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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 25, 2016

9:39 A.M.

REPORTED BY:

ANN BONNETTE, CSR NO. 6108

1 APPEARANCES

2 COMMISSIONERS

3 Chuck Winner, Chairman

4 Richard Rosenberg, Vice Chairman

5 Jesse H. Choper, Commissioner

6 Steve Beneto, Commissioner

7 Madeline Auerbach, Commissioner

8 George Krikorian, Commissioner

9 Alex Solis, Commissioner

10 Rick Baedeker, Executive Director

11

12 STAFF

13 Robert Browning Miller, Staff Counsel

14 Jacqueline Wagner, Regulations/Legislation Manager

15 Dr. Rick Arthur, Equine Medical Director

16

17 ALSO PRESENT

18 Greg Baugh

19 Lori Saldana

20 Martha Sullivan

21 Elizabeth Jacobelly

22 Darrell J. Haire, Jockeys Guild

23 Toni Falcone

24 John Valenzuela

25 Reverend Beth Johnson

1 APPEARANCES (Cont'd)

2 ALSO PRESENT

3 Ronnie Steinau

4 Cliff Goodrich

5 Jim Perez

6 Debra Kelley

7 Jeff True

8 John Mulvahill

9 Brad McKinzie

10 Kim Lloyd, Barretts

11 Mike Cedar, Fairplex

12 Joe Morris, Santa Anita

13 Nate Newby

14 Bill Westermann, Enforcement, CHRB

15 Greg Avioli

16 Cal Rainey

17 Dan Cirimele

18 Eric Sindler

19 Christopher Schick, Watch and Wager

20 Ed Cummings, Watch and Wager

21 Ben Kenney

22 Larry Swartzlander

23 Lauri King

24 Scott Daruty

25

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PROCEEDINGS

DEL MAR, CALIFORNIA, THURSDAY, AUGUST 25, 2016

9:39 A.M.

CHAIRMAN WINNER: Ladies and gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats.

This is the regular noticed meeting of the California Horse Racing Board on Thursday, August 25, 2016, at the Del Mar Surfside Race Place, 2260 Jimmy Durante Boulevard, Del Mar, California.

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

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

The Board invites a public comment period on the matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during a public comment period if the matter concerns horse racing in California.

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

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

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

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

17           When your three minutes are up, the Chairman, I,  
18 will ask you to return to your seat so others can be  
19 heard. When all the names have been called, I will ask if  
20 there is anyone else who would like to speak on the matter  
21 before the Board. Also, the Board may ask questions of  
22 individuals who speak. If a speaker repeats himself or  
23 herself, I will ask if the speaker has any new comments to  
24 make. If there are none, the speaker will be asked to let  
25 others make comments to the Board.

1           Where is the agenda? Here.

2           All right. The first item on the agenda is the  
3 approval of the minutes from the July 14th meeting.

4           Is there a motion? Are there any changes to the  
5 minutes? Any additions to the minutes?

6           Hearing none, is there a motion to approve the  
7 minutes?

8           Commissioner Auerbach moves; Commissioner  
9 Krikorian seconds.

10          We'll take a voice vote.

11          Commissioner Beneto?

12          COMMISSIONER BENETO: Yes.

13          CHAIRMAN WINNER: Commissioner Choper?

14          COMMISSIONER CHOPER: Yes.

15          CHAIRMAN WINNER: Commissioner Rosenberg?

16          COMMISSIONER ROSENBERG: Yes.

17          CHAIRMAN WINNER: Chairman votes yes.

18          Commissioner Auerbach?

19          COMMISSIONER AUERBACH: Yes.

20          CHAIRMAN WINNER: Commissioner Solis?

21          COMMISSIONER SOLIS: Yes.

22          CHAIRMAN WINNER: Commissioner Krikorian?

23          COMMISSIONER KRIKORIAN: Yes.

24          The measure -- the minutes are approved by

25 unanimous vote, and we move on then to the public comment

1 period.

2 We have a number of folks who have asked to  
3 speak during the public comment period.

4 Excuse me. Before we go to the public comment  
5 period, I need to turn to the Executive Director for the  
6 Executive Director's report, and then we'll go to the  
7 public comment period.

8 We have a number of people who have requested to  
9 speak during the public comment period. If there are any  
10 others who want to speak during the period, please go see  
11 Mr. Marten, and he will fill out -- and you will have to  
12 fill out a card so that we can try to -- we have a very  
13 full agenda today. So we want to try to get through as  
14 many of these as we can and give everyone an opportunity  
15 to make the points that they want to make.

16 So Mr. Baedeker.

17 EXECUTIVE DIRECTOR BAEDEKER: Thank you,  
18 Mr. Chairman.

19 This week we announced that the CHRB has stepped  
20 up our drug-testing program in Southern California and  
21 throughout the state, working with the industry, and we  
22 also announced that we are kind of turning the page with  
23 the Maddy Lab at UC Davis in drug testing for the future.

24 Del Mar has hired an additional examining  
25 veterinarian for the current meet, and we have appointed a

1 second official veterinarian, which has allowed us to do  
2 additional out-of-competition testing but also has  
3 provided for enhanced examination of horses entered to  
4 race.

5           The other point about the new technology, the  
6 CHRB's testing lab, which is the Maddy Lab at UC Davis, is  
7 breaking new ground by beginning development of the  
8 athlete biological passport. This parallels efforts that  
9 are being made in human sports. The lab essentially  
10 creates a biological record of an individual racehorse,  
11 and it looks for changes outside of normal values.

12           The changes can involve a number of biological  
13 processes, including changes in proteins, genes, and small  
14 molecules. Monitoring of these biomarkers could signal  
15 that a doping agent had been administered to the athlete.  
16 So CHRB, along with UC Davis and the industry, is looking  
17 to the future and with the goal of being ready for  
18 detecting possibly new violations.

19           The California Animal Health and Food Safety  
20 Laboratory System and the UC Davis School of Veterinary  
21 Medicine recently appointed a second faculty chemist at  
22 the Maddy Laboratory to lead their development of methods  
23 to combat emerging threats in horse racing, such as  
24 anabolic steroids and gene doping.

25           Dr. Benjamin Moeller, an expert in biomarkers

1 with a Ph.D. focused on equine anabolic steroids, will  
2 develop the infrastructure to maintain this ABP program.  
3 And pleased to announce that the program received a boost  
4 Thursday when the Jockey Club confirmed it would help  
5 fund -- fund this program with grants of \$50,000 a year  
6 for the next two years.

7           From CHRB's standpoint, we owe it to the public  
8 as well as the vast majority of trainers and veterinarians  
9 who play by the rules to keep our testing vigilant and  
10 state of the art. So we have doubled the number of  
11 out-of-competition tests at Del Mar this season, and we're  
12 working with UC Davis to pursue the latest technologies  
13 for testing as well as our partners in the -- the  
14 stakeholders in the industry.

15           And I might say that we're able to do this  
16 enhanced testing and this ABP research because of the  
17 additional monies that we secured for the Maddy Lab a year  
18 ago, \$1.2 million. This special funding comes from the  
19 racing industry, and I think it's important to note that  
20 even though the bill for this was \$1.2 million, we didn't  
21 receive a single complaint or note of disagreement from  
22 anybody in the industry with the funding needed for these  
23 progressive measures.

24           Along those lines, I want to take a moment to  
25 talk about the current situation here at Del Mar. And I'm

1 confident that the recent fatalities are heartbreaking for  
2 everyone inside of racing or out. Racing in California  
3 was authorized by the people of the State in the 1930s and  
4 has been regulated by the California Horse Racing Board  
5 since that time.

6 I want to let you know that investigations are  
7 currently being conducted on all horses that have been  
8 lost at this meet. Those same investigations are  
9 conducted for any horse that is lost within any one of our  
10 enclosures throughout the State of California. Those  
11 necropsies are performed, and if any prohibited substances  
12 are found, then complaints will be filed and prosecuted.

13 The CHRB's primary responsibility is the safety  
14 of horses and riders, and I want to give you a short list  
15 of the policies and practices that are currently in place.  
16 I think many people are not aware of them.

17 First of all, California started the Safety  
18 Steward Program, and I believe there is only one other  
19 jurisdiction that has begun the program, and that is  
20 New York which has mirrored our safety steward program.  
21 We assign a safety steward to each racetrack to enforce  
22 the rules and procedures designed to ensure the health and  
23 safety of racehorses.

24 This responsibility requires safety stewards to  
25 spend considerable time in the stable areas and racetrack

1 monitoring environmental safety and proper treatment of  
2 horses. Dangerous working conditions and mistreatment of  
3 horses is not tolerated. Any situation deemed to be  
4 placing horses or individuals working with them at risk is  
5 corrected, and all rule violations are investigated and  
6 enforcement action taken when appropriate.

7 Case in point. A year ago, this Board fined a  
8 trainer that was working at Los Alamitos \$160,000 for  
9 multiple violations and suspended his license. That is  
10 just one example of many.

11 The CHRB has a specific animal welfare provision  
12 in our regulations to prosecute cruelty, mistreatment,  
13 neglect, or abuse. When appropriate, cases can be and are  
14 referred to local law enforcement for criminal  
15 prosecution. It is a violation of the Penal Code as well  
16 as a violation of our rules and regulations.

17 I also want to point out that our investigators  
18 are sworn police officers whose duties include patrolling  
19 the stable areas at all California race tracks and  
20 authorized training facilities.

21 The Kenneth L. Maddy Equine Analytical Chemistry  
22 Laboratory at UC Davis is widely recognized as one of the  
23 premier testing facilities in the world and provides the  
24 CHRB with a most effective drug-testing program. Routine  
25 testing at Maddy -- at the Maddy Lab exceeds super test

1 criteria on each and every sample -- and tests for more  
2 than 1500 substances in each sample. Last year alone the  
3 Maddy Lab conducted such tests on more than 40,000 samples  
4 from racehorses in California. To put that in context,  
5 the U.S. Anti-Doping Agency tested about 10,000 samples  
6 across the entire country for athletes that would be  
7 participating in Olympic-related events.

8           Since 2008, the CHRB has allowed for the  
9 automatic deduction from the owners' shares of purses for  
10 the express purpose of helping support California  
11 thoroughbred retirement and rehabilitation facilities that  
12 provide care and services to retired thoroughbreds. More  
13 than 80 percent of thoroughbred owners voluntarily  
14 participate in this program.

15           California has been on the forefront of  
16 medication reform. This state is among -- was among the  
17 first racing jurisdictions in the United States to  
18 prohibit anabolic steroids in racing -- that was in  
19 2008 -- and has adopted the National Uniform Medication  
20 Program that restricts the use of number -- the use of a  
21 number of drugs and imposes limitations on the use of  
22 corticosteroids.

23           California was the first state to adopt a rule  
24 giving the Board authority to greatly restrict the use of  
25 Clenbuterol at racetracks. Again, comparing to USADA,

1 our restrictions on the use of medications are more  
2 stringent than that organization.

3 The CHRB has an ongoing Racing Safety Program.  
4 Specifically assigned safety stewards monitor track  
5 services independently and work with all racing  
6 associations to maintain safe and consistent racing  
7 surfaces. They consult with Dr. Mick Peterson from the  
8 University of Maine and Dr. Susan Stover from the  
9 Veterinary Orthopedics Research Laboratory at UC Davis on  
10 these issues.

11 All horses entered to race undergo a prerace  
12 examination the day of the race by the track association  
13 and/or CHRB official veterinarians. From time to time the  
14 horses arrive -- from the time that the horses arrive at  
15 the receiving barn, they are seen constantly by a vet --  
16 by a veterinarian through the saddling paddock, through  
17 the post parade, at the starting gate, during the running  
18 of the race, and until they leave the track. The horses  
19 are under the observation of either the association or  
20 official veterinarian at all times.

21 Finally, and if I can make this just a personal  
22 note, I have been in racing my entire life, and I can  
23 attest to the fact that opposed to what people say about  
24 racing being just a business for people to make money and  
25 just a way for people to gamble, I think I can state

1 unequivocally and this -- and most of us know this: Most  
2 businesses are much better investments than horse racing,  
3 and most serious gamblers prefer casinos.

4           The truth is most of the people involved in  
5 racing were drawn to it by the beauty of the horse, and by  
6 and large the people who care for the horses pamper them.  
7 And for anyone who sees a racehorse run, you realize that  
8 they love it; they love to run. That doesn't diminish the  
9 sorrow and frustration felt by the same individuals when a  
10 horse is lost, but it is an important component of the  
11 whole story of the racetrack.

12           Finally, it is the responsibility of the  
13 California Horse Racing Board to regulate all aspects of  
14 horse racing in California. We take that obligation very  
15 seriously, and we believe we are making continual progress  
16 towards a safer environment for our horses and riders, and  
17 we will continue to prosecute any licensees who violate  
18 those safeguards.

19           That is my report, Mr. Chairman.

20           CHAIRMAN WINNER: Thank you very much,  
21 Mr. Baedeker.

22           Obviously, Mr. Baedeker's comments are  
23 reflective of the members of this Board. One horse lost  
24 is one too many horses lost. Nobody cares more about it  
25 than those people involved in racing; nobody cares more

1 about it than the people involved in racing.

2           And this Board, since I have been on the Board  
3 for several years now, it is the number one issue, the  
4 number one thing that we care about, the safety of the  
5 horses and the safety of the people on their backs.  
6 Nothing takes more of our time, and we spend an awful lot  
7 of time at it. Obviously, there is not perfection, but we  
8 care deeply about the animals, more than I can tell you.  
9 We care about these animals, we love them, and that's  
10 why -- that's why we are here. That's why we're involved  
11 in this -- in this game.

12           And as Rick said, it's not a profit-making  
13 venture. Only race horses -- very rarely is a  
14 profit-making venture. Yes, there are the occasional  
15 California Chromes that make a lot of money but those are  
16 really the exception and not the rule. Most of us in the  
17 business are in it because -- as Rick said, because of the  
18 love of the horses.

19           All right. So unless anyone else has any  
20 comments, I am going to move on to the public comment  
21 period.

22           I will start with Greg Baugh. I hope I  
23 pronounced that correctly.

24           Please state your name and -- yeah. Right  
25 there, please. State your name and your organization.

1 MR. BAUGH: Greg Baugh, Del Mar Thoroughbred  
2 Club, Barretts Sales.

3 Just a quick announcement about the upcoming  
4 sale, Chairman and Board.

5 Tuesday, August 30th, is the second annual  
6 Barretts Select Yearling Sale right here at Surfside. The  
7 yearlings are going to be available for inspection  
8 starting Saturday and will run through, obviously, the  
9 morning of the sale. We have got 72 Cal-breds in the sale  
10 -- I'm sorry, 62 Cal-breds in the sale, 72 overall  
11 yearlings. We are excited about the sale. Just wanted to  
12 let you know Barretts is here to support racing and  
13 appreciate your support as well.

14 CHAIRMAN WINNER: Thank you very much.

15 Any questions? Comments? Thank you, Mr. Baugh.

16 MR. BAUGH: Thank you.

17 CHAIRMAN WINNER: Lori Saldana, Assembly member,  
18 retired.

19 MS. SALDANA: Good morning, and thank you very  
20 much for the detailed report. Thank you for your service  
21 to the State of California to maintain the health and  
22 well-being, the integrity, and the viability of horse  
23 racing in our state, and it is discouraging to see the  
24 deaths and the injuries that have occurred this season.  
25 And I trust and believe you are very sincere when you say

1 that the safety and well-being of the people and the  
2 animals under your care are first and foremost in your  
3 plans.

4 I'm aware of the UC Davis program and  
5 veterinarian medicine. I agree it is world class -- not  
6 just the best in the country but probably one of the best  
7 in the world.

8 And I think that just as we watched the Olympics  
9 these last few weeks, we know the technology is there to  
10 understand the stress of competition on these animals as  
11 well as on the people that are training them and riding  
12 them and that there is our opportunities to do a better  
13 job of monitoring the stresses on these animals, on the  
14 trainers, and all the people that are around these horses.

15 Del Mar has a long and very popular culture and  
16 tradition, and the business side of it is very strong, not  
17 just horse racing within the tracks, but all of the  
18 businesses surround here: The restaurants, the hotels,  
19 people who come here and spend time during the season.

20 So I think we understand this is an  
21 important part of the San Diego community, but as other  
22 tourism and hospitality services have seen a change in  
23 perception about Sea World and orcas, about zoos and how  
24 they display animals, the perception of people and animals  
25 is changing. It's shifting, and I think the viability of

1 this sport under your responsibility needs to be  
2 considered: How much is public perception shifting in the  
3 care of the large animals?

4 And so I trust you to make very good choices for  
5 both the people and the animals under your care. And what  
6 we would like is more transparency. We would like to see  
7 some of the reports on what's happened, those of us who  
8 care about animals and care about people. And be aware  
9 that the performance-enhancing drugs many times are very  
10 difficult to detect, no matter how carefully you're  
11 monitoring them.

12 And I have been reading some of the steward  
13 reports, and I have seen where people say there must have  
14 been a mistake, I don't understand how that could have  
15 happened. Human error, combined with animal error, you  
16 know, it requires a lot of scrutiny.

17 So thank you for performing your jobs very well,  
18 and those of us who are here today to speak to this, we  
19 also are concerned about the future of this activity and  
20 that it reflects what people in California want, because  
21 it is a publically managed effort and taxpayer dollars are  
22 at stake. So we want to see it managed in a financially  
23 responsible way too, and sadly, we know that the gates are  
24 falling off, the attendance is falling off, and so maybe  
25 that is again the public perception has shifted and part

1 of the responsibility to your Board is to understand how  
2 to change that for the viability going forward.

3 So thank you for having this public meeting  
4 today, and I appreciate very much the report.

5 CHAIRMAN WINNER: Thank you very, very much for  
6 your comments, Ms. Saldana, and be assured that we are  
7 aware of public perceptions, and your points are well  
8 taken and your points about transparency are well taken,  
9 and I really appreciate your comments.

10 Thank you very much and thank you for being  
11 here.

12 Martha Sullivan, San Diego business and  
13 resident -- and owner and resident.

14 MS. SULLIVAN: Good morning. It's good to have  
15 the Board meeting here in Del Mar --

16 CHAIRMAN WINNER: Madam, can you please, for the  
17 record, state your name and your affiliation. I know I  
18 did --

19 MS. SULLIVAN: My name is Martha Sullivan.

20 CHAIRMAN WINNER: -- but it's important for  
21 them.

22 Yes, thank you.

23 Say it again, please.

24 MS. SULLIVAN: My name is Martha Sullivan. I  
25 live in San Diego. I own a small business.

1                   CHAIRMAN WINNER: Thank you.

2                   MS. SULLIVAN: It's good to have the Board  
3 meeting here in Del Mar. It's very important, because we  
4 are now up to 19 horses that have died just during this  
5 racing meet this summer. I have been out on the picket  
6 line several weekends this summer, and I usually hold a  
7 sign near the end of our picket line with the sadly  
8 increasing count of the deaths.

9                   And people who are coming to the races who see  
10 that, I can tell by the expressions on their face that it  
11 is very shocking to them. It's clear that they have no  
12 idea that this happened. And I am sure they are wondering  
13 why this Board is allowing it to happen.

14                  I was interested to hear you refer to an athlete  
15 biological passport. So you clearly think of the horses  
16 as athletes. I would put to you that in any other sport,  
17 if you had 19 athletes die in the same venue in a month,  
18 there would be something really dramatic happen, much more  
19 dramatic than is happening here. It sounds like business  
20 as usual here. You are doing the same investigations for  
21 19 horses dying in less than a month at the same track  
22 that you do for any other horse.

23                  You need to do more. I appreciate what you are  
24 doing. I appreciate that your intentions are good, but  
25 very frankly, it's not working. It's clearly not working.

1 It's a failure. And you need to do something different,  
2 and you need to do something more. Thank you.

3 CHAIRMAN WINNER: Thank you.

4 Again, let me assure you that we understand your  
5 concerns, we share your concerns, and we are doing more.  
6 We are doing a lot more. But thank you again,  
7 Ms. Sullivan.

8 Elizabeth Jacobelly. I hope I'm pronouncing it  
9 right.

10 Please state your name and affiliation.

11 MS. JACOBELLY: My name is Elizabeth Jacobelly.  
12 I'm a small business owner. I teach young children here  
13 in San Diego. I have been a native San Diegan all my  
14 life.

15 Children are naturally attracted to and love  
16 horses. Many children are brought here to the Del Mar  
17 races with their families. The races even have family  
18 days and fun stuff for kids. This gives parents the  
19 impression that this is an okay place to bring their  
20 children, but what Del Mar horse races really teach  
21 children is that horses are commodities, an object just  
22 for entertainment to make money. This teaches kids that  
23 it is acceptable to use and abuse another species for  
24 entertainment.

25 Horses are intelligent beings with feelings and

1 emotions just like us. It must be devastating to a child  
2 when they are with their family at the track, and all of a  
3 sudden they see a horse go down, get injured and killed.

4 Many say that horse racing is considered a sport  
5 and the horses are the athletes, as Martha was talking  
6 about, and they love to run and race. I never see a human  
7 athlete being forced or whipped when they are forced to  
8 compete or race. The horses love running and racing so  
9 much, then why are they drugged and whipped? The answer  
10 is to keep them running through their pain and injuries.  
11 If this horse was a pet dog or a cat, this would be  
12 considered animal cruelty and it would not be happening.

13 Horse racing is not a sport, horse racing is  
14 abuse of horses for entertainment, money, and greed.  
15 Human athletes want to race. Horses do not have a say in  
16 the matter. And as Martha said, the 19 horses that have  
17 died in less than a month at this season in Del Mar, you  
18 are not doing enough. All the tests you are doing are  
19 apparently not working.

20 CHAIRMAN WINNER: Ms. Jacobelly, your time is  
21 up. I will allow you another 30 seconds.

22 MS. JACOBELLY: Okay. You say you are concerned  
23 about the horses and love them and care about them. If  
24 you were, you would not be racing them. You are in it for  
25 money and greed, just like a lot of other people out

1 there, and I hope you come to your senses.

2 CHAIRMAN WINNER: Thank you for your opinion.  
3 Obviously, it's disagreed with by most of the people in  
4 this room.

5 Darrell Haire.

6 MR. HAIRE: Darrell Haire, Western Regional  
7 Manager for the Jockeys Guild.

8 Mr. Chairman, members of Board, I'd personally  
9 like to thank the Board for working with the jockeys and  
10 the Jockeys Guild over the years to make things safer for  
11 the jockeys and the horses.

12 Secondly, I would like to thank the jockeys  
13 Mike Smith and Gary Stevens and the racing secretaries  
14 here in our great State of California, Rick Hammerle,  
15 Tom Robbins, Pat Mackey, David Jerkens for adjusting the  
16 scale of weights here in California. And it's helping  
17 with these jockeys to be healthier, and my hat goes off to  
18 them working together to make things healthier and safer  
19 for these riders. Thank you.

20 CHAIRMAN WINNER: Thank you, Darrell.

21 Any questions or comments?

22 Toni Falcone.

23 Please state your name and organization,  
24 please.

25 MS. FALCONE: Hi, my name is Toni Falcone. I'm

1 a San Diego native and small business owner.

2 Thank you, Commissioners, for having this forum  
3 to allow the public's voice to be heard. We have much to  
4 say. We have taken notice that the number of horse deaths  
5 continue to rise at Del Mar. Three years ago a horse was  
6 killed every three days here, a total of 16 in the 2014  
7 meet. Last year, even though numbers were up with a  
8 horse being killed every two days, a winter season was  
9 added, bringing the 2015 total to 26 horses that lost  
10 their lives.

11 Just when we thought it could not get worse, the  
12 2016 meet has seen 19 horses already lose their lives, and  
13 it's not over. That is a horse almost every single day of  
14 racing. It is simply unacceptable.

15 Joe Harper just said outside that our numbers  
16 are inflated, but let me point out that these are taken  
17 from your own stewards' minutes. Horses are dying at Del  
18 Mar from everything from broken legs and fractured ankles  
19 to heart attacks in horses the equivalent age of a human  
20 toddler.

21 Is it the track surface? Is it the medication  
22 regimen? I don't know. I am not an expert. The  
23 California Horse Racing Board are supposed be the experts.  
24 The California Horse Racing Board are supposed to be  
25 protecting these horses and jockeys.

1 I am sure you are doing your best to try and  
2 figure this out, but whatever you are doing, it is not  
3 enough. Until you figure it out, horses should not be  
4 running on this track. You certainly have no business  
5 having a winter 2016 meet until this problem is solved.  
6 The monetary loss may be minimal because the horses are  
7 insured but the total in lives lost and our souls is just  
8 too great.

9 The horse-racing industry is in decline, but I'm  
10 not telling you anything you already don't know. If not,  
11 you would not be creating events such as concerts, food  
12 festivals, and family fun days in an attempt to  
13 artificially boost attendance. These events do raise  
14 attendance, which only proves that the horses are not even  
15 necessary.

16 Let's be honest. This is all about revenue.  
17 Plenty of revenue can be generated from these type of  
18 events as well as car shows, antique shows, et cetera,  
19 and the other buildings on this property. Without food  
20 trucks and booze, bands, and bouncy houses, without  
21 subsidies and tax breaks from the government, the  
22 antiquated industry of horse racing in California would  
23 likely be going by the wayside.

24 Perhaps that is where it should be if you cannot  
25 get it together and figure out a way to effectively

1 protect the horses and jockeys that are dying to entertain  
2 you. P.S. F. Ziggy Marley. Thank you.

3 CHAIRMAN WINNER: Thank you very much,  
4 Ms. Falcone, for your opinions.

5 Ronnie Steinau.

6 MS. STEINAU: Good morning. I am Ronnie Steinau  
7 from Encinitas. I'm a concerned citizen and an animal  
8 activist.

9 It seems that the safety precautions for the  
10 horses are not working with 19 horses dead already this  
11 season. The only way to protect the horses and have safe  
12 horse racing is not to have it at all. You can blame the  
13 deaths on the track surface or track conditions or the  
14 weather or equine illness, but it has long been  
15 established that it is the nature of the racing itself  
16 that is doing the damage to the animals, although other  
17 factors may contribute overall.

18 Are you ready to permanently shut down this  
19 billion-dollar industry? Probably not. Therefore, if you  
20 are to continue the races, the only thing you can do today  
21 is make radical changes in the way horses are raced. I  
22 suggest the California Racing Board close down the Del Mar  
23 racetrack immediately and implement a full investigation  
24 regarding the 19 deaths this year and find ways to protect  
25 horses from injury and deaths.

1           Del Mar has a black eye now and it is getting  
2 blacker. How many horses have to die before you shut down  
3 the track and conduct a legitimate investigation so no one  
4 else gets hurt? Del Mar's reputation today is not better  
5 than any second track -- second-rate track, and its  
6 reputation reflects on all of California and the entire  
7 industry.

8           We are not going away. We have a loud message  
9 to spread all over the world regarding tragedies in the  
10 horse-racing industry. We let the world know about the  
11 atrocities at Sea World. It lost 84 million in the first  
12 quarter of 2016 alone, and without a radical change in its  
13 business model, it will shut down. The orcas are winning.

14           Since the inherent problem with the racehorse  
15 injuries is horse racing itself, we are focusing on  
16 curtailing this cruel and abhorrent industry.

17           Thank you for your time.

18           CHAIRMAN WINNER: Thank you. Thank you very  
19 much again. We appreciate your being here.

20           John Valenzuela, Parimutuel Employees Guild,  
21 Local 280. John.

22           MR. VALENZUELA: Good morning, ladies and  
23 gentlemen, Chairman, Vice Chairman, members, Executive  
24 Director, Assistant Director.

25           My name is John Valenzuela, and I represent the

1 Parimutuel Employees Guild of California, Local 280. I am  
2 here to inform the Board that we are in progress to attain  
3 agreements with the ADW companies that have reached us  
4 after our letter dated February 2016. Thank you.

5 CHAIRMAN WINNER: Thank you, John. I am glad  
6 you are making progress.

7 Cliff Goodrich.

8 MR. GOODRICH: Thank you, Mr. Chairman.  
9 Cliff Goodrich.

10 While I am Executive Director of the California  
11 Thoroughbred Horsemen's Foundation, which is the next  
12 agenda item, I am really -- I want to speak on this item  
13 as a long-term member of the industry.

14 Ladies, I appreciate your dedication, your love  
15 of animals, mammals, and the like. You should be saluted  
16 for that. But I started in this industry over 50 years  
17 ago as a part-time admissions seller. I rose to be  
18 president of Santa Anita before I left. So I have seen it  
19 all. I've probably seen over a hundred commissioners over  
20 that time, and I can tell you this Board has a history of  
21 progressive disciplines, all looking after the safety of  
22 the horse and those riders who sit on their back.

23 Goodness knows in society there are problems that are  
24 unsolvable. This may be one of them. One horse lost is  
25 too many; 20 horses certainly are. It's an aberration,

1 not one I pass off lightly, but it is an aberration.

2           Ironically, in this world of growing  
3 transparency, this Board is being criticized for being  
4 transparent, because in a lot of jurisdictions, a lot of  
5 this information doesn't come to light. I think these  
6 ladies, if they really want to help the horse, they ought  
7 to go to other jurisdictions and challenge those  
8 jurisdictions to come up to the standards that this Board  
9 sets. And to insinuate that they are not trying, I am  
10 sorry, is out of bounds. I admire your dedication, but to  
11 look this Board in the eye and tell them they are not  
12 trying hard enough is an insult. I have seen 50 years of  
13 it. We will continue to try. We will never be perfect,  
14 but goodness knows it's not for a lack of trying, and  
15 everything Mr. Baedeker said was true.

16           I salute this Board. I admire your dedication,  
17 but please give the Board a verbal that they are being  
18 transparent, they are not trying to hide anything. This  
19 is a tough issue to deal with, but goodness knows they are  
20 trying. Perfection will probably never be achieved.

21           Thank you.

22           CHAIRMAN WINNER: Thank you, Mr. Goodrich.

23           Thank you very much.

24           Reverend Beth Johnson, Faith Action for Animals.

25           For the record, please state your name and

1 affiliation again.

2 MS. JOHNSON: I'm Reverend Dr. Beth Johnson.  
3 I'm on the steering committee of Faith Action for Animals.  
4 I'm the co-founder of inter-religious voices for animal  
5 compassion, and I'm on the Board of the Unitarian  
6 Universalist Animal Ministry, a national organization that  
7 serves over 200,000 members.

8 You know, thank you so much for allowing public  
9 comments. I hear the passion and the level of  
10 transparency that you are hoping to achieve and indeed  
11 achieving by allowing people to speak and sharing with us  
12 what you are doing.

13 Now, you love animals, other animals. You love  
14 horses. I could feel that when you talked about it, and  
15 we humans love animals. We love to see them. They thrill  
16 us. And I heard you name your heartbreak, and indeed it  
17 is, and hearing that this is an industry-wide problem, and  
18 with all of the measures that have been instituted here in  
19 California and the hard work that you are doing, and yet,  
20 the deaths persist.

21 So I am asking you, and all of us, to reimagine  
22 our relationship with other animals: One that takes into  
23 account their well-being and their health, one that asks  
24 us to care more deeply and fully for these beings who are  
25 entrusted in our care.

1           Now, this will challenge our assumption about  
2 what is humane and what does it mean to care. This is an  
3 invitation to change our perception of other animals, not  
4 as property or possessions, even well-loved possessions.  
5 So much would need to change, it would take a huge  
6 imagination. And I know that it seems daunting, but we  
7 have heard some of the ways that this facility could  
8 flourish, but I promise you this: That the rewards in  
9 living out our role as stewards of creation, as stewards  
10 of animals would be great.

11           Just because something is entertaining it  
12 doesn't mean it's not necessary; just because it's legal,  
13 it doesn't mean it's moral; just because it makes money,  
14 it doesn't mean it's right.

15           Can we love horses differently? Can we love  
16 them enough to let this go and imagine something else?

17           Thank you.

18           CHAIRMAN WINNER: Thank you very much, Reverend,  
19 for your remarks and your concern and obvious caring for  
20 animals, which I think all of us do. And we all -- for  
21 instance, on a personal note, my wife spends her life with  
22 animal rescue. We are very involved in -- both actively  
23 as well as contributions to PETA and HPCA and Farm  
24 Sanctuary and on and on and on. We care about these  
25 animals. That's true of everybody on this Board. It's

1 true of everybody in the industry. We may have a  
2 different view on some of these aspects, and I understand  
3 your concern. And as Mr. Goodrich said, we welcome your  
4 comments. We are doing the best we can. We understand  
5 you have a different point of view than we do and we  
6 accept that and we welcome it.

7 Next is Jim Perez, California Harness Horsemen's  
8 Association.

9 MR. PEREZ: Good morning. I'm speaking on  
10 No. 9, not this -- not public comment. It's Item No. 9.

11 CHAIRMAN WINNER: Oh, my -- my apologies. You  
12 are right. It does say 9. Thank you for correcting me on  
13 that.

14 Debra Kelley. Did you say American Lung  
15 Association, Ms. Kelley?

16 MS. KELLEY: Yes, correct.

17 Yes. So my name is Debra Kelley, and I am  
18 representing the American Lung Association in California  
19 as well as the two dozen agencies that belong to the San  
20 Diego Tobacco-free Communities Collision.

21 Like hundreds of thousands of San Diegans, I  
22 have a breathing problem, and I would like to tell you  
23 what the visitor experience is like for me here at the  
24 Thoroughbred Club.

25 First, we can't escape the clouds of toxic and

1 stinking second-hand smoke from cigarettes and cigars,  
2 which means we can't breathe.

3 Second, it's nauseating to see cigar butts,  
4 which basically look like dog turds, littering the  
5 planters and the beautiful grounds.

6 And third, as someone who has been evacuated  
7 twice due to wildfires, it's disturbing to see people  
8 carelessly toss smoldering cigarettes and cigar litter  
9 everywhere.

10 The club does have some no-smoking rules, but  
11 club management refuses to enforce them. It is the 21st  
12 century, and you would think a family-friendly venue like  
13 the Del Mar races would be smoke-free by now. But failing  
14 that, management needs to set up and enforce designated  
15 smoking areas that are away from the crowds and families  
16 and kids.

17 It's beyond sad that the crown jewel of  
18 California horse racing looks and smells like an ash tray.  
19 This is State property and belongs to all Californians.  
20 Protecting our health and safety ought to be a high  
21 priority so we are now approaching state-elected officials  
22 and regulatory agencies for help. This is a problem that  
23 does have a solution, and we are eager to help.

24 Thank you for your time and attention.

25 CHAIRMAN WINNER: Thank you very much. We very

1 much appreciate that. Very good points made.

2 COMMISSIONER KRIKORIAN: I have a question.

3 CHAIRMAN WINNER: Yes, please.

4 Commissioner Krikorian.

5 COMMISSIONER KRIKORIAN: With regard to the  
6 comments just made, what are -- what are the nonsmoking --

7 CHAIRMAN WINNER: Is your -- is your mike on?

8 MS. KELLEY: Are you directing the question to  
9 me?

10 COMMISSIONER KRIKORIAN: No, not to you.

11 MS. KELLEY: Okay.

12 COMMISSIONER KRIKORIAN: Can you hear me now?

13 CHAIRMAN WINNER: Yes.

14 COMMISSIONER KRIKORIAN: Okay. My question is,  
15 what is -- what is the policy for smoking at the  
16 racetrack?

17 CHAIRMAN WINNER: I don't know.

18 COMMISSIONER KRIKORIAN: What are the rules and  
19 regulations --

20 CHAIRMAN WINNER: Can we have someone from Del  
21 Mar come forward?

22 Mr. Harper, Mr. Dado, Mr. Rubenstein?

23 Somebody --

24 COMMISSIONER AUERBACH: No. They are here.

25 CHAIRMAN WINNER: They are here.

1 MR. RUBENSTEIN: Josh Rubenstein, Del Mar  
2 Thoroughbred Club. We have a no-smoking policy in all  
3 seated areas.

4 COMMISSIONER KRIKORIAN: Okay. But those --  
5 those obviously aren't being enforced, because where I sit  
6 people are smoking around me all the time, and these  
7 things need to be enforced.

8 So can you make a commitment that these things  
9 will be enforced moving forward?

10 MR. RUBENSTEIN: Absolutely.

11 COMMISSIONER KRIKORIAN: Thank you.

12 CHAIRMAN WINNER: Thank you, Mr. Rubenstein, and  
13 thank you for bringing that issue to our attention.

14 All right. Let's move along, unless there are  
15 other -- any other comments for the public comment period?

16 Mike, any others?

17 All right. Okay. The next item on the agenda  
18 is discussion and action by the Board on the nomination of  
19 members to the Board of Directors of the California  
20 Thoroughbred Horsemen's Foundation.

21 Mr. Goodrich.

22 MR. GOODRICH: Mr. Chairman, Commissioners,  
23 Cliff Goodrich, representing California Thoroughbred  
24 Horsemen's Foundation.

25 With your permission, I would like to take about

1 two minutes, no more, to educate, if needed, not only the  
2 commissioners but those in the audience of what this Board  
3 oversees, because I think the organization that I run is  
4 probably one of the most underappreciated assets in the  
5 industry.

6 We are, for everyone's knowledge, the primary  
7 source of healthcare, primarily medical and dental for  
8 over 5000 backstretch workers and their families. These  
9 people are employed by the trainers, and we are a  
10 charitable foundation that financially assists them.

11 Sometimes we get questions, "Well, why don't  
12 they just buy insurance? Obamacare, given their economic  
13 situation, would be very cheap." We've seen employees who  
14 are told, because we help screen for Obamacare, their  
15 premium is \$8.00 a month. They can't make that  
16 commitment. They are afraid they cannot commit to \$8.00 a  
17 month, let along the co-pays that go along with it, and  
18 that's why they turn to us for financial assistance.

19 We have four clinics: Santa Anita; we have Los  
20 Alamitos which opened in April of 2015 and now serves both  
21 thoroughbreds and quarter horsemen workers stabled there.  
22 We have Golden Gate Fields and we have Pleasanton. We  
23 have 11 full-time, five part-time workers. We have a  
24 budget of almost \$2 million, and our costs in the area of  
25 healthcare have not gone up in over 15 years.

1           This Board gets our financials every year. I  
2 can tell you we are squeaky clean on the expense side. We  
3 are a very efficient operation because I don't think many  
4 people in the healthcare industry could say their costs  
5 haven't gone up in 15 years.

6           We're funded, and this is very important.  
7 Statutorily, about 80 percent of our revenue comes from  
8 the track and horsemen through a piece of on-track,  
9 uncashed tickets and also ADW wagering, but if you can  
10 imagine a toboggan going down a hill, that looks like the  
11 trim line on our on-line uncashed tickets, and long-term  
12 we have got to be in a position to ride the coattails of  
13 this industry for better or worse, and that's what we are  
14 working toward.

15           These workers -- and it's relevant to the last  
16 point -- at times come and see us too late. They care  
17 more about the horses than they do themselves in many  
18 cases, and we are trying hard to have preventative  
19 programs so that that doesn't happen.

20           So when you hopefully approve this Board today,  
21 I can tell you I was in this position 15 years ago after I  
22 retired from Santa Anita, I loved it. I love it every day  
23 I go to work now. Things have gotten better. We have  
24 much more discipline. We have committees. We have nine  
25 Board members. Three of them are in our audience. It's a

1 broad matrix. We have horse owners; we have insurance  
2 underwriters; we have investment advisors; we have a labor  
3 representative; we have a trainer. It's a great board who  
4 enjoy helping the backstretch workers as I do.

5 Before you are five new members that hopefully  
6 you will approve, and if you have any questions, I will be  
7 glad to answer them.

8 CHAIRMAN WINNER: Thank you -- thank you,  
9 Mr. Goodrich, and thank you very, very much from this  
10 board, and I think from the industry for the work that you  
11 and your entire team do. It is incredible and it's a  
12 thankless job and we all owe you a debt of gratitude.

13 COMMISSIONER ROSENBERG: I have a question.

14 CHAIRMAN WINNER: Go ahead, Mr. Rosenberg.

15 COMMISSIONER ROSENBERG: Can you tell us, on the  
16 two sources of income, one from the uncashed tickets and  
17 the other from the ADWs, can you give percentages, what  
18 percent comes from the uncashed tickets, approximately?

19 MR. GOODRICH: I can't. On the uncashed  
20 tickets, there is a range because you never know how many  
21 people won't cash their tickets. But the base is so big,  
22 hundreds of millions of dollars that normally we end up  
23 around two-tenths of 1 percent of the on-track ticket  
24 pool, which gets to be about \$750,000 a year.

25 On the ADW we get about .12 or a little over

1 one-tenth of 1 percent, but when the handle is over 500  
2 million, that again translates into another \$750,000.

3 COMMISSIONER ROSENBERG: So 750- from  
4 approximately last year from ADW source --

5 MR. GOODRICH: And 750- from our total of a  
6 million five which means -- and this is important --

7 COMMISSIONER ROSENBERG: Donations.

8 MR. GOODRICH: That means that the purses and  
9 the commissions are a million five less than they would be  
10 if those people did not support us. We would be out of  
11 business without the support of the people behind us.

12 COMMISSIONER ROSENBERG: But the ADW -- the one  
13 area that we are seeing is the ADW handle keeps going up  
14 as compared to some other areas.

15 Has there been significant difference -- how  
16 much does that amount to each year in terms of  
17 proportionate increase, if handle goes up --

18 MR. GOODRICH: Well, ADW certainly went up  
19 quickly the first few years. It's now leveled off to  
20 where it is going up less than 5 percent a year --

21 COMMISSIONER ROSENBERG: So that's --

22 MR. GOODRICH: Unfortunately, our outs are  
23 dropping more than that.

24 The one thing I forgot to mention this Board has  
25 done -- our Board has done a good job. We have a sound

1 investment policy, we have some money in the bank, but we  
2 owe a five-year projection to this Board which we  
3 submitted to you within a month. That projection will  
4 show we are going to lose a million dollars in the next  
5 five years if we maintain a status quo.

6 Like the people behind us, our problem is not on  
7 the expenses side of the ledger; it's on the revenue side  
8 of the ledger. And we have got to do everything we can to  
9 generate more income so that we can enhance and grow and  
10 expand the programs we offer these backstretch workers  
11 because without this foundation I hate to think where the  
12 industry would be.

13 COMMISSIONER ROSENBERG: Do you offer -- do any  
14 of the stakeholders, the owners of TOC or the racetracks,  
15 make donations?

16 MR. GOODRICH: They make charitable donations.  
17 There are charity days. When you approve charity days,  
18 almost without exception, we will be one of the  
19 recipients. And I did -- I failed to mention that. So  
20 not only statutorily are they are contributing but they  
21 are also contributing charity-day monies.

22 And as Commissioner Choper identified yesterday,  
23 the problem is we come at them, the pie isn't growing,  
24 it's shrinking, we need more, they need more, it is a zero  
25 sum game. That is why when the Internet poker and other

1 opportunities come along there is perhaps new money. And  
2 in talking to them, I am confident that organizations like  
3 ourselves and the Winners Foundation can get a small slice  
4 of any new money. It is just a question of will that new  
5 money ever surface.

6 COMMISSIONER ROSENBERG: Thank you.

7 CHAIRMAN WINNER: Any other questions for Mr.  
8 Goodrich? Comments?

9 Thank you very much.

10 MR. GOODRICH: I hope you will approve the Board  
11 before I leave --

12 COMMISSIONER WINNER: Oh, yeah. We need a  
13 motion. Yeah. You want -- you want to get approval for  
14 your -- we do need a motion.

15 I think there is one -- am I correct, one new  
16 member and the others are --

17 MR. GOODRICH: That is correct.

18 Dasmascus Castellanos -- by statute, we have to  
19 have one labor representative on the board. Damascus is  
20 that individual. He's a business representative of Local  
21 495, represents a variety of categories at racetracks. He  
22 has been around the racetrack. I think he is going to be  
23 a great addition to the board.

24 CHAIRMAN WINNER: And he is replacing a labor  
25 member?

1 MR. GOODRICH: He's replacing a labor member who  
2 resigned because of other commitments.

3 CHAIRMAN WINNER: Thank you very much.

4 Is there a motion?

5 Commissioner Choper moves; Vice Chairman  
6 Rosenberg seconds.

7 Commissioner Krikorian?

8 COMMISSIONER KRIKORIAN: Yes.

9 CHAIRMAN WINNER: Commissioner Solis?

10 COMMISSIONER SOLIS: Yes.

11 CHAIRMAN WINNER: Commissioner Auerbach?

12 COMMISSIONER AUERBACH: Yes.

13 CHAIRMAN WINNER: Chairman votes yes.

14 Vice Chairman?

15 COMMISSIONER ROSENBERG: Yes.

16 CHAIRMAN WINNER: Commissioner Choper?

17 COMMISSIONER CHOPER: Yes.

18 CHAIRMAN WINNER: Commissioner Beneto?

19 COMMISSIONER BENETO: By all means.

20 CHAIRMAN WINNER: By all means.

21 The motion carries unanimously.

22 Thank you again very much.

23 Moving on, discussion and action by the Board on  
24 the update from AmTote concerning the tote system  
25 operation to date since inception.

1 MR. TRUE: Good morning, Mr. Chairman. Thank  
2 you.

3 Jeff True, Senior Vice President of Sales for  
4 AmTote. I had a couple of minutes of prepared remarks.

5 CHAIRMAN WINNER: Please.

6 MR. TRUE: Just as a little bit of a  
7 retrospective to set the context of what we are talking  
8 about, AmTote International is an 83-year-old American  
9 technology company. It started in Maryland as an American  
10 totalisator company and now serves dozens of customers  
11 worldwide in the parimutuel and fixed-odds sector of the  
12 gaming market. AmTote headquarters remain in Hunt Valley,  
13 Maryland just a few miles north of Pimlico racecourse.

14 In the last few years, AmTote has grown from a  
15 modest tote company and a large portfolio of racing  
16 industry properties to a leading technology group. In  
17 California is our -- California horse racing industry is  
18 now our largest regional customer.

19 In August 2013 AmTote deployed its Spectrum  
20 system at Belmont Park, the first of three track  
21 installations for New York racing association. At the  
22 time those three tracks combined represented the largest  
23 terminal deployment that AmTote had ever conducted. That  
24 also marked the beginning of a three-year trend in which  
25 AmTote has become the leading tote service provider for

1 tracks, ADWs, and high-volume bettors.

2 In the following spring 2014, a big chestnut  
3 horse with a lot of chrome on him came to Belmont Park  
4 looking for a triple crown and helped generate the largest  
5 Belmont Day handle ever at \$150,000,000 with a record  
6 19 million on-track in a crowd of 102,000. It was an  
7 awakening for both NYRA and for AmTote.

8 The following month, September 2014, AmTote  
9 presented and demonstrated its proposal and capabilities  
10 to a couple dozen representatives of the California horse  
11 racing industry. As a result of their process the  
12 selection committee in the spring of 2015 was unanimous in  
13 its choice for AmTote as the new tote service provider.

14 AmTote immediately began building terminals and  
15 preparing for the deployment. We started wiring  
16 facilities in March of 2015, began the software  
17 development work, the hiring process, opened warehouses.  
18 It was an effort that consumed literally thousands of man  
19 hours of our software and operational divisions.

20 By late summer we were in full deployment mode,  
21 2015, with multiple teller training classes, hiring  
22 workshops, installation work across the state.

23 Connectivity to the tote hubs were established at every  
24 site months before deployment date. It was a huge effort  
25 and it was all targeted for Belmont -- I mean for Del

1 Mar's opening weekend with -- that coincided with the  
2 Breeders' Cup that year.

3 We had more than 80 people on-site in the state  
4 handling live racing programs, teller and terminal  
5 support, front-line customer learning, money room  
6 balancing. We deployed 3000 terminals and turned the tote  
7 system around in 48 hours.

8 That we in-track operators got through that  
9 period at Del Mar and Golden Gate, Los Al, and Cal Expo  
10 live openings that weekend was a testament to the  
11 abilities and cooperation of a large group of people in  
12 the state. My hat is off to the mutuel staffs, tote  
13 operators, teller and terminal technicians, engineers and  
14 developers, money room people, satellite managers, and  
15 most often the fans. We heard from many of them during  
16 our deployment. And while no one gets a perfect score  
17 from that group we feel satisfied that the heavy lifting  
18 has been completed and we continue to refine our  
19 performance every day to meet those fans' standards.

20 Since our opening 298 days ago, we have settled  
21 in with about 48 employees, many of them whom -- or most  
22 of whom, I should say, are union employees. We have  
23 completed more than 100 individual work orders for report  
24 changes, software upgrades, hardware additions, multiple  
25 software updates, and have been deployed for display

1 systems, terminal hardware, and reporting software.

2 We have completed a new tote reporting service  
3 and deployed that in California and nationally, which is a  
4 pretty big undertaking, and we have opened and closed a  
5 couple of OTBs in a trend that we expect to continue.

6 We were again happy to see California Chrome  
7 come back because we set a handle record here at Del Mar  
8 last week, as you might know, \$25 million in total handle  
9 including more than \$4 million on-track.

10 In closing, AmTote's deployment has been good,  
11 by all accounts, though it has not been perfect. We have  
12 had to change some plans. We have had to employ some new  
13 engineering, adjust our operating procedures to fit some  
14 California models, and we continue to improve the customer  
15 satisfaction scores for all our products and services.

16 The California horse racing industry, as I said,  
17 is the largest single tote contract in North America and  
18 by many measures the largest in the world. We cherish  
19 that privilege, sorry, and honor the responsibility that  
20 goes along with that.

21 And with that, I will open myself for questions  
22 and whatever the context of the agenda item might be.

23 COMMISSIONER KRIKORIAN: Okay. Well, I have  
24 heard everything you said and that is great about your  
25 history and all the progress you have made and so forth,

1 but the fact is I've personally spoken to a number of  
2 tellers at the track, and they are complaining about the  
3 system is very slow, it's very difficult to operate. The  
4 system -- while they are trying to issue tickets, the  
5 system will shut down and then they have -- and then they  
6 can't operate or go to another -- go to another unit to  
7 continue to work because their code can't be transferred  
8 from one unit to another.

9 So what are you doing about those problems?

10 MR. TRUE: We continue to monitor teller issues.  
11 I mean it's a daily sort of ongoing process, and we take  
12 those complaints, discuss them with mutuel managers whom  
13 they work for, and decide what we are going to do, if  
14 anything, to change the function of the terminal, the  
15 reporting from that terminal, to engage new engineering,  
16 if needed. We're constantly in a state of looking at what  
17 we do and how we do it and seeing if there is a better  
18 way.

19 The reason that I mentioned the records and the  
20 high numbers and the volume is to demonstrate that the  
21 system works really well and it works really well in a lot  
22 of places. Every location, every racetrack that undergoes  
23 a transition like we just went through after 25 years of a  
24 single vendor and then switches to another one is going to  
25 have some issues, and we have had, you know, as I

1 mentioned, 300 days now of activity in California. And  
2 there are still some things that are an issue for some  
3 tellers. There are, you know, on any given day 120 to 250  
4 tellers on the line at the live racetrack, and not  
5 everybody is going to be happy. Indeed, I'm not very  
6 happy all the time but --

7 COMMISSIONER KRIKORIAN: It's not about -- it's  
8 not about happy. I'm being told by numerous tellers  
9 working in different sections of the track, all saying the  
10 same thing. It's the equipment is slow. The equipment is  
11 malfunctioning, okay? And -- and they are getting a lot  
12 of complaints from their customers because they can't  
13 service them fast enough. There's a lot of frustration.

14 So what are you doing technology-wise and  
15 hardware-wise to resolve that problem?

16 And if you have been in business this long now  
17 with this system and we're still having these kinds of  
18 problems today, what are you going to do to change it?

19 MR. TRUE: We are addressing the issues as they  
20 come to us, and when we address those issues with the  
21 people that those tellers work for and whom we get  
22 direction from for new work orders or new changes to the  
23 software, we go and build it and deploy it.

24 So I hear what you are saying. There are  
25 tellers that will make complaints. We work for the

1 racetracks. And when they say go change something, we  
2 change it, and that's not to pass the buck. It's meant  
3 to -- I mean, as I mentioned, we have over a hundred work  
4 orders, individual work orders that take, you know,  
5 research work, testing, deployment. Those things are not  
6 done trivially or lightly.

7 A change put into a terminal in California can  
8 very likely affect other things that that terminal does.  
9 If there are particular features that the tellers want  
10 that we don't have, for instance, you mentioned carrying a  
11 profile from one terminal to the next, if that is  
12 something that is needed, we'll investigate it. We'll  
13 look for a way to fix it.

14 But I am not hearing the level of frustration  
15 that maybe you are from -- from tellers. No -- no tellers  
16 are coming to AmTote. They are going to their -- you  
17 know, their mutuel supervisor or their mutuel office and  
18 saying here is my problem. And we respond to the people  
19 that we work for.

20 COMMISSIONER ROSENBERG: What have you heard  
21 from -- going to turn the page a little bit, or turn the  
22 size of the desk, the counter.

23 What have you heard from customers? Because I  
24 received -- personally received complaints from the  
25 customer saying the paper jams when they are doing their

1 own when there are no tellers.

2 I can understand why tellers might be reluctant  
3 to speak to management knowing it's their job, unless  
4 there is really a serious problem. So the customers  
5 complain. I was approached by, the first week, by someone  
6 who was there all the time who happens to be an active  
7 person in the horse racing community ranting and raving  
8 about how the tellers complain to him and he has had  
9 problems with his machines. And the one question is the  
10 paper is much thinner than the paper that was used  
11 previously by the prior -- in the prior system. And some  
12 people think it's the cheaper paper that is being used.

13 MR. TRUE: Yeah. In fact, it is the same very  
14 paper that was used prior.

15 COMMISSIONER ROSENBERG: Feels thinner. Said  
16 paper, but it could be cut thinner, couldn't it?

17 MR. TRUE: It is exactly the same paper that was  
18 used prior, the same dimensions, the same thickness.

19 And I have heard that as well. So it's not -- I  
20 am certain that you have heard that.

21 What is interesting is when we look at the  
22 national averages for tickets produced per self-service  
23 terminal, the national average versus California,  
24 Californian's print per terminal literally double the  
25 number of tickets that are printed in other AmTote

1 installations so --

2 COMMISSIONER ROSENBERG: We have smarter people  
3 out here.

4 MR. TRUE: Well, the national average for  
5 tickets printed from a self-service unit is 119 tickets  
6 per day. In California, it's 240. The dollar amount is  
7 slightly less, but the number of tickets is, again,  
8 double. That is a lot of tickets.

9 COMMISSIONER ROSENBERG: So you haven't received  
10 all the complaints from --

11 MR. TRUE: I'm not saying we haven't received  
12 complaints --

13 COMMISSIONER ROSENBERG: Through -- through the  
14 racetrack from --

15 MR. TRUE: We have in fact had -- we had an  
16 issue earlier in this meet --

17 COMMISSIONER ROSENBERG: Yeah.

18 MR. TRUE: -- with Del Mar who said look, we're  
19 having more tickets jams than we want, than we expect. We  
20 looked at our records, and the best we could tell, it was  
21 not that far above the national average. We found out  
22 that some of the reporting that we had was not addressing  
23 the specific issue that we found at Del Mar. But we did  
24 go and undertake a mechanical change on the self-service  
25 terminals that were having those issues and those numbers

1 have immediately dropped. So we are finding some of those  
2 things in the --

3 COMMISSIONER ROSENBERG: Okay. But how -- how  
4 about the response time?

5 Another complaint I have heard from customers,  
6 from bettors, is the response time that it takes to get  
7 someone when they have a problem with the tickets in the  
8 machine or their money is in the machine or whatever and  
9 they can't get responses, it takes too long to get someone  
10 to help them.

11 Has that been a problem that you have heard  
12 about, insufficient staff?

13 MR. TRUE: We have, in California.

14 Yes, sir.

15 MR. MILLER: Please speak one at a time for the  
16 court reporter. Don't talk over each other.

17 MR. TRUE: Thanks, sorry. Sorry. I was getting  
18 a little eager with the answer.

19 The personnel that are on the floor to help  
20 customers with those kinds of issues are there every day,  
21 and we have them operating off of radios. When a terminal  
22 is -- when a terminal button is pushed that says call  
23 attendant, we get an alert in the office. That process  
24 goes on daily so there are people out all over the floor.

25 In addition, uniquely in California, the

1 racetracks employ their own what we call SSTs, and so  
2 those self-serving technicians that are employed by the  
3 racetrack also go and help patrons. It would be -- we  
4 would be hard pressed, I think, to put more people on the  
5 floor. If you are hearing and if -- if there's more  
6 complaint -- if there are general complaints that we're  
7 not fast enough, we'll look for ways to improve that.

8 But I mean I sit in the tote room and I watch  
9 how it goes, and it's pretty quick.

10 COMMISSIONER ROSENBERG: So you haven't heard  
11 that from Del Mar management?

12 MR. TRUE: Del Mar management and we work very  
13 closely together on those customer-service issues. Again,  
14 they have as many as a dozen people, maybe 15 people on a  
15 weekend on the floor responding. They have a person in  
16 our tote room that responds to the same sorts of terminal  
17 alerts that our technicians do. They tend to work on the  
18 customer side; we tend to work on the backside of the  
19 terminal.

20 So if a customer has an issue with a ticket, the  
21 SST may help them deal with the ticket itself. If there  
22 is a problem with the terminal, then our technician  
23 typically comes and deals with the terminal piece. So I  
24 think we're moving on that -- on that front quite well,  
25 but we will improve.

1                   CHAIRMAN WINNER: Mr. True, I have a couple  
2 questions.

3                   MR. TRUE: Yes, sir.

4                   CHAIRMAN WINNER: Number one, it's my  
5 understanding -- tell me if I am wrong -- that when these  
6 complaints began to pile up that you or your  
7 representatives felt that you had a solution to the  
8 problem, primarily the jamming problem, as I recall, and  
9 that you were going to send someone from AmTote out to  
10 work with Del Mar to solve that problem.

11                   Did that ever take place?

12                   MR. TRUE: We actually found a solution before  
13 someone from Hunt Valley had to come here. And our guy  
14 that runs the California operations -- his name is  
15 Bob Sloan -- he figured out a solution to the jamming  
16 problem, approved it with the engineers back in Hunt  
17 Valley, and went about deploying it. So we didn't have  
18 the engineer come out here in the last 30 days, but we  
19 think we have fixed the problem that we discovered with  
20 Del Mar.

21                   CHAIRMAN WINNER: Okay. Obviously, when you  
22 have problems, it's not just the tellers that have the  
23 problems, it's the gamblers, the people that we rely on to  
24 keep this business, this -- the horse racing going. We  
25 need people to make their wagers.

1           And when you get, as we have all -- I don't want  
2 to speak for everybody else. I know that Commissioner  
3 Krikorian and Vice Chairman Rosenberg has made their  
4 point. I too have heard a number of comments from people  
5 who are frustrated and sometimes even, you know, either  
6 their bet doesn't get in because of jamming or paper  
7 issues or whatever it is, or they just give up and leave,  
8 and we are losing -- again, it is not just -- it's not  
9 just the mechanical side of it. It's the racing side from  
10 convenience. We are actually probably losing money  
11 because people are getting frustrated with the equipment.

12           So I think it's really important for us to know  
13 that -- and as you say, you are doing everything you can.  
14 You have got all the experience, all the things that you  
15 rattled off. Those are very impressive. But it is still  
16 very frustrating, frankly, when you are at the racetrack,  
17 and maybe you don't hear it but we hear it, from people  
18 who are there and are upset because of the -- because of  
19 the technology.

20           And indeed, you know, I can't -- how many people  
21 are telling, at least some of us and we hear it from  
22 others, you know, why don't we go back to the old system,  
23 that one worked. And that, I think, is one of the points  
24 that Mr. -- that Commissioner Krikorian was making. He's  
25 hearing it not just from the gamblers, from the people at

1     wagering but also from the tellers who are selling them  
2     the tickets.

3             MR. TRUE: Thank you for those comments, and I  
4     respect them. I personally get complaints when I am at  
5     the racetrack and I'm in the tote room. I do personally  
6     get some complaints as well. That is kind of the nature  
7     of being in the tote business.

8             I mean, we are like referees at the ballgame.  
9     You don't really want to talk to us unless something goes  
10    wrong. And we -- you know, we take those matters to  
11    heart. Were it a persistent problem across all of our  
12    installations, across the thousands of terminals that we  
13    have at New York or Miami or Maryland or wherever, it  
14    might be a little -- we might be more inflamed about it.

15            But I talk to the engineers weekly. I talk to  
16    our operations people daily. And we are on top of the  
17    issues to the extent that we can be. If we are asked to  
18    do a major software upgrade or development or change by  
19    the customer, we are obligated, obviously, by contract and  
20    by, you know, this is what we do to go and attack it.

21            I'm not saying there's not any problems and I'm  
22    not saying you are not getting complaints because I know  
23    they happen, but I'm -- I am not seeing it at the level  
24    that is going to cause somebody to lose money.

25            CHAIRMAN WINNER: I understand that. And I

1 certainly hope that you get more inflamed because,  
2 frankly, this is the first time I ever recall this  
3 happening is at this meet. I don't ever recall this  
4 happening -- maybe a little bit before at Santa Anita in  
5 the prior meet, but I don't ever recall the complaints  
6 that we have been getting on this one issue. Maybe others  
7 have. To me this is a new phenomenon.

8 MR. TRUE: I think part of -- I think part of  
9 the issue with the Del Mar meet is the fact that people  
10 only come to the races a few times a year in this market.  
11 All right? The San Diego --

12 CHAIRMAN WINNER: But we didn't have it last  
13 year or the year before or the year before or the year  
14 before.

15 MR. TRUE: That company had been here for 25  
16 years and they had had an opportunity for 25 years to  
17 build the fixes or the wear patterns, if you will, into  
18 their equipment. And, you know, I think a year from now  
19 you won't be hearing those things.

20 CHAIRMAN WINNER: Well, let's hope you're right.

21 Any other --

22 MR. TRUE: That will be my -- my sincere goal,  
23 trust me.

24 CHAIRMAN WINNER: Thank you.

25 COMMISSIONER KRIKORIAN: One last --

1 CHAIRMAN WINNER: Yes, please.

2 COMMISSIONER KRIKORIAN: I don't want to be  
3 argumentative, and I know your job is difficult in trying  
4 to move things along and keep things humming. But the  
5 complaints I have talked to, I told you I talked to people  
6 and they are saying that they have made these, you know,  
7 complaints to management but that these have not been  
8 rectified.

9 So we'll go back in a few weeks and we're going  
10 to go back and talk to these folks, okay, and ask them if  
11 things have changed. If they haven't changed, we are  
12 going to have to sit down and talk about this again  
13 because if it persists, it's not healthy for anybody.

14 MR. TRUE: No question. If they're having -- if  
15 we're having the kinds of problems that you have described  
16 across the entire population of terminals, obviously we  
17 know there is a problem.

18 So I would like to personally get involved in  
19 who is complaining, what their complaints are, and  
20 investigate them because it's -- it's an engineering  
21 effort. I mean it is not just to say, I mean, someone's  
22 opinion that it is slower than it used to be or someone's  
23 opinion that the paper is thinner than it used to be, you  
24 can't really do anything with that. You have to go  
25 investigate it, figure out what the solution is and

1 whether that solution is workable and whether it doesn't  
2 or does break something else in the system or process.

3 There's a lot of effort goes into the building  
4 of those terminals, the upkeep of them, and the operation  
5 of the tote room. I will stay on it. That's my -- that's  
6 why I am here.

7 COMMISSIONER KRIKORIAN: And we'll check on it  
8 again.

9 CHAIRMAN WINNER: Thank you very much, Mr. True.  
10 John Mulvahill. I don't know if I pronounced  
11 that right. You can correct me, please.

12 MR. MULVAHILL: That's close enough.

13 CHAIRMAN WINNER: Please state your name again  
14 and affiliation for the record.

15 MR. MULVAHILL: John Mulvahill, mutuel clerk. I  
16 have been a mutuel clerk for 26 years.

17 You were talking about the paper. I don't know  
18 if it's the paper or the print, but if someone has a  
19 ticket in their wallet for a few weeks, it sees like it's  
20 hard to cash it. I mean as much as I regret having to say  
21 it, but the machines are not good.

22 I work a large transaction when they are down on  
23 the bottom floor, grandstand, and then I got a whole lot  
24 of self-automated machines. So I take -- I can see  
25 firsthand a lot of the tickets do get stuck in the

1 machines, and it's not really my job, but if it's not my  
2 job, I still go and try and take care of the customers  
3 even though I leave my window.

4 But the machines are there since when? Before  
5 the meet last year, before Breeders' Cup last year.  
6 That's what, nine or ten months ago? And they made a  
7 little bit of progress but not much.

8 But I think what you have to understand here at  
9 the racetrack, we do such volume in the last five or six  
10 minutes. If the machines are slow or you have to keep  
11 watching them and you are not giving good customer service  
12 because you are more apt to make mistakes on this machine.

13 And I don't know. I just have to -- the guy  
14 that was up here a few minutes ago, none of them, clerks  
15 like these machines. They are slow, and it's like going  
16 back 20 years in technology.

17 So that's my story and, unfortunately, I'm  
18 sticking to it.

19 CHAIRMAN WINNER: Thank you.

20 Can you stay up just for a second in case there  
21 are any questions?

22 COMMISSIONER ROSENBERG: One question.

23 CHAIRMAN WINNER: Commissioner Rosenberg.

24 COMMISSIONER ROSENBERG: When there are  
25 problems, do you have to call -- when you call for

1 technical help, does it take very long to get help?

2 MR. MULVAHILL: Not where I am, because the tote  
3 room is right behind me.

4 COMMISSIONER ROSENBERG: Okay.

5 MR. MULVAHILL: So very good.

6 But I'm not saying that just that people get so  
7 impatient. It's not really the tote company's fault but  
8 maybe a couple machines could break down at the same time,  
9 but people come up to me and say "I pressed the help  
10 button."

11 When their ticket gets stuck, they get irate,  
12 you know, and they get irate with me. I had nothing to do  
13 with it, but that is part of the job. But, you know,  
14 unfortunately, they are very, very slow.

15 CHAIRMAN WINNER: Is it your view that others  
16 share your opinion? I mean do you guys talk about this?

17 MR. MULVAHILL: Yes, yes. And no.

18 People are adjusting to them, but it's a long  
19 adjustment, and they are not efficient in the type of  
20 service that we are in where volume is important, the last  
21 few minutes. You know, they don't produce and they are  
22 slow. And the self-automated machines, I'm afraid,  
23 tickets get stuck in them. And I worked up in San  
24 Clemente at Orange County Tavern, OC Tavern, but the  
25 machines up there were not good either. And the result

1 was a lot of complaints.

2 But I don't -- what these machines are, if it is  
3 the exact same machines as they are in Canada or New York  
4 and Miami, but I would have to think it may be different  
5 than here, you know.

6 I mean, the Pick 6 tickets before, when they  
7 gave you a Pick 6 and there was a mistake on it, you had  
8 to give it back to the customer because the machine  
9 wouldn't take it, and unless you had one of those white  
10 pens so you could take it off, but now you can -- they  
11 have improved it a little bit but not as much as they  
12 should -- as they should be. Okay.

13 CHAIRMAN WINNER: Thank you.

14 Any other questions?

15 Thank you very much for your comments.

16 We're moving on then to item No. 6: Discussion  
17 and action by the Board on the Application for License to  
18 Conduct a Horse Racing Meeting of the Los Angeles County  
19 Fair at Los Alamitos, commencing September 7, 2016 through  
20 September 27, 2016, inclusive.

21 Is all the paperwork in? Thank you.

22 Gentlemen.

23 Brad.

24 MR. MCKINZIE: Hello.

25 CHAIRMAN WINNER: This is Brad McKinzie, one of

1 the best comedians I ever heard at the Gregson dinner.

2 MR. McKINZIE: I have been told that I'm a  
3 comedian without trying most of my life so --

4 CHAIRMAN WINNER: Had us all in --

5 MR. McKINZIE: I had an easy target at the  
6 Gregson dinner, Mr. Chairman.

7 Brad McKinzie, Los Alamitos Racing Association,  
8 joined by --

9 COMMISSIONER AUERBACH: Brad, we can't hear you.

10 MR. McKINZIE: That's a first.

11 This better? Joined by --

12 MR. LLOYD: Kim Lloyd, General Manager of  
13 Barretts.

14 MR. McKINZIE: And on my right.

15 MR. CEDAR: Mike Cedar, Vice President at  
16 Fairplex.

17 MR. McKINZIE: Very quickly, we are up here to  
18 get approval for our 12-day --

19 EXECUTIVE DIRECTOR BAEDEKER: Hang on one  
20 second. I don't think the reporter could hear you because  
21 you don't have a mike --

22 CHAIRMAN WINNER: Yeah. You don't have a mike.  
23 So Mike, could you turn the mike over to Mike.

24 MR. CEDAR: Got it. I'm Mike Cedar, Vice  
25 President at Fairplex.

1 MR. MCKINZIE: We're here for Board approval of  
2 our 12-day Los Angeles County Fair Meet at Los Alamitos,  
3 which opens on September 8th. This is the third year that  
4 we have run the L.A. County Fair at Los Alamitos. Our  
5 previous two years have been very successful, and we are  
6 looking for another successful meet this year.

7 The highlight of our racing schedule, in  
8 addition to the \$200,000 Barretts Race, is the Barretts  
9 Juvenile and the Barretts Debutante. We will also be  
10 running the Grade II, \$200,000 Los Alamitos Derby. That's  
11 a race that we had previously run during our summer meet.

12 But in 2016, with the change of race dates to  
13 April where we didn't have a summer meet, we moved it to  
14 September, basically with the encouragement of the  
15 thoroughbred owners of California who felt that it was  
16 important that we keep this \$200,000 Grade II race on the  
17 California schedule. So those would be the highlights of  
18 our racing schedule.

19 Of our marketing schedule, the highlight is  
20 going to be, we hope, opening Saturday, September 10th, is  
21 going to be California Chrome Day. Los Alamitos has  
22 worked with the city of Cypress, and at the last Cypress  
23 City Council meeting last week, the City Council  
24 unanimously voted to proclaim that Saturday,  
25 September 10th, is California Chrome Day in the city of

1 Cypress. We've worked with the owners and team of  
2 California Chrome. He will be making an appearance on the  
3 racetrack that day.

4 This is an effort to get the local residents not  
5 only aware but proud of the fact that the richest  
6 thoroughbred of all time has been stabled and trained at  
7 Los Alamitos for the last two and a half years. This  
8 horse has a tremendous following, and he generates a lot  
9 of excitement and we are pressing a lot of our marketing  
10 efforts into bringing people out to the racetrack on  
11 September 10th just to see him. You know, it's an  
12 opportunity to see a truly great horse, and we're hoping  
13 people take advantage of that. And while I am here, I  
14 want to thank the Cypress City Council who have  
15 enthusiastically gotten behind this effort.

16 We are also going to have another handicapping  
17 contest with five spots on the line for the national  
18 handicapping finals. We did this during our April meet,  
19 and it was very successful; so we are going to do it again  
20 during our September meet.

21 And then we are also doing the same co-op  
22 marketing with Fairplex that we have done in the last  
23 couple of years where, when people come to the fair, they  
24 get a pass to come to the races for free. When they come  
25 to the races, they get a pass to go to Fairplex for free.

1 This -- this cross-promotion has actually worked very well  
2 for us the last couple of years. You know, you think of  
3 Fairplex being way out there in Pomona that you  
4 wouldn't -- you wouldn't get a lot of people coming into  
5 the racetrack because they went to the fair. But what we  
6 do, last year we had over 700 people take advantage of  
7 this during our meets. So we are looking forward to doing  
8 that again.

9 That's the basic report of it. Once again, we  
10 are looking forward to a good fall L.A. County Fair  
11 season.

12 CHAIRMAN WINNER: Are there any questions or  
13 comments?

14 Commissioner Auerbach.

15 COMMISSIONER AUERBACH: Just one quick question,  
16 Brad, if you would.

17 I was looking at the overnights. Is this the  
18 same as 2015 schedule?

19 MR. MCKINZIE: Yes.

20 COMMISSIONER AUERBACH: Thank you.

21 CHAIRMAN WINNER: Any other comments?  
22 Questions?

23 COMMISSIONER ROSENBERG: The budget for the --  
24 the marketing budget for this year, is it the same, less,  
25 or more than last year?

1 MR. MCKINZIE: More.

2 COMMISSIONER ROSENBERG: More? By how much?

3 Five percent? Ten percent?

4 MR. MCKINZIE: Well, it is rising all the time,  
5 to be honest with you. We are spending a little more than  
6 we thought, but it's easily 5 percent more than last year.  
7 We are spending more this year than we did last year.

8 CHAIRMAN WINNER: Any other questions or  
9 comments?

10 All right. Is there a motion to approve?

11 Commissioner Auerbach moves to approve;

12 Commissioner Solis seconds.

13 We'll call the roll.

14 Commissioner Solis?

15 COMMISSIONER SOLIS: Yes.

16 CHAIRMAN WINNER: Commissioner Auerbach?

17 COMMISSIONER AUERBACH: Yes.

18 Chairman votes yes.

19 CHAIRMAN WINNER: Vice Chairman?

20 COMMISSIONER ROSENBERG: Yes.

21 CHAIRMAN WINNER: Commissioner Choper?

22 COMMISSIONER CHOPER: Yes.

23 CHAIRMAN WINNER: Commissioner Beneto?

24 COMMISSIONER BENETO: Yes.

25 CHAIRMAN WINNER: Passes by a six to nothing

1 unanimous vote.

2 Thank you. Good luck. Have a great meet and  
3 we'll see you there.

4 Item No. 7: Discussion and action by the Board  
5 on the Application for License to Conduct a Horse Racing  
6 Meeting of the Los Angeles Turf Club II at Santa Anita,  
7 commencing September 28, 2016 to November 8, 2016,  
8 inclusive.

9 This is item No. 7.

10 MS. WAGNER: Jackie Wagner, CHRB Staff.

11 I just wanted to clarify for the Board, your  
12 analysis indicates that the CTT agreement is outstanding.  
13 We have received that CTT agreement, and the bond will  
14 need to be updated during the course of the meet.

15 CHAIRMAN WINNER: Thank you very much, Jackie.

16 I think we got an email, actually, from Mr.  
17 Balch with respect to that agreement.

18 MR. MORRIS: Good morning. Joe Morris with  
19 Santa Anita.

20 CHAIRMAN WINNER: Good morning.

21 MR. MORRIS: Here today to ask for our fall  
22 license. The meet goes from September 28th to  
23 November 8th. It ends with the record at Ninth Breeders'  
24 Cup held at Santa Anita. Twenty-three days of racing.  
25 Post times will be 1:00 o'clock on week days, 12:30 on the

1 weekends, with the exception of Breeders' Cup days, and  
2 then on closing Sunday we will go at noontime because the  
3 clocks roll back on that day.

4 A few news for this -- new things for this meet.  
5 We have a brand-new turf course that will be ready for our  
6 September 30th racing. We have refurbished our dirt  
7 track. All new John Deere equipment coming in to maintain  
8 the dirt track also.

9 And then we will have on -- on-line will be our  
10 new security surveillance system. So this is a large  
11 investment we have made. The entire backstretch, all shed  
12 rows, side shed rows, the chute roads in between, the  
13 tunnels, the tracks are now under surveillance. It's, I  
14 think -- I believe a first in the country type of a  
15 program with the number of cameras that we have in there.

16 I will hand it over to Nate Newby to talk about  
17 our marketing.

18 MR. NEWBY: Nate Newby, Santa Anita.

19 We're very optimistic about this season coming  
20 up, six weeks of racing. We're looking to kick it off  
21 big, with opening Saturday, five Grade I races. We have a  
22 robust events and promotions calendar, significant  
23 advertising investment leading up to opening day and  
24 continuing through Breeders' Cup.

25 We're building on our partnerships with Uber and

1 Metro. We have seen significant use of the Gold Line and  
2 the free Santa Anita shuttle; so we are going to continue  
3 to promote that and make sure fans know it's easy to get  
4 to Santa Anita.

5 We have partnerships with the Dodgers and the  
6 Rams, with cross-promotions. We are making some offers to  
7 their customers so we are excited about that. Obviously  
8 with the Rams coming back there's some momentum there, and  
9 we're hoping to tap into that.

10 And then, of course, we are looking forward to  
11 Breeders' Cup. We're happy to report Breeder' Cup ticket  
12 sales are going very well. We're up at 40 percent where  
13 we were at this time two years ago; so I think it bodes  
14 well for the entire season and Breeders' Cup.

15 Happy to answer any questions.

16 CHAIRMAN WINNER: Thank you, Nate.

17 Did you have a question, Commissioner Solis?

18 COMMISSIONER SOLIS: Yes, I do.

19 Are you guys going to have any workouts  
20 before -- any workouts at the grass course before the  
21 races start?

22 MR. HAMMERLE: You mean turf works --

23 CHAIRMAN WINNER: Can you identify yourself,  
24 please.

25 MR. HAMMERLE: We're not planning on it, no.

1                   CHAIRMAN WINNER: Wait, wait, wait. Identify  
2 yourself.

3                   MR. HAMMERLE: Oh, excuse me.  
4 Rick Hammerle, Santa Anita.

5                   No. We went the entire meet last year without  
6 turf works, and we believe that we will continue that.

7                   COMMISSIONER AUERBACH: I don't think --

8                   COMMISSIONER SOLIS: No, no, no. That's not --  
9 before -- before, I mean, do you have any -- going to have  
10 anybody to have any -- to kind of test the track for --  
11 before the races to make sure it's --

12                  MR. HAMMERLE: I'm sure. Yes. We've talked  
13 about that internally about having a horse or two go out,  
14 absolutely, before we -- before we open the gates.

15                  COMMISSIONER SOLIS: And you got some older  
16 riders to do the workouts to make sure they are --

17                  MR. HAMMERLE: Did you say other riders or older  
18 riders?

19                  COMMISSIONER AUERBACH: Older.

20                  COMMISSIONER SOLIS: Older riders.

21                  COMMISSIONER AUERBACH: He qualifies.

22                  COMMISSIONER SOLIS: Experienced riders, yeah.

23                  MR. HAMMERLE: I am sure we will have a couple  
24 horses go out. We want to, you know, see it for ourselves  
25 as well.

1 COMMISSIONER SOLIS: Okay. Thank you.

2 CHAIRMAN WINNER: Any other questions?

3 Commissioner Krikorian?

4 COMMISSIONER KRIKORIAN: I just had a question.

5 You said that you have done some work on the  
6 dirt track refurbishing the surface. Can you -- can you  
7 tell us a little bit about what you have done.

8 MR. MORRIS: Yes. We had 12 inches of rain over  
9 this last meet. So the tracks will move little bit, you  
10 know, with the moisture and just over time with wind and  
11 the number of horses going over it.

12 We took the track back to original grade. So we  
13 came in with the lasers to set grade. And we took it back  
14 to original grade and then added more material into it.  
15 We are in the process now of maintaining it as we would on  
16 any race day. So for two weeks leading up, we are putting  
17 the same amount of water onto it and the same procedures  
18 on the grooming of it so that it will be a two-week lead  
19 up to September 2nd, which is our first day we'll allow  
20 horses onto it.

21 COMMISSIONER KRIKORIAN: The surface that you  
22 have there for the dirt track, it's the same as the  
23 surface at Del Mar pretty much, isn't it? Is there much  
24 difference?

25 MR. MORRIS: Same sand but, you know, weather is

1 certainly very different. Yes, it's the same source, the  
2 El Segundo sand but, you know, the climates are totally  
3 different.

4 COMMISSIONER KRIKORIAN: So it's not -- so there  
5 is no real change in the consistency of the soil from last  
6 year; correct?

7 MR. MORRIS: Right. And we use Dr. Peterson and  
8 do monthly -- monthly testing of the consistency and the  
9 coarseness of the material on it.

10 COMMISSIONER PETERSON: Can you tell me,  
11 Dr. Peterson, what exactly does he do?

12 MR. MORRIS: He is under contract with us. And  
13 he does a few different things, actually. He has a lab  
14 that tests the material. So we send him samples on a  
15 weekly, monthly basis.

16 COMMISSIONER KRIKORIAN: Is he on -- is he on  
17 the track?

18 MR. MORRIS: Yes.

19 COMMISSIONER KRIKORIAN: Every day?

20 MR. MORRIS: No. He comes in periodically.

21 COMMISSIONER KRIKORIAN: How often?

22 MR. MORRIS: Probably quarterly. I mean he  
23 certainly comes in for the openings and probably quarterly  
24 after that and does testing of the material on a monthly  
25 basis.

1                   CHAIRMAN WINNER: I believe Dr. Peterson is also  
2 under contract to the Board.

3                   EXECUTIVE DIRECTOR BAEDEKER: That's correct,  
4 Commissioners.

5                   COMMISSIONER KRIKORIAN: But who's on track  
6 every day checking the surface?

7                   MR. MORRIS: Our crew is certainly there under  
8 the watchful eye of Dennis Moore who, you know, I think,  
9 has as high credentials as anybody.

10                  COMMISSIONER KRIKORIAN: So what does Mr.  
11 Peterson do? You send him -- you send him samples?

12                  MR. MORRIS: We send Peterson samples on a  
13 monthly basis.

14                  COMMISSIONER KRIKORIAN: Okay. What does he  
15 do -- what does he do with the samples?

16                  MR. MORRIS: And Dennis and Mick are talking on  
17 a regular basis also.

18                  COMMISSIONER KRIKORIAN: What does he do with  
19 the -- what does he do with the samples?

20                  MR. MORRIS: He tests them for coarseness,  
21 veracity. It will show the percentage of --

22                  COMMISSIONER KRIKORIAN: But if he tests -- but  
23 if he tests something after -- if he tests something, by  
24 the time you send it to him and he tests it, the track  
25 conditions can change quite a bit, can't they?

1 MR. MORRIS: I mean I am sure it's overnighted  
2 to him and tested it when he gets it. So it's realtime.  
3 It's not real long delays on it.

4 COMMISSIONER KRIKORIAN: I'm just trying to  
5 understand how -- what's being done to --

6 MR. MORRIS: And then we do -- we have  
7 measurements and other procedures that we go through on a  
8 daily basis also on both our surfaces.

9 COMMISSIONER KRIKORIAN: When it rains, what  
10 happens to -- how does that affect your surface,  
11 generally?

12 MR. MORRIS: That's a hard question because it  
13 depends on the amount of rain, it depends if it's a race  
14 day or a non-race day. But generally, if it is going to  
15 rain, we will seal the racetrack so the moisture rolls off  
16 from it instead of going down into it. A lot easier to do  
17 if the rain is on a Sunday night going into a Monday when  
18 you don't have to race the next day versus if it's a  
19 Saturday afternoon in the middle of your races. So  
20 there's a lot of different factors that play into that.

21 COMMISSIONER KRIKORIAN: Okay. Thank you.

22 CHAIRMAN WINNER: Did you want to say something,  
23 Mr. Baedeker, with respect to --

24 EXECUTIVE DIRECTOR BAEDEKER: No. There's  
25 really three different entities looking at the surface.

1 Obviously, the association is looking at it daily, and  
2 Dennis Moore, you know, takes his own measurements and  
3 does his own testing.

4 He referred to Mick Peterson, who is under  
5 contract with you. We also have a contract with  
6 Mick Peterson so that we can do independent testing, take  
7 our samples, send them to him, and, you know, compare the  
8 results to what they are getting. So it is a cooperative  
9 effort so there's a lot of people involved.

10 MR. MORRIS: Joe Morris again.

11 One other thing I just wanted to point out. We  
12 are going to try two different wagers that are different  
13 from our last meet. Where this is a short meet, we're  
14 going to experiment with a 50-cent base trifecta, and we  
15 are going to follow the Del Mar Pick 6 with the 85 percent  
16 to the 6 out of 6 and 15 percent to the jackpot. So we  
17 want to try that wager. We will have our guarantees in  
18 place for the Pick 4s and weekend on the Pick 6.

19 CHAIRMAN WINNER: For me, I appreciate and I  
20 especially appreciate the surveillance system that you  
21 have installed. I think that's very critical and  
22 hopefully will be helpful and at least serving as a  
23 deterrent.

24 I think we have to be -- you and we have to be  
25 diligent about making sure that these guys don't cover up

1 those cameras or turn them off or break them or do  
2 whatever they do.

3 MR. MORRIS: Right.

4 CHAIRMAN WINNER: And we may have to -- we may  
5 have to do what we did with the fire -- with the fire  
6 protection system so that if somebody is tampering with it  
7 they are fined. And I think we need to put that on the  
8 agenda for the committee, for Madeline and Alex's  
9 committee to evaluate how we can protect those systems by  
10 fining people who tamper with them.

11 MR. MORRIS: We have been in dialogue with the  
12 CTT on that also, and they are in agreement on that. It  
13 will go in the condition book and we will be watching that  
14 very closely and taking you up on the stewards to issue  
15 fines, if we need to.

16 CHAIRMAN WINNER: Thank you.

17 Go ahead, Alex.

18 COMMISSIONER SOLIS: Rick, do you remember when  
19 we talked about the thing for -- they have in Japan, we  
20 talked about it yesterday too, and I appreciate that you  
21 can look into it and give us some feedback on it.

22 COMMISSIONER AUERBACH: I just want to question  
23 some things. I took the time to read through your  
24 agreement with the TOC, which is not a good thing that I  
25 do that. But I do have some questions as it relates to

1 the racing office.

2 And I'm not familiar with this process, but it  
3 talks about that the track, meaning Santa Anita, further  
4 agrees to meet with the TOC within five calendar days  
5 after the issuance of a condition book to discuss and  
6 review suggestions for the next condition book.

7 Do we actually do that?

8 MR. HAMMERLE: We agreed to meet, but we  
9 don't -- Rick Hammerle with Santa Anita.

10 We do agree to meet and that's always on the  
11 books. We haven't met and kind of have a -- we just keep  
12 going until, you know, you guys want to come in and look  
13 at it. It's fine.

14 COMMISSIONER AUERBACH: So I would --

15 MR. HAMMERLE: I mean it's just -- it's a  
16 continual --

17 COMMISSIONER AUERBACH: I would assume then that  
18 that would be a right that they have and whether or not  
19 they chose to use it is what you are saying?

20 MR. HAMMERLE: Correct.

21 COMMISSIONER AUERBACH: I mean there is no  
22 reason for you to say, hey, come, you know, give me a  
23 bunch of arguments about everything, but they do have the  
24 right to do that. So I had never realized that.

25 And I am reading -- the other thing too, and

1 some of these really concern me because I have been  
2 through enough Breeders' Cups to see what happens.

3 One of the items in here is that it is also  
4 understood and agreed the track will its best efforts to  
5 provide one race on each racing day for Cal-breds as  
6 provided for and in accordance with Rule 1813.

7 This concerns me with Breeders' Cups because I  
8 know that there are "X" number of races that you need to  
9 provide for our visitors and our guests at Breeders' Cup.  
10 My concern is that I hope we see more evenhandedness in  
11 terms of opportunities, not only for Cal-breds but for our  
12 local horsemen that they get -- that we don't starve at  
13 the beginning of your meet and we have an opportunity for  
14 those horses to get a chance to run.

15 I am really concerned about it, Rick.

16 MR. HAMMERLE: I think we will be fine. I mean,  
17 actually, what we have done -- is this on?

18 COMMISSIONER AUERBACH: It doesn't sound like  
19 it.

20 MR. HAMMERLE: What we have done in the past, I  
21 believe we started in 2013 for the '13 and '14 running for  
22 the Breeders' Cup. We actually moved a couple of Cal-bred  
23 stakes to Breeders' Cup Day. We run one on Friday and one  
24 on Saturday just both to fulfill our commitment of, you  
25 know, running one a day average-wise but also to, you

1 know, promote and put the Cal-breds out there in front of  
2 the racing community.

3 So no, I don't think anything is going to get  
4 lost because of Breeders' Cups here. If anything, it  
5 enhances the -- enhances the product.

6 COMMISSIONER AUERBACH: And I want to make sure  
7 that we get the opportunities at the beginning of the meet  
8 because I live with this. I have lived with it for all  
9 the years, and I know that it is something I would really,  
10 like, hope you will consider.

11 There is one other thing that -- that struck me  
12 and I want your comments on it. And this says, and I read  
13 it six times to make sure I saw it correctly, that the  
14 track shall not allocate more than 40 stalls to any one  
15 trainer. And the following allocation of stalls, which  
16 shall not exceed 40 to any one trainer, blah, blah, blah,  
17 blah, blah, that you can go up to 50 if they are  
18 distributed equitably.

19 Now, we all know that there are trainers that  
20 have more than those number of stalls. So what are we  
21 doing now? Are we really taking a more aggressive look at  
22 stall assignments?

23 MR. HAMMERLE: I don't know if we are taking a  
24 more aggressive look at stall assignments. With the  
25 nature of what has happened over the last four or five

1 years, meaning with the shutdown of Hollywood Park for  
2 racing and stabling, with the shutdown of Pomona for  
3 racing and stabling, we have kind of gotten a little  
4 smaller.

5           So we have taken maybe a closer look at some of  
6 the stall situations, and of course with the upcoming  
7 Breeders' Cup taking, you know, about 10 percent,  
8 15 percent of our stable area for them.

9           We have, you know, constricted a little bit; so  
10 maybe we have been a little bit tighter on certain horses.  
11 And as the stall applications have just been turned in and  
12 stall assignments have been given out in the past few  
13 days, I would pretty much say that 90 percent of the  
14 trainers, you know, maybe took a little bit of a hit in  
15 what they normally have and so, yes, but it has been done  
16 equally, as you said.

17           COMMISSIONER AUERBACH: The only reason I'm  
18 concerned is because, obviously, I talk to a lot of  
19 trainers and I want to make sure everybody has an  
20 opportunity with horses that qualify that we -- obviously,  
21 it is in your best interest and our best interest to fill  
22 the fields that they have spots. And I know it's tight  
23 and I know it's tough, and I think it's conversations that  
24 need to be had so people don't get concerned that they are  
25 going to not have a place to put their horses. That is my

1 reason for.

2 I have never seen this in writing. I didn't  
3 even realize it was here, that it is supposed to be 40,  
4 and I find that amazing. Really interesting.

5 CHAIRMAN WINNER: Other questions?

6 Commissioner Rosenberg.

7 COMMISSIONER ROSENBERG: Question about the  
8 video system, Joe.

9 As it relates to the issue of a request by --  
10 other than from the track to view videos, how will that  
11 work in practice, number one? For example, trainers ask  
12 to see -- they are concerned about something in their  
13 barn, and they ask to see a video for a certain date.

14 Is the system set up for them to be able to do  
15 that, number one, and the same thing, number two, for the  
16 CHRB Staff investigators? And three, you mentioned the  
17 cameras would be in the shed row and also inside, or no?

18 MR. MORRIS: Just on all the shed -- both side  
19 shed rows and the back shed rows, not in the stalls.

20 COMMISSIONER ROSENBERG: Not in the --

21 MR. MORRIS: You can see the entrance to every  
22 stall.

23 COMMISSIONER ROSENBERG: You can?

24 MR. MORRIS: Yes. And to answer your other  
25 question, there will a request form that will be filled

1 out and signed, turned in, and then we'll grant those  
2 requests that, you know, we think are worth granting.  
3 We will work very closely with the CHRB and your medical  
4 staff on that.

5           The DVR system -- I mean, as we get going, we  
6 are told, will hold film for -- or hold the images for 45  
7 to 60 days. So we will be able to get the request, look  
8 at it. We have two technicians that will be running the  
9 cameras for us, and then, you know, the appointment would  
10 be with them. They can pull DVR out so it is -- so we can  
11 show the exact footage. So the trainers say something  
12 happened in my barn, I don't know, somewhere between 2:00  
13 and 3:00 A.M. this morning, we can go back, pull the DVRs  
14 on those cameras and, you know, pinpoint it right to that  
15 time.

16           COMMISSIONER KRIKORIAN: Cameras -- those are  
17 digital cameras?

18           MR. MORRIS: I couldn't hear what you --

19           COMMISSIONER KRIKORIAN: Those are digital  
20 cameras?

21           MR. MORRIS: Yes.

22           COMMISSIONER KIRKORIAN: And how long do -- how  
23 long a history does it maintain?

24           MR. MORRIS: Forty-five to 60 days.

25           COMMISSIONER KRIKORIAN: Okay.

1 MR. MORRIS: And they are on motion sensors.  
2 So, you know, they are not constantly filming. Something  
3 moves. They pop on and capture the image.

4 CHAIRMAN WINNER: Any other questions?

5 COMMISSIONER ROSENBERG: Yes. It would seem it  
6 would make it easier for -- I've asked Staff about this.  
7 Any comments for the investigators when they, you know,  
8 are investigating specific problem or complaint or  
9 following a drug violation. So that's going to increase  
10 the manpower at the time it takes to do the  
11 investigations, I think, which is a good thing.

12 MR. WESTERMANN: Bill Westermann, Enforcement,  
13 CHRB.

14 I would just want to know do we have to fill out  
15 a form or can we come in and meet with Security if we have  
16 an investigation going?

17 MR. MORRIS: We want a record. We want to be  
18 able to have a paper trail on all investigations. But,  
19 you know, you will have access to it, yes.

20 MR. WESTERMANN: Do have you a time frame, I  
21 mean, if we have something important going down?

22 MR. MORRIS: We can do it realtime.

23 MR. WESTERMANN: Okay. That's fine. Thank  
24 you.

25 CHAIRMAN WINNER: I have one other card, if

1 there are no other -- are there other comments or  
2 questions?

3 Okay. Before we vote on this, Mr. Avioli.

4 MR. AVIOLI: Greg Avioli, TOC. I want to  
5 address Commissioner Auerbach's comments and commend you  
6 for reading the TOC agreement. I too --

7 COMMISSIONER AUERBACH: Did keep me up at night,  
8 I'll tell you.

9 MR. AVIOLI: I too in my relatively new position  
10 have read that agreement and focused on that same  
11 paragraph about the consultation and the condition books.  
12 And you will be happy to know we are actually having our  
13 first meeting up North with Cal Rainey scheduled in the  
14 next week. And we have also already met with Del Mar,  
15 and Rick and I were talking earlier, we are going to be  
16 doing this regularly. So it is important that we do it.  
17 And I don't think it has been done in a while.

18 Thank you.

19 CHAIRMAN WINNER: Thank you.

20 All right. Is there a motion to approve?

21 COMMISSIONER AUERBACH: So moved.

22 CHAIRMAN WINNER: Commissioner Auerbach moves  
23 and Vice Chair Rosenberg seconds.

24 Commissioner Beneto?

25 COMMISSIONER BENETO: Yes.

1 CHAIRMAN WINNER: Commissioner Choper?

2 COMMISSIONER CHOPER: Yes.

3 CHAIRMAN WINNER: Commission Rosenberg?

4 COMMISSIONER ROSENBERG: Yes.

5 CHAIRMAN WINNER: Chairman votes yes.

6 Commissioner Auerbach?

7 COMMISSIONER AUERBACH: Yes.

8 CHAIRMAN WINNER: Commissioner Solis?

9 COMMISSIONER SOLIS: Yes.

10 CHAIRMAN WINNER: Commissioner Krikorian?

11 COMMISSIONER KRIKORIAN: Yes.

12 CHAIRMAN WINNER: Measures passes unanimously.

13 Good luck. Have a great meet.

14 Let's move on.

15 Do we have the same people or a few others? A  
16 few different?

17 Discussion and action by the Board on the  
18 Application for License to Conduct a Horse Racing Meeting  
19 of the Pacific Racing Association at Golden Gate Fields  
20 commencing October 19, 2016, through December 2016,  
21 inclusive.

22 EXECUTIVE DIRECTOR BAEDEKER: And,

23 Commissioners, as I am sure you have noticed, the CTT  
24 agreement is at the beginning of this section, and we did  
25 give CTT and the association a deadline to reach, which

1 they did. So it was received by Staff on a timely basis.

2 CHAIRMAN WINNER: Thank you.

3 Cal.

4 MR. RAINEY: Good morning. Cal Rainey at Golden  
5 Gate Fields joined by Danny Cirimele, Scott Daruty, Joe  
6 Morris, and Eric Sindler.

7 Mr. Chairman, members of the Board, Golden Gate  
8 Fields, seeking approval of its fall or autumn meet, race  
9 meet, beginning October 19th through December 20th. It's  
10 our 75th year of racing at Golden Gate Fields. We're  
11 currently coming into our second week of our summer meet.  
12 Previous race meet ended in June with the overall handle  
13 being up about 1 percent. All sources and small increase  
14 in field size to 6.8 runners per race for the six-month  
15 meet.

16 The fall meet begins October 19th and runs 32  
17 two days of racing through December 12th. Purses remain  
18 strong. For the fall meet, we have a balanced purse  
19 budget. Post time is at 12:45 racing Thursdays through  
20 Satur- -- though Sunday. We have special post times  
21 obviously in Breeders' Cup and Thanksgiving Day.

22 We are currently racing on the turf course and  
23 will fully renovate for the fall meet, historically racing  
24 on the turf through the start of the new year.

25 The end of the summer meet, the Tapeta main

1 track will undergo a scheduled renovation. This past week  
2 I met with the representatives from Tapeta at Golden Gate  
3 Fields to plan the maintenance of our synthetic track  
4 through the winter season.

5 Golden Gate will have the same stakes races as  
6 last fall with the exception of the addition of a stakes  
7 race called the Bear Fan, a \$75,000 stakes for fillies and  
8 mares, three and up, going three-quarters of a mile,  
9 supplemented by the California breeders. And we are happy  
10 to be able to add this stake to our race meet and thank  
11 the California breeders and CTBA for their support.

12 This summer we have been busy doing improvements  
13 to the stable area, continue to improve our racing  
14 simulcast to high definition TV signal by adding more HD  
15 cameras, including a rail-mounted paddock camera, several  
16 hundred new flat-screen TVs in our turf club and top of  
17 the stretch rooms.

18 Golden Gate Fields was recently reaccredited by  
19 the NTRA. I will let Dan follow up and describe some of  
20 our new things, such as our LED highway sign and our new  
21 website that just was introduced.

22 MR. CIRIMELE: Dan Cirimele, Golden Gate Fields.

23 As Cal had mentioned, we are continually making  
24 improvements to our race signal with the addition of HD  
25 cameras. I would like to add to that as well as the

1 graphics package, including our simulcast signal, is  
2 matched with Santa Anita. So we offer the same  
3 information in a timely manner but just a really nice  
4 format for our viewers on our signal.

5 As Cal had mentioned, we had just completed a  
6 revamp of our website and launched it last week prior to  
7 the start of our summer meet. The goal for the site  
8 was very -- it was simplicity. One click, that is what we  
9 wanted to try to get everything down to. So make it easy  
10 for our horse players, visitors, and horsemen that come to  
11 the site. One click, get the information.

12 And then the capabilities of this new site  
13 allows us to show off the views of Golden Gate. Anyone  
14 that has been to Golden Gate Fields knows that we have  
15 some of the best views in the world.

16 So I encourage you to check out the new site.  
17 It's goldengatefields.com, and check that out. We hope  
18 you enjoy it.

19 A promo calendar includes our Thanksgiving Day  
20 event. And on paper this doesn't look like something,  
21 like a big event, but credit needs to be given to our  
22 group sales department and our food and beverage team for  
23 this one.

24 Our turf club sells out on Thursday, on a  
25 holiday for Thanksgiving every year. It's become a

1 tradition for Bay Area families. And if we can capture  
2 this essence, this is probably our best marketing piece  
3 because at every table you have three generations sitting  
4 there on Thanksgiving enjoying the races. You have the  
5 grandparents, the parents, and the children.

6 So to our team, our group sales team, they have  
7 done a wonderful job. They are introducing it to, you  
8 know, the next crop of possible customers that could be  
9 coming out there. So I just wanted to give some attention  
10 to that.

11 Our Dollar Days will be coming back for Sundays.  
12 We will also do our annual Toys for Tots drive with the  
13 United States Marine Corps Reserve. And then highlighting  
14 the events calendar is Breeders' Cup.

15 We are very excited for this, not only because  
16 it's coming back to California, and it going to be hosted  
17 at our sister track at Santa Anita, but there is a  
18 spectacular amount of horses and horsemen that are pointed  
19 towards Breeders' Cup this year. And this provides an  
20 opportunity for us because some of those horses and  
21 horsemen have Northern California roots. And this  
22 provides our publicity team an avenue, such as with  
23 Sherman and Hollendorfer, to access and send out to the  
24 Bay Area media opportunities to promote Breeders' Cup in  
25 the San Francisco market.

1 Breeders' Cup and Santa Anita are going to do a  
2 fine job promoting it, but having the extra support in  
3 Northern California, I hope, will make it a statewide  
4 push.

5 Our media will include television with our  
6 weekly race replay show on KTSF, radio on KNBR 680 with  
7 our Sunday morning show with Sam Spear, and print and  
8 digital. We have a very strong relationship with the San  
9 Francisco Chronicle. Every race day our entries, house  
10 handicap results will appear in the sports page of the  
11 San Francisco Chronicle.

12 And in addition to that we are very fortunate to  
13 have a freelance writer for the San Francisco Chronicle,  
14 Mr. Larry Stumes, cover our races and any human interest  
15 stories. And it's not uncommon for us to receive after a  
16 stakes race half a page to up to three quarters of a page  
17 in the Sunday sports edition. And just the timing of this  
18 meet, with football, lot of eyes on that for our races.  
19 So we are very fortunate to have Mr. Stumes covering our  
20 races for the Chronicle.

21 CHAIRMAN WINNER: Scott.

22 MR. DARUTY: Yes. Scott Daruty for Golden Gate  
23 Fields.

24 I want to just mention the stabling situation  
25 for this upcoming race meet. We were here last month and

1 there was an extended discussion on Northern California  
2 stabling and what Golden Gate Fields' plans were at the  
3 time. We informed this Board that we did not anticipate  
4 using a Pleasanton facility as an auxiliary stabling  
5 facility for Golden Gate. That was largely driven by two  
6 factors: One was the expense of it. It is, you know, a  
7 fairly expensive facility to keep open and there were a  
8 limited number of racehorses that were actually stabled  
9 there.

10 In conjunction with that, we were building and  
11 are continuing to build an additional number of stalls at  
12 Golden Gate Fields, which would bring our number to 1500.  
13 And it was our belief that the 1500 was sufficient and  
14 therefore as an industry we could save the expense of the  
15 Pleasanton stabling.

16 So the update to that saga is that since last  
17 month's meeting, we have engaged in ongoing discussions  
18 with the horsemen and others and have decided, to be  
19 honest, mostly for political reasons more than necessity,  
20 that we are going to keep Pleasanton open as an auxiliary  
21 stabling facility for our upcoming meet. So that is from  
22 mid-October through Christmas.

23 As an industry, I'm somewhat concerned that we  
24 are running a deficit to do that. We don't have the money  
25 to pay for it. So basically we're paying out of future

1 dollars, but it is something that, you know, we listened  
2 to the community and the horsemen felt it was important.

3 It does not, however, change our long-term  
4 strategy, which is to consolidate stabling for the Golden  
5 Gate Fields meet at Golden Gate Fields. Because, again,  
6 we frankly don't believe as an industry we can afford to  
7 keep Pleasanton open, at least not on a year-round basis,  
8 given the limited number of starts that we receive from  
9 the facility and the limited number of racehorses that are  
10 actually stabled there.

11 One last thing, I always caveat this speech with  
12 an acknowledgment that none of this has to do with  
13 Pleasanton as a facility or its management team. They do  
14 a great job, they work hard, they provide a good service.  
15 It just strictly has to do with the expense of that  
16 service, and we just don't think the industry can afford  
17 it.

18 CHAIRMAN WINNER: Thank you.

19 Go ahead, Steve. Commissioner Beneto.

20 COMMISSIONER BENETO: I was here at the last  
21 meeting when you were here.

22 Did you start these 150 stalls that you said you  
23 were going to have by October 1st and November 1st? Are  
24 they under construction or is that just talk?

25 MR. DARUTY: They are under construction. It's

1 not 150; it's closer to 100. But it's going to bring our  
2 total number to about 1500, or what's the total number  
3 for --

4 MR. MORRIS: It will be 15-.

5 MR. DARUTY: Fifteen hundred.

6 And if you have more specifics on exactly where  
7 we are in the construction, I am going to turn it over to  
8 Joe Morris.

9 MR. MORRIS: Twenty-four of them are in the  
10 process of being built right now. We ordered -- the  
11 actual stalls are prefabricated, and they come out of  
12 Florida. Those are ordered and delivered and we are  
13 putting the roofs on those now.

14 Forty-five more are being constructed in Florida  
15 now and will be shipped out on October 1st. So there will  
16 be 1500 stalls shortly thereafter when they get there.

17 COMMISSIONER BENETO: And you will close  
18 Pleasanton then at that point?

19 MR. DARUTY: Scott Daruty again.

20 The plan, as it currently stands, given our  
21 discussions with the horsemen, is that we are not going to  
22 close Pleasanton in October. We going to keep it active  
23 as an auxiliary site. We and the horsemen will be paying  
24 for that out of future dollars and we will keep it open  
25 until December 25h.

1           Again, to foreshadow a discussion we all will be  
2           having in a few months when we come in to ask for our race  
3           meet license for the meet that starts on December 26th at  
4           Golden Gate Fields, I have every intention that we will  
5           not be using Pleasanton as an auxiliary facility for that  
6           meet, and at least until -- yeah, potentially we will use  
7           it in late April or May, but at least from the period of,  
8           you know, late December, January, February, March, we  
9           frankly don't have the horse population to require two  
10          separate facilities.

11           CHAIRMAN WINNER: Scott, is that issue a part  
12          of -- I'm sorry. I'm sorry. Go ahead.

13           COMMISSIONER BENETO: I heard something today  
14          about you raising the vanning and stabling to 20,000 a day  
15          or something like that. Did that go up, the stabling?

16           MR. DARUTY: Well, I'm not sure exactly what you  
17          are referring to. So let me try to answer the question as  
18          best I can.

19           There is an increase coming for stabling and  
20          vanning, and that's a statutory increase that we as an  
21          industry have all been working on to get a new statute  
22          passed. It has not been passed into law yet, but we all  
23          believe it will be. And that is going to -- essentially  
24          increase the funding into the stabling and vanning fund by  
25          allowing the deduction from takeout to increase from 1.25,

1 which is the current statutory maximum up to 2 percent.

2 So there is that increase in the funding.

3 As far as the day rate that the facilities are  
4 reimbursed, Golden Gate Fields for the year, for this  
5 year, 2016, has already been receiving a number, which is  
6 about \$16,000 a day; Pleasanton, which has about  
7 40 percent of the horses or 40 percent of the stalls as  
8 Golden Gate Fields does, receives what, 90 -- 7000? 7000  
9 a day.

10 COMMISSIONER BENETO: That's today?

11 MR. DARUTY: Today.

12 COMMISSIONER BENETO: What is it going to go  
13 to? Do you have any idea?

14 MR. DARUTY: Well, I guess what you are asking,  
15 I think, is what is the stabling deal for Northern  
16 California for 2017 going to look like. I don't know that  
17 we have an answer to that. As we sit here, we fortunately  
18 work very long and very hard with the horsemen and with  
19 Del Mar and Los Al and Southern California and have  
20 arrived at a three-year stabling deal in Southern  
21 California which --

22 CHAIRMAN WINNER: That is coming up on the  
23 agenda later on.

24 MR. DARUTY: Yeah. Which you will hear about  
25 later on.

1           We have not made quite as much progress in the  
2 North. So we do not yet have a stabling deal for 2017 for  
3 Northern California but that is the number one priority on  
4 our list, to work with CARF and with the TOC and the CTT  
5 and come up with that plan in the very near future.

6           CHAIRMAN WINNER: Scott, what I was going to  
7 suggest is that the very questions that Commissioner  
8 Beneto is raising, those are part of the discussions that  
9 are going on, I assume, with all of the participants, the  
10 stakeholders in Northern California, to reach an agreement  
11 as -- as you have done down in the South?

12           MR. DARUTY: Yeah. And it is a discussion that  
13 includes both stabling -- the cost of stabling and race  
14 dates. And while we as an industry don't determine race  
15 dates, you as a board do. We need to have an  
16 understanding, at least among ourselves, what we think the  
17 race dates should look like because the race dates and the  
18 stabling are so intertwined, both from a standpoint of,  
19 you know, how many horses and where are they going to be  
20 and where do you need to stable them and also what are the  
21 costs going to be.

22           CHAIRMAN WINNER: Thank you, Scott.

23           Any other questions? Go ahead.

24           COMMISSIONER BENETO: I go back to square one on  
25 the stabling. We got tons of stabling in Northern

1 California. During the fair meet, these guys got to learn  
2 to move. And you got stabling at Sacramento, you got  
3 stabling at Pleasanton, you got stabling at Santa Rosa.  
4 And, to me, to be nested in in one place and somebody has  
5 to pay the bill for stabling when they should be stabling  
6 where they are racing.

7 MR. DARUTY: Well, and just for the record,  
8 during the summer when the fairs are running, Golden Gate  
9 Fields is operating as a stabling facility only because  
10 the fairs are asking us to do so. We don't have any  
11 desire to be open necessarily for our own account. So we  
12 serve as a stabling facility for them just as Pleasanton  
13 had historically served as a stabling facility for Golden  
14 Gate. So what I'm saying is if the fairs came to us and  
15 said hey, in 2017 we don't want you to be open in the  
16 summer for stabling that's their decision.

17 COMMISSIONER BENETO: So you're just doing them  
18 a favor is what you're telling me.

19 MR. DARUTY: Well, honestly, we are. We don't  
20 get paid for the use of our facility. We get our  
21 expenses -- our daily expenses reimbursed. But if you  
22 look at the economics of how that reimbursement is  
23 created, it is largely our money anyhow.

24 So we contribute to a fund. We, Golden Gate,  
25 contribute to a fund, and then that fund pays us the

1 expenses for being open for stabling for the fairs. And  
2 it ties back, not to get too far afield, but it ties back  
3 to some of our concerns we have when we talk about race  
4 dates in Northern California is that sometimes there's  
5 particular dates that we, Golden Gate Fields, might want  
6 to run and instead this board grants those dates to a fair  
7 and implicit in that is then we have to stay open losing  
8 money to provide stabling for the fair that just got the  
9 race dates that we wanted. So it's a complicated issue.

10 COMMISSIONER BENETO: I sympathize with you and  
11 I think something should be done about it. These guys got  
12 to learn to race where there are stalls and not be milking  
13 the cow in the Bay Area. They should be moved like we  
14 used to move track to track. That is where you want to  
15 race.

16 CHAIRMAN WINNER: Any other questions on this --  
17 on this matter?

18 I'm sorry.

19 COMMISSIONER CHOPER: I got a different matter.

20 CHAIRMAN WINNER: Yeah. Any for this -- the  
21 matter on the agenda.

22 COMMISSIONER CHOPER: You know, I looked at the  
23 figures that Executive Secretary -- Executive Director  
24 puts out. And I notice that Golden Gate is the one of the  
25 two tracks that had increases for the first six months, at

1 least, of the year for both on-track people and  
2 out-of-state races being bet.

3 So I just wondered if you have some magic answer  
4 for that so it might be employed more widely.

5 MR. MORRIS: You know, there is never one  
6 answer.

7 Joe Morris from Golden Gate.

8 There is never one thing that makes you up or  
9 down. You know, we recruited heavily. We increased the  
10 number of horses. That always helps. The beginning of  
11 our meet, the horse count was up a lot higher and we got  
12 off to a very good start. So, you know, that helps.

13 We are constantly calling to the other tracks on  
14 the East Coast saying you do have Golden Gate on your  
15 screens today; right? So, you know, in conversations with  
16 the rest of the industry so that we are presented to the  
17 gamblers out there, that helps.

18 The deal that we -- HRTV and TVG merging  
19 together, Golden Gate got better coverage because of that  
20 deal. So we are on -- 75 percent of our races are on that  
21 major television, you know, racing show, so that certainly  
22 helped us. So there is a lot of things. But, you know,  
23 it's all paying attention, focus, hard work.

24 COMMISSIONER CHOPER: Where did the increase in  
25 horse -- horses come from, and why?

1 MR. RAINEY: Cal Rainey from Golden Gate.

2 I don't think we can exactly pinpoint it.

3 However, the schedules have changed in some of the other  
4 tracks that feed us horses, such as Emerald Downs, Turf  
5 Paradise, and we're kind of in the middle of those two  
6 tracks and migrating -- horses migrate up and down the  
7 coast as well as in Southern California.

8 We also have the Turf Festival that we hadn't  
9 had before where we attracted horses from Southern  
10 California. I think that worked out very positively for  
11 us.

12 COMMISSIONER CHOPER: Good work, whatever it  
13 was. I wish you could repeat it, you know, and so do you.

14 CHAIRMAN WINNER: Any other questions or  
15 comments?

16 EXECUTIVE DIRECTOR BAEDEKER: Can I clarify one  
17 thing for the record so it's not --

18 CHAIRMAN WINNER: Please do.

19 EXECUTIVE DIRECTOR BAEDEKER: Scott, when you  
20 were talking about the new vanning and stabling  
21 legislation and being able to increase the money that is  
22 taken out from 1.25 to 2 percent, you mentioned in the  
23 context of takeout -- I don't want people to misconstrue  
24 that to think that takeout is being increased. It's not.  
25 The distribution is being changed.

1 CHAIRMAN WINNER: Okay. Is there a motion?

2 Commissioner Rosenberg moves; Commissioner

3 Beneto seconds.

4 Any discussion?

5 Commissioner Krikorian?

6 COMMISSIONER KRIKORIAN: Yes.

7 Commission Solis?

8 COMMISSIONER SOLIS: Yes.

9 Commissioner Auerbach?

10 COMMISSIONER AUERBACH: Yes.

11 Chairman votes yes.

12 Commissioner Rosenberg?

13 COMMISSIONER ROSENBERG: Yes.

14 Commissioner Choper?

15 COMMISSIONER CHOPER: Yes.

16 Commissioner Beneto?

17 COMMISSIONER BENETO: Yes.

18 CHAIRMAN WINNER: Matter carries six -- or seven

19 to nothing unanimously.

20 Thank you and have a very good meet.

21 Moving on, Item No. 9 -- is it 9? Yes.

22 Discussion and action by the Board on the

23 Application for License to Conduct a Horse Racing Meeting

24 of Watch and Wager, LLC at Cal Expo commencing October 1,

25 2016 through December 24, 2016, inclusive.

1 MS. WAGNER: Jackie Wagner, CHRB staff.

2 Staff would like to bring to your attention to  
3 the Board that your analysis indicates several items of --  
4 as outstanding on this application.

5 CHAIRMAN WINNER: Yes.

6 MS. WAGNER: I'd like to report that we have  
7 received Items No. 4, 5, and 6 that are noted as  
8 outstanding. That would be the racing program section of  
9 the application, the equine emergency services section,  
10 the parimutuel wagering program section. The bond, we  
11 have received that as well. That's Item No. 2.

12 In response to the outstanding item, which is  
13 your fire clearance, Watch and Wager has submitted the  
14 following: They have requested the fire clearance;  
15 however, the fire marshal has noted that they will not  
16 even consider scheduling the fire clearance until an  
17 inspect- -- until an inspection, until everything is gone  
18 from the state fair.

19 They also note that this item has always been  
20 outstanding on the past four years of their fall license  
21 application and that Cal Fire has been dealing with major  
22 wild fires, statewide, in recent weeks, and they are  
23 respectfully asking that the Board consider hearing the  
24 application without the fire clearance at this time.

25 CHAIRMAN WINNER: Thank you.

1           So let me just ask the Board if there is a sense  
2 to go ahead and proceed without the fire marshal  
3 application, just for now.

4           Go ahead.

5           COMMISSIONER KRIKORIAN: I think it's fine to  
6 proceed but, just for the record, every time they come up  
7 for renewal, this has always been an issue, it seems,  
8 every year.

9           EXECUTIVE DIRECTOR BAEDEKER: The commissioners,  
10 yeah, it's outside of their control. They request it but  
11 the fire marshal doesn't necessarily respond.

12           CHAIRMAN WINNER: And I also -- you know, they  
13 won't do it until after the fair. I think that's always  
14 the issue.

15           COMMISSIONER KRIKORIAN: Is there anything that  
16 can be done to --

17           MR. SCHICK: Good morning, Chairman Krikorian.  
18 Chris Schick, Watch and Wager.

19           The only thing that we can do is possibly put  
20 this application over in future years to September, and  
21 that gets a little tight because obviously we're open in  
22 the third week in October. But as far as actually  
23 providing a fire marshal clearance by sometime the 15th to  
24 the 20th of August, it's not going to be feasible. We  
25 haven't even opened our barn area yet. We open our barn

1 area for horses next week. So that kind of plays into it  
2 as well. So it's just -- it's kind of a timing issue,  
3 quite frankly.

4 CHAIRMAN WINNER: All right. Go ahead, please.  
5 Identify yourselves and your -- and your --

6 MR. CUMMINGS: Ed Cummings, president of  
7 Watch and Wager.

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

9 MR. SCHICK: And Chris Schick, Watch and Wager.

10 MR. CUMMINGS: Ed Cummings. I've just got a  
11 short, short introduction, and then I'll pass over to  
12 Chris.

13 Hard to believe it's our fifth year where we've  
14 actually been here now and since we took over the harness  
15 meet. And most importantly, we're very pleased to  
16 announce that we have now signed a new lease contract with  
17 the landlord, Cal Expo, for another five years, so taking  
18 us through to May of 2022, which is I think very positive.

19 We've got a good relationship with the landlord,  
20 the horsemen, and obviously the business is very --  
21 helps our -- complements our online operations as well  
22 both in the U.S. and domestically. We've got a good  
23 relationship, working relationship, with Golden Bear,  
24 Chris and Ben, and continue to run the track extremely  
25 well.

1 So over to Chris.

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

3 Our application here is --

4 CHAIRMAN WINNER: Identify yourself.

5 MR. SCHICK: Chris Schick, Watch and Wager.

6 Our application before you is Part 1 of our  
7 continuing that will take us obviously to the first week  
8 in May, ultimately. But this is 15 days, same as last  
9 year. Essentially our stakes schedule is exactly the  
10 same.

11 Last year we made a bold move and we backloaded  
12 all of our stakes, all of our sire stakes and most of our  
13 overnights. We ran them from the February to May type of  
14 area, and that worked out really, really well for us. It  
15 helped us with horse retention towards the end of the  
16 meet. It was -- it also puts a lot more of our races in  
17 better weather in March, April, into the first week in  
18 May. And both the horsemen and us were very happy with  
19 that. So we -- that's going to be our model. So most of  
20 our stakes, just like last year, will be backloaded into  
21 the next portion of the season.

22 Just a couple of highlights from last year. We  
23 actually had a very good meet. Although we were unable to  
24 get enough product to get the three days a week, which we  
25 were scheduled to go for the month of January, our

1 per-race handle was very strong last year. Our content is  
2 very much in demand right now.

3 We had two 10 percent purse increases last  
4 winter, which we were very happy, and a lot of people  
5 across the nation took note of that. We are starting our  
6 purses 10 percent higher this year, taking away one, just  
7 to be a little on the safe side, based upon what we're  
8 seeing statewide conditions right now. We're just trying  
9 to be on the safe side. So we're going to start at  
10 10 percent higher than we did last year. We're very happy  
11 about that.

12 Ben and I have been on an extended road trip  
13 this summer in terms of recruiting horses. Our response  
14 thus far is very good. Last year we lost a couple of  
15 stables from Alberta at the last minute when things  
16 changed in the schedule up at Northlands Park, and that  
17 hurt us a little bit on our horse population. But this  
18 year our stall applications right now are very strong and  
19 we're pretty optimistic about improving our product and  
20 our content, and we think our handle is going to continue  
21 to grow.

22 CHAIRMAN WINNER: That's good news. Thank you  
23 very much.

24 Any questions?

25 Please, yes. Let me start with Commissioner

1 Choper.

2 COMMISSIONER CHOPER: I just wanted to say  
3 your -- your plans are optimistic. Everything you've said  
4 is optimistic. If someone said, well, why? What is it?  
5 What is it?

6 MR. SCHICK: Well, there's a number -- kind  
7 of -- the dynamic has kind of changed nationwide. We saw  
8 last year, like Chicago, for instance, they used to run  
9 year round. Balmoral and Maywood closed. Okay? They've  
10 now moved to a schedule that kind of mirrors ours --  
11 opposite ours. They're going to be closing the third week  
12 in September, and they're going to be -- they don't open  
13 again 'til the first week in May, is the weekend that we  
14 close.

15 Some -- some other things have happened --

16 COMMISSIONER CHOPER: Deliberate coordination?

17 MR. SCHICK: No. It wasn't a deliberate  
18 coordination. Hawthorne took over the harness states and  
19 that's when -- they're running harness right now. So  
20 that's a shift. Ben and I spent two days in Chicago  
21 talking to a bunch of horsemen. They still haven't really  
22 dealt with the reality of what's happened to them because  
23 they've -- up until every year, they've virtually raced  
24 year round.

25 That's a big thing. Not only does that help us

1 possibly in terms of retention, but they're a big  
2 competitor to us in the simulcast market year round. And  
3 now they won't be in the market at all.

4           One other thing I did want to point out that  
5 this application -- we're going to be moving back to  
6 Fridays, Saturday. The last two years we were Saturday,  
7 Sunday. Our first two years, we were Friday, Saturday.  
8 We've analyzed that all whole dynamic that plays into the  
9 national simulcast market, our on-track handle and our  
10 in-state, and we've just determined that going back to  
11 Friday, Saturday will work better for us.

12           But also, along those lines, the situation in  
13 Alberta is different this year. So I think what we're  
14 seeing is that we're seeing less harness competition in  
15 the winter, which is helping us -- our product get more  
16 exposure. And then we're also, at the same time, since  
17 those venues aren't racing, they provide recruiting  
18 opportunities for us.

19           Also, a big thing is that we -- we offer free  
20 stall space, which I know a lot of the thoroughbred  
21 horsemen take for granted here. But in most harness  
22 venues, they didn't even have a barn area. When you have  
23 to race off a farm, you have to pay \$9.00 or \$10.00 a day  
24 just for stabling and then shipping the race.

25           So having free stall rent here, which obviously

1 is a big expense to our operation, but it's a big asset to  
2 us in having all our horses stabled on ground.

3 So there's a lot -- a lot of things that are, I  
4 think, moving in -- you know, working for us.

5 COMMISSIONER CHOPER: Congratulations. Good for  
6 you.

7 Commissioner Rosenberg, did you want to --

8 COMMISSIONER ROSENBERG: A couple of questions.

9 On the structure, on the licensee itself, I  
10 recall in the past -- and maybe not last year but the  
11 prior years, Watch and Wager -- we licensed a foreign  
12 corporation, as I recall. And now I presume that you set  
13 up a domestic corporation as a licensee?

14 MR. CUMMINGS: Yeah. I mean, the licensee is  
15 Watch and Wager dot com LLC, a U.S. corporation, fully  
16 owned by Webis Holdings, PLC, which is the London-listed  
17 public company.

18 COMMISSIONER ROSENBERG: But the licensee is  
19 just --

20 MR. CUMMINGS: The American company, yes.

21 COMMISSIONER ROSENBERG: Right.

22 MR. CUMMINGS: Correct.

23 COMMISSIONER ROSENBERG: Was it always that way?  
24 I don't think so. But we had financials --

25 MR. CUMMINGS: Maybe not in the first year.

1           COMMISSIONER ROSENBERG: We had financials from  
2 the -- I remember from --

3           MR. CUMMINGS: Yeah. We would still provide the  
4 financials for the parent company. We're currently in a  
5 closed period and we're being audited currently by KPMG.  
6 But we'll provide those at the end of October, when they  
7 hit the markets.

8           COMMISSIONER ROSENBERG: On the take-out rates,  
9 there was two reductions from the standard. What is -- is  
10 that new or is it the same as last year?

11          MR. SCHICK: No. Those are the same. Both our  
12 Pick 5 and our Pick 4 have been requested and approved by  
13 our horsemen as ongoing 16 percent take-out wagers.

14          COMMISSIONER ROSENBERG: How did that work out  
15 last year?

16          MR. SCHICK: It worked out really good. Our  
17 Pick 5 has been growing strongly since its introduction a  
18 few years ago. Our Pick 4 has done really well. We  
19 raised our guaranties last year to 40,000 on both nights  
20 and we were -- we were covering it fairly handily. So the  
21 growth in the low take-out Pick 4 has really been strong.

22          COMMISSIONER ROSENBERG: Twenty cent Pick 4.

23          MR. SCHICK: Yes, it is. It's a twenty cent  
24 Pick 4. And some of our -- you know, there's some  
25 contention amongst our high players, that they say, "Well,

1 that gives your small players a chance to cover the same  
2 amount of combinations for less money." But we view that  
3 as a good thing, quite frankly.

4 COMMISSIONER ROSENBERG: Okay. And last  
5 question. There's always been an issue with the barns,  
6 the barn space. We solved -- I think you solved that last  
7 year or the year before, the Cal Expo did, the fair did.

8 What about this comment that there's six fewer  
9 barns available? Is that a problem for you?

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

11 That is not a problem. The reason there's fewer  
12 barns is because Cal Expo has leased that facility -- that  
13 area out to a restaurant that's going -- a barbecue  
14 restaurant that's going to be put in in the next six  
15 months. So we wanted to make sure that our horses and our  
16 people were not impacted by that so we cordoned off  
17 those --

18 MR. SCHICK: Yeah. And just to reiterate, we  
19 will still have 800 stalls as opposed to 1,040. And last  
20 year our stall applications were somewhere in the low  
21 fives, at our height. So we've got plenty of stall space.

22 COMMISSIONER ROSENBERG: How about the  
23 accommodations for the grooms? You still have plenty of  
24 room?

25 MR. SCHICK: Well, I don't want to say plenty of

1 room, but we were able to accommodate everybody. And,  
2 yeah, it's probably -- this year it might get a little  
3 tight again, but very good.

4 COMMISSIONER CHOPER: You mentioned the lowering  
5 of the take-out rate, and I got the numbers.

6 How does that translate to the bottom line in  
7 terms of your net profit?

8 MR. SCHICK: Well, I would consider, like our  
9 Pick 4, more of an investment in marketing or a loss  
10 leader, if you will. It's not a very profitable wager,  
11 but it's a wager that puts a lot of spotlight. We start  
12 our Pick 4 generally right when the East Coast ends, and  
13 we do a big production on it. And obviously it generates  
14 a big pool so there's a lot of interest.

15 So I'd like to tell you it's a big profitable  
16 but that's clearly not the case. But we believe if those  
17 people studied the races for those four races, they're  
18 going to be, you know, betting into sequence as it goes  
19 along or that's obviously the hope.

20 COMMISSIONER CHOPER: But you haven't seen the  
21 figures that will confirm or not that statement?

22 MR. SCHICK: No.

23 COMMISSIONER CHOPER: Are you trying to have  
24 them?

25 MR. SCHICK: Oh, yeah. We're constantly

1 watching that. Obviously, it's a part of a larger debate  
2 that's going on in this state about overall. And we've  
3 been watching the Canterbury experiment very closely here  
4 to see how that kind of unfolds as well. And --

5 COMMISSIONER CHOPER: Disappointing.

6 MR. SCHICK: -- obviously I have some strong  
7 opinions on what they did. But I'm -- we're watching, you  
8 know.

9 It's easy to gamble when you're getting 50 or  
10 75 percent of your purse money subsidized from a  
11 third-party source. So, you know, this is a little  
12 different ballgame, yeah, when you're relying still on  
13 handle.

14 COMMISSIONER CHOPER: Thank you.

15 COMMISSIONER AUERBACH: I just wanted to commend  
16 you and congratulate you. And I'd like -- I hope the  
17 thoroughbred industry is listening. You said a lot of  
18 things that made a lot of sense, that people don't realize  
19 that we subsidize the stalls here, that we don't pay for  
20 them. We all pay for them, but we don't pay for them  
21 separately, which is a very big thing.

22 And you also said something that less is more.

23 And I hope that some of our thoroughbred partners --

24 CHAIRMAN WINNER: Good point.

25 COMMISSIONER AUERBACH: -- heard that and what

1 it means.

2 But I'm very happy for you and I know you've  
3 slogged it out and I know it's been very difficult but it  
4 sounds as if you're finding your sea legs, if I may, and  
5 congratulations, and I hope you continue to grow.

6 MR. SCHICK: Thank you.

7 CHAIRMAN WINNER: Thank you very much.

8 Any other questions? We do have one request to  
9 speak on this item.

10 Jim Perez, California Harness Horsemen's  
11 Association.

12 MR. PEREZ: Good morning, Jim Perez, Executive  
13 Director, CHHA.

14 Our board supports this application. And we'd  
15 also like to thank Watch and Wager and Cal Expo for their  
16 dedication to live racing and for coming to an agreement  
17 to increase our -- their agreement for five years. It's a  
18 big help. It's all we have for harness racing. We've  
19 been around forever. I've been around this sport since I  
20 was a kid. The last 15 years, I've been a board member,  
21 and now I'm the executive director. And this is all we  
22 have. We don't have other tracks.

23 And this management team has been amazing to  
24 work with. I mean, our agreement -- our meet ended in  
25 May. Our horsemen's agreement for this next meet was --

1 we had it June.

2 We need something, I call up Ben, I call up  
3 Chris. It's done. Vice versa. They're great to work  
4 with. I just want to thank them in this public forum.

5 And then thank you all also.

6 CHAIRMAN WINNER: Thank you very much, and thank  
7 you for those kind words. I think we all share -- share  
8 that.

9 Is there a motion?

10 COMMISSIONER AUERBACH: So moved.

11 CHAIRMAN WINNER: Commissioner Auerbach moves.

12 Commissioner Krikorian seconds.

13 Any discussion?

14 Commissioner Krikorian?

15 COMMISSIONER KRIKORIAN: Yes.

16 CHAIRMAN WINNER: Commissioner Solis?

17 COMMISSIONER SOLIS: Yes.

18 CHAIRMAN WINNER: Commissioner Auerbach?

19 COMMISSIONER AUERBACH: Yes.

20 CHAIRMAN WINNER: Chairman votes yes.

21 Vice Chairman?

22 COMMISSIONER ROSENBERG: Yes.

23 CHAIRMAN WINNER: Commissioner Choper?

24 COMMISSIONER CHOPER: Yes.

25 CHAIRMAN WINNER: Commissioner Beneto?

1 COMMISSIONER BENETO: Yes.

2 CHAIRMAN WINNER: Carries seven to nothing.

3 Congratulations, and just have a great meet.

4 And, again, thank you very much.

5 MR. PEREZ: Thank you.

6 CHAIRMAN WINNER: Discussion and action by the  
7 Board on the Application for License to Conduct a  
8 Horse Racing Meeting of the Big Fresno Fair at Fresno,  
9 commencing October 5th, 2016 through October 18th, 2016,  
10 inclusive.

11 Larry and friend.

12 MS. KING: I'll go with friend. I like that.

13 MR. SWARTZLANDER: Larry Swartzlander, Director  
14 of Race, Big Fresno Fair, and I'm accompanied with  
15 Lauri King, who's the Deputy Fair Manager.

16 I'll go over the racing side of it, and then  
17 Lauri will cover the marketing.

18 The Big Fresno Fair, as you know, is 5 through  
19 18 October. We have purses over \$1.1 million. We have  
20 two stake races. We have the \$100,000 Harris Stakes, and  
21 we have the \$50,000 Bulldog Handicap.

22 We also have a contract -- we have a contract  
23 with TVG and HRTV, and they will focus primarily on our  
24 Pick 4s on Friday, Saturday, Sunday. Our trainer  
25 incentive program is still in place. We have \$500 for

1 five starts, \$1000 for ten. But what we've done in  
2 Fresno, we've enhanced that.

3 We've looked at the numbers last year. We had a  
4 lot of trainers coming in only running one horse. And it  
5 was kind of interesting because Fresno is like an island.  
6 It's out there. You have a lot of these people that just  
7 come down, bring a stake horses in, and that's it.

8 So we've added another incentive so if you run  
9 two to four horses, you get \$300. So this should entice  
10 these owners and trainers to throw another horse in the  
11 van when they come down there so we can raise our 6.5  
12 starts a little bit better. Because it definitely affects  
13 directly to the handle.

14 Also, we increased the vanning. Was 150 last  
15 year per horse. It's 200 for any horse that vans from  
16 Pleasanton or Golden Gate.

17 And we still also have in place the out-of-state  
18 incentive. If you come from out of state, it's \$350 for  
19 your first start; \$150 for your second start.

20 Additionally, Fresno has one of the biggest  
21 training contests. On the thoroughbred side, if you're  
22 the leading trainer, and it seems like John Martin wins it  
23 the last few years, you get a \$10,000 reward. And if you  
24 have one of the emerging breed leading trainers, you get  
25 \$2500.

1           So we have -- we have several incentives in  
2 place, and we've tried to entice the trainers and owners  
3 more to come to Fresno.

4           Additionally, Lauri and I have talked about  
5 reaching out to the owners and trainers that didn't come  
6 last year. And what we decided to do there was to send  
7 them a welcome packet and a hundred dollar gift card for  
8 gas if they would come to Fresno.

9           So we're doing everything we can, you know, to  
10 get the Northern California horses to get down there to  
11 Fresno and have a very successful meet.

12           We have the purses. We have the stakes. It's a  
13 beautiful facility. They've done a lot down there. And  
14 I'd love to see more horsemen come to Fresno.

15           I'll turn it over to Lauri for the marketing.

16           MS. KING: Lauri King, Deputy Manager of the  
17 Big Fresno Fair.

18           As Larry said, we have the facility. We have  
19 done a lot of improvements. We have the money. But most  
20 importantly, we have the people.

21           Racing is a culture, and it is such an  
22 important part of the Big Fresno Fair, and our community  
23 absolutely loves it.

24           We have some new events that we're going to  
25 incorporate into our races this year. We have a hat

1 contest that we're going to do on our Seniors Day, which  
2 is Monday, October 10th. And anyone who comes with a  
3 decorated hat will have free admission into the grandstand  
4 and we're going to have a contest for it. We have a local  
5 guild that's going to judge it. And then the prizes for  
6 that are going to be item -- they're going to be fair  
7 items, and then also betting vouchers so that they can go  
8 back and put that back into the races.

9 We also have this year -- we're expanding our  
10 mascot races. I don't know if anyone has ever seen them.  
11 But on opening day of races, we do mascot races in between  
12 the races, and it's extremely entertaining. We have about  
13 25 mascots confirmed this year, and they do obstacle  
14 courses. And it's actually a big thing in our community.  
15 They battle to see who has the best mascot and who can  
16 win. They get a huge trophy.

17 Our ticket sales for horse racing has been  
18 extremely well. We've been on sale since the beginning of  
19 August. Currently all of our season box seats are sold  
20 out, and we had a 6 percent increase in those season  
21 tickets. We are sold out on our luxury deck for large  
22 parties. We are sold out in our turf club on Fridays and  
23 Saturdays, both days. And we have -- every party space  
24 that we have has been sold out.

25 We are looking to possibly add a new in-field

1 party area, similar to what the Alameda County Fair does,  
2 so we're hopeful that that will work. We have some  
3 interest in a couple corporations who would like to have  
4 big parties there.

5 Our marketing budget is \$329,000, as you saw in  
6 your packet. And our primary focus is TV, radio, and  
7 print. We've also started breaking into a lot more of our  
8 social media. Our target demographics right now for our  
9 horse racing is to really get the folks who are 18 to 42  
10 involved in horse racing so that we can get then the  
11 younger generation. So we're doing more targeted  
12 marketing to the university and doing some training, and  
13 actually going out to some of the university events to try  
14 to get the college-age students involved and interested in  
15 horse racing.

16 CHAIRMAN WINNER: Thank you very much. Sounds  
17 like you're doing a terrific job there.

18 George?

19 COMMISSIONER KRIKORIAN: I just had a question.  
20 You have -- is it one stake race?

21 MR. SWARTZLANDER: Two stake races.

22 COMMISSIONER KRIKORIAN: Two stake races.

23 So let me ask you a question. Are either of  
24 those races for Cal-breds?

25 MR. SWARTZLANDER: The 100,000 is Cal-breds.

1 COMMISSIONER KRIKORIAN: Okay. Is that the --  
2 do you know if that's the only Cal-bred stake race on the  
3 fair circuit?

4 MR. SWARTZLANDER: We also have one at  
5 Pleasanton. We had it in the spring -- in early summer.

6 COMMISSIONER KRIKORIAN: So there are two  
7 Cal-bred races for the whole fair circuit for the year?

8 MR. SWARTZLANDER: Yes.

9 COMMISSIONER KRIKORIAN: Okay. Thank you.

10 CHAIRMAN WINNER: Commissioner Rosenberg.

11 COMMISSIONER ROSENBERG: I would compliment you  
12 on the marketing presentation. Pleasanton was always the  
13 best at furnishing us with detailed information, laid out  
14 in a very clear way.

15 But one thing I've picked up on, this brochure,  
16 which I've seen before from you, you know, "Beginning  
17 Guy's Guide to Betting," which is very -- very well done.  
18 But I just realized, isn't this the CARF -- isn't this the  
19 end of the CARF payout --

20 MR. SWARTZLANDER: Yes.

21 COMMISSIONER ROSENBERG: -- of all the fairs,  
22 which we talked about the fact the public -- so it's not  
23 relevant to you if you're paying out at the end of your --  
24 it's paying out at the end of your meeting?

25 MR. SWARTZLANDER: End of Fresno it will be paid

1 out, yes.

2 COMMISSIONER ROSENBERG: Is there a carryover  
3 going into Fresno?

4 MR. SWARTZLANDER: Right now there's a \$91,000  
5 carryover in the Super High 5 at Humboldt --

6 COMMISSIONER ROSENBERG: Right.

7 MR. SWARTZLANDER: The Pick 6 was hit a couple  
8 days ago.

9 COMMISSIONER ROSENBERG: Right.

10 Okay. But my point is the instructions to  
11 beginners and to others on the wagering says the "Pick 6,  
12 to collect, you must pick the six" -- "the winners of the  
13 last six consecutive races."

14 Well, I mean, it's -- you might get some  
15 complaints from --

16 MR. SWARTZLANDER: Well, they'll still get  
17 40 percent of the pool. There will be a Pick 6  
18 carryout -- a payout. 40 percent of the pool always pays  
19 out.

20 COMMISSIONER ROSENBERG: So you think it's  
21 okay -- in the future, to put a little asterisk there to  
22 say --

23 MR. SWARTZLANDER: I agree with you, there  
24 should be an asterisk there.

25 COMMISSIONER ROSENBERG: Yeah. Okay.

1 MR. SWARTZLANDER: We really pumped it on the TV  
2 and we advertise in the Daily Racing Form to let people  
3 know that -- these carryovers.

4 COMMISSIONER ROSENBERG: Thank you.

5 CHAIRMAN WINNER: Any other questions?

6 Is there a motion?

7 COMMISSIONER AUERBACH: I just wanted to  
8 comment --

9 CHAIRMAN WINNER: Please.

10 COMMISSIONER AUERBACH: -- on their marketing  
11 book.

12 CHAIRMAN WINNER: Yes. It's excellent.

13 COMMISSIONER AUERBACH: Thank you.

14 CHAIRMAN WINNER: Yeah.

15 COMMISSIONER AUERBACH: You made it really easy  
16 to read and see. I appreciated that. Thank you.

17 CHAIRMAN WINNER: We -- yeah. We appreciate  
18 everything you're doing in this. We're especially pleased  
19 with the fact that everything seems to be sold out, which  
20 is certainly a good sign.

21 MS. KING: Well, we would invite each of you to  
22 come down for our meet. It is unlike any other.

23 CHAIRMAN WINNER: Come up.

24 MS. KING: Oh, come up, yes. Come up.

25 CHAIRMAN WINNER: Thank you.

1 Commissioner Solis moves.

2 Commissioner Auerbach seconds.

3 Any discussion?

4 Commissioner Beneto, how do you vote?

5 COMMISSIONER BENETO: I vote yes.

6 COMMISSIONER CHOPER: Yes.

7 CHAIRMAN WINNER: Commissioner Choper votes yes.

8 Commissioner Rosenberg votes --

9 COMMISSIONER ROSENBERG: Yes.

10 CHAIRMAN WINNER: -- yes.

11 Commissioner Winner votes yes.

12 Commissioner Auerbach votes --

13 COMMISSIONER AUERBACH: Yes.

14 CHAIRMAN WINNER: -- yes.

15 Commissioner Solis votes yes.

16 COMMISSIONER SOLIS: Yes.

17 CHAIRMAN WINNER: Commissioner Krikorian is not  
18 here.

19 So it's six to nothing vote. Carries  
20 unanimously of those voting.

21 Thank you very much. Have a wonderful meet.

22 And, again, thank you for the work you're doing.

23 MR. SWARTZLANDER: Thank you very much.

24 CHAIRMAN WINNER: No. 11, Public hearing and  
25 action by the Board regarding the proposed amendment to

1 CHRB Rule 1734, Whipping, to curtail and prevent excessive  
2 use of the whip in harness racing.

3 This concludes the 45-day public comment period.  
4 The Board may adopt the proposal as presented.

5 Was there any -- did we receive any comments on  
6 this?

7 MR. LAIRD: Phil Laird, CHRB Staff.

8 We did not receive any comments.

9 CHAIRMAN WINNER: I didn't think so.

10 All right. I'll entertain a motion to adopt. I  
11 think everybody knows what this is. It's just coming back  
12 for the 45-day period. It says makes it more consistent  
13 with thoroughbreds and quarter horses.

14 Commissioner Beneto moves.

15 Commissioner Rosenberg seconds.

16 I'll take a vote of those present.

17 Commissioner Solis?

18 COMMISSIONER SOLIS: Yes.

19 CHAIRMAN WINNER: Commissioner Auerbach?

20 COMMISSIONER AUERBACH: Yes.

21 CHAIRMAN WINNER: Commissioner Winner? Yes.

22 Commissioner Rosenberg?

23 COMMISSIONER ROSENBERG: Yes.

24 CHAIRMAN WINNER: Commissioner Beneto?

25 COMMISSIONER BENETO: Yes.

1 CHAIRMAN WINNER: Commissioner Choper votes yes.  
2 Carries by a six to nothing vote.

3 Thank you very much.

4 Phil, great job.

5 MR. LAIRD: Thank you.

6 CHAIRMAN WINNER: Moving right along.

7 Public hearing and action by the Board regarding  
8 the proposed amendment to CHRB Rule 1843.3, Penalties for  
9 Medication Violations, to adjust the penalties for  
10 medication violations.

11 This concludes the 45-day public comment period.  
12 The Board may adopt the proposal, as presented.

13 And I think we did receive some comment on this  
14 one; correct, Jackie?

15 MS. WAGNER: No.

16 MR. LAIRD: Actually, no, I don't believe --

17 CHAIRMAN WINNER: No?

18 MR. LAIRD: -- we received any comments.

19 CHAIRMAN WINNER: Came in late?

20 COMMISSIONER ROSENBERG: No. We got an  
21 e-mail -- some of us got an e-mail from --

22 COMMISSIONER AUERBACH: Don Shields.

23 COMMISSIONER ROSENBERG: -- Dr. Shields.

24 CHAIRMAN WINNER: Yeah, from Shields.

25 COMMISSIONER ROSENBERG: I wouldn't count that

1 as a -- it's not in the --

2 EXECUTIVE DIRECTOR BAEDEKER: It was after it  
3 closed.

4 CHAIRMAN WINNER: It was after it closed. Okay.  
5 Do you want to speak on this or shall we have a  
6 vote? I think everybody knows what it is. It's coming  
7 back.

8 Commissioner Rosenberg moves.

9 Commissioner Winner seconds.

10 Commissioner Solis, how do you vote?

11 COMMISSIONER SOLIS: Yes.

12 CHAIRMAN WINNER: Commissioner Auerbach?

13 COMMISSIONER AUERBACH: Yes.

14 CHAIRMAN WINNER: Chairman votes yes.

15 Vice Chairman? That's you.

16 COMMISSIONER ROSENBERG: Yes.

17 CHAIRMAN WINNER: Commissioner Choper?

18 COMMISSIONER CHOPER: Yes.

19 CHAIRMAN WINNER: Passes by a six to nothing  
20 vote.

21 Thank you again, Phil, for a terrific job.

22 MR. LAIRD: Thank you.

23 CHAIRMAN WINNER: All right. Now a report from  
24 the Medication and Track Safety Committee.

25 COMMISSIONER AUERBACH: The Medication and Track

1 Safety Committee meeting was held yesterday in this venue.  
2 Luis Jauregui addressed the issue of exercise riders  
3 carrying cell phones while on horseback and working.

4 He said, "They are all cautioned not to use the  
5 phones for personal use except during the break."

6 He acknowledged that trainers sometimes  
7 legitimately call the exercise riders about a work in  
8 progress. He said that every effort is made to curtail  
9 the inappropriate use of cell phones.

10 Commissioner Auerbach raised the issue of  
11 exercise riders smoking while on horseback, another  
12 practice she wants discontinued.

13 Rick Baedeker noted that the CHRB has very few  
14 rules governing morning activities outside of safety  
15 requirements. However, the CHRB does express its concerns  
16 to track operators, and they usually are very cooperative.

17 Tom Robbins said Del Mar personnel monitor these  
18 activities and make every effort to deal with dangerous  
19 situations.

20 Commissioner Auerbach encouraged everyone in the  
21 stable area to notify track security and/or the racing  
22 office if they see and perhaps photograph, because we all  
23 have, you know, phones that take pictures, inappropriate  
24 behavior.

25 Dr. Arthur reported there were 19 Class 1, 2, or

1 3 violations in physical year 2015-16, nearly half of  
2 which involving ship-ins from unregulated facilities.

3 A new CHRB rule holds owners of ship-in horses  
4 jointly responsible with trainers for such violations.

5 There were over 40,000 samples tested. Overall  
6 violations for all classes, 60, were down from the  
7 previous use, largely due to a reduction in Bute overages,  
8 27.

9 We discussed a rule program currently in effect  
10 in New Mexico that places a horse that tests positive for  
11 certain substances on the steward's list for a minimum of  
12 60 days, during which time the horse cannot race.

13 The substances triggering this penalty in  
14 New Mexico include Clenbuterol, growth hormones, excessive  
15 cobalt, and certain steroids.

16 Commissioner Auerbach indicated her belief that  
17 this penalty would be too severe in view of our experience  
18 in California that most drugs' positives are due to  
19 mistakes, not intentional administration.

20 Dr. Arthur said one alternative would be to  
21 place a horse on a list until only that horse test  
22 cleared, not necessarily 60 days, which we already do for  
23 Clenbuterol. Dr. Arthur will work with the Board counsel  
24 on possibly developing proposed language to address this  
25 matter.

1           We discussed a proposed amendment to make  
2 permanent a temporary rule already in effect that allows  
3 the Board to authorize racing associations with approval  
4 of horsemen's organizations to establish their own testing  
5 programs at the track to determine a horse's eligibility  
6 to be entered in a race.

7           Essentially, this allows associations to place  
8 certain conditions on a race with Board approval, and with  
9 the cooperation of the horsemen's groups.

10           We will have another committee meeting in  
11 mid September to discuss this further and to receive input  
12 from the TOC. We discussed a proposed amendment to clean  
13 up language concerning the prohibition of Clenbuterol in  
14 official urine test samples from all horses participating  
15 in quarter horse racing. We will be making a  
16 recommendation to the full Board in September.

17           CHAIRMAN WINNER: Thank you very much.

18           Let's go on to the Legislative, Legal and  
19 Regulations Committee Report.

20           Here he is. Commissioner Choper.

21           COMMISSIONER CHOPER: We -- Commissioner  
22 Rosenberg and I had about a two-hour meeting on a  
23 relatively long agenda, with the help of Counsel Laird,  
24 very much appreciated, and I'll just give you a summary of  
25 what we talked about.

1           One issue concerned whether a person may either  
2 race horses as an individual or under race stable name.  
3 Not both.

4           And the Staff is working on this and we're going  
5 to come back with a suggestion as to how we are to  
6 proceed.

7           Secondly, we talked about the growth of  
8 alternative ownership methods in different -- such as, you  
9 know, LACs, trusts, even crowd funding, which is a new  
10 phenomenon going on, explained by the fact that the  
11 Federal Securities laws have been amended to permit more  
12 than 35 people to join together for certain ventures.  
13 This applies to horse racing, and it is something that  
14 has, I think, some promise for getting some new people  
15 perhaps involved.

16           We also discussed the licensing process, both  
17 for trainers and for assistant trainers, and they all have  
18 the same tests, same licenses, and everything; so they're  
19 very ready to take over, at least in terms of  
20 qualifications.

21           And we also emphasize the fact that a person, in  
22 order to be a trainer or an assistant trainer, have some  
23 practical experience in -- actually engaged in operating  
24 as a -- as such a trainer.

25           And then there was a very long discussion of

1 trying to keep track of all the horses who come in, who  
2 come out, how long they stay, the stalls that they occupy,  
3 and -- and so forth.

4 And we talked as well about certain systems that  
5 are in process of being put in, one called InCompass,  
6 which is -- I must say I don't understand all the  
7 technical details of how they do it, but it keeps  
8 pretty -- very good track of the horses, all -- all as a  
9 preface to the microchipping of all horses, which we'll  
10 really, I think, or at least the people think, solve the  
11 problem of keeping track of these horses. And it's  
12 supposed to be done by the beginning of 2018, which is not  
13 too far ahead of us, I'm afraid.

14 And then Counsel Laird went over the current  
15 state of many proposed and past matters before the  
16 California legislature, and we got a -- and also mentioned  
17 that if anyone wants to, there's a website in which you  
18 can get a detailed description of the various bills that  
19 affect horse racing online.

20 And I think, unless someone has any questions --  
21 yes, sir.

22 COMMISSIONER ROSENBERG: Can I add one thing.

23 One of the most interesting things that came out  
24 of that meeting was when we started talking about the  
25 subject matter of licensing, stable names, individuals,

1 LLCs, partnerships, et cetera, was there was a gentleman  
2 present from Little Red Feather who just announced a new  
3 type of partnership, which is done by Crowd Funding.

4 Crowd Funding is -- started out as a -- you  
5 know, a charitable thing, where people would go online,  
6 start a charity, ask for donations. It's now morphed into  
7 a way to raise money on the Internet from individuals who  
8 want to participate in small amounts.

9 And the law evidently just changed, the SEC  
10 reduced the requirements -- changed their definition so  
11 that this is now a legal form of raising money for certain  
12 investments, with a limit, I believe of one million  
13 dollars, and is a minimum -- perhaps a minimum that the  
14 person has to invest. They just started this, Little Red  
15 Feather.

16 But, to me, this is great potential for -- we  
17 talk about how do we expand interest in racing? This is a  
18 potential that is apparently legal under the California  
19 law and is definitely legal under the Federal Securities  
20 laws.

21 CHAIRMAN WINNER: Any other discussion on this  
22 item?

23 All right. We're going to move ahead now to a  
24 report from the Race Dates Committee, and I'll just give a  
25 very brief report because the next item on the agenda is

1 allocation of race dates beginning for 2017.

2 Commissioner Krikorian, Commissioner Beneto, and  
3 I spent a significant amount of time with the stakeholders  
4 at our Race Dates Committee meeting. We discussed both  
5 the Southern dates and obviously stabling issues, which  
6 are very much interwoven.

7 The -- fortunately, as you may recall at the  
8 prior meeting, this Board asked the stakeholders to please  
9 get together and try to work something out. And all of  
10 them, in my view and based on the results, worked  
11 diligently. There was a lot of give and take. It  
12 involved Del Mar, Los Alamitos, the Stronach Group, the  
13 TOC, et cetera. And they did, in fact, continue to keep  
14 us informed through myself, through others on the Board,  
15 with the progress that they were making. There were  
16 questions being asked from time to time and suggestions  
17 being made from time to time.

18 And when the Race Dates Committee met, we were  
19 pleased that they did come to us with a unified  
20 recommendation with respect to dates on a three-year  
21 rolling basis. And that is what we'll be voting on as the  
22 next agenda item comes up.

23 At the same time we had asked the Northern  
24 California stakeholders to also try to get together and  
25 come up with a plan to bring back to us that the

1 stakeholders could agree upon so that we could move  
2 forward in Northern California as well. The --  
3 unfortunately, that did not occur. Obviously, there were  
4 meetings but we -- a consensus was not reached.

5 So we have asked them to come back for the  
6 September meeting when we will again hear -- assuming that  
7 this Board passes the Southern California race dates, as  
8 the Committee would recommend, we are going to do the same  
9 thing in September.

10 Commissioner Beneto at that Race Dates meeting  
11 asked for a commitment from the chairman that one way or  
12 another we're going to allocate dates in September. And  
13 that means that if we don't get a proposal, an acceptable  
14 proposal, from the stakeholders, that we will just make  
15 the decision on what the race dates are for Southern  
16 California.

17 I hope I'm explaining that properly,  
18 Mr. Beneto -- Commissioner Beneto.

19 COMMISSIONER BENETO: Northern California.

20 CHAIRMAN WINNER: Yeah. Northern California.

21 COMMISSIONER BENETO: Mr. Chairman --

22 CHAIRMAN WINNER: Yes.

23 COMMISSIONER BENETO: -- in the meantime, we  
24 should work up the dates, and then if they can't come with  
25 a plan, we can present the dates, this is what you're

1 going to get. Can we do that?

2 CHAIRMAN WINNER: Yes, we can. And I would ask  
3 you to at least initiate that.

4 And I should point out that -- that for  
5 Northern California, at the Race Dates Committee meeting,  
6 and if I recollect this properly, we had two proposals  
7 that Commissioner Beneto made: One from Golden Gate, one  
8 from CARF, one from Santa Rosa, one from Cal Expo. I  
9 don't recall whether we had one from the horsemen or not.  
10 But at any rate there were a number of different  
11 proposals, and we discussed ways that we could put them  
12 together.

13 And as you heard earlier in the meeting from  
14 Scott Daruty, there is a clear linkage, as there ought to  
15 be, between stabling and race dates and -- and that is an  
16 important component that the various stakeholders are  
17 trying -- trying to reach.

18 Obviously, this Board would prefer not to  
19 dictate to the various organizations, the associations,  
20 the horsemen, et cetera, what the race dates ought to be.  
21 We would rather try to work with you to -- to assign dates  
22 that are compatible with what your needs are, and it  
23 requires -- as was done in Southern California, it  
24 requires an awful lot of give and take.

25 And I -- as someone who was a little bit

1 involved in the process from the beginning, I want to  
2 thank the stakeholders in Southern California for the hard  
3 work that they did in trying to reach an agreement and  
4 to -- and the give and take that took place between the  
5 various stakeholders in order to reach an agreement.

6 There's a lot of money involved, there's stabling  
7 involved, there are a number of issues involved, and  
8 everybody had to give a little and I appreciate that.

9 In Northern California, one other point I want  
10 to make is we've recommended and suggested -- and my  
11 understanding is there's an agreement -- that the CTT be  
12 involved, the trainers be involved in the process, because  
13 obviously they have a major stake in it. In our view,  
14 they have a role in it. And -- and I think there's an  
15 agreement to that.

16 I know Alan Balch is here representing the  
17 trainers, and I hope that that's taking place. As the  
18 discussions go forward between now and the September  
19 meeting, the September dates meeting, that the trainers  
20 are involved in the process.

21 All right. That's my report.

22 If you have -- if either Commissioner Beneto or  
23 Commissioner Krikorian would like to add to it, because  
24 we're going to go then right to the next item.

25 Yes, sir.

1           COMMISSIONER BENETO: I'd like to keep the door  
2 open. If anybody wants to call me during this next month,  
3 Northern California, to help them with the dates, I'd be  
4 willing to do it.

5           CHAIRMAN WINNER: I appreciate that. And I  
6 should have mentioned that.

7           Commissioner Beneto mentioned before the meeting  
8 started that he would be -- that he is available and  
9 anxious to be helpful in -- in reaching an accord in  
10 Northern California so we that can get this all done by  
11 the next Dates Committee meeting.

12           So thank you, Commissioner Beneto.

13           All right. Any other discussion on that? If  
14 not, we'll move on --

15           COMMISSIONER BENETO: Hold on --

16           CHAIRMAN WINNER: No, no. We're not -- that's  
17 the next item. That's this item.

18           COMMISSIONER BENETO: September.

19           CHAIRMAN WINNER: We're going to vote on  
20 Northern California in September. We're going to vote on  
21 Southern California --

22           COMMISSIONER BENETO: Right.

23           CHAIRMAN WINNER: -- assuming the Board chooses  
24 to do so. It's on the agenda to vote at this meeting.

25           MR. AVIOLI: I --

1 CHAIRMAN WINNER: Oh, I apologize.

2 MR. AVIOLI: Yes.

3 CHAIRMAN WINNER: You wanted to speak on  
4 Item 15.

5 MR. AVIOLI: I want to speak on what you --

6 CHAIRMAN WINNER: Mr. Avioli.

7 MR. AVIOLI: -- on what you just spoke about  
8 because -- Greg Avioli from the TOC.

9 And I had the benefit of being at the dates  
10 hearing, and I heard the back and forth with the fairs and  
11 Golden Gate.

12 I'm speaking because I don't want this Board to  
13 put itself in a box with this hard date on September  
14 without hearing what I have to say.

15 The issues that we are speaking about in the  
16 North, the dates issues, from our perspective, the TOC,  
17 are not the most complicated issues. There's a couple  
18 different weeks of dates to allocate that could go a  
19 number of different ways.

20 The issue of stabling and vanning is very  
21 complicated and has big ramifications. And if this -- if  
22 that is not resolved in the next 30 days and the Board  
23 decides to award dates because it chooses to award dates  
24 without that, I think it would be doing a great disservice  
25 to the industry.

1           So we're going to be working very hard with all  
2 the parties to do an omnibus deal with stabling and dates.  
3 But I caution that if that's not worked out and you award  
4 dates without the stabling being resolved, it's going to  
5 create a very big mess.

6           CHAIRMAN WINNER: Thank you, Mr. Avioli. And I  
7 hope that -- I hope you can work it out.

8           And as Commissioner Beneto said, he's there to  
9 help.

10          MR. AVIOLI: Yes, sir.

11          CHAIRMAN WINNER: And obviously the rest of us,  
12 especially the Committee, is there to help as you go  
13 through this process, if we can.

14          We recognize that stabling, I think I said it,  
15 is very strong. You can't -- they're tied together.

16          MR. AVIOLI: Yes, sir.

17          CHAIRMAN WINNER: It's hard to separate the two.  
18 Hopefully we can try to get it done.

19          There's also a possibility of -- assuming there  
20 are still some givens or some unknowns that have to be  
21 worked out and everybody has agreed to try to work them  
22 out, you can -- we can allocate dates with some  
23 flexibility, if we spell out that flexibility, what it is  
24 that's -- that remains open.

25          MR. AVIOLI: Okay.

1 CHAIRMAN WINNER: Okay?

2 MR. AVIOLI: Thank you.

3 CHAIRMAN WINNER: Thank you very much.

4 COMMISSIONER BENETO: Maybe we can just tie them  
5 all to a fence post, huh?

6 CHAIRMAN WINNER: Pardon me?

7 COMMISSIONER BENETO: Maybe we can just tie them  
8 all to a fence post.

9 CHAIRMAN WINNER: All right. Moving on then to  
10 Item No. 16: Discussion and action by the Board regarding  
11 the allocation of race dates beginning year 2017.

12 I'm going to turn this over to Mr. Baedeker, who  
13 has the dates that have been recommended by the  
14 stakeholders. And by the way, there was no objection.

15 I believe one -- there's maybe an objection from  
16 Humboldt or at least a comment made by Humboldt at the  
17 Dates Committee meeting because of the dates that -- I  
18 can't recall exactly. But I believe the dates that were  
19 going to Los Al that they felt were not as lucrative for  
20 them as when those dates were at Del Mar. But other than  
21 that, there was no objection to this agreement brought  
22 forward at the committee level. I know of no objection  
23 even since then to the dates that have been agreed upon by  
24 the -- by the parties.

25 And, again, this agreement that they have is

1 between the parties, and it involves financial  
2 arrangements and other things. But from our standpoint,  
3 what we're doing is we're allocating dates, and those  
4 dates are a part of that agreement.

5 So Mr. Baedeker.

6 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, the  
7 dates in question have been proposed by the industry and  
8 reviewed by the Committee, and the proposal covers three  
9 years: 2017, '18, and '19.

10 I will read the dates themselves pertinent to  
11 2017. However, 2018 and 2019 are basically an exact  
12 replica of what is proposed for 2017. However, because of  
13 the vagaries of the calendar, the actual dates, beginning  
14 and end, will probably be different by a day or so.

15 But I'm going to now read the proposed dates for  
16 2017.

17 Santa Anita winter meet, starting on  
18 December 26th, 2016 and continuing through July 4th, 2017.

19 Los Alamitos, starting July 5th, continuing  
20 through July 18.

21 Del Mar, starting July 19, and continuing  
22 through September 5th.

23 Fairplex at Los Alamitos, beginning on  
24 September 6th, continuing until September 26th.

25 The fall meet at Santa Anita, starting on

1 September 27th, continuing through October 31st.

2 The fall meet at Del Mar, which includes the  
3 Breeders' Cup, beginning on November 1st, continuing  
4 through November 28th.

5 And then finally the winter meet at  
6 Los Alamitos, beginning on November 29th, and continuing  
7 through December 19th.

8 Those dates, those allocations, include  
9 beginning on the Wednesday prior to opening day and ending  
10 on the Tuesday following closing day for purposes of host  
11 days.

12 CHAIRMAN WINNER: Thank you.

13 Scott, let me -- let me just make a few points  
14 and then I'll call everybody or anybody up who wants to  
15 speak on the issue.

16 Obviously we've talked about the legislation for  
17 other reasons here at this meeting. And I think my  
18 understanding is, I think it's accurate to say that if for  
19 some reason that legislation does not pass, and there's no  
20 reason to believe it won't pass, but if some reason it  
21 doesn't pass, then because of the financial arrangements  
22 that are a part of this agreement --

23 Scott, you can correct me or anybody can correct  
24 me if I'm wrong -- remember, this agreement involves  
25 stabling and financial arrangements with respect to

1 stabling in order to ensure that we have the stabling  
2 available for all of these meets that we're going to be  
3 allocating dates. If the legislation doesn't pass,  
4 that -- that may change things. And of course we'd have  
5 to go back -- or the various associations and horsemen  
6 would have to go back to the -- to the drawing board.

7           One other fact is that this is a three-year  
8 rolling allocation of dates. That's the plan. Part of  
9 the agreement involves agreements between the parties and  
10 in some cases goes -- go out as far as 10 years. So it's  
11 a very complicated agreement that everybody has reached.  
12 And, again, I thank all of the players for making it  
13 happen. A very difficult process.

14           We will have the -- under the motion that  
15 we're -- that I'm going to make, the Board will have the  
16 ability, on an annual basis, to review and make proposed  
17 changes if the Board -- if the Board so requires.

18           But otherwise, we're looking at this as a  
19 three-year rolling allocation, a three-year rolling  
20 agreement. There are provisions within the agreement that  
21 if certain -- for instance, if certain dates aren't given  
22 to some of the -- to one of the associations or other  
23 associations, then they have the right to withdraw at the  
24 end of that period, of the three-year roll.

25           If I'm not explaining this right, I'll expect

1 the experts who worked so hard on this to come up and  
2 explain it.

3 But that -- the motion that we're going to  
4 make -- that I'm going to make is to approve the dates as  
5 outlined by Mr. Baedeker with the --

6 EXECUTIVE DIRECTOR BAEDEKER: I need to make one  
7 correction.

8 CHAIRMAN WINNER: I'm sorry. Mr. Baedeker needs  
9 to make one correction.

10 EXECUTIVE DIRECTOR BAEDEKER: Yeah. I misstated  
11 the initial date. The date for Santa Anita would actually  
12 be -- the beginning date would be December 21st of 2016,  
13 and then going through the balance of their meet. The  
14 other dates that I gave are all correct.

15 CHAIRMAN WINNER: All right. So the motion will  
16 be to accept the dates as recommended and approved by the  
17 Committee and recommended to the Board by the Committee,  
18 with the motion that the Board will have the right to  
19 review on an annual basis. So that's my motion.

20 Do you second it, Mr. Krikorian?

21 COMMISSIONER KRIKORIAN: I do, but I have a  
22 couple comments.

23 CHAIRMAN WINNER: Yeah. Can we put the motion  
24 on the table and then we have the comments? Is that okay?

25 COMMISSIONER KRIKORIAN: Yes.

1 CHAIRMAN WINNER: Okay. Chairman moves.

2 Commissioner Krikorian seconds.

3 And now we'll open it up for discussion.

4 COMMISSIONER KRIKORIAN: Okay. While I'm  
5 supportive of this three-year rolling program that --  
6 where the Board is still reserving its right to make  
7 changes, I just want to point out that -- just as an  
8 overview of things, that I'm concerned about -- you know,  
9 I am concerned about Los Al having eight weeks, even  
10 though I'm agreeing to it and see how it works out,  
11 because of the economics involved.

12 I'm concerned about whether some of the  
13 brick-and-mortar operators at Los be wanting to stay in  
14 business, you know, long enough.

15 And I'm concerned about the stabling and vanning  
16 costs which are, for example -- by way of example,  
17 Santa Anita, stay rate right now is around \$16,000 a day.  
18 It's going to about \$26,000 a day.

19 And so these things are a concern because of the  
20 economics and if they're going to make sense. There was a  
21 lot of monitoring that's going to have to take place to  
22 see how things are going with respect to these issues.

23 And also inventory management of the horses that  
24 are on the track and how it will affect the stabling costs  
25 and the fact that an Santa Anita, for seven years now,

1 they have not replaced their bonds, and they're getting a  
2 higher day rate and so forth.

3 So these are things that are of concern. So in  
4 the spirit of trying to be supportive, I'll vote for this,  
5 but I am concerned about the issues that I just brought  
6 up.

7 CHAIRMAN WINNER: I think they're all important  
8 issues, and I think we're all concerned about them, and I  
9 appreciate your bringing them up. And I think it's  
10 important for all of those who are involved to keep in  
11 mind what Commissioner Krikorian said, because they are  
12 issues that obviously all of us are concerned about. And  
13 I know you're concerned about them as well.

14 Is there any further discussion?

15 I'm going to ask for -- anyone in the audience  
16 want to speak?

17 Okay. Then we'll take a vote.

18 Commissioner Beneto?

19 COMMISSIONER BENETO: Yes.

20 CHAIRMAN WINNER: Commissioner --

21 COMMISSIONER CHOPER: Yes.

22 CHAIRMAN WINNER: -- Choper?

23 Commissioner Rosenberg?

24 COMMISSIONER ROSENBERG: Yes.

25 CHAIRMAN WINNER: Chairman votes yes.

1 Commissioner Auerbach?

2 COMMISSIONER AUERBACH: Yes.

3 CHAIRMAN WINNER: Commissioner Solis?

4 COMMISSIONER SOLIS: Yes.

5 CHAIRMAN WINNER: Commissioner Krikorian?

6 COMMISSIONER KRIKORIAN: Yes.

7 CHAIRMAN WINNER: Motion carries unanimously.

8 Congratulations, everyone. Again, thank you for  
9 your hard and diligent work on this item. And everybody  
10 have a good meet and have a good year.

11 I'm going to just mention one thing before we  
12 move on to one other issue that the Executive Director  
13 wants to bring up, and that is that -- as I said during  
14 the -- during the prior discussion on the prior item, we  
15 have not reached an agreement in Northern California so  
16 that item -- that matter has been --

17 Originally, as you know, we had hoped to reach  
18 an agreement on both North and South at the same time.  
19 But because of the very vagaries and the various issues in  
20 the North, and as Mr. Avioli said, the whole stabling  
21 issue is still in discussion, we're putting that off.

22 So for the purposes of the -- of this item,  
23 which is allocation of race dates beginning in year 2017,  
24 we've allocated those dates for -- for the Southern -- for  
25 the South, but we have not allocated those dates for the

1 North. That will be taken up at the September meeting.

2 So that item is finished. I will then ask  
3 Mr. Baedeker to give us some financials for the last  
4 month.

5 EXECUTIVE DIRECTOR BAEDEKER: Thank you,  
6 Mr. Chairman. I neglected to do it earlier.

7 For the month of July, business during the  
8 daytime racing was up 11.6 percent; nighttime racing,  
9 which benefited from three extra days, was up  
10 18.9 percent; and totals all in for the month, night and  
11 day, business was up 12.2 percent.

12 So nice to finish this meeting on a positive  
13 constructive note.

14 CHAIRMAN WINNER: Thank you very much.

15 Unless there is objection, I will adjourn the  
16 meeting and we go into executive session.

17 (At 12:43 p.m., the proceedings were  
18 concluded.)

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