
21 the summer and we are running right after Del Mar at the
22 end of the summer. So those -- those are some of the
23 reasons why we don't necessarily agree.

24 CHAIRMAN WINNER: Good points. I just want to
25 clarify on the -- on moving the fair dates.

1 You agree, Scott, that you made a presentation
2 at the Northern California race dates committee that it
3 was okay to move the fair dates away from the -- the race
4 dates away from the fair. You know that that has been
5 done in other situations and approved, and I will tell you
6 that our lawyers tell us that it's perfectly legal. So I
7 just want to --

8 MR. DARUTY: I understand. And I did float an idea
9 about that, and like I said, was just about thrown out of
10 the room so --

11 CHAIRMAN WINNER: Yeah. But you still floated it.
12 So at that time --

13 MR. DARUTY: We're both on both sides of that issue.

14 CHAIRMAN WINNER: Okay. At that time you thought it
15 was okay; now you don't. I understand.

16 Joe, do you want to speak on this?

17 MR. MORRIS: Joe Morris with the TOC.

18 From this side of the table with the parties,
19 this issue is very much about stabling. It is completely
20 interwoven into the dates, North and South. We have had
21 numerous discussions and conversations for quite a few
22 months now on that issue. The TOC put two calendars in in
23 May when we started this, and right at the stop of the
24 calendars it said Santa -- our dates said Santa Anita in
25 the industry fund and Santa Anita not participating in the

1 industry fund.

2 The industry fund is the money that for the last
3 two years Del Mar has put aside from their North and that
4 Santa Anita has put in also, and it's money that we hope
5 to use to replace the stalls we lost at Hollywood Park
6 over time.

7 I can tell you over the last week and a half, I
8 would dare say in our conversations we're probably that
9 close to being in agreement on how that money could be
10 used and in a plan going forward to have stalls that
11 would -- that would then put us into agreement on the
12 dates. But without that agreement of the industry fund
13 side of it, our second calendar was four or five weeks in
14 the spring at Del Mar, and we could have taken some of
15 that money and put it into the industry fund.

16 Well, you know, that's -- that's a viable
17 situation, or opportunity, but it isn't for next year. So
18 that can't happen next year. You know, if we can't come
19 to agreement in '17, that's a scenario where that could
20 work, the industry fund would get its funding, and we
21 could go forward.

22 If we have to make a decision today, I guess
23 we'd have to get on No. 4, but we'd certainly prefer to be
24 able to get in agreement on this industry fund and be able
25 to work the schedules out as a group, and with

1 today's deadline we are not there.

2 CHAIRMAN WINNER: And as of today --

3 MR. MORRIS: We're not there. I'd say, you know,
4 we're that far.

5 CHAIRMAN WINNER: Okay.

6 MR. DARUTY: May I -- may I address the stabling
7 issue? And, again, I acknowledge Commissioner Krikorian
8 and Chairman Winner. You did not make your decision based
9 on stabling, and I understand that. But I do hear my
10 colleague talk about the horsemen's perspective on
11 stabling, and we all know how important it is because the
12 races dates are very difficult to run if you don't have
13 stables.

14 And as Hollywood Park closed, there were really
15 two big issues. Obviously, one was where are those race
16 dates going to go, but perhaps as importantly where are
17 the horses going to go. And we at the Stronach Group did
18 step up and invest a very significant amount of money to
19 upgrade the 500 stalls that are at San Luis Rey Downs and
20 to continue to operate that.

21 And I just want to let you know and state on the
22 record where we are with respect to a commitment to make
23 further investment, and this is from an email that we sent
24 recently to the TOC.

25 Santa Anita is absolutely committed to replacing

1 the portion of lost Hollywood Park stalls that equals the
2 portion of Hollywood Park dates we were granted or may be
3 granted in the future. This commitment would either take
4 the form of building the stalls at one of our existing
5 facilities or paying into a fund to build them somewhere
6 else. So we are absolutely committed to doing our part to
7 replace the stalls that went away at Hollywood Park, but
8 obviously what our portion is and what we have the ability
9 to contribute depends on the grant of rights that this
10 Board sees fit to give us.

11 CHAIRMAN WINNER: Hold on just a second.

12 Commissioner Krikorian.

13 COMMISSIONER KRIKORIAN: Would it be appropriate to
14 talk about the fact that we're looking at other options
15 for stabling?

16 CHAIRMAN WINNER: Sure.

17 COMMISSIONER KRIKORIAN: Just so you know, when --
18 I'm still talking about stabling and vanning. Just so you
19 know, we have embarked on an effort to try and see what
20 options -- viable, economically viable options are
21 available moving forward to provide stabling for
22 California. Okay?

23 And if Santa Anita has something that they want
24 to propose in that regard, I think that's great, and they
25 will be considered, you know, as we move forward. But we

1 want to look at other alternatives that are not related to
 2 current -- you know, stabling at current tracks, because
 3 in the future, those tracks may or may not be there. And
 4 we want to look at the opportunities that might exist for
 5 those same stabling dollars, okay, could potentially go
 6 into funding a barn to pay for stabling on an off-site
 7 facility that is not controlled by the race tracks
 8 potentially and do something different.

9 We want to look outside the box, because we are
 10 not concerned about -- I mean, we're concerned about what
 11 happens the next few years, but what really concerns us is
 12 what's the long-term, you know, potential for an
 13 alternative plan moving forward.

14 So we want to look at these things. And we are
 15 not suggesting that, you know, you made contri- -- you
 16 make contributions because TOC is requesting that or
 17 whatever, but as an industry, you know, we want -- we want
 18 to look at these -- we want to look at these options.

19 CHAIRMAN WINNER: And obviously, we are doing that
 20 because of best interest of racing and what, you know,
 21 where our line's ability to manage -- where those lines
 22 end and where we operate as regulators.

23 But in the best interest of racing, we are
 24 working with whomever would like to ask us to work with
 25 them to find a suitable alternative, if one exists, going

1 forward long-term, quite long-term, and that may not be
2 any of the current facilities that we are all talking
3 about here.

4 Can we ask Jack to -- Jack, did you want to --
5 you submitted a card. I assume you want to comment on --
6 on this whole situation?

7 VICE CHAIR ROSENBERG: I have a question. Can I
8 ask --

9 CHAIRMAN WINNER: Yeah. Vice Chair Rosenberg would
10 like to ask --

11 VICE CHAIR ROSENBERG: Scott, did I misunderstand
12 what you said about that email from the TOC? Didn't you
13 say that it could be an outside facility, didn't have to
14 be an existing facility?

15 MR. DARUTY: Yes. The email we sent to the TOC said
16 we are committed to funding either our proportion of
17 stalls at one of our facilities, or it could be at a
18 different facility.

19 I'm sorry. One of the ideas we've talked about
20 is leasing San Luis Rey Downs on a long-term basis to the
21 industry. We are open to that as well.

22 VICE CHAIR ROSENBERG: But as far as the outside
23 facility, Commissioner Krikorian was mentioning that, and
24 I think -- George, if I misunderstood -- he already
25 answered that, they are open to that. His question is how

1 much they are willing to contribute to it; right?

2 COMMISSIONER KRIKORIAN: Well, we don't -- well,
3 first of all, we don't have -- we don't have a facility
4 location with all the economics, you know, laid out to
5 propose anything to anyone. Okay? We are looking into
6 these opportunities. So once we get them, then we can
7 talk with everybody about if we have something that makes
8 sense, then we can sit down and talk about it and see if
9 it makes sense for everybody.

10 CHAIRMAN WINNER: Mutually exclusive between what
11 Commissioner Krikorian said and what Scott Daruty said.
12 There's not -- you're just making -- Commissioner
13 Krikorian is just making a point --

14 COMMISSIONER KRIKORIAN: Well, I think what I am
15 saying is that if -- even if Santa Anita that said we
16 would be pleased to, you know, contribute "X" amount of
17 dollars to stabling and vanning for the next three or five
18 years, I would say well, that's an appreciated option to
19 look at, but I don't think we want to make any decisions
20 until we look and see what other options are out there.
21 This is the time to take that opportunity to see. We
22 think that there are some viable things out there, but we
23 don't have any -- enough put together yet to present it to
24 anybody.

25 CHAIRMAN WINNER: Jack, you want to identify

1 yourself? I'm sorry.

2 Did you have a question, Commissioner Beneto?

3 COMMISSIONER BENETO: Yeah. I got -- I have a
4 question.

5 Scott, Keith told me that you were going to put
6 800 stalls -- new stalls at Santa Anita up on the hill
7 there someplace. Are you familiar with that?

8 MR. DARUTY: Yes. In the north parking lot.

9 COMMISSIONER BENETO: And he was going to tear down
10 everything that is there; right?

11 MR. DARUTY: It wouldn't -- it wouldn't be tearing
12 down of that, but I will say the north lot idea was
13 something that we pursued and actually spent quite a bit
14 of money in permitting and, you know, research and
15 planning and whatnot. We did present a proposal to the
16 TOC under which we would build stalls in the north lot and
17 would also make a long-term commitment to keep Santa Anita
18 as a racing facility.

19 For various reasons, that proposal was not
20 acceptable to the TOC and so we have moved on. Now, the
21 concept would be potentially building another 300 or 500
22 at San Luis Rey Downs or potentially contributing to an
23 industry fund. I mean, there's a lot of different ideas
24 that are being floated around.

25 What we are trying to do is make sure that we

1 all make the smartest decision possible, not just rush,
 2 you know, to a quick solution that might not be the right
 3 solution.

4 CHAIRMAN WINNER: Did you not commit to the 300
 5 stalls under some earlier agreement at San Luis Rey?

6 MR. DARUTY: Yes. There's an agreement that if we
 7 build 300 stalls at San Luis Rey Downs we would receive
 8 forgiveness, for lack of a better term, of \$1.5 million we
 9 owe into the industry fund, and we would also get to use
 10 Del Mar's \$1 million into the industry fund from this year
 11 if we were to build those stalls.

12 If we don't build those stalls, then the \$1.5
 13 million would be sitting there with Del Mar's money, and I
 14 suppose there would be \$2.5 million we, as a group, would
 15 figure out what to do with.

16 In looking at that, and in contemplating what
 17 might happen if Los Al is not around long-term, because I
 18 don't know that we have certainty on that, we've started
 19 to ask the question would we be better off with 500 more
 20 stalls at San Luis Rey Downs as opposed to 300. That
 21 would give us 1000 there, it would give us 1900 at Santa
 22 Anita, it would give us 1900 or so here during their meet.
 23 And we are starting to approach our need; so we are
 24 looking at that as well. And we did commit. We sent a
 25 letter to the TOC where we said we will absolutely commit

1 for 2016, because as I'm understanding it, that's all we
2 are talking about is 2016 dates.

3 CHAIRMAN WINNER: That's exactly right.

4 MR. DARUTY: So we sent a letter to the TOC that said
5 we will absolutely commit to do one of the following three
6 things: Either we will put \$750,000 into an industry fund
7 for 2016, or we will move forward with the plan and build
8 the 300 stalls, the 300 extra stalls at San Luis Rey, or
9 we will move forward with the plan to build 500 stalls at
10 San Luis Rey.

11 CHAIRMAN WINNER: I'm just trying to clarify, Scott.
12 The 300 was already a part of an earlier agreement. So
13 you are talking about an additional 200; is that correct?

14 MR. DARUTY: It was an either -- it was an either/or.
15 The earlier was either/or. It was either we put the
16 million five in or we get to use the million five and
17 build the 300s. When I'm talking -- it's -- it is --
18 you're right. It's an extra 200 over and above the extra
19 300 over and above the 500 that are already there.

20 CHAIRMAN WINNER: I just wanted to clarify. Thank
21 you.

22 VICE CHAIR ROSENBERG: Scott, weren't you -- weren't
23 you turned down? There was -- as I recall two years ago,
24 there was a request to build the 300 stalls or infra- --
25 you were developing a plan, and as I recall hearing it

1 from an executive at Santa Anita, there was inability to
2 do that without certain approvals that have to do with
3 water, and it would take a long time.

4 Has that been pursued since?

5 MR. DARUTY: It has been pursued, and the issue is
6 that it is more expensive than we had originally
7 anticipated, which is why we had said we are not likely
8 going to be able to move forward, which is why that
9 agreement came together where the industry fund
10 participants said we'd get some money from Del Mar's
11 contribution, we'd get some money from TO -- from the
12 million five the TOC asked us to put in.

13 So it has gone through a lot of iterations, but
14 as we look at other options, the other options are so
15 expensive that the water issue at San Luis Rey Downs
16 starts to not look as cost prohibitive, because when you
17 compare it to other things, it's actually a much better
18 financial deal.

19 VICE CHAIR ROSENBERG: Assuming you would want to
20 spend the money, how much time would it take to get
21 approval from the federal government? It's federal;
22 right?

23 MR. DARUTY: Well, the proposal we made -- I
24 apologize to keep harping back to these proposals, but I
25 just want to stress that we have been working very hard to

1 try to get something and have sent a whole number of
2 proposals.

3 The proposal we sent said we would make the
4 decision, because, remember, we were going to do one of
5 two things -- one of three things for 2016: Put up
6 \$750,000 in the industry fund or build 300 stalls or build
7 500 stalls.

8 And we were giving ourselves until December 1 of
9 this year to decide which of those, because that allows us
10 to figure out the permitting, and then if we decide that
11 it's either option 2 or option 3 that we'll build the
12 stalls, those stalls we committed would be available for
13 occupancy by December 1 of 2016.

14 COMMISSIONER AUERBACH: I have a question, Chuck.

15 CHAIRMAN WINNER: Yes.

16 COMMISSIONER AUERBACH: If I may.

17 Would that proposal that you sent to TOC --
18 could I now ask Joe why that proposal was not good enough
19 or not what you were looking for? Let's get to the bottom
20 of it.

21 MR. MORRIS: Joe Morris from the TOC.

22 I don't know if you want to take them one-by-one
23 or others.

24 The two 750's and then paying the 750 in '16, we
25 want a longer term commitment than that. We want to see

1 it all the way through. The industry fund we want funded
2 all the way through the Hollywood Park stalls being
3 replaced on a full-time basis so --

4 COMMISSIONER AUERBACH: Just to give us an idea, what
5 kind of a commitment is that? How long would that take?

6 MR. MORRIS: And we're talking about that. If we're
7 going to use industry fund money to build barns, we'd
8 probably want 20 years and, you know --

9 COMMISSIONER AUERBACH: Will it take 20 years to do
10 that?

11 MR. MORRIS: Twenty-five, 15, 20, somewhere in that
12 range. There could be buyout scenarios. If the property
13 needed to go in a different direction. There would be
14 rights of first refusal, if the property went for sale.
15 So we've, you know, discussed a lot of that.

16 And I will say in the last five days, we have
17 probably made more progress than in the five months
18 previous to it. So I mean when I say we have made
19 progress, we have made progress. And then when you get to
20 the 300 stalls or the 500 -- well, if you're going to
21 build 300, 500 would be a better number -- and we -- you
22 know, there just hasn't been time to work out the 20 --
23 longevity of a 20-year deal or what the economics for day
24 rates or lease payments or things like that would be. So
25 we just haven't -- you know, we haven't -- we just haven't

1 got there by today's date.

2 COMMISSIONER BENETO: Joe, you're talking about three
3 to five hundred stalls. Give me the real estate. Is that
4 San Luis Rey Downs?

5 MR. MORRIS: On the particular proposal we are
6 discussing, yes, those were at San Luis Rey Downs.

7 COMMISSIONER BENETO: But I keep going back to Santa
8 Anita, want to wind up with 800 stalls.

9 Has that been scrapped, Scott, at -- at --

10 MR. DARUTY: Yeah. I apologize. I'm not -- I'm not
11 familiar with the proposal you are talking about where
12 there would only be 800 stalls at Santa Anita. I think
13 that might have been a misunderstanding.

14 COMMISSIONER BENETO: That came from Keith.

15 MR. DARUTY: Well, there's 1900 stalls at Santa Anita
16 and that's what we're working on, is our goal is to get --

17 COMMISSIONER BENETO: Eight hundred up on the hill or
18 someplace there, and then he was going to get rid of the
19 stalls that -- and develop that property.

20 Now, he told me that last year --

21 MR. DARUTY: Well, we're working to, I think, a
22 target of about 3400 stalls.

23 COMMISSIONER BENETO: At Santa Anita?

24 MR. DARUTY: No. For southern California, and we've
25 got -- we've got, you know, 1900 currently at Santa Anita

1 and we would be, you know, getting -- if we went through
2 with the 500, we would have a thousand at San Luis Rey.
3 That's 2900 stalls for the industry, and we're going to
4 need to figure out where to come up with another 500 or
5 so.

6 COMMISSIONER BENETO: How about Los Al?

7 MR. DARUTY: That would be great.

8 CHAIRMAN WINNER: Why don't we let Los Al speak.

9 Jack, would you like to comment on this
10 discussion?

11 First of all, identify yourself.

12 MR. LIEBAU: My name is Jack Liebau, and I'm Vice
13 President of Los Alamitos.

14 My name is Jack Liebau, and I'm Vice President
15 of Los Alamitos. And looking around this room, I can tell
16 you that I am probably not only the oldest person
17 chronologically, but as far as history in this industry is
18 concerned.

19 COMMISSIONER CHOPER: You are right about the
20 history.

21 MR. LIEBAU: And I can tell you that I have sat
22 through numerous meetings, and I know that this will get
23 Santa Anita upset, but I cannot tell you how many plans I
24 have heard over the years of improvements that were going
25 to be made to the Santa Anita backside. And I, in fact,

1 long ago had started a memo that chron- -- that set forth
2 all these with dates and stuff out of the transcripts. So
3 I mean I am sort of stunned that now I am facing this
4 again.

5 And with respect to Los Alamitos, I don't know
6 exactly the amount that Dr. Allred has put into Los
7 Alamitos and into the backside, but I will tell you that I
8 have no question that I will cover the bets that's it's
9 more in capital improvements than anybody else has made in
10 the last two or three years. And, you know, Los Alamitos
11 has been there and done that.

12 I think that just a couple things that I need --
13 think need to be clarified with -- I'm sort of surprised
14 by Del Mar, because I don't know whether they are opposed
15 to Proposal 4 or not, but they requested 57 days of
16 racing. Proposal 4 has 57 days of racing, and not only
17 does it have 57 days, it has the exact 57 days that Del
18 Mar requested. So I think that needs to be clarified.

19 With respect to this talk that is going on about
20 all these discussions about stabling and everything, I can
21 tell you that neither Dr. Allred nor myself have been
22 involved in any of those discussions.

23 With respect to discussions about dates, the
24 same is true. Where the date stand is that I sort of
25 stirred things up, I think on July 27th which sent out a

1 memo to the world that sort of said, you know, these are
2 the reasons that this is a good deal to have Los Alamitos
3 have these days in April.

4 I got to tell you that I did get a reaction out
5 of that. I got a reaction from Santa Anita. We disagree.
6 We'll discuss it in an appropriate forum.

7 I don't know. Maybe that is where we are today.
8 I mean, I think that we naturally accept with open arms
9 the proposal of the dates committee, and, you know, we --
10 we have tried to work on the dates.

11 I know the dates committee is familiar with
12 this, but we had first submitted to the dates committee a
13 proposal where we had two 4-week meets, and it was clear
14 at the dates committee meeting that there was opposition
15 to Los Alamitos having four weeks of extensive racing
16 without a turf course.

17 At that same time, the trainers submitted their
18 proposal, and we modified that proposal. Proposal 3 is
19 really a modification of the California trainers'
20 proposal, and Proposal 4 is different from the one that
21 Los Alamitos put through, the modification of the --
22 under Proposal 3, Los Al would have had eight weeks of
23 racing, and under Proposal 4, it has seven weeks of
24 racing. And we understand that is somewhat driven by the
25 calendar because there can only have two weeks of racing

1 in December. And so that's where we are --

2 CHAIRMAN WINNER: Also, I think, if I'm correct, your
3 proposal -- or maybe it was the CTT proposal -- had three
4 weeks -- had June and July, and it was three weeks -- last
5 of June, first two weeks of July, and Proposal 4 only has
6 two weeks --

7 MR. LIEBAU: Right.

8 CHAIRMAN WINNER: -- in July and not June.

9 MR. LIEBAU: I mean, we have tried to stimulate
10 discussion. We haven't -- you know, we haven't been
11 involved in it so we probably haven't done a very good job
12 and it sort of goes to, you know, how people look at our
13 relevancy. But I mean I have to say when we start talking
14 about all these barn proposals, we have actually built
15 some new barns.

16 COMMISSIONER CHOPER: I'd like to say something.

17 CHAIRMAN WINNER: Yes. Okay. We have Commissioner
18 Choper.

19 COMMISSIONER CHOPER: It's late in the day. That's a
20 factor. Secondly, you know, I've listened to everything
21 carefully that everyone has to say. My practice on now --
22 I think I have served under four or five chairmen, and
23 it -- they put in -- I mean, mine is just a small fraction
24 of the effort that they devote to this Board and to this
25 industry. So I have always put a great deal of faith and

1 confidence -- not just faith but confidence as well -- in
2 their preference when they were -- everyone that I served
3 with, and Mr. Chairman, you believe, and as a co-member of
4 the committee with George Krikorian, I am going to go with
5 you and I would -- at the risk of -- you can have debate
6 after a motion is made, but I want my motion on the table
7 that I so move for this.

8 CHAIRMAN WINNER: A second --

9 COMMISSIONER BENETO: I'll second it.

10 CHAIRMAN WINNER: Seconded by Commissioner Beneto.

11 There is a former chairman in the room who may
12 well disagree.

13 COMMISSIONER CHOPER: It's Proposal 4; right?

14 CHAIRMAN WINNER: Four, yes.

15 There is a former chairman in the room who may
16 well disagree with the current chairman.

17 COMMISSIONER CHOPER: I know that. And I made no
18 hesitation of including deference to him when he was a
19 chairman as well.

20 COMMISSIONER BENETO: You know, I would like to speak
21 to this a little bit.

22 CHAIRMAN WINNER: Please.

23 COMMISSIONER BENETO: Los Alamitos has done a
24 wonderful job of accepting thoroughbreds and making our
25 track bigger and adding stalls. They've bellied up to the

1 bar. That's why I second the motion.

2 Until I see Santa Anita put a first 2 x 4 on the
3 ground, I'm going to go along with Los Alamitos on this
4 deal, because they did -- they took -- when Hollywood Park
5 closed up, they stepped up and did what they said they
6 were going to do. That's all I have got to say.

7 CHAIRMAN WINNER: Let me respond to Commissioner
8 Choper's kind remarks, which I appreciate.

9 First of all, on this committee, the heavy load
10 has been carried by the chairman of the committee,
11 Commissioner Krikorian, and my view -- and I won't speak
12 for him; he can speak for himself. My view, as I sit at
13 the outside, is there is no good answer to this problem.
14 There is no good answer. I think Scott has made some very
15 valid points, as he always does.

16 MR. DARUTY: And I would appreciate the opportunity
17 to be heard at the appropriate time --

18 CHAIRMAN WINNER: You will be heard. I promise you,
19 but let me just finish. Okay?

20 Scott has made some very valid points, as he
21 always done, articulately. I think that it's clear that,
22 as Jess often says, you don't reach -- it's very hard to
23 reach a conclusion -- whatever you -- the way you put it,
24 Jess, is everybody is going to be a little bit unhappy,
25 and in going through this process, the numbers of

1 conversations that we have had to try to reach at least a
2 conclusion -- we made a commitment. We made a commitment
3 to everyone at the last meeting and even at the meeting
4 before that the date decision would be made at this
5 meeting today, and we're going to keep that commitment.

6 So the fact that you haven't you been able to --
7 that you guys haven't been able to reach a conclusion, a
8 satisfactory conclusion that satisfies all of you up to
9 this point would not, in my view, warrant putting -- well,
10 kicking the can down the road again.

11 Furthermore, as Commissioner Krikorian said, the
12 issues that are being resolved or haven't yet been
13 resolved between the participants in the discussions about
14 stabling and long-term stabling and industry fund, those
15 are not necessarily the reasons that the recommendation
16 has been made by the committee that it has made.

17 So having said that, I don't know, Commissioner
18 Krikorian, if you want to agree or add to that?

19 COMMISSIONER KRIKORIAN: No. I mean, I don't want to
20 repeat myself.

21 MR. LEIBAU: Could Commissioner Krikorian tell us how
22 his horse did?

23 COMMISSIONER AUERBACH: Yes. Second.

24 COMMISSIONER KRIKORIAN: Second by half a length.

25 MR. LIEBAU: Better than third.

1 COMMISSIONER KRIKORIAN: Thank you for asking.

2 CHAIRMAN WINNER: Or better than any of my horses --

3 COMMISSIONER AUERBACH: Can we --

4 CHAIRMAN WINNER: Well, I think Scott had said that
5 he wanted to make a point.

6 MR. DARUTY: Scott Daruty on behalf of Santa Anita.

7 The thing that is leaving me a little bit
8 confused is I have heard from several of the commissioners
9 saying that you think a break in April is something that
10 is important. And I have voiced some reasons why I think
11 perhaps that is not the best, but it's not my decision.
12 It's your decision.

13 The one thing that none of us have explored, and
14 I would like to do that now, is I'm not sure why a break
15 in April has to mean Santa Anita runs in September when
16 it's 110 outside.

17 CHAIRMAN WINNER: It doesn't.

18 MR. DARUTY: And so I would like the Board's --

19 CHAIRMAN WINNER: What would you like that -- what
20 would you like to happen in September?

21 MR. DARUTY: Well, I think that we could -- again,
22 this is certainly not our preference, but if the mandate
23 of this Board is there is going to be a break in April,
24 then there are still two other Los Alamitos meets to
25 place on the calendar. And I think it would probably

1 minimize all of our risks if they continue to run the fair
2 part of the meet in September.

3 And I say that because, again, my view and
4 everybody's got a different view, but my view is I'm not
5 sure moving the fair out of there necessarily is --
6 comports with the law, and also for us to run in September
7 creates, you know, safety issues, quite frankly, with the
8 heat at Santa Anita.

9 CHAIRMAN WINNER: Just so I understand, Scott, you
10 are suggesting that if the decision is that the fair meet
11 or what was the fair meet or that a meet be run in April
12 at Los Alamitos, three weeks, that Santa Anita give up
13 three weeks in September from its current -- from the
14 schedule No. 4 and that those three weeks be given also to
15 Los Alamitos; is that what you're suggesting?

16 MR. DARUTY: Well, no. Let me -- let me be specific.

17 So Los Alamitos, by law, is allowed five weeks
18 of racing.

19 CHAIRMAN WINNER: Yeah.

20 MR. DARUTY: Fairplex has historically run three
21 weeks of racing in September.

22 CHAIRMAN WINNER: Right. That is what I was going to
23 get to.

24 MR. DARUTY: So give -- give Fair- -- give Fairplex
25 at Los Al in Orange County, whatever we call it, give them

1 their traditional three weeks in September.

2 CHAIRMAN WINNER: Uh-huh.

3 MR. DARUTY: As is laid out on the joint Del
4 Mar/Santa Anita proposal.

5 CHAIRMAN WINNER: Uh-huh.

6 MR. DARUTY: If this Board decides the best thing to
7 do is give Los Al three weeks in April, so be it. That
8 leaves two weeks left, which I think would fall --

9 CHAIRMAN WINNER: You would take the July date?

10 MR. DARUTY: Correct. And I think Los Al would then
11 appropriately finish up the year with two weeks in
12 September and --

13 CHAIRMAN WINNER: Okay. I just want to understand
14 what we are saying here for clarification for everybody.

15 In essence, what you are suggesting is to swap
16 from using schedule No. 4, alternative 4, what you are
17 suggesting is to swap the two July Los Al weeks and give
18 those to Santa Anita --

19 MR. DARUTY: Correct.

20 CHAIRMAN WINNER: -- and to give the September dates
21 that are on here that are being run at Santa Anita on
22 Schedule 4, to give those to Los Al; is that correct?

23 MR. DARUTY: Correct. And --

24 COMMISSIONER CHOPER: Is it cooler up there? I'm
25 just curious.

1 CHAIRMAN WINNER: What would be Fairplex at Los
2 Alamitos.

3 MR. DARUTY: Yeah. In June and, July as I said, last
4 year, there were five days in June and five days in July
5 that were over 90 degrees. There were no days --

6 CHAIRMAN WINNER: It was hottest day in history. I
7 mean, hottest year in history, of course, last year and
8 that doesn't mean it won't it won't be hotter this year.

9 MR. LIEBAU: It's been pretty hot this year.

10 VICE CHAIR ROSENBERG: It will be during the fair
11 running too; is that correct? That period?

12 MR. DARUTY: They would be running during the fair in
13 their traditional three-week slot.

14 CHAIRMAN WINNER: What is the temperature; do you
15 know? Anybody know what the temperature is, what the
16 difference in degrees of temperature at Los Alamitos in --
17 I mean, it has been running in September at the fair, in
18 Fairplex in Pomona, which is a hell of a lot -- if it not
19 as hot, it's certainly -- if it's not hotter, it's as hot
20 at Santa Anita. Is that not true?

21 VICE CHAIR ROSENBERG: I don't think so --

22 CHAIRMAN WINNER: I see Jim is here. I mean, is
23 Pomona not as warm as Arcadia during September?

24 MR. HENWOOD: Jim Henwood, with the L.A. County Fair.
25 Pomona is hot.

1 CHAIRMAN WINNER: We know it's hot.

2 MR. HENWOOD: We're hot running a hell of a great
3 fair.

4 CHAIRMAN WINNER: I'm asking you a question.

5 Do you have any idea what the temperature in
6 Pomona is in September during the fair compared to what it
7 is in Arcadia at that time?

8 MR. HENWOOD: I've not been around here as long as
9 Jack.

10 UNIDENTIFIED SPEAKER: He doesn't remember.

11 MR. HENWOOD: He doesn't remember any --

12 MR. LIEBAU: I know what it is.

13 MR. HENWOOD: But over -- over time, the temperature
14 is a little bit better in Arcadia than it is in Pomona,
15 but not much.

16 CHAIRMAN WINNER: So it's about the same.

17 MR. HENWOOD: Right.

18 CHAIRMAN WINNER: Okay. So, in other words, if they
19 were running in Pomona all those years, during
20 September -- I'm not saying that your suggestion is not
21 one that should be considered and maybe even a good
22 suggestion. I would be interested Jack's response, but
23 I'm trying to understand the difference between Pomona
24 heat and Arcadia heat during the same period.

25 VICE CHAIR ROSENBERG: We are not going to --

1 MR. DARUTY: I mean, we saw how Pomona turned out;
2 right? They are not running there anymore.

3 MR. LIEBAU: As long as there's fairs in the
4 country --

5 CHAIRMAN WINNER: Go ahead, Jack. What were you
6 going to say?

7 MR. LEIBAU: You know, they say when you take a shot
8 at Fairplex and say that -- how it turned out, it's
9 certainly not as far as it's appreciation, its customers
10 are concerned, because it's my understanding that, you
11 know, that Los Angeles County Fair might be even bigger
12 than the Iowa State Fair that's getting all the publicity
13 right now, even with Trump.

14 CHAIRMAN WINNER: Okay. So here -- here is the
15 question, Jack. You heard of proposal from -- from Scott.

16 What is your response to that proposal, swapping
17 June -- your July for their September, but you get April
18 and December.

19 MR. LEIBAU: Well, you know, July period has July 4th
20 that we have on past year and this year and that's sort of
21 a tradition that's built at Los Alamitos in two years.

22 CHAIRMAN WINNER: But you would get an extra week,
23 under his proposal.

24 MR. DARUTY: No. Actually, they wouldn't. They'd
25 have eight weeks.

1 CHAIRMAN WINNER: They have seven under Proposal 4.
2 They only have seven. They would gain a week under your
3 proposal.

4 EXECUTIVE DIRECTOR BAEDEKER: They'd have three in
5 April, they'd have three in September, and they'd have two
6 in December.

7 CHAIRMAN WINNER: So they would gain a week under
8 your proposal, Scott. You would lose a lose a week.

9 MR. DARUTY: Nice guy.

10 CHAIRMAN WINNER: What?

11 MR. DARUTY: I'm a nice guy.

12 CHAIRMAN WINNER: Yeah.

13 VICE CHAIR ROSENBERG: It's cooler at Los Al than it
14 is --

15 CHAIRMAN WINNER: Joe, do you have any comment on
16 that.

17 MR. MORRIS: No.

18 CHAIRMAN WINNER: I don't think the trainers have
19 even given us a card to speak on Southern California race
20 dates. Just he's just saying no.

21 Yes?

22 COMMISSIONER KRIKORIAN: It would seem to me that the
23 weather in -- the weather in July and the weather in
24 September is not really going to be much different. We
25 are talking about doing something for one -- you know, one

1 year. It's a change. And, you know, we need to -- seems
2 to me we need to take the opportunity to make the changes
3 while we can to see if it's -- if what we do is better or
4 not moving forward.

5 COMMISSIONER AUERBACH: I was going to say I live in
6 the area and, I mean, the weather is crazy; so I don't
7 know. I don't know.

8 But there is a point that I do think that July
9 is cooler than September. Neither is cool, but I think
10 July is a little cooler than September. September and
11 even into October sometime are beastly in that area.
12 That's neither here nor there.

13 I think that we got to this position in kind of
14 a roundabout way. I want to reiterate that whatever we do
15 this year we're going to, basically, throw out; it's one
16 year. It's not precedent setting and we do not intend and
17 I want to remind everybody again we do not intend it to be
18 precedent setting.

19 I think the idea for a break at Santa Anita --
20 and I think that Santa Anita might need to hear this --
21 the reason that we -- those who looked at it thought that
22 it was a good idea is it did not come from the moon; it
23 came from the people who are working at Santa Anita who
24 indicated quite frequently during the meet that they would
25 like a break.

1 So this didn't come from nowhere. And I am not
 2 supporting anything or anybody. I'm unhappy with all of
 3 it. In Jesse's formula, I am really unhappy; so I guess
 4 it's correct.

5 I think that it's -- for the industry, I think
 6 it's not healthy; financially, I think it's a disaster. I
 7 am singularly unhappy with it. I am -- I have nothing
 8 more to say, other than that is my opinion, and I am
 9 disappointed that the parties couldn't -- couldn't figure
 10 out how to get it done so that we are all not going to
 11 suffer.

12 COMMISSIONER KRIKORIAN: You know, you commented
 13 about the financial diaster. I mean, I don't think -- I
 14 don't think that's fair, because, you know, Los Al did
 15 come in and they did spend a lot of money and they built
 16 it, and what the revenues that they were going to generate
 17 you knew were not going to be the same as Santa Anita.

18 COMMISSIONER AUERBACH: That's right.

19 COMMISSIONER KRIKORIAN: So I don't think that's a
 20 good reality --

21 COMMISSIONER AUERBACH: I'm thinking -- the reason
 22 I'm thinking it's disastrous -- and maybe that's too
 23 strong a word. I don't think it's good for us -- is
 24 because, obviously, it would be unfair to expect Los Al to
 25 be able generate the kind of funds that --

1 COMMISSIONER KRIKORIAN: Yeah. Well, unfortunately,
2 Hollywood Park is gone, and, you know, and nobody did
3 anything to change that.

4 COMMISSIONER AUERBACH: Absolute -- you're absolutely
5 right.

6 COMMISSIONER KRIKORIAN: And maybe you couldn't have
7 anyway but --

8 COMMISSIONER AUERBACH: Right.

9 COMMISSIONER KRIKORIAN: So we have to live with it.

10 COMMISSIONER AUERBACH: No. I -- this isn't a
11 criticism of any of the work anybody has done.

12 COMMISSIONER KRIKORIAN: No. I know.

13 COMMISSIONER AUERBACH: It's just a recognition --

14 COMMISSIONER KRIKORIAN: I'm not saying it is.

15 COMMISSIONER AUERBACH: -- of what a mess we're in.

16 CHAIRMAN WINNER: Commissioner Rosenberg wants to
17 speak, and I will let him. Let's just -- let's just make
18 it clear. This is not -- as Commissioner Auerbach says,
19 this is not in concrete. This is for one year.

20 The reason that it's being recommended for the
21 year is because of a whole lot of factors. Now, to say
22 it's a disaster, I personally disagree with that. I think
23 that it's the right approach, given all of the factors
24 involved, including health and safety of the horses,
25 including all of the other issues that brought about the

1 question about a break, including all of the things about
2 Los Alamitos that's been said.

3 I absolutely understand Santa Anita's position.
4 I absolutely understand why they are unhappy about it.
5 And it weighed heavily on all of us as we went through
6 these discussions. It's very -- it's a very difficult
7 decision and that's why we are making it for one year and
8 only one year.

9 And we're going to evaluate it as we go through
10 the year to see -- to see what comes of it and how it's
11 affected -- and how it's affected racing. And hopefully,
12 next year, or 2017, hopefully, we'll have other options
13 available, which we didn't have this year.

14 So, again, I think it's -- you know, everybody
15 can express their own opinion, but I'm hopeful that, you
16 know, I don't pick up the racing form tomorrow and read,
17 frankly, that some commissioners feel that this approach
18 is a disaster or --

19 MR. LIEBAU: One thing as far as -- as far the
20 weather is concerned, and I'm not very good at being a
21 techie, but I did do this on my Smartphone, believe it or
22 not, and the average temperature in Arcadia, according to
23 this, is 76 degrees, and in September the average is 68,
24 it says.

25 VICE CHAIR ROSENBERG: Average doesn't mean much in

1 terms of that's the high and lows --

2 MR. DARUTY: Yeah. The high is the issues, is that
3 the September has the largest --

4 MR. LIEBAU: The high -- the high in July -- I happen
5 to have that too -- is 99 degrees in July and in September
6 it's 95 so I'm afraid that --

7 MR. DARUTY: I will represent to this Board that last
8 year there were nineteen days in September over 90
9 degrees, six of which were over a hundred degrees.

10 CHAIRMAN WINNER: Well, nobody is disagreeing with
11 you. You're a good weather man. I'm not sure that is --
12 I'm not sure that's a plus, to be a good weather man
13 because they are usually wrong but --

14 VICE CHAIR ROSENBERG: I have a question that --
15 commissioners who are on this committee.

16 I don't under- -- am I clear that each of you
17 are not in favor of the compromise proposal and, if so,
18 what --

19 CHAIRMAN WINNER: What is the compromise proposal?

20 VICE CHAIR ROSENBERG: Not compro -- the proposal
21 that Mr. Daruty put forth to switch -- to switch, because
22 having the L.A. County Fair at -- Fairplex at Los Al
23 during the fair being run makes sense to me. What's the
24 objection to it? It solves the break problem, which is
25 the major objection you both had.

1 CHAIRMAN WINNER: First of all, it's the first we
2 have heard about it. Nobody every presented it until
3 right now.

4 VICE CHAIR ROSENBERG: But I thought you --

5 MR. DARUTY: I have a calendar here you could look
6 at, if you want to, as you're reading --

7 CHAIRMAN WINNER: Okay. That's fine. But I'm saying
8 you never presented it until day.

9 MR. DARUTY: We didn't come up until today.

10 CHAIRMAN WINNER: At least I didn't see it.

11 Okay. I'll let Commissioner Krikorian speak for
12 himself.

13 COMMISSIONER KRIKORIAN: I think I have already said
14 it three times. I think we should vote this and be done
15 with it because --

16 CHAIRMAN WINNER: Well, we can do -- we can do --
17 first of all, is there anybody else who wishes to speak on
18 this?

19 Okay. There is a motion on the floor. Yeah.
20 There is a motion that was made by Commissioner Choper and
21 seconded by Commissioner Beneto.

22 COMMISSIONER BENETO: Has the date changed or is it
23 still the --

24 CHAIRMAN WINNER: No, no. The commission -- the
25 proposal on which the motion sits is Proposal 4.

1 Now, if you want to reject 4 -- well, hold on.
2 If you want to reject 4 -- if the vote is to reject 4,
3 then another motion could be brought forth to accept
4 Mr. Daruty's plan, which would be to flip the dates from
5 June and September between the two racetracks; correct?

6 Yes. Okay. So there is -- I'm sorry.

7 COMMISSIONER CHOPER: I'm not opposed to that.

8 CHAIRMAN WINNER: Okay. Well, the only way we're
9 going to get to that -- I mean, we can -- we can defeat
10 this motion. Okay? We can -- we can pass this motion,
11 and then we could amend it, or we can amend this motion
12 now.

13 COMMISSIONER CHOPER: No. Let's -- let's pass this
14 one first.

15 VICE CHAIR ROSENBERG: That's not going to work.

16 CHAIRMAN WINNER: There is a motion on the floor.
17 I'm going to go right down the line. We're going to do a
18 --

19 COMMISSIONER BENETO: This is on channel 4?

20 CHAIRMAN WINNER: This is on channel 4 -- proposal 4.

21 Commissioner Krikorian?

22 COMMISSIONER KRIKORIAN: Yes.

23 CHAIRMAN WINNER: Commissioner Solis?

24 COMMISSIONER SOLIS: Yes.

25 CHAIRMAN WINNER: Commissioner Auerbach?

1 COMMISSIONER AUERBACH: No.

2 CHAIRMAN WINNER: Commissioner Winner.

3 Yes.

4 Commissioner Rosenberg?

5 COMMISSIONER ROSENBERG: No.

6 CHAIRMAN WINNER: Commissioner Choper?

7 COMMISSIONER CHOPER: Yes.

8 CHAIRMAN WINNER: Commissioner Beneto?

9 COMMISSIONER BENETO: Yes.

10 CHAIRMAN WINNER: Okay. So Proposal 4 has now been
11 approved.

12 Now, would someone like to make a motion to --
13 how would we do this, Bob, to amend Proposal 4?

14 MR. MILLER: Yes. A motion should state that you are
15 amending your previous motion that you adopted regarding
16 Proposal 4 to switch dates.

17 CHAIRMAN WINNER: To switch the two -- the July two
18 weeks -- is two July weeks -- the July weeks that were in
19 Proposal 4 going to Santa Anita -- I'm sorry. Going to
20 Los Alamitos and have those go to Santa Anita and the
21 September dates would then go to Los Alamitos, Los
22 Alamitos would then get eight weeks, rather than the seven
23 that they would have under Proposal 4?

24 COMMISSIONER CHOPER: I will make a motion --

25 MR. DARUTY: I do think you need to clarify December.

1 CHAIRMAN WINNER: Please go ahead.

2 MR. DARUTY: I think you need to clarify that Los
3 Alamitos would receive two weeks in December, because they
4 are receiving three weeks in each of the prior parts of
5 the year, and the two weeks in December would open on
6 Wednesday, December 7th, and they would close on Tuesday,
7 December 20th, Santa Anita would then open on December
8 21st, although that would be simulcast only as it leads
9 into the Christmas holiday.

10 MR. LIEBAU: That -- that's a new wrinkle there, you
11 opening on the 25th. For as long as its history --

12 COMMISSIONER AUERBACH: Twenty-sixth.

13 MR. DARUTY: You'd open on the 26th --

14 MR. LIEBAU: You'd open on the 26th, but between the
15 closing of live racing at Hollywood and your opening, the
16 precedent has been -- the precedent has been that it
17 always goes to the -- to the track that has not yet
18 opened.

19 MR. DARUTY: You're correct, although in this
20 particular case, that would give you nine weeks which
21 exceeds what I believe you are permitted, and so because
22 you --

23 MR. LIEBAU: And how many weeks are you permitted? I
24 mean, I didn't even want to go there, but we can go there.
25 But I won't go here, but there is a problem there for you,

1 Mr. Daruty.

2 MR. DARUTY: There's a lot of problems, Mr. Liebau.

3 But as I was saying --

4 CHAIRMAN WINNER: Wait a minute. Wait a minute.

5 Wait a minute.

6 Are you saying that we are granting weeks that
7 we are not permitted to grant?

8 MR. DARUTY: No. He's not saying that, or if he is,
9 he's wrong.

10 EXECUTIVE DIRECTOR BAEDER: If we keep the issue to
11 the point that Scott just raised and Jack counterpointed.
12 Historically, the dates following that meet in December --
13 and that goes back to when we were at Hollywood and so
14 forth --

15 MR. LIEBAU: Well, and also, prior to 2005 when you
16 were the president of Hollywood Park --

17 EXECUTIVE DIRECTOR BAEDER: That's what I'm saying.
18 My recollection is that it was because, generally, that
19 meet that ran in December was shortened in the interest of
20 granting a gap, you know, prior to the December 26th start
21 of Santa Anita, that those days were given to Hollywood
22 Park in that case, but I don't think anybody -- anybody --
23 any of us have addressed this maximum that might go be
24 reached, according to the date allocation, the maximum
25 that is specified in the statute, Jack.

1 MR. LIEBAU: How -- how -- how am I -- I'm not
2 exceeding the amount. If the three weeks is run in April,
3 I only have two more -- four weeks; so I have another
4 week.

5 EXECUTIVE DIRECTOR BAEDEKER: No. Under this --

6 MR. LIEBAU: Proposal -- the one that --

7 EXECUTIVE DIRECTOR BAEDEKER: Correct me if I'm
8 wrong, but under this variation on Proposal No. 4, you
9 would have three weeks in April, you would have three
10 weeks -- Fairplex weeks in September, and you would have
11 two Los Alamitos weeks in December. That's a total of
12 eight. That's your five plus the three --

13 MR. LIEBAU: And you are going to county the dark
14 days as --

15 EXECUTIVE DIRECTOR BAEDEKER: I don't know the answer
16 to that question. Who --

17 MR. DARUTY: They haven't -- but this is a full week.
18 It's the twenty-first, second, third, fourth, and fifth,
19 and then --

20 EXECUTIVE DIRECTOR BAEDEKER: Their week -- their
21 would end on the 20th; correct?

22 MR. DARUTY: Correct.

23 EXECUTIVE DIRECTOR BAEDEKER: So you're talking about
24 the 21st, 22nd, 23rd, 24th; right? Twenty-fifth is
25 Christmas.

1 MR. LIEBAU: Well, that only comes into play if
2 you -- if you swap out the --

3 EXECUTIVE DIRECTOR BAEDEKER: Can we -- can we --
4 Bob, can we leave this -- include this in a motion that
5 Staff will review the legal parameters of -- if -- if this
6 Board wanted to give Los Al those dates leading up to
7 Christmas --

8 MR. MILLER: But they are not racing. They're not
9 racing.

10 EXECUTIVE DIRECTOR BAEDEKER: They're not racing;
11 correct.

12 MR. MILLER: This -- this has nothing to do with
13 racing dates; correct?

14 EXECUTIVE DIRECTOR BAEDEKER: Okay. So is your
15 interpretation --

16 MR. LIEBAU: Yes, it does, Mr. Miller. Historically,
17 if we can just -- just show what happens in December is a
18 special situation. Most tracks, your dates close, stop
19 operating live racing on Sunday. The track next meet
20 opens on Wednesday. Historically, Monday and Tuesday go
21 to the track that has not yet opened as far as ADW
22 wagering and brick and mortar wagering on those days.
23 We're talking being simulcast money -- post money.

24 MR. MILLER: I understand that But you are not
25 talking about live racing --

1 MR. LIEBAU: That's -- that's absolutely correct.

2 MR. MILLER: And the Board is allocating live racing
3 dates.

4 MR. LIEBAU: That's -- that's correct.

5 MR. MILLER: So --

6 EXECUTIVE DIRECTOR BAEDEKER: Another clarification.
7 I don't mean to muddy the water but what you said
8 contradicts what we have been saying all day, that the
9 allocation by the Board starts the Wednesday of opening
10 day -- I'm sorry, the Wednesday prior to opening day
11 because nobody opens on Wednesdays anymore --

12 MR. LIEBAU: That's true.

13 EXECUTIVE DIRECTOR BAEDEKER: -- and continues
14 through Tuesday following closing day.

15 MR. LIEBAU: Right. And they get Monday or Tuesday.

16 EXECUTIVE DIRECTOR BAEDEKER: You -- okay. The track
17 that has just finished continues for the Monday --

18 MR. LIEBAU: To get Monday and Tuesday until the
19 next --

20 EXECUTIVE DIRECTOR BAEDEKER: Maybe I misunderstood
21 you. I thought you said that the track is about to begin.

22 MR. LIEBAU: Until the next track opens, and that has
23 been the way it's been done since the advent of ADW --

24 MR. DARUTY: But Executive Director is correct. The
25 track that is opening gets the Wednesday that falls within

1 the week that it is opening --

2 MR. LIEBAU: They do, yes.

3 MR. DARUTY: And we would be opening on the Sunday,
4 which is a Monday; so the Wednesday through the Tuesday is
5 that racing week. And because we are opening on the 26th,
6 which is Monday, we would have that racing week. The
7 Wednesday is the Wednesday prior to our first live day.

8 MR. LIEBAU: No.

9 MR. DARUTY: Again, I think that we -- we talked
10 earlier. There was a seven-week proposal for Los Al. I
11 came up with the proposal where they have eight weeks and
12 now they want eight weeks plus.

13 MR. LIEBAU: No, because your eight-week proposal has
14 not been adopted by the Board.

15 MR. DARUTY: You are right.

16 MR. LIEBAU: Yes. So --

17 MR. DARUTY: That's what they're considering.

18 MR. LIEBAU: Yes. That's under consideration at the
19 moment; so this other question is moot.

20 CHAIRMAN WINNER: All right. Is there a motion on
21 the Board to amend the prior motion to reverse the dates
22 as suggested by Mr. Daruty?

23 COMMISSIONER CHOPER: I so move.

24 CHAIRMAN WINNER: Are you making a motion or are you
25 asking a question, Steve?

1 COMMISSIONER BENETO: I'm going to second it.

2 CHAIRMAN WINNER: Oh, moved by Commissioner Choper,
3 seconded by Commissioner Beneto.

4 Discussion? Yeah. Please read the dates.

5 EXECUTIVE DIRECTOR BAEDEKER: Okay. Under this --
6 under this modified Proposal No. 4, the dates would be:

7 Santa Anita's winter starting December 26th and
8 going to April 12th;

9 The spring Los Alamitos meet would be run from
10 April 13th until May the 3rd; correct?

11 The spring Santa Anita meet, if you will, would
12 begin May the 4th, and run all the way until July the
13 12th.

14 The Del Mar summer meet would begin on July the
15 13th and run through September 6th;

16 The Fairplex at Los Alamitos meet would begin on
17 September 7th and run through September 27th;

18 The fall Santa Anita meet would start on
19 September 27th, run through November 8th;

20 The fall Del Mar meet would start on
21 November 9th and run through December 6th;

22 The winter Los Alamitos meet would start on
23 December 7th and run through December 20th.

24 VICE CHAIR ROSENBERG: Rick, could you read back the
25 Los Al dates in September followed by the Santa Anita

1 dates opening in September, would you please.

2 EXECUTIVE DIRECTOR BAEDEKER: Yeah. I have -- I
3 have -- excuse me, I have Santa Anita -- I'm sorry.

4 Fairplex at Los Alamitos opening on
5 September 7th --

6 VICE CHAIR ROSENBERG: Yes.

7 EXECUTIVE DIRECTOR BAEDEKER: -- and concluding
8 September 27th.

9 VICE CHAIR ROSENBERG: And you said --

10 EXECUTIVE DIRECTOR BAEDEKER: And I have the fall
11 meet at Santa Anita beginning on September 28th.

12 VICE CHAIR ROSENBERG: I though you said the -- okay,
13 28th.

14 EXECUTIVE DIRECTOR BAEDEKER: And running through
15 November 8th.

16 MR. LIEBAU: Could we get a commitment from Santa
17 Anita that that does not interfere with their prep races
18 for Breeders' Cup so we don't go through that again in
19 2016 like we have in 2015?

20 MR. DARUTY: I don't even understand the question.

21 EXECUTIVE DIRECTOR BAEDEKER: We had a unique
22 calendar. We jus went through it. We fixed the calendar
23 where the allocation by -- made two years ago gave Santa
24 Anita the last two days of the traditional Fairplex meet
25 so that Santa Anita could run the Breeders' Cup prep

1 races. That was considered to be because of an anomaly in
2 the calendar, which -- and the presumption, when we
3 debated this before, is that this calendar in 2016 would
4 not present the same anomaly, that there is enough time to
5 the calendar for Santa Anita to run the Breeder's Cup
6 preps.

7 MR. LIEBAU: Fine. With that clarification --

8 CHAIRMAN WINNER: Let me just -- just to be sure,
9 because this is obviously important to all of the parties
10 and stakeholders.

11 TOC, do you have a position on the dates swaps?

12 MR. MORRIS: We would be all right with it.

13 CHAIRMAN WINNER: CTT, Alan, can you just come up
14 here and tell us whether you have a position on the date
15 swaps?

16 MR. BALCH: Alan Balch, CTT.

17 The only safe thing for me to say is we do not
18 have a position, because we haven't studied this, this
19 latest ramification, that is.

20 CHAIRMAN WINNER: Okay.

21 MR. BALCH: I've just had my hand held out trying to
22 really map out this whole calendar so we'll -- we will
23 abstain from taking a position.

24 CHAIRMAN WINNER: Thank you.

25 And Del Mar. Josh.

1 MR. RUBENSTEIN: I mean, obviously the proposal that
2 we have -- you have in front of us between Santa Anita and
3 Del Mar is our first choice, but if that's off the table,
4 we would agree to this.

5 CHAIRMAN WINNER: Okay. I'm going to go right down
6 the road.

7 Commissioner Beneto?

8 COMMISSIONER BENETO: Yes.

9 CHAIRMAN WINNER: Commissioner Beneto votes yes.

10 Commissioner Choper?

11 COMMISSIONER CHOPER: Yes.

12 CHAIRMAN WINNER: Commissioner Choper votes yes.

13 Commissioner Rosenberg?

14 VICE CHAIR ROSENBERG: Yes.

15 CHAIRMAN WINNER: Commissioner Rosenberg votes yes.

16 I vote yes.

17 Commissioner Auerbach?

18 COMMISSIONER AUERBACH: Yes.

19 CHAIRMAN WINNER: Yes.

20 Commissioner Solis?

21 COMMISSIONER SOLIS: Yes.

22 Commissioner Krikorian?

23 COMMISSIONER KRIKORIAN: No.

24 CHAIRMAN WINNER: Commissioner Krikorian votes no.

25 So by a six-to-one vote the prior motion was

1 amended and the dates -- the race dates for Southern
2 California have now been approved.

3 What else? Is there anything else on the
4 agenda?

5 EXECUTIVE DIRECTOR BAEDEKER: We have another on the
6 mediation committee --

7 CHAIRMAN WINNER: Do you want to do that, or do you
8 want to put off until the next meeting?

9 Okay. The next item on the agenda is a report
10 from the Medication and Track Safety Committee Meeting,
11 which we will hold over until the September meeting when
12 I'm sure there will be another Medication and Track Safety
13 Committee prior to the next meeting -- as soon you -- as
14 soon as you possibly can to have that meeting.

15 Is there a motion to adjourn?

16 COMMISSIONER AUERBACH: I so move.

17 CHAIRMAN WINNER: Commissioner Auerbach moves that we
18 adjourn. We are therefor adjourned.

19 (At 3:50 p.m., the proceeding was concluded.)

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