STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:)

)

Regular Meeting)

SANTA ANITA PARK RACE TRACK

BALDWIN TERRACE ROOM

285 WEST HUNTINGTON DRIVE

ARCADIA, CALIFORNIA

THURSDAY, OCTOBER 20, 2016

9:30 A.M.

Reported by:

Martha Nelson

APPEARANCES

COMMISSIONERS

Chuck Winner, Chairman

Steve Beneto

George Krikorian

Alex Solis

STAFF

Rick Baedeker, Executive Director

Robert Miller, General Counsel

Phil Laird, Staff Counsel

Jacqueline Wagner, Assistant Executive Director

Mike Marten, Associate Analyst, Policy & Regulations

ALSO PRESENT

Robert O'Neil, Stronach Group

Dorothy Burt, Arabian Racing Association of California

Scott Daruty, Santa Anita Park Race Track

Mary Forney, Thoroughbred Owners of California

Eric Sindler, Golden Gate Fields

Kip Levin, TVG

John Hindman, TVG

Mark Thurman, CRIMS

Cliff Goodrich, TCHF

Josh Rubenstein, Del Mar Thoroughbred Club

Mike Pegram, Thoroughbred Owners of California

APPEARANCES

ALSO PRESENT

John Ford, BetAmerica

Rick English, Los Alamitos Quarter Horse Racing Association

Becky Bartling, Sonoma County Fair

Evelyn Call, Arabian Racing Association of California

George Schmidt, Owner

Maureen Morley, Owner

John Valenzuela, Parimutuel Employees Guild, Local 280

Rick Pickering, California Exposition and State Fair

Sherwood Chillingworth, Oak Tree Racing Associations

Alan Balch, California Thoroughbred Trainers

Larry Swartzlander, California Authority of Racing Fairs

Jerome Hoban, Alameda County Fair, Oak Tree at Pleasanton

Joe Morris, Golden Gate Fields

Tony Allevato, NYRA Bets

Nicole Foley, NYRA Bets

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with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," and as authorized by Government Code section 11126(e).

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

P R O C E E D I N G S

9:37 A.M.

ARCADIA, CALIFORNIA, THURSDAY, OCTOBER 20, 2016

CHAIRMAN WINNER: Good morning. My required remarks.

Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats. I'm glad you all have.

This is the regular noticed meeting of the California Horse Racing Board on Thursday, October 20, 2016 at Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California.

Present at today's meeting are: myself, Chuck Winner, Chairman; Steve Beneto, Commissioner; George Krikorian, Commissioner; and Alex Solis, Commissioner. Those not here today are Madeline Auerbach, Commissioner, and Jesse Choper, Commissioner.

Before we go on to the business to the business of the meeting I need to make a few comments. The Board invites public comment on the matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during a public 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 fashion, I'll strongly enforce the three-minute time limit rule for each speaker. The three-minute time limit will be enforced during discussion of all matters as stated on the agenda, as well as during the public comment period.

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

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

When all the names have been called, I'll ask if there is anyone else who would like to speak on the matter before the Board. Also, the Board may ask questions of individuals who speak on any item. If a speaker repeats himself or herself, I'll ask if the speaker has any new comments to make. If there are none, the speaker will be asked to let others make comments to the Board.

Okay, the first item on the agenda is the approval of the minutes from the meeting of September 22nd. Are there any additions or corrections to the minutes?

COMMISSIONER SOLIS: Moved.

CHAIR WINNER: Hearing none, Commissioner Solis moves.

COMMISSIONER BENETO: Second.

CHAIR WINNER: Commissioner Beneto seconds.

Commissioner Solis, how do you vote on approval of the minutes?

COMMISSIONER SOLIS: Yes.

CHAIR WINNER: The Chairman votes yes.

Commissioner Krikorian?

COMMISSIONER KRIKORIAN: Yes.

CHAIR WINNER: Commissioner Beneto?

COMMISSIONER BENETO: Yes.

CHAIR WINNER: The minutes are adopted.

Public -- or Executive Director’s Report.

Mr. Baedeker?

EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr. Chairman.

Dr. Arthur is attending the International Conference of Racing Analysts and Veterinarians. This is an annual event that brings together the finest scientific minds that deal with racing to one place, and a fascinating

agenda over a period of three days. He will be making a presentation, along with Dr. Uzal, on the CHRB Necropsy Program in sudden death procedures.

Yeah, that's yours.

CHAIR WINNER: Okay.

EXECUTIVE DIRECTOR BAEDEKER: Dr. Moeller, who you may remember we noted is our new chemist at the Maddy Lab, is also attending a workshop on -- it's a workshop entitled Advanced and Emerging Analytical Approaches in Horse Doping Control. And the focus of the workshop is the biological passport, which will be Dr. Moeller's focus, as well.

Dr. Stanley is also there. He will be involved in the International Lab Certification meetings. And the Maddy Lab is likely going to be one of just a handful that are accredited on an international basis.

I wanted to give you an update on third-party Lasix. As you know, the Board has passed the new regulatory language. And Staff, in our Policy and Regs. Department, have been working on the daunting task of responding to the more of 100 pages of comments submitted during the 45-day period. Every comment needs to be addressed before submitting to the Office of Administrative Law for review. We're hopeful that the new regulation will be on the books by the first part of next year.

Just FYI, we have three full-time Policy and Regs.

folks, as well as a retired annuitant, Hal Coburn (phonetic), who was there for many, many years, has come back on a part-time basis, who do this work. This month's agenda gives an idea of their workload. We have four race meet applications, and an ADW application for the Board to consider. The Staff needs to certify that every item within each of them is correct and complete. They also provide the staff analysis for all the items on the agenda under the guidance, of course, of both Jackie Wagner and Phil Laird. And then every month they get to compile this phonebook for the Board. So I hope you can understand why moving regulations through the pipeline just takes time.

A note about the Breeders' Cup. CHRB will have additional personnel working at Santa Anita during the Breeders' Cup. In addition to our regular team of stewards and chief steward, we will have three additional safety stewards, six investigators, four license technicians, as well as Dr. Arthur and two of our official vets. In addition, of course, the Breeders' Cup assembles a small army of investigators and veterinarians from around the country that assemble here for the Breeders' Cup. And it's really now, after all of these years, it's a rather well-oiled machine that fires up for the Breeders' Cup.

One note about one part of that. When I was helping with the Breeders' Cup in 2008 and 2009, Breeders'

Cup worked with Santa Anita to bring in more than 200 additional mutuel clerks from out of state in order to have sufficient manpower for the Breeders' Cup days. Most of those folks arrive immediately before the Breeders' Cup. And they all have to be licensed, as well as all of the incoming horsemen that may not be licensed yet in California.

And I remember remarking then how incredible the work of the CHRB Licensing Staff was. They handled all of it. There's four people, they handled all of it. They got everybody licensed, you know, backgrounded and licensed on time under Bill Westerman's supervision, and they're hardworking folks. And I wanted to just say it publicly, that we appreciate their hard work.

A note about race meet applications. We have four on the agenda today. One of them actually was submitted complete. That was the application for the night quarter horse meet.

A year ago the Board put a policy into place that if the application wasn't complete, it wouldn't be heard. It didn't have that much of an effect, apparently, because of the other three applications, there are 58 outstanding items. So it's nice to be taken -- I was going to say taken seriously, but I don't think that's the case here.

In any event, we need to do that, out of respect

for the process, out of respect for the Commissioners. Many of these -- some of these things, we understand are outside of the applicant's control, things like fire clearances and so forth. Many of them, most of them, can be done on time.

Financials for the month, I'm going to punt on that one because, in reviewing them last night, I saw a contradiction in the numbers. I can tell you that the numbers for the month, if the report I was looking at was accurate, were just about level with the previous year.

Anybody that would like that information in detail, I'll have it for you, probably a little later in the day. And just email me for it and I'll get it to you.

And that's my report, Mr. Chairman.

CHAIR WINNER: Thank you very much, Mr. Baedeker.

Given that we don't have a lot of the material for some of the applications, some of those applications will be taken off the agenda and moved to the next meeting's agenda. We'll talk about those as we go through them. And because of that, I'm going to move some things around on the agenda, and I'll call them up as we go.

But for right now, we're at the public comment period, so we'll continue with that. The first person that I have is Dr. Robert O'Neil from the Stronach Group.

Dr. O'Neil.

DR. O'NEIL: Thank you, Mr. Chairman. I'm Dr.

Robert O'Neil, the Director of Equine Health and Safety for the Stronach Group. I'd like to make a brief comment about one of the Commissioners, particularly Mr. Solis.

As you all know, I was on the Veterinary Board in Florida for a number of years, chairman for a number of years. And I know what it takes to have a good board member, and I know what it is to have a bad board member. I had several of those, and I asked them to resign because they weren't doing their job.

Mr. Solis does an excellent job on this Board, in my opinion. He has skin in the game. He's the only guy on the back of those horses every day that knows what's going on. I think he's an asset to this Board, and I think he does a great job. And I just want to compliment him on that, complement the governor on putting him on there, because we need people that own horses, train horses, ride horses to make comments to make this a lot safer sport and a better sport. And I comment -- and I'd like to say again, Mr. Solis does an excellent job in my opinion.

Thank you.

CHAIR WINNER: Thank you very much, Doctor. And I very much appreciate that. And I, obviously, strongly support those remarks. Working with Commissioner Solis is a pleasure. And he works very hard at this and I think brings a very, very important perspective. And I appreciate the

fact that the governor did appoint him. Thank you very much.

Dorothy Burt.

MS. BURT: Good morning, Chairman Winner and Board. I spoke to you -- Dorothy Burt from ARAC, which is the Arabian Racing Association of California. And I spoke to you last month about the benefit that the emerging breeds provide to thoroughbred racing due to thoroughbreds having drastically declining numbers of registrations. And I showed where the emerging breeds can really help fill a race card and help the thoroughbreds put more horses in the races, since Mr. Baedeker had told us earlier about the decline, even with that help.

Now while you were receptive to my ideas, you asked several questions which I couldn’t answer. One was answered by CARF as to the number of horses and mules currently at Pleasanton.

The other dealt with the stabling and vanning money. You wanted to know, and many thoroughbred owners felt that they were carrying the Arabian horses, so I had to do some research. I went home and I requested from our secretary this printout. And he sent me -- I said, huh? And so he just sent me the one from Cal Expo. Way down at the bottom of this giant page of figures, in this little item here is off-track stabling. So they are taking money

from the Arabians to pay for stabling. Where this money is going, I don't know. But that was an answer to a question asked last month that, yes, we are paying. It isn't a free ride.

I'm also speaking against the closure of the Pleasanton track. The Pleasanton Fair starts in mid-June. And they've proposed to close the track -- or reopen it in mid-April. Well, if you have a horse that's already running mid-April, April to May to June, you can maybe get the horse ready to run safely that first week of Pleasanton. But if you have a youngster or a horse that has been out due to injury, 60 days is really not enough to get your gate works because you don't have gate people every day, and to get your time because they don't time every day over there, so that all has to be timed out, shall we say.

So I don't feel that opening in mid-April is as good as it could be. You're going to affect the emerging breeds especially.

The other thing is, Santa Anita knows that there's $100,000, which for us in Arabians is a lot, there's $100,000 race here for Arabian horses on around the 1st of April. We have no place to train Arabians in Northern California, other than Pleasanton. And we have some Northern California stakes' horses that should come down to this race and be competitive. But without the track,

because Golden Gate won't take Arabs, we have no place where they can get fit and conditioned.

And therefore, what you're doing is you're saying, yes, we're running Santa Anita, we're running this $100,000 race, but it's for the Delaware horses, the Texas horses, maybe whatever horses are here in Southern California, I'm not sure, but you are eliminating the Northern California horses. And so I am against closing -- or not opening it earlier enough to be beneficial.

And that's it.

CHAIR WINNER: Thank you very much.

MS. BURT: Thank you.

CHAIR WINNER: Any questions? Are there any questions for Ms. Burt?

Thank you, Ms. Burt. Thank you very much.

Scott Daruty.

MR. DARUTY: Good morning. I'm Scott Daruty on behalf of Santa Anita. And I wanted to just take a moment this morning and give the Board an update on our fantasy sports initiative.

Fantasy sports is a topic that's come up several times at these meetings. Commissioner Choper, in particular, who's not here today, has had a big interest in it and has always asked, why can't we somehow or other attract those players or get into that line of business to

help support racing.

So the Stronach Group agrees. I’ve said several times at those meetings that we believe fantasy sports is an opportunity for the racing industry. And I just wanted to let you all know that this past weekend we launched, it was a soft launch, but we launched a fantasy sports here at Santa Anita based on NFL football games. It is a system that’s run through AmTote. So it’s an example of the kind of cooperation we now have with the tote company, and the kind of technology we now have that allows us to do these sorts of different things.

The contest we’re currently offering is a free-to-play contest, so we’re running it as a promotion. We want to do that until we make sure, you know, all the kinks are worked out and the fans are enjoying it. Basically, what it was this past weekend was you can think of it as akin to a Pick 7. So there are seven different categories of players, one of which is quarterback, two are running backs, wide receivers, et cetera. And so a player would pick, for example, out of the group of quarterbacks which quarterback he thinks is going to perform the best this weekend. He does the same thing for the wide receivers and the running backs. And ultimately the goal is to get seven out of seven selections. This past weekend we had 400 entries, which we thought was quite a success given there was zero marketing

and zero promotion. Again as a soft launch, we just waited until people were at the track, and then we approached them and sort of described the game. And the reviews the feedback we got were very positive.

Out of those entries we had, I believe it was five people who tied with four out of seven correct. Last weekend, with the soft launch, we just put $1,000 prize. This coming weekend it’s going to be a $5,000 prize. The more we -- you know, as we move forward the idea is to grow the prizes to appeal to more people and ultimately attract people to the track for the purposes of participating in this. And then while they’re here, they can enjoy the other amenities, as well as racing.

Ultimately the goal, of course, is to get this into a pay-for-play type of product, not any different than what DraftKings and FanDuel are doing every, you know, every weekend here in California and collecting entry fees, so we would like to get to that point. But for our launch, we wanted to keep it simple. And that’s why we’re offering it on a free-to-play basis, so we don’t have to worry about the various, you know, monetary issues when we start collecting entry fees.

So that’s the update. I’d be happy to answer any questions, if anybody has any.

CHAIR WINNER: Thank you, Scott. I’m delighted.

Any questions, comments on this? Great.

MR. DARUTY: Thank you.

CHAIR WINNER: Thank you very much. That's terrific.

All right, that's the end of the public comment period.

I'm going to move up the -- I'm going to change the agenda, as I said earlier, and we're going to go to item number 14 on the agenda, public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1688, Use of Riding Crop, to prohibit the jockey from using a riding crop more than four times in succession during the last 1/16th of a mile in a thoroughbred race without giving the horse a chance to respond before using the riding crop again. This concludes the 45-day public comment period. The Board may adopt the proposal as presented.

Is there any comment on this item?

COMMISSIONER SOLIS: I'd like to recuse from voting and opinion.

CHAIR WINNER: Okay. Well, I'm going to take a vote on this item.

Is there a motion to approve this item? Is there a motion? All right.

Hearing no motion to approve, and recognizing that the Board Members that are here, I believe, oppose this

motion -- I don’t want to speak for you, Commissioner Beneto. Do you -- are you in favor or opposed to this motion?

COMMISSIONER BENETO: Oppose it.

CHAIR WINNER: Okay. So Commissioner Solis recuses himself and the other Board Members oppose, so this item fails.

Let’s move on then to item number four, discussion and action by the Board regarding the distribution of race day charity from the Pacific Racing Association dba Golden Gate Fields in the amount of $39,573 to nine beneficiaries.

MR. SINDLER: Eric Sindler on behalf of Golden Gate Fields. Thank you for having me.

And as the Chairman said, from the period of August 19th, 2015 through June 14th of this year, we donated $39,573.66, all of which was to horse-related charities.

CHAIR WINNER: Thank you. Any questions?

Thank you very much.

I think we have to vote on this, do we?

MR. SINDLER: Yes.

CHAIR WINNER: Yeah. Is there a motion?

COMMISSIONER SOLIS: Moved.

CHAIR WINNER: Commissioner Solis moves.

COMMISSIONER KRIKORIAN: Second.

CHAIR WINNER: Commissioner Krikorian seconds.

Commissioner Solis?

COMMISSIONER SOLIS: Yes.

CHAIR WINNER: The Chairman votes yes.

Commissioner Krikorian?

COMMISSIONER KRIKORIAN: Yes.

CHAIR WINNER: And Commissioner Beneto?

COMMISSIONER BENETO: Yes.

CHAIR WINNER: The measure passes. Thank you very much.

MR. SINDLER: Thank you.

CHAIR WINNER: Okay. We're going to skip number five, and we're going to -- well, he wanted to -- he's six; right?

(Colloquy Between Chairman and Executive Director)

EXECUTIVE DIRECTOR BAEDEKER: Mary Forney is here from TOC.

I know, Mary, that Mike Pegram is en route. Oh, he's here?

CHAIR WINNER: Oh, okay.

EXECUTIVE DIRECTOR BAEDEKER: I didn't see him. Okay. Good. Then never mind.

CHAIR WINNER: Mike?

EXECUTIVE DIRECTOR BAEDEKER: Never mind.

COMMISSIONER KRIKORIAN: He's been here.

CHAIR WINNER: Yeah. You've lost weight, I think,

that’s the -- we couldn’t see you there. Okay.

Then we’re going to item five, discussion and action by the Board regarding the proposed amendments to CHRB Rule 1581, Racing Secretary to Establish Conditions, to allow racing secretaries to write medication-based eligibility conditions as agreed to with the acknowledged horsemen’s organizations and approved by the Board before entries are taken for the race, and CHRB Rule 1843, Medication, Drugs and Other Substances, to clarify that medication-based eligibility conditions, with authorized thresholds lower than what is authorized by the Board, are not to deemed in conflict with the Board’s intent and other regulations. This is proposed in response to the Los Angeles Superior Court’s order and the CHRB set-aside approval of Los Alamitos Quarter Horse Racing Association’s house rule.

All right, so that is item number five.

I have -- Mike, I don’t have a card, but I have Mary’s. which of you is going to speak, both or one?

Mary.

MS. FORNEY: Mary Forney, Thoroughbred Owners of California.

CHAIR WINNER: Thank you.

MS. FORNEY: TOC continues to object, as we did at your September meeting, to the identification of both TOC

and CTT as authorized horsemen associations needing to give consent to the proposed house rule. We especially are concerned over the setting of any precedent that would infringe on the TOC's broader statutory consent rights. It's our position that TOC is the only appropriate authorized horsemen association as defined in the relevant statute, 19613.1, which states,

"The owners organization shall generally be responsible for negotiating purse agreements, satellite simulcast agreements, and all other business agreements relating to the conduct of racing that effects the owners."

While CHRB Staff analysis refers at one point to consent rights for an eligibility testing program, we believe the actual amendment more clearly centers on the ability of the racing secretary to right medication-based eligibility conditions, in other words, the ability for an association or fair to set race conditions based on the participating horse's use or nonuse of a drug, substance or medication.

As such, we do not agree with Staff analysis that consent for medication-based race conditions is a process which is separate and apart from the traditional horsemen's agreements referred to in section 19613.1. Given that amendment seeks to allow racing secretaries to write specific race conditions, we point out that TOC approves all

race conditions for stakes and overnight races for each race meet as part of the horsemen’s agreement referred to in section 19613.1.

For example, TOC must approve the terms and conditions attached to overnight races and purses, including minimum claiming prices, minimum purses for each type of race and level of race, minimum qualifying level for California-bred incentives, timing of entries, number of horses a trainer may enter in certain types of races, and so on.

We believe, therefore, that the consent to specific medication-based race eligibility conditions falls squarely under the purview of the TOC as defined in section 16913.1.

We continue to advocate for the correct resolution at today’s meeting, which would name TOC as the appropriate and only horsemen’s organization needed to give consent for the proposed house rule, and which would, at the same time, protect our broader statutory consent rights.

The staff analysis states,

“CHRB Counsel has researched the context and legislative history of the statute and has determined that Business and Professions Code section 19613 does not prohibit the Board from approving the proposed regulation as currently drafted.

What is clear, however, is that the Board is not required to approve the proposed regulation as currently drafted, has the discretion to make a decision and could, therefore, determine that the appropriate and only consent should fall at the TOC.

If, despite TOC's argument, the Board determines to require CTT authorization, in addition to TOC, we believe that can only be based on the Board's determination that, in addition to the regulation falling under TOC's responsibility for negotiating purse agreements and all other business agreements relating to the conduct of racing that effect the owners, the Board feels that the proposed regulation also would impact backstretch, track safety, and the welfare of backstretch employees as set forth in section 19613.1.

We respectfully would request that the Board confirm this on the record to avoid any future misinterpretation of the Board action.

Thank you very much.

CHAIR WINNER: Thank you.

Are there any questions? Any comments?

Does anyone else want to speak on this before we go to Mr. Laird?

CTT, do you want to speak on this? No? Okay.

Mr. Laird.

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

I really just wanted to make kind of a clarification that I think pairs with what Mary just said, and that is, essentially, at last month's meeting Counsel was asked to determine whether or not CHRB had the statutory authority to require consent from both TOC and CTT for this regulation. And the conclusion that Counsel made was that CHRB does have that authority to require consent from both TOC and CTT for this regulation. However, it is not required and that's not what we're saying at this stage.

Accordingly, in fact, essentially I'm going to say that from a legal standpoint, while you have the authority to do whatever you want, we ultimately think this is more of a policy consideration, which I believe is more or less what Mary was saying, as to whether or not the Board wants to require both TOC and CTT consent for this rule or only TOC consent. And the stakeholders have sort of, I think, made their points on either end of this.

But if the Board does choose only to require TOC consent, then Staff has prepared alternative language for this regulation, and essentially would be changing Rule 1581 on page 55, after the world "horsemen's organization" to say, "which in the case of thoroughbreds shall be the owners organization," as opposed to the language currently in your

printed regulation. This would effectuate just TOC consent approval. Alternatively, if you want TOC and CTT consent, then you could stick with the language that's currently in the package.

COMMISSIONER KRIKORIAN: I have a question.

CHAIR WINNER: Commissioner Krikorian.

COMMISSIONER KRIKORIAN: Thank you. Would -- so would TOC be making the final decisions or would the Board still be, you know, would the Board still be --

MR. LAIRD: I think I know what you're saying.

COMMISSIONER KRIKORIAN: Yeah.

MR. LAIRD: The Board still have final authority. The point is --

COMMISSIONER KRIKORIAN: Final authority. Yeah.

MR. LAIRD: -- the item couldn't even really come to the Board for potential approval unless there's written consent from TOC or however the Board determines.

COMMISSIONER KRIKORIAN: So that would give you, in the future, the right to make changes?

MR. LAIRD: Absolutely.

COMMISSIONER KRIKORIAN: Okay.

MR. LAIRD: And again, I want to be clear, the Board is not really foregoing any of its authorities --

COMMISSIONER KRIKORIAN: Right.

MR. LAIRD: -- over medication regulations.

Everything would still have to go through this Board to be approved. And without --

COMMISSIONER KRIKORIAN: Okay. That's what I thought. That's fine.

CHAIR WINNER: We're not advocating anything. We're simply --

COMMISSIONER KRIKORIAN: Yeah.

CHAIR WINNER: And if we were to amend this as suggested by TOC, we would be simply amending the horsemen's organization --

MR. LAIRD: Who needs to give --

CHAIR WINNER: -- responsible for this act?

MR. LAIRD: Exactly.

CHAIR WINNER: Okay. Is there a motion to amend?

COMMISSIONER KRIKORIAN: I'll make the motion.

CHAIR WINNER: Commissioner Krikorian moves to amend.

COMMISSIONER SOLIS: Second.

CHAIR WINNER: Commissioner Solis seconds.

Any discussion?

Commissioner Solis, how do you vote?

COMMISSIONER SOLIS: Yes.

CHAIR WINNER: The Chairman votes yes.

Commissioner Krikorian?

COMMISSIONER KRIKORIAN: Yes.

CHAIR WINNER: Commissioner Beneto?

COMMISSIONER BENETO: Yes.

CHAIR WINNER: Yes. Okay. So the amendment has been adopted as suggested by Mr. Laird and recommended by TOC.

Now for a motion on the matter.

CHAIR WINNER: Commissioner Solis moves.

COMMISSIONER SOLIS: Yes.

CHAIR WINNER: Commissioner Beneto seconds?

COMMISSIONER BENETO: Yeah.

CHAIR WINNER: Okay. Commissioner Beneto, how do you vote?

COMMISSIONER BENETO: Yes.

CHAIR WINNER: Commissioner Krikorian?

COMMISSIONER KRIKORIAN: Yes.

CHAIR WINNER: The Chairman votes yes.

Commissioner Solis?

COMMISSIONER SOLIS: Yes.

CHAIR WINNER: Okay. The motion is adopted as amended. Thank you very much.

We’ll move on to item number six, discussion and action by the Board regarding the proposed addition of CHRB Rule 2073.1, Entities to Geo--Locate California Residents at the Time of Wager, to require Advance Deposit Wagering providers to identify the location of wagers placed through

an ADW account of a California resident, and to provide an account of all wagers placed by California residents through an ADW account at a California thoroughbred racing facility on days when live thoroughbred racing is being conducted at that facility.

I'm not sure I can read this. Can you read that?

EXECUTIVE DIRECTOR BAEDEKER: Oh, Kip Levin.

CHAIR WINNER: Oh, Kip Levin. You write like my son.

MR. LEVIN: I'm Kip Levin. I'm the CEO of TVG. Thank you, Chairman Winner and Members of the Commission, for the opportunity to speak today regarding the proposed rule.

I'll start off by saying that we're actually not opposed to the concept that is attempting to be addressed it the proposed rule. And, in fact, we've had what I think to be positive conversations with some of our track partners with regards to how it should be structured or potentially be structured.

What we are opposed to is the fact that it's being put in a rule, a proposed rule here, without our ability to previously have a discussion. And it was out understanding when it's been discussed prior that the Commission would initiate meetings for stakeholders to get together and discuss the structure. And so I think that is, for us,

issue number one.

I think more of a philosophical issue, number two, is that the rule itself implies that we as TVG aren't contributing our fair share to California racing. And I would remind everybody that I think when we made the investment, for example, a year-and-a-half ago of acquiring HRTV, I don't think any jurisdiction in the U.S. within the racing industry has benefitted more than California. If you look at -- just to give a statistic for you, if you add up the races that we show live on TVG1 every year across the three biggest racing jurisdictions, if you added between California, Kentucky and New York, over 50 percent of those races are California races that we show.

Another statistic for you. If you add up our total contribution from the handle that we drive to the industry, we add, you know, we pay back the industry across the U.S. over $120 million per year based on our handle. About a third of our handle comes from California, but over 50 percent of our contribution back goes to California.

So that's more of our philosophical view on it.

Some other specifics about the way the proposed rule is being written, something new that we haven't discussed when we've been discussing how to potential structure something with our track partners is the inclusion of satellites and minisatellites in facility wagering, and a

potential reduction in rate that we make. And I think, you know, we struggle with that, especially if you look at, you know, the fact that out of our total handle, already two percent is being paid to those entities, and on top of that another 1.9 percent going to -- and I forget the name of the -- where that goes, but the expense fund, I believe.

So I think, if you take, for example, the fact that, you know, potentially we accept a rate of one-and-a-half percent for somebody at the track, already somebody on track, you know, satellite facilities would be making more than we are, and we'd be taking on the burden of all the costs in terms of credit card processing, the cost of the technology, and so on.

And I think lastly, with the way in which the current rule is structured, it includes laptops, which hadn't been discussed before in any of our previous discussions. And I can speak from experience.

So we currently implemented a similar technology for our 4NJBets business in New Jersey. We also have it on our exchange business now in New Jersey based on the regulation there. And I'll tell you that, from our experience, when we implemented it with 4NJBets, it created an immediately ten percent drop in handle because of the burden and how cumbersome the software is that you have to implement for consumers to actually use. So people

literally going and trying to watch TVG for an hour and place bets couldn’t get through all the hurdles that the geo-technology on a laptop created. It’s a little more straightforward on a mobile device.

So I think that, again, if we had the opportunity to sit down we could share more details on how that works. But that is a real problem and I think would create across the board a large drag on handle that wouldn’t be replaced.

So I’ll end with we are not -- we believe that there’s actually a constructive way that we could come up with how to make this work that would be beneficial to everybody, because I do think that there’s an opportunity where -- you know, and it would be different track to track, obviously. Xpressbet might have sort of a different structure for how it would work at Santa Anita. We might have a different structure for how it would work at Del Mar, for example.

But I do think that’s there a way in which we could work together constructively to come up with a way to do this that would be mutually beneficial and would grow handle in the sport and be beneficial for California racing.

Thanks.

CHAIR WINNER: Thank you.

Any questions for Mr. Levin?

I think -- thank you very much.

MR. LEVIN: Yup.

CHAIR WINNER: I can only say that I think there are maybe -- you brought up your philosophical point of view. There may be differing philosophical points of view --

MR. LEVIN: I understand.

CHAIR WINNER: -- for yours by some of our Board Members.

MR. HINDMAN: Good morning, Commissioners. Thank you, Chairman Winner.

CHAIR WINNER: Good morning.

MR. HINDMAN: John Hindman, General Counsel for TVG.

Kip obviously did a fine job covering a lot of our philosophical and commercial issues. I'm just going to raise a couple more, you know, items.

I think if you look at the ADW law, 19604, it's crafted in such a way that already the way that the finances work for ADW are subject to agreement amongst the parties. And the parties are free, within certain bounds and subject to certain limitations, to make whatever financial arrangements that they all agree to. So adding an additional rule here, I don't know whether it's appropriate or necessary to even go there.

And I think doing so, from a regulatory

standpoint, you know, adds a couple of layers, I think as Kip pointed out, treating all the different technologies potentially the same could be very problematic, based on our experience.

And also, defining what this is for, whether it's for live racing or other sorts of things that are already receiving mitigation, is also something that we're concerned about. So --

CHAIR WINNER: Is that it?

MR. HINDMAN: Yeah.

CHAIR WINNER: Any questions or comments?

COMMISSIONER KRIKORIAN: So you're saying it's --

CHAIR WINNER: Commissioner Krikorian.

COMMISSIONER KRIKORIAN: -- it's burdensome?

MR. HINDMAN: It is burdensome. And also, I would point out that under the current 19604 as written, you know, the parties have the ability to make arrangements as set forth in there, again, within certain restrictions and within certain limits. So I'm not sure what the additional regulation could do, other than perhaps take technology and treat it in a uniform way that may not be effecatious for the industry as a whole, and certainly not for the ADW providers. So we would welcome and opportunity to discuss that more.

CHAIR WINNER: Go ahead.

COMMISSIONER KRIKORIAN: So are you saying that the stakeholders haven't had an opportunity to discuss these issues amongst themselves already or --

MR. HINDMAN: We've had some discussions. I would say, as I think Kip pointed out, that we had not previously reviewed this language. And I think that some of the items in this language, we'd like an opportunity to speak on in a more detailed setting where we can do that with the stakeholders, as well.

COMMISSIONER KRIKORIAN: Okay. Thank you.

CHAIR WINNER: Thank you, John.

MR. HINDMAN: Thank you.

CHAIR WINNER: Mark Thurman.

MR. THURMAN: Mark Thurman with CRIMS.

I have no -- I'm neutral on whether this moves forward or not. But I just want the Board to understand that there will be technical issues that we'll have to deal with as far as the distributions and the gathering of the data because we're going to have to actually split the data apart. And ADW calculations are one of the most complicated ones that we have. And so we'll have to go to the industry to have them -- we have what we fall standard settlement files. We'll have to go out to the industry to actually ask them to add new fields to it. I know that's kind of complicated.

But technology-wise, it’s more than doable. But there is -- you know, nothing on this is going to be easy for either CRIMS or the ADW companies.

CHAIR WINNER: Any questions for Mr. Thurman?

EXECUTIVE DIRECTOR BAEDEKER: Can I ask a question?

CHAIR WINNER: Yes, please, Mr. Baedeker.

EXECUTIVE DIRECTOR BAEDEKER: Mark, I’m just curious, on the technical part of it, once you get the protocols in place will it cease to be burdensome, or is this some kind of daily accounting --

MR. THURMAN: No.

EXECUTIVE DIRECTOR BAEDEKER: -- reconciliation?

MR. THURMAN: Once we get everything rolling, it will cease to be, you know?

EXECUTIVE DIRECTOR BAEDEKER: Okay.

MR. THURMAN: But ADW is already burdensome as far as like how we process the data, so it will add to that.

CHAIR WINNER: Thank you.

Cliff Goodrich.

MR. GOODRICH: I, Chairman, Commissioners.

CHAIR WINNER: Hi.

MR. GOODRICH: Cliff Goodrich, Executive Director of the TCHF which is the healthcare program for backstretch workers.

We do have a bias in this. First of all, we support the proposal.

To give you a little bit of background, and I just looked today, half of our income is dependent on uncashed winning outs tickets. Twenty years ago we got $1.8 million from that source. Today as I speak to you, that number is now $800,000. We've lost $1 million tied to that formula.

The only offset to that, and has been a godsend, has been ADW. That has helped us at least get somewhat more close to where we used to be. And I remind you, this is in the area of healthcare where, as you know, costs have gone up, pick a number, 5 percent a year for the last 20 years. Our costs have not gone up one dime in 20 years. That's the kind of job that has been done on our expense side of the ledger.

We have a bias in this because we don't get anything from the ADW providers. We are dependent on the tracks and the horsemen, who right now almost totally support our revenue stream. And if there is the prospect of the tracks and horsemen getting a little more out of this through more commission and purse money, we support that because it gives us some kind of a chance to maybe get a piece of that.

To us, this is a concept of fairness. I think there's a recognition that as we speak today, Breeders' Cup

day, pick a day, there are people sitting in their box seats, sitting at satellites, instead of getting up and going to the window, they are using their electronic device to make a wager through an ADW account. When they do that, that hurts the tracks and the horsemen. They get less purse money and less commission.

So as a matter of fairness, we hope that a negotiation takes place or that this rule goes through that recognize we have people sitting at the track, not getting out of their seat, making an ADW wager. And if this rule goes through the tracks and the horsemen will get more, instead of having to take less.

And as Mr. Hindman says, there have been discussions. We hope those bear fruit. And we hope there’s a realization that in fairness in the big picture, horsemen and tracks are taking a haircut from people at the track making wagers through their ADW account.

Thank you.

CHAIR WINNER: You said that the ADWs don’t contribute at all.

MR. GOODRICH: Oh, no, I didn’t say that.

CHAIR WINNER: Could you say that?

MR. GOODRICH: I said they were godsend. Without ADW money, with the $1 million we had lost, we’d be out of business. So it has helped a lot. The providers don’t

directly contribute to the CTHF. That's what I said.

CHAIR WINNER: Yeah. That's what I'm asking.

MR. GOODRICH: What remains, the tracks and horsemen, we get a piece of that.

CHAIR WINNER: Got it.

MR. GOODRICH: Right.

CHAIR WINNER: But again, there's no direct contribution?

MR. GOODRICH: No direct contribution.

CHAIR WINNER: Okay.

MR. GOODRICH: That's what I meant by that.

CHAIR WINNER: What happens -- maybe Mr. Levin ro Mr. Hindman can answer this, but what happens when funds that are deposited at ADWs are not collected? People die, people forget, whatever. Do you have any idea what happens to those funds?

MR. GOODRICH: I can't answer that. I can tell you, whatever interest money is born from that account in an annual period of time, we in the CTT get a small piece of that. What they do with funds once people die, he'd have to answer that. I don't know.

CHAIR WINNER: Thank you.

Mr. Rubenstein. Josh.

MR. RUBENSTEIN: Good morning. Josh Rubenstein, Del Mar.

To follow up on what Kip Levin said earlier, we have had positive conversations with the ADWs on this matter. And the hope is that we will be able to come to an agreement before the regulatory process between, you know, the tracks and the ADWs, we will be able to work something out.

But, you know, the bottom line is it is very convenient, and that's a good thing, for customers to access their ADW account. Cell phone technology has, you know, increased substantially over the last three, four or five years. But an unintended consequence is, you know, as Cliff mentioned, folks are accessing their ADW accounts on track. And from the customer standpoint, that's a very good thing because it's convenient. They don't have to carry cash. But from the racetracks and the horsemen, it's about a 50 percent haircut when a wager is made at the track via an ADW account, as opposed to a true on-track bet.

And from Del Mar's standpoint, we are spending as much per customer in terms of marketing. We are trying to maintain purse levels, which are the highest in California. And when you're taking this haircut, it's difficult to maintain those things with the cost of operating a track.

CHAIR WINNER: Any questions for Josh?

Thanks.

COMMISSIONER KRIKORIAN: Josh, is there any way to

--

CHAIR WINNER: Oh.

COMMISSIONER KRIKORIAN: Have you been able to quantify, you know, what's lost here, what the haircut is, so to speak?

MR. RUBENSTEIN: Well, we won't know until we track it. You know, we have some anecdotal evidence. But, you know, until we truly track it, you know, we don't know what percentage of on-track handle it actually is.

COMMISSIONER KRIKORIAN: Thank you.

CHAIR WINNER: Thank you, Josh.

Mike Pegram, TOC.

MR. PEGRAM: Mike Pegram, TOC.

I think Mr. Goodrich said it best, this is about fairness. No one really can quantify what is happening here.

As far as giving you a little bit of history, this came on the TOC radar screen in 2014, is when we first started having these discussions with the racetracks and with the ADW providers, and nothing has evolved. I think it came with the Board in November of last year. So this is something that has been before us. And it just -- to be honest with you, I think we've just been stonewalled all the way through here.

But to kind of set the record straight here,

again, it's been before this Board since November. We started talking with TVG and the tracks back in 2014. You heard today, we need to have time to negotiate this thing. We have been negotiating this thing. This has been brought before all the stakeholders for all this time, up until right now. The last two months there has been many a face-to-face meeting of trying to get this thing resolved. It has not been resolved.

We heard today that it's going to be difficult and expensive. Well, we all know what the smart phones have done. The state of Nevada has been geo-locating sports bets and race bets for several years now. The technology is there.

The Chairman -- or the CEO of Woodbine, Nick Eaves, is involved. He said it's cheap, it's easy.

I'm not an expert on this, but I know what's being done other places. So when we come back and say this stuff is not -- or is cumbersome to do, it is not.

You know, we have heard, this is going to infringe on the privacy. And it would be something I'd like to ask TVG now, because it's my understanding, right now they do have, in order to make a wager, you've got to have a geo-locator. So all it amounts to is coming back and putting it on the tracks. So this technology is laying there.

What we're talking about is California residents

betting in California with this reg, so it should not effect our customers. And we're not opening up a big regulatory bag of worms.

So I think there's a whole lot of reasons to do this. We have tried to negotiate it out with the tracks and with the ADW providers, and we've had no luck up to this point in time. And I think it's time for the Board to take action.

CHAIR WINNER: Thank you, Mike.

Any questions?

COMMISSIONER BENETO: No.

CHAIR WINNER: Thank you, Mike.

John. John Ford.

MR. FORD: Members of the Board, Mr. Chairman, John Ford with BetAmerica. I did want to make a few additional points with regard to the consideration of this rule.

The first is, is that we've never been addressed or contacted by anybody with regard to this concept. So the idea that this has been -- negotiations failed is simply not true, at least with regard to BetAmerica.

And don't think this is a time that we really should be placing impediments in front of our customers in order to wager. As Kip mentioned with regard to TVG's exp in New Jersey, and which is true with regard to casino

wagering online in New Jersey, one of the biggest impediments they've had to adoption is the geo-location requirements that New Jersey imposed. And it has clearly negatively effected the amount of wagering.

I would like to take just a few moments to address some of the particular issues in the rule, which is that it only addresses California residents when they're wagering within 100 meters of a facility, which is a bit of cherry picking. Because what it doesn't address is California residents when they're not in California.

Right now we're paying the same rate for resident wagering when they're outside of California as when they're inside California. And if we're trying to make this more fair, then we might consider including a provision which deals with California resident wagering when they're not in California.

The proposed rule also requires that the ADW shall collect accurately geo-location information within 100 meters, that's a football field, of a minisatellite, a fair, or a racetrack. A couple of points on that.

One is goe-location has its limits with regard to the accuracy of geo-locating something, so that if you're in an adjacent property, if you were at the mall next door to Santa Anita, you know, how are we going to address that, is one issue to be considered.

The other consideration with regard to geo-location is in the app. We do a good bit of our wagering through the IOS app. And customers need to accept geo-location personal information with regard to wagering. And so from a privacy standpoint there are some folks, and I'm sure some Members of the Board do this, that where your app asks you to give them your physical location, if that customer doesn't want to do that, then we're going to permanently eliminate that opportunity for wagering, whether they're at the track or whether they're away from the track.

So there's just numbers of ramifications that I think the Board should take with regard to this rule.

The other provision of this rule requires that the ADWs negotiate and agree to a separate rate for wagering at the facility as opposed to wagering outside of the facility. I would suggest that that is rather unprecedented for the Board to mandate the rates that an ADW receives for a different wager, as opposed to leaving it to the negotiation of the parties.

But in sum, what I would suggest is that the Board give at least us an opportunity, which we have not had an opportunity, to negotiate and discuss what's appropriate and what's appropriate in connection with geo--location.

CHAIR WINNER: Mr. Ford, first of all, this has been heard in Committee. And it has been discussed by the

Board, even in the public comment period now for several months. So it certainly has been before the various parties, the stakeholders involved.

What we're voting on here, if there's a motion and a second, what we would be voting on is to send this out for a 45-day public comment. During that 45-day public comment, of course, that's ample time for the various stakeholders to continue to negotiate or to begin negotiations in your case or maybe in others who haven't been a part of the negotiations. That's what the 45-day comment period would allow. It also allows for all stakeholders and others in the public to comment so that when it comes back before the Board, which would be at least 60 days from now, there would be plenty of time for that kind of input.

MR. FORD: I understand that, Mr. Chairman. But I should would make one additional point, that it does seem to be the goal of this Board for stakeholders to agree and negotiate on issues of concern to different members of --

CHAIR WINNER: We try to do that every time we can. Sometimes we're successful. And as we'll see during one of the items on this agenda, sometimes we're not.

MR. FORD: Right. And so what I would just encourage the Board is to let us have that opportunity.

CHAIR WINNER: Well, that's what the 45 days will give you, if we pass it. That doesn't mean we're going to

pass it. But if we were to pass it, you would have probably 60 days, because the 45-day comment period, we're not probably going to have a meeting in exactly 45 days. So you would have plenty of time to have those discussions and negotiate, and hopefully come back with a plan that is acceptable to the participants and to the Board.

MR. FORD: Thank you for your time.

CHAIR WINNER: Thank you very much.

That's all the comments I have.

Is there a motion or discussion on this item? Is there a motion to pass item number six and send it out to a 45-day public comment period?

COMMISSIONER KRIKORIAN: I was just going to say that --

CHAIR WINNER: Please.

COMMISSIONER KRIKORIAN: -- I think that, in order to move things along, you know, the suggestion that we approve it and move forward for 45 days would be appropriate, unless they can convince us right now that we should give them another opportunity to come back in 30 days and talk about it again if they think they can get something done between themselves.

But otherwise, I think we should move it along.

CHAIR WINNER: All right. There's a motion. Is there a second?

COMMISSIONER SOLIS: Second.

CHAIR WINNER: Commissioner Solis seconds. So there's a motion and a second to move this out to a 45-day public comment period.

Commissioner Solis?

COMMISSIONER SOLIS: Yes.

CHAIR WINNER: The Chairman votes yes.

Commissioner Krikorian?

COMMISSIONER KRIKORIAN: Yes.

CHAIR WINNER: Commissioner Beneto?

COMMISSIONER BENETO: Yes.

CHAIR WINNER: The motion carries. The item is m moved out for 45 days. Thank you.

Moving right along.

(Colloquy Between Chairman and Executive Director)

CHAIR WINNER: We're going to move to item number 13, item number 13, discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Los Angeles Quarter Horse Racing Association at Los Alamitos Race Course, commencing December 30th, 2016 through December 17th, 2017, inclusive.

Go ahead, please.

MR. ENGLISH: Good morning, Commissioners. Rick English for Los Alamitos Quarter Horse Racing Association.

You have our application for our 2017 meeting in

front of you. We propose to race 149 days versus -- that's 4 days less than this year. The reduction is due primarily to the calendar. We only have one day in December this year.

I'd be happy to try to answer any questions you have about our application.

CHAIR WINNER: Right, I'm going to ask you to hold off just a second because Commissioner Krikorian had to step out. And that --

MR. ENGLISH: Okay.

CHAIR WINNER: -- would not give us a quorum to consider this item, so we'll take a few minute break until Commissioner Krikorian comes back.

(Off the record at 10:36 a.m.)

(On the record at 10:38 a.m.)

CHAIR WINNER: We can continue. Okay, so the Application for the Los Alamitos License to Conduct a Horse Racing Meeting of the Quarter Horse Racing Association at Los Alamitos, December 30th, 2016 through December 17th, 2017.

Is there a motion to approve?

COMMISSIONER BENETO: Move.

CHAIR WINNER: Commissioner Beneto moves to approve. The Chairman seconds.

Commissioner Solis?

COMMISSIONER SOLIS: Yes.

CHAIR WINNER: The Chairman votes yes.

Commissioner Krikorian?

COMMISSIONER KRIKORIAN: Yes.

CHAIR WINNER: And Commissioner Beneto?

COMMISSIONER BENETO: Yes, again.

CHAIR WINNER: The motion carries.

Congratulations. Have a great meet.

MR. ENGLISH: Thank you very much.

CHAIR WINNER: Thank you.

All right, now we're going to go to the race dates. Well, let's see, item number 12 --

(Colloquy Between Chairman and Executive Director)

CHAIR WINNER: We're going to go to the Race Dates Committee. And then I'm going to combine the Race Dates Committee report with the discussion and action by the Board regarding the allocation of Northern California race dates. I'm going to let Mr. Baedeker give a report on the Race Dates Committee. And then we'll move to the, hopefully, possibility of resolving something, for a change, on this.

EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr. Chairman.

Before I repeat the motion that was made by the Race Dates Committee, I would like to define what is going to be referred to as CARF Proposal A. This was one of many

proposals that was submitted during the five or six month period where these dates were considered, it was CARF Proposal A which, in a nutshell, moved the start of the fair season back one week in order for Pleasanton to capture the July 4th holiday within its third week. So the rest of the fairs then also started a week later. It had Golden Gate and Ferndale overlapped, as they were this year.

The Race Dates Committee considered all of the different proposals and was hopeful, as the Chairman just indicated, that stakeholders would be able to reach an agreement, but that was not the case.

And so the Race Dates Committee made a motion. And I'm going to read from the transcript from that meeting so that we make sure we get it right.

Chairman winner said he was moving that the Committee adopt the CARF Plan A, with the caveat that the Stockton-Pleasanton-Oak Tree meet dates would be left open. He said, "leaving that open to be determined at the full Board meeting, and that it is understood that this is only a recommendation to the Board, contingent on an agreement on stabling by the various parties."

Then there was discussion among the Committee Members, which led to a proposed amendment, proposed from Commissioner Krikorian. And he said the amendment is to amend his original proposal, which was on the floor, and the

amendment is to have one week of Humboldt with a overlap and one week of Humboldt with no overlap. That amendment was adopted.

And then Chairman Winner made the following motion: "The motion on the floor with the amendment is that we accept the CARF calendar with the amendment without a determination of the Stockton dates, and with the understanding that this is a recommendation to the Board, pending a resolution by the parties in hopes they can make a recommendation that they all agree to," and that referred to stabling, "or at least the majority." And that motion passed.

So let me recap what is the proposal from the Dates Committee.

It is the CARF Proposal A which has Pleasanton starting on June 21st and running until July 11th, that's a three-week meet, Cal Expo beginning on July 12th -- and by the way, these dates that I'm giving are the Wednesday prior to opening day and the Tuesday following closing day. Once again, Cal Expo from July 12th to August 1st, three weeks, Sonoma three weeks, from August 2nd to August 22nd. Then this was part of the motion that related to the overlap, Ferndale running from August 23rd to September 5th, Golden Gate running from August 30th to September 19th. The window for the former Stockton dates is left open, that's September

20th to October 3rd. Then the Fresno meet, October 4th to 17th. Going back to Golden Gate, from October 18th through the balance of the 2017 calendar.

CHAIR WINNER: Thank you very much, Rick.

A couple of points that I'd like to make.

First of all, most of you know that we've been trying for some time to encourage the stakeholders to reach an agreement on the Northern California race dates, including the stabling issue. We've had a number of Committee meetings. We've even taken a recess during those Committee meetings, at which time we asked the stakeholders to meet and those of us who were not stakeholders would step out of, I think it was this room, so that the stakeholders could reach an agreement. They were unable to do so.

We then put the matter over one more month during our last Board meeting, which was, I think, the second or third time we've put it over, and asked the stakeholders to try to reach an agreement. They were not able to do so.

We then had a Committee meeting again, as Mr. Baedeker noted, in order to at least get something out of Committee and on to the Board for the purposes of adoption.

I should parenthetically say that the amendment to the motion, I didn't vote for but it did pass and is a part of the motion.

The fact of the matter is that the stakeholders,

unfortunately, and this is really unfortunate because it would have saved everybody a lot of time and aggrevation. And perhaps if everybody would have been able to give a little, as the Southern California stakeholders did when they reached an agreement now several months ago, a very difficult agreement between all of the stakeholders, and they did reach an agreement because of negotiation and because of an understanding between the parties that it was in the best interest of horse racing to reach an agreement, even though they all had to give a little.

Unfortunately, that has not been the case in Northern California. And we can all point fingers one way or the other way as to who is to blame or who is not willing to give, but the fact of the matter is it hasn't happened.

Which is why, in fact, a motion was passed. None of us were necessarily in favor of that particular schedule. But nonetheless, we felt we had to pass something out of Committee, and we did.

Since that time, all of the stakeholders or many of the stakeholders have been in touch with myself and other Members of the Board and Staff, complaining about the dates that the Committee recommended. So I can tell you that I, for one, have heard from TOC, CTT, Del Mar, the Stronach Group, various members of the legislature, various members of boards of supervisors, various fair organizations, and

other individual horse owners, trainers, et cetera. And I probably could go on and on from there.

Frankly, it's quite disconcerting. It's difficult because no matter what we do, they are going to be unhappy players here. And it's too bad because it would have been a lot better had the various stakeholders reached an agreement. Within CARF itself there are disagreements. CARF and other stakeholders have disagreements.

So we have a number of cards here. I hope that those people -- I don't see cards, for instance, from some of the people who called or wrote letters or sent emails. Those of you who are here and have talked to me individually, or other Board Members individually, I hope you'll make -- you'll come up and make your points so that everybody can hear what your points are, one way or the other. And then we'll take a vote on what the Committee recommended and/or an alternative.

So with that, I'm going to call on -- and I'll just take them in order as I have them here -- Becky Bartling from the Sonoma County Fair.

MS. BARTLING: Thank you, Chairman and Commissioners. Becky Bartling, Sonoma County Fair.

I just want to make a little statement here from our Fair Board, from the Sonoma County Fair Board of Directors, our FFA and 4-H families and the residents of

Sonoma County, and of California Horsemen who love to be at Sonoma.

"I'm requesting that you reconsider the recommendation of the Dates Committee to accept the California Association of Racing Fairs dates proposal. As lined out in numerous letters, the dates assigned to the Sonoma County Fair are disastrous to the fair's 4-H and FFA programs as kids will be back in school and unable to participate, losing the vital opportunity to raise funds for college education.

"It has been stated by other fairs whose desires are to increase their revenues at the expense of the Sonoma County Fair that these programs can continue, even though school are in sessions. This is categorically untrue.

"We have expressed at numerous Dates meetings that the CARF proposal, which pushes the Sonoma County Fair into the school year, that these dates would eliminate our ability to have a carnival. Proof of this is the result of a letter of interest sent out to 16 carnivals who operate in California. Of the 16 queried, only two responded, and neither of them could operate the dates proposed by CARF and approved by the Dates Committee.

"Additionally, as the word is out regarding the recommended race dates, we are now hearing from concessionaires who say they will not be able to participate

at the Sonoma County Fair due to their other commitments.

"As a reminder, while other fairs pontificate about wanting to install a turf track, the Sonoma County Fair is the only one that has made the huge financial commitment. We run great stakes' races. We pay significantly more purses than Cal Expo, and as the fair that created these dates' issues, and we are the favorite of the horsemen.

"To relegate us to the least desirable summer dates is not only destructive to the Sonoma County Fair, but to horse racing in general. The Sonoma County Fair wants to grow race fans and help stave off the decline of interest in horse racing. However, by allocating the least desirable summer dates to the fair, you are eliminating our ability to help grow race attendance.

"I'm new to this fair racing business, and I'm surprised that the real interest around these race dates seems to be about obtaining the simulcast monies.

"The Sonoma County Fair is committed to helping maintain and grow interest in and fans for the California racing industry. However, we can not succeed in this with the dates contemplated.

"For this reason, as well as the fact that we would not have a carnival, the desimation of our 4-H and FFA programs, and the financial impact to our operation and our

fair partners, I am again reminding you that the only dates that the Sonoma County Fair can run a horse race meet are the 2016 dates."

Thank you.

CHAIR WINNER: Thank you. Becky, have you had any conversations with the CARF people since the Committee meeting? And first of all, have you had any conversations?

MS. BARTLING: No.

CHAIR WINNER: No. Okay. So there have been no continuing dialogue? There's been no continuing dialogue between CARF and the Sonoma County Fair?

MS. BARTLING: There has not been.

CHAIR WINNER: Okay. What was the cost to Sonoma County of putting in the turf track?

MS. BARTLING: Well, at today's dollars, I know it's around $5 million. I think we spent $2 to $3 million at that time.

CHAIR WINNER: But that included other things; correct? It included water?

MS. BARTLING: Oh, sure. You have the entire infrastructure that goes to it.

CHAIR WINNER: It was about -- wasn't it about $1.5 million for the turf track at that time?

MS. BARTLING: You know, honestly, I can't speak to that.

CHAIR WINNER: I think it was. And your position is that we should do what, move -- who would -- if you had your druthers, what would move in order to satisfy the needs of Sonoma County, the Santa Rosa meet?

MS. BARTLING: Well, I think what's reasonable at this point is to take what we did in 2016. And my suggestion would be to have Cal Expo open on a Saturday, which gives the same transition period that it had this year from the carnival. And I know that that's been a concern, about safety. And if we did that, then we would have the same race dates that we did last year and not push us into the school year.

CHAIR WINNER: Are there any other questions for Becky before we move on?

COMMISSIONER BENETO: Yeah, I got a question.

CHAIR WINNER: Please, Commissioner Beneto.

COMMISSIONER BENETO: You never did move your fair dates. You raced last year without a fair your last week.

MS. BARTLING: That's correct, the bonus week.

COMMISSIONER BENETO: So don't quite understand what you're proposing. Are you trying to run three weeks with the fair or still run two weeks and one week dark?

MS. BARTLING: We would still have to run two weeks, and then one week as a bonus week. The --

CHAIR WINNER: Under your proposal?

MS. BARTLING: Under what we're proposing now, what we're asking for --

COMMISSIONER BENETO: So you would overlap --

MS. BARTLING: -- our recommendation.

COMMISSIONER BENETO: You'd overlap your fair with Cal Expo?

MS. BARTLING: Yes, that first week.

CHAIR WINNER: And what about under the plan that was adopted by the Committee, would you run three weeks, two weeks, no weeks? What would you run?

MS. BARTLING: Well, we would only be able to really run two weeks. We'd end up with two -- one week of fair racing, and then two bonus weeks. And one of that, the last week would be when kids were completely back in school. So that's a big consideration. I don't believe that my board would support running that last week.

CHAIR WINNER: So there would be one week that you would not run that would be available to run someplace else?

MS. BARTLING: Correct.

CHAIR WINNER: Is that your --

MS. BARTLING: Yeah. And also, it would be devastating because we'd only have one week with the fair.

CHAIR WINNER: Yeah. You'd have one week with the fair, one week as a bonus week. I think last year -- or this year there was a wine festival or something of that

nature.

MS. BARTLING: Yeah.

CHAIR WINNER: Okay.

MS. BARTLING: We did multiple things.

CHAIR WINNER: Any other questions?

COMMISSIONER BENETO: Yeah.

CHAIR WINNER: Please.

COMMISSIONER BENETO: Are you running three weeks or two weeks?

MS. BARTLING: Well, I think it would only be feasible for us to run two weeks. That last week, we couldn’t -- everybody is back in school. They’ve lost focus.

COMMISSIONER BENETO: But kids don’t bet on horses.

MS. BARTLING: Kids -- no, but parents are back. They’re taking care of their kids. There’s a lot of activity with parents, you know, taking kids back to school and being at home with their kids.

COMMISSIONER BENETO: I think you’re overplaying these dates, Becky. As far as the 4-H and FFA, that’s part of school projects. And they go to different fairs during school and show their animals. They just don’t do it in the summer, so scratch that one off.

MS. BARTLING: Well, I have to, you know,

respectfully disagree with you on that. I understand that there are fairs that run during the school year, but ours do not. Ours do not, and the programs do not. They're all designed to be prior to school back in session and have the kids there every day. I mean, you can't drop your lamb off on Sunday and come back the next Friday or Saturday to take care of it. They're there every day.

We also have, just as an example --

COMMISSIONER BENETO: But they're only there --

MS. BARTLING: -- one of the largest livestock show -- auctions in the state of California. We do --

CHAIR WINNER: And how does this --

MS. BARTLING: -- 1.5 million.

CHAIR WINNER: How does this -- I'm very sympathetic and absolutely support the kids and 4-H and all of the issues that you're raising, but I have to continue to remind everyone that our role is to do what's in the best interest of horse racing. And there are other people who do what's in the best interest of carnivals and fairs and 4-H and everything else. That's not our role.

So explain to us, if you will please, and I think there are good reasons, but maybe you can articulate why all of that is important for horse racing?

MS. BARTLING: Sure. Absolutely. And I understand exactly what you're saying. But the importance

of that is that you're bringing people to the fair and you're exposing them to horse racing. You have families that are there with the kids, their parents are there. You're having an opportunity to grow race attendance. You have the older kids that are graduating that are, you know, sitting, standing down at the apron with their parents that are watching horse racing.

So if you want to create and grow a market, you need to start --

CHAIR WINNER: Okay.

MS. BARTLING: -- early.

CHAIR WINNER: I understand that and I think that's a valid point that you're making. But I have to tell you that since I've been on the Board, every time an issue comes up having to do with fair racing, I keep hearing this argument that you're creating new fans, and yet the fan base is going down every single year.

COMMISSIONER SOLIS: Can I ask a question?

Out of the two weeks of racing that you have, or three, how many days do you have racing?

CHAIR WINNER: A week.

MS. BARTLING: Well, we had 11.

COMMISSIONER SOLIS: Oh.

MS. BARTLING: Oh, how many per week?

COMMISSIONER SOLIS: How many days a week?

MS. BARTLING: Well, this last year we had 11.

COMMISSIONER SOLIS: Compared with the other fairs.

MS. BARTLING: We had 11 this year --

COMMISSIONER SOLIS: But I'm saying --

MS. BARTLING: -- 11 days.

COMMISSIONER SOLIS: -- during the weeks, you have four days, three days?

MS. BARTLING: We had four, four and three.

COMMISSIONER SOLIS: And compared with the other fairs, what's the difference?

MS. BARTLING: And I know Cal Expo was ten.

CHAIR WINNER: No. How many a week --

COMMISSIONER SOLIS: Yeah, a week? A week?

CHAIR WINNER: -- is what Commissioner Solis is asking.

MS. BARTLING: Four --

COMMISSIONER SOLIS: Four?

MS. BARTLING: -- four and three.

COMMISSIONER SOLIS: And three?

MS. BARTLING: So we have Thursday through Friday, Thursday through Friday, and then Friday, Saturday, Sunday.

CHAIR WINNER: And what does Cal Expo, for instance, have?

MS. BARTLING: Well, I know they had ten dates. And Rick would --

CHAIR WINNER: No. How many per week? Well, we'll let him answer.

MS. BARTLING: I don't know.

CHAIR WINNER: We'll let him answer.

MS. BARTLING: I'm not sure the math --

CHAIR WINNER: Okay.

MS. BARTLING: -- of what they did.

CHAIR WINNER: We'll let him answer.

COMMISSIONER SOLIS: Well, my point with this -- my point with this is, again, 1985 when I came here, we used to race in Pomona. It was six days a week and it was fun, you'd see so many fans. And one of the things that I do appreciate for what you're saying is bringing more fans. The more days that we have racing, I think the more revenue we're going to bring to the state of California and to the horsemen.

So I'm leaning more of having more racing dates during the fairs --

MS. BARTLING: Uh-huh.

COMMISSIONER SOLIS: -- because the fair keeps going six days a week, seven days a week.

MS. BARTLING: Well, I think, I mean, if you look at, to take an example, Del Mar, you know, they've cut their

racing days because, you know, of the horses, you know, and attendance.

And to address your comment about, Chairman Winner, about what has that done for us, well, what if we hadn't had those attendees? I mean, racing is declining. I think that's very clear. And if we don't take every opportunity to grow it I think we're missing the boat.

CHAIR WINNER: How many -- Becky, just to follow up on Commissioner Solis's question, how many grass races do you have during your meet?

MS. BARTLING: About a third of our races are turf races.

CHAIR WINNER: Okay. That's very helpful.

COMMISSIONER SOLIS: One of the things --

CHAIR WINNER: Go ahead, please.

COMMISSIONER SOLIS: -- that I appreciate about Sonoma, I know it has to be a lot of fun because you have all the wineries participating. And you have a lot of people that come on vacation to your fair. And to me, you know, that's a potential, to be somebody that never saw racing and they loved it and to be a potential owner, that would benefit horse racing, too.

CHAIR WINNER: Okay. Any other questions for --

COMMISSIONER SOLIS: So that's my comment.

CHAIR WINNER: Yes, Commissioner Beneto?

COMMISSIONER BENETO: Alex, I got to -- the fairs used to run six days a week in the old when there was a big inventory of horses. In Northern California, and probably just like maybe down here, not as bad, but the inventory is pretty lean. And if you look at the race card every day, Golden Gate on Thursdays is only running seven races because they just don't have the horses.

So that's the biggest problem with racing today, as we all know in this room, we need more inventory. We don't have it.

CHAIR WINNER: Thank you very much.

COMMISSIONER KRIKORIAN: Just a quick --

CHAIR WINNER: Go ahead. I'm sorry.

COMMISSIONER KRIKORIAN: -- quick comment.

CHAIR WINNER: Commissioner Krikorian --

COMMISSIONER KRIKORIAN: Just a last comment.

CHAIR WINNER: -- I'm sorry.

COMMISSIONER KRIKORIAN: I'm not trying to digress here, but when you think about it, since you do run horses on the grass, the other meets don't, you'd think that with the added inventory you would have the best opportunity to run additional days at your meet.

MS. BARTLING: Well, I think we'd certainly consider that if we're granted the dates that are appropriate with our fair.

CHAIR WINNER: Becky, one other question. At the Committee meeting, I specifically asked you, under the plan were you -- because I said I had heard rumors or we had heard rumors that if that plan was adopted you were only going to run two weeks and not three. And at the meeting you said, no, you were planning to run three weeks, even under the plan. Now you're saying maybe not?

MS. BARTLING: Well, when we had discussions, when we entered negotiations about whether Sonoma should do two weeks, then after those discussions I had a lot of conversations and calls from individuals in the racing industry that said they really wanted us to race three weeks. So that's where that comment came from.

But I also made a comment after that meeting that given the dates that were recommended, I didn't believe that we could race three weeks.

CHAIR WINNER: Okay. So at this point it is two weeks, if this measure passes?

MS. BARTLING: Yes.

CHAIR WINNER: Okay.

MS. BARTLING: Yes.

CHAIR WINNER: Thank you very, very much.

Evelyn Call, Arabian Racing Association.

MS. CALL: Thank you for the opportunity to speak. I'm a board member and representative of the Arabian Racing

Association of California.

MR. MILLER: Your name please.

MS. CALL: Evelyn Call, C-A-L-L.

MR. MILLER: Thank you.

MS. CALL: Okay. Our association met this past Saturday and they approved the following statement to your Board, if I may read this.

"To the California Horse Racing Board regarding, number one, assignment of the Stockton racing dates for 2017 and, number two, possible winter closing of the Pleasanton track for training and stabling.

"It is noted that during the recent fall meet at Pleasanton, in 6 days of racing there were 14 races for the Arabians, mules and quarter horses, with a total of 74 entrants. These races for these emerging breeds would be lost if those dates were given to Golden Gate Fields. These breeds have already lost dates when Bay Meadows closed and the San Mateo County Fair dates went to Golden Gate Fields.

"The fall Pleasanton meet was successful, bringing in a portion of the general public that is new to racing. And the Pleasanton management proved that they can handle the event.

"Racing for the emerging breeds starts in Northern California with the Alameda County Fair-Pleasanton in mid-June. While experienced horses might be able to prepare for

those races in 60 days before opening, young horses, including first-time starters, often need much more time. The emerging breeds have no other facility in Northern California suited to this kind of training. Golden Gate Fields is not open to them.

"There are some early races for Arabians and others in the spring in Southern California. These races would be conceded to Southern California and out-of-state horses if our northern horses have no facilities where they can train from the start of the year.

"At the recent meetings at Pleasanton of trainers and owners, a majority of those attending being thoroughbred trainers, there was complete agreement that Pleasanton needs to stay open year-round for training of all the breeds. Many of the trainers who would be tracing -- training -- would be racing at both the fairs and at Golden Gate Fields indicated they would not train their two-year-olds on the artificial racing surface. Some indicated they would have to consider closing down or moving out of Northern California. This would effect the ability of all the tracks, including Golden Gate Fields, to fill races.

"For the above reasons the Arabian Racing Association of California supports, number one, keeping the Pleasanton track open year-round for all breeds for training and, number two, assigning the Stockton race dates for 2017,

and perhaps the future, to Pleasanton for the fall meet.

"Approved by the Board of Directors of ARAC on 10/15/16."

CHAIR WINNER: Thank you, Ms. Call.

MS. CALL: Thank you.

CHAIR WINNER: I'd like to ask you a question, and maybe some of the other Commissioners would.

One of the recommendations that has been made as we've gone through this process is to move those Stockton dates to a different time, possibly in the spring, and let Pleasanton have that meet, but not at the same -- during those same dates. Would that satisfy your needs?

MS. CALL: You know, we really hadn't given it a lot of thought. It might, I don't know. We haven't really talked about that particular thing.

CHAIR WINNER: Thank you.

MS. CALL: I think probably speak to -- the people from the Pleasanton track would be able to answer that a little better.

CHAIR WINNER: Well, I know what their position is.

MS. CALL: Yeah.

CHAIR WINNER: But I'm asking you what your position is?

MS. CALL: Yeah, well, we didn't really talk about

that --

CHAIR WINNER: Okay. Thank you.

MS. CALL: -- particularly. Thank you.

CHAIR WINNER: Any other questions for Ms. Call?

Okay, we're going to move along. George Schmidt.

MR. SCHMIDT: Thank you, Mr. Chairman and Commissioners, for allowing me a few minutes to speak today.

I spoke last spring when we were together at Golden Gate Fields when we first discussed the Stockton dates with the Board and recommended that we needed, at that time, to find out if Pleasanton could really handle a meet and have it be successful without it being part of the Alameda County Fair. You agreed kindly to allow Pleasanton to have those six days of racing this year, and I believe it was a tremendous success from every point of view.

First of all, our attendance was higher than it was during similar days at Golden Gate Fields. The handle was competitive. Anybody can look at numbers and make them come up with any answer they want to. But I believe that the handle was plenty appropriate for the days that we were there.

And most important of all, I was there every day at Pleasanton during the meet. I raced horses, I don't know, five or six of them during that period of time. The average age of the people that were there and were betting

was about half of what we see at most racetracks. They were young people. They had their families there. And they were betting, and the lines at the windows were long, long enough so that they had to open more windows later. Because people who are new to racing don't know how to use all the machines. So I think that is a big, big step forward.

Now I also will say, I feel for Golden Gate Fields. I believe that Golden Gate Fields probably loses money with their two-week meet, because they've got to open everything up and shut it down for six or eight weeks and do something else. But there's another solution to that. They got those days years ago when Bay Meadows and the San Mateo County Fair closed. If they're really losing money during that period of time, then other people should take those dates up, in my opinion.

And lastly, I am concerned about horse racing across the country, people trying to become monopolies again. We've seen that in Florida. We've seen it in Maryland. And we're only a few steps away from that happening here in California. So I would strongly urge you to allow racing, the old Stockton Fair dates, to be assigned to Pleasanton again and to run that meet for as long as we're able to. And if the support goes away, I'll listen -- I mean, I'll support what has to happen for the good of racing. I don't own 150 race horses just for fun. And we

do need to do the right thing for the industry. And I believe the right thing is to give those Stockton dates to Pleasanton.

Thank you very much.

CHAIR WINNER: Mr. Schmidt, of the 150 horses, do you have grass horses, I assume

MR. SCHMIDT: Some of them are, sure.

CHAIR WINNER: And --

MR. SCHMIDT: And some can run on both and --

CHAIR WINNER: Okay. So the question I have is if you -- what you -- I think what you said is, well, if Golden Gate doesn’t want to run that two-week meet and give it to somebody else, of course, then we would -- unless it went to Santa Rosa, then we would again have two more weeks without grass racing.

MR. SCHMIDT: That is absolutely correct. However, if those dates are a problem, you’d probably solve two or three different issues that you’re having to deal with right now at one time.

CHAIR WINNER: And create another one.

MR. SCHMIDT: Well, you will create -- yes, you will.

CHAIR WINNER: Right.

MR. SCHMIDT: But you’ll also prevent a monopoly from ending up happening in this state --

CHAIR WINNER: Okay.

MR. SCHMIDT: -- I think.

CHAIR WINNER: Thank you very much.

MR. SCHMIDT: Thank you.

CHAIR WINNER: Any other questions for Mr. Schmidt?

MR. SCHMIDT: Thank you very much.

CHAIR WINNER: Thank you very much.

Maureen Morley.

MS. MORLEY: Hello. I'm Maureen Morley.

With the goal of generating revenue and growing the --

CHAIR WINNER: Ms. Morley --

MS. MORLEY: Yes?

CHAIR WINNER: -- are you representing an organization?

MS. MORLEY: I'm an owner.

CHAIR WINNER: Oh, you're an owner. Okay.

MS. MORLEY: Thank you.

CHAIR WINNER: Thank you.

MS. MORLEY: With the goal of generating revenue and growing the customer base for the future generation of revenue, I ask the Board to approve the CARF proposed calendar. Of note, the calendar first leverages the Fourth of July, a proven revenue-generating date. At least one

proposal before the Race Dates Committee has no racing on the Fourth.

And second, to continue the former Stockton dates at Pleasanton. At past meetings there was a wait-and-see approach to the Pleasanton meet. We now know Pleasanton ran an excellent meet, far exceeding the handle generated at the former Stockton meet, and approaching on-track and brick-and-mortar off-track handles at Golden Gate Fields.

With a historic first meet, Pleasanton hosted events drawing over 1,000 and up to 3,000 a day of what I would characterize as a new, a young, an affluent market to grow. With Pleasanton's three-year marketing plan, this meet can be readily grown to generate increasing interest in the sport and increasing revenue. This new exciting meet can be part of a vision to grow into the future, not contract into more of the same.

I ask you to look to the future. Grow this meet as part of a robust racing circuit in Northern California and approve the CARF proposed calendar with former Stockton dates run at Pleasanton.

Thank you.

CHAIR WINNER: Any questions?

Thank you very, very much.

Scott Daruty. Scott, are you here? Yeah.

MR. DARUTY: Scott Daruty on behalf of Golden Gate

Fields. And I'm not going to talk about carnival rides or cotton candy vendors or school schedules or any of that, I'm going to talk about racing and what we at Golden Gate Fields believe is the right thing for racing.

I know people in the room will disagree with this, but I believe it, you know, with all of my being, the best thing for racing is to run more at Golden Gate Fields. From a nationwide standpoint, the appeal of the Golden Gate Fields product is much greater. From -- you see it in the handle numbers. We always hear CARF quote handle numbers. But by and large, what they're quoting is total handle in Northern California, which includes all the import handle, as well as the handle on their live race. When you strip the import out, because that's basically a constant, it's crystal clear that there's much more handle generated on Golden Gate Fields than on CARF.

Again, I know people are going to disagree with that. There's a whole lot of reason why racing at the fairs is important, and we understand that and support racing at the fairs. We're not saying don't race at the fairs. We're simply saying let's not lose sight of the need for a healthy Golden Gate Fields and the need for a healthy racing schedule overall.

So again, there's a lot of politics involved. I realize that every one of you gets letters and phone calls

from legislators in each given district saying help my fair out, to the expense of others. So it's not an easy decision that you guys have to make. And there's really no way to solve this puzzle in a way that's going to make everybody happy. We get that. We understand the politics.

I think there are very few times when we can come to you and say CTT, TOC and a racetrack are all on exactly the same page, but that's the case here. They would all stand here and tell you that racing at Golden Gate Fields generates more and is better for their constituents. But again, because of the importance of the fairs and because of the political issues, we realize there's a place for the fairs. And so we understand that that's going to factor into your decision.

And with that understanding, you know, we had largely stood aside in a lot of the debate that's gone on over these dates. We largely stood aside because we believe very strongly that the Stockton dates are better run at Golden Gate Fields. We believe that's better for purses. We believe that's better for racing overall. We stated our case, and then we left it to you all because, again, we know there are politics involved. And I don't say that in a derogatory way.

Commissioner Beneto, you've been -- we've been at this for a long time. I stand here year after year, and

you're very supportive of the fairs. That's where your heart is and that's fine. The governor appointed you to this Board to exercise your views and your discretion and come to the right decision that you believe is the right thing for racing. So we understand, you know, you're going to be inclined to give the Stockton dates to Pleasanton. We disagree, but we understand where you're coming from.

So as I've said, we've largely kind of stood by, tried to help, made some proposals. But that really changed in our opinion with Commissioner Krikorian's amendment at the last Dates Committee meeting, which would take an additional week away from Golden Gate Fields. And, look, we understand -- I don't want to speak for you, but I think I understand why you did that. I think you did that to try to force a negotiation between us and Humboldt, try to force an agreement to make a nonstatutory payment.

But, you know, we look at it a little bit differently. We look at it as though our summer dates have been under seige for the last five or six years. We have expressed to this Board on a number of occasions that while, again, we understand the fairs, we understand the importance they play, we understand the role they have and it's an important role, and we do want it to continue, but we would like it to continue within a schedule that does allow us

some summer racing. Because summer racing is important at Golden Gate Fields, we believe, for the health of Golden Gate Fields.

Now I had a handout, and I don't know if the Commissioners have reach received that or not? They have. Okay. So if I could turn your attention to the handout, it's only a two-page, I promise it's short. If you flip the cover page and you get to the second page, this is a chart of the last six years of race dates at Golden Gate Fields. And we've tried to distill it down to its most pure form.

And what this is, is the number of weeks Golden Gate Fields ran each year between June 1 and the end of the Fresno Fair. Okay, in our mind we define that as the summer, between June 1 and the end of the Fresno Fair, that's the summer. That's when the weather is nice in Northern California. That's when kids are out of school and people want to come to the track and enjoy the day. I broke my own rule, I mentioned kids and school. Sorry.

But in any event, you can see in 2011, Golden Gate Fields ran nine weeks in that period, one of which was overlapped. Then in 2012 and in --

COMMISSIONER BENETO: Scott --

MR. DARUTY: Yes?

COMMISSIONER BENETO: -- I'm going to stop you right there.

MR. DARUTY: Okay.

COMMISSIONER BENETO: 2011 you ran nine weeks. What weeks did you run?

MR. DARUTY: You know what, I don’t have that at my fingertips, because what I was trying to do was come up with the total number of weeks we ran in the summer period. So in 2011, I don’t know the answer. I mean, obviously, I can get it --

COMMISSIONER BENETO: Because --

MR. DARUTY: -- but I don’t have it as I stand here.

COMMISSIONER BENETO: Because for years and years and years, I’m a native of California, a native to Northern California, Golden Gate has always, since 1966 when I started hanging around the racetrack, has always shut down the 15th or 16th of June, and never ran back until the winter meet because Bay Meadows ran that. Right after Cal Expo, Bay Meadows would kick in. And I’ve never seen Golden Gate running around.

MR. DARUTY: I understand. That is, you know, historical. If we go back to the, you know, long enough period of time, what I’m talking about is in the recent past, the last six years, in 2011 we ran nine weeks. In 2012 and ‘13 we ran eight weeks, so we lost a week. And by the way, our overlap went up, so it was eight weeks, two of

which were overlapped. Then for the preceding three years, in 2014, ‘15 and ‘16, we lost another week. So we’re down to seven weeks, two of which are overlapped. And under the Krikorian amendment that was offered at the Dates Committee meeting, you now see in 2017, we’re down to six weeks, one of which is overlapped.

So our summer period has continued to contract. We, you know, from our, you know, admittedly self-interested position, the less we run in the summer the harder it is for us to keep the business, to sustain the business, and that’s what we’re trying to do. Again, people in this room may disagree, but we believe the health of Golden Gate Fields ultimately is very important for the health of Northern California racing.

We are very fortunate in the fact that our facilities are owned by, you know, a benevolent owner, an owner who is more concerned about seeing the longevity of horse racing than earning a true return on his investment. He would like to, obviously, make some return, and not in the case of Northern California as we have continued to lose money.

So as we’ve been struggling to right the economic ship in Golden Gate, we’ve been battling against this continued loss of summer race dates.

And then let me just turn you to the next page,

and as I said, it’s only a two-page slide.

COMMISSIONER BENETO: Wait a minute. Wait a minute, I’m not happy here.

MR. DARUTY: Okay.

COMMISSIONER BENETO: 2017 you got six weeks of racing.

MR. DARUTY: That is the --

COMMISSIONER BENETO: Where’s the six weeks?

MR. DARUTY: That is the proposal that is on the table right now.

COMMISSIONER BENETO: You’ve got --

MR. DARUTY: Yes.

COMMISSIONER BENETO: Wait a minute now.

MR. DARUTY: If you look at the handout, if you --

COMMISSIONER BENETO: Wait a minute now. You got Pleasanton starting on the 21st. Are you counting from June -- or from May 30th?

MR. DARUTY: June 1. As I said, the summer, we’ve tried to define the summer racing period --

COMMISSIONER BENETO: The ones you’ve always had.

MR. DARUTY: -- as June 1 through --

COMMISSIONER BENETO: You’ve always had two weeks in there. That’s part of your winter meet.

MR. DARUTY: Well, so from June 1 until the end of the Fresno Fair, this year we’ll be running six weeks; three

of them are part of our June week. If I pick up your argument I would say, oh my gosh, we're now down to three weeks of summer racing --

COMMISSIONER BENETO: No.

MR. DARUTY: -- one of which is overlap.

COMMISSIONER BENETO: You've got part of sept.

MR. DARUTY: Three weeks. We're getting three weeks. Under the proposal that you all voted at the Dates Committee meeting, we would have three weeks between the opening of Pleasanton and the end of the Fresno Fair. We'd have six weeks if you count the time period from June 1 to the end of the Fresno Fair.

Now if you look at the economics that's going along with the contraction of race dates, so turn the page, the second page, the second to the last page of my handout, you will see the deficit created for summer stabling at the fairs, the deficit that's created each year for the last six years. And what I mean by that is if you look in the expense column for each year, that's the expenses of stabling for the summer fairs because each fair doesn't have enough stalls on its own facility to take care of all the horses. So there are other stables that are needed in Northern California. In 2011, for example, that expense was $1.1 million. You can go down the chart and see what it is for each year.

The point is, if you look at the revenue column the revenue generated by the fair for stabling and vanning, and when I say the fairs, I mean every single fair from Sonoma to CARF, all of the fairs carry much more expense for stabling than they do generate revenue

Now what does this mean?

If you look at the bottom line, the total, it means over the last six years it has cost the fairs and cost Northern California racing $2.8 million more to stable horses while the fairs are running than the fairs generated to pay for their stabling. And does anybody have a guess where that $2.8 million came from? It came from Golden Gate Fields' commissions and purses.

And so our feeling -- and again, we understand the politics. Fairs are important. We're not saying get rid of fairs. We're just saying in analyzing what the right racing calendar is, our perspective is that as our dates have gotten trimmed and trimmed and trimmed in the summer, the expense we're asked to pay has gone up and up and up. And, one, we don't think it's fair. But, two, more importantly, it's just not sustainable. We can't continue to carry that financial burden.

And so I don't know what you're going to do with dates. Again, I don't envy the position you're in because you have an impossible decision to make. I would ask that

if you're going to give the CARF, I forget what we called it, Proposal A, that it be CARF Proposal A without the Krikorian amendment, because that would at least allow us to maintain the seven weeks we've had for the last four years.

But whatever you do, you know, again, I don't envy you. You have a difficult decision. All I can say is we feel like we've tried to be team players in Northern California for a long time, and it seems like it's gotten us nowhere.

We've voluntarily made payments to Humboldt, which in our opinion were sort of intended to wean them, you know, into self-sufficiency. And yet, after four or five years, we're expected now to do that forever. So we've tried to be players, that hasn't worked.

I mean, all we can do is, you know, look at the dates you guys decide to give out. And we'll make rational business decisions on how we can operate our meet in our facility to try to make money.

COMMISSIONER BENETO: Didn't you get all of Bay Meadows dates when they closed up?

MR. DARUTY: We got a significant amount of them and --

COMMISSIONER BENETO: Who else --

MR. DARUTY: -- some of them went to the fairs, also. I mean, each of the fairs --

COMMISSIONER BENETO: The fairs didn't get it. The fairs, they lost dates. They lost Stockton. They've lost --

MR. DARUTY: Well, each of the existing fairs --

COMMISSIONER BENETO: -- Vallejo.

MR. DARUTY: -- is running three weeks versus two weeks. So they --

COMMISSIONER BENETO: The fairs have gone downhill.

MR. DARUTY: They've gone up 50 percent.

I mean, again, we can, you know, we can spin this all. I understand where you're coming from --

COMMISSIONER BENETO: Well, but you --

MR. DARUTY: -- and we'll respect whatever decision you make.

COMMISSIONER BENETO: You're --

MR. DARUTY: But I just wanted to say my peace.

COMMISSIONER BENETO: Well, it ain't all true --

MR. DARUTY: Well, it is true.

COMMISSIONER BENETO: -- and it bothers me.

MR. DARUTY: It is true. If there's a specific item you think is incorrect, let's talk about it.

COMMISSIONER BENETO: Well, let's talk.

MR. DARUTY: Because I've said repeatedly, we can disagree with each other on what the right philosophy is,

but don’t stand here and tell me that I’m saying something that is untrue unless you can back it up.

COMMISSIONER BENETO: It’s untrue because you got more dates than you’ve always had.

MR. DARUTY: I agree, yes.

COMMISSIONER BENETO: Okay.

MR. DARUTY: We do. But the fairs --

COMMISSIONER BENETO: End of conversation.

MR. DARUTY: The fairs, which have historically run two weeks, are now running three weeks. So they’ve had a 50 percent increase.

CHAIR WINNER: Scott, looking at your numbers here, 2016, $1.03 million to stabling and vanning deficit, that means that the purses are down $500,000?

MR. DARUTY: Correct. And Golden Gate commissions are down $500,000.

CHAIR WINNER: Right. So the purses are down $500,000 in 2016. They’ve been down every year up until that point, but they’re down that much.

What would happen, Scott, if the plan that’s on the table here, what we’re calling as CARF Plan A as amended, was adopted, what would that do to what Golden Gate would do in terms of stabling or continuing to race for that two-week period, or what would you do?

MR. DARUTY: Well, first of all, you know, we

would race for the two weeks, or the three. It's actually three weeks --

CHAIR WINNER: Yeah.

MR. DARUTY: -- in fairness. It's two weeks unoverlapped and one overlapped.

CHAIR WINNER: Right. Correct. Yes.

MR. DARUTY: Would we race? Of course we'd race. We wouldn't shoot ourselves in the foot or, you know, stomp out of the room and say we're not going to race. But, you know, we're looking at a year; right? We're looking at a calendar. I know we're only talking about the summer here, but we have a year-round operation.

We have a chairman who has, pick a number, it's a nine-figure number, I mean, $100 million, $200 million, $300 million, you pick the number of what's invested in the real estate there and the property. And what we can't do is go back to him continual and say, yeah, we lost $2 million again this year. We're trying to get to a reasonable, you know, breakeven or slightly positive position.

So, you know, I know this isn't exactly your question and it may be more information than you want, but we went from, you know, a minus $2 million loss, which we've publicly stated a couple years ago. We were moving in the right direction this year. We've talked about restructuring stabling, and we'll get to that on another item as to

whether we, you know, pay for Pleasanton or not.

But what's happened is as we were moving in the right direction, we now look at the amendment that's on the table. And to answer your question, what would happen? It drives us back to the negative again. And I realize it's not, you know, your alls job to make sure that Golden Gate makes money, it's our job. But I'm just suggesting that some of the decisions you're making are making our job much, much harder. And I would like you to take that into account and consideration when you make your decision.

CHAIR WINNER: Scott, it's another item on the agenda that we may not hear because the documents aren't here, so we may not even discuss that. And since we've all discussed the relationship between stabling and racing and race dates, could you enlighten us a little bit on what you're thinking of with respect to the other agenda item?

MR. DARUTY: Well, there's -- yes, I'd be happy to. There's two components, you know, two open items, I guess, as to stabling. One is whether Golden Gate Fields, during its live meet, pays to have Pleasanton open as a training facility. That's item one. Item two is whether the fairs, during the summer season, choose to use their money to pay to have Golden Gate Fields open for stabling to support their meets. I can't, you know, speak with certainty as to the second item because it depends on what

another party, CARF, is going to do.

But with respect to the first item, I can tell you that we are well on our way to the construction of the additional stalls that we told you we would have ready by December that would make 1,500 stalls available at Golden Gate Fields.

Now, when I say we're well on our way, what I mean is we already have a number of stalls built and ready for occupancy that gets us up to 1,455 stalls at Golden Gate Fields. There's another 45 stalls that have already been paid for and delivered to the site and are in the process of being installed as we speak. So by December, we will have 1,500 stalls available at Golden Gate Fields for occupancy. We believe that's more than enough to stable all horses that are available in Northern California to support our meet.

So whether Pleasanton stays open for stabling or not, you know, ultimately that decision is up to other people. What I can say is we do not intend to pay for Pleasanton to be open for stabling. We do not intend, as part of our race meet application, to specify that we'll have an auxiliary facility, because we believe we have enough stalls on our facility to take care of the meet.

There was a point at which we had said we would probably open Pleasanton back up at our expense in the late

spring, you know, call it mid-April, call it early May, somewhere in that time frame. We had said that. But the more we're hearing on the second issues I raised, which is what is CARF going to do next summer, the more we're hearing on that is that CARF probably does not intend to use its funds to pay to keep Golden Gate Fields open next summer, and that's their prerogative. We'll be open if they want us, we'll close if they don't, that's fine.

But it does not seem to us to make any sense for us to open up auxiliary stables in, again, let's call it mid-April or early May to allow two-year-olds to come in, which by the way are horses that aren't really going to run at our meet, they're going to run during the summer -- again, we were trying to be a team player. But if we're going to end up closing Golden Gate Fields for stabling in the summer anyhow, those horses are going to scatter. And it seems to us to be waste of money for us to pay for them to have somewhere to be for six weeks when there's not going to be anywhere for them to be after the six weeks.

So right now we submitted a modification letter to our License Application that just clarified, as things stand today, we do not intend to pay for Pleasanton at all during the upcoming Golden Gate meet.

So, sorry, very long-winded, but I hope that answer your question.

CHAIR WINNER: It does. I have two questions.

COMMISSIONER BENETO: So you'd close down?

CHAIR WINNER: Let me ask two questions, Steve, and then you can ask yours.

Number one, you've heard the discussion about Arabians today. And that Golden Gate doesn't stable Arabians and other breeds. And yet, you have the big race down here, the $100,000 Arabian race.

Has there been -- have you given any thought to that issue and whether or not Golden Gate would be willing to stable other breeds?

MR. DARUTY: Well, we are supportive of Arabian racing, as evidenced by the $100,000 race we put on here, so we're supportive of it. It's not something we are statutorily allowed to do at Golden Gate, with the exception of, you know, a couple, one or two big races we could do. But we couldn't have Arabian racing or other breeds on a sustained basis. And given that fact --

CHAIR WINNER: You couldn't have them stabled or you couldn't have them racing?

MR. DARUTY: We couldn't have them race.

CHAIR WINNER: Right.

MR. DARUTY: We couldn't have them racing.

CHAIR WINNER: Right. But you could have them stabled?

MR. DARUTY: We could have any number of different animals stabled at our facility --

CHAIR WINNER: Right. Right.

MR. DARUTY: -- if we had unlimited stalls.

But again, we feel as though, I know others will disagree, we feel as though we've tried to be team players all along, and we've tried to support with $2.8 summer stabling. We try to do other things, and it doesn't feel like we've gotten a lot of love back.

And so when we look at it from our own self-interested perspective, running a business and trying to keep racing alive in Northern California, when we look at it we say it doesn't make sense for us to pay for stalls for people to keep horses that aren't legally permitted to run at our race meet.

CHAIR WINNER: Okay. Second; my second question, and then I'll turn it over to Commissioner Beneto, if you were to not keep the stalls open during the fair meets, during that fair meet, what happens to all the employees? What happens to everybody who lives there?

MR. DARUTY: Well --

CHAIR WINNER: What would happen?

MR. DARUTY: I can say briefly. And then if you want to dig into more detail, I'd have to turn it over to Joe Morris, who obviously is more involved in the operations

than I am. But those people would be out of work. We'd have a large number of layoffs at Golden Gate Fields if we're not open during the summer.

Now, again, we don't want to see that happen, but it's really the fairs calls. Because if we stay open for summer stabling, we're going to want to be reimbursed for our expenses. In other words, we're not going to want to support this $2.8 million anymore at our cost to allow the fairs to have a place to stable.

CHAIR WINNER: So the people who live on the backstretch?

MR. DARUTY: Well, we'd close the backstretch. I mean, in other words, if we're not getting reimbursed by the Stabling and Vanning Fund -- and not to digress, but you have to kind of remember, the way the fund has historically worked is, yes, we were getting reimbursed, but we were getting reimbursed by a fund in which we were the major contributor. So we were kind of just putting the money around in a big circle and paying ourselves our own money. And under the new statute, we have put in place a mechanism to fix that problem.

But if we are not reimbursed, you know, with other people's money, then we wouldn't be open for summer stabling. And that means the facility would be completely shut down.

CHAIR WINNER: Okay. Thank you.

Mr. Beneto?

COMMISSIONER BENETO: You have 4,000 stalls or better in Northern California. And it looks like about 2,500 are of them are not being used. Why do you -- I don't even know, why do you open in the summertime when they can go to Cal Expo and run, Santa Rosa and run, Pleasanton and run, and they do their stabling there? That's -- that was -- years ago, that's the way it was done.

MR. DARUTY: Understood. And again, we are open as a stabling facility at the pleasure of the fairs. So if they want us to be open and they reimburse us our cost, we'll be open.

COMMISSIONER BENETO: Do they give you the -- do they reimburse you?

MR. DARUTY: Well, historically we've been reimbursed with our own money.

COMMISSIONER BENETO: Oh, tell me about it.

MR. DARUTY: Yeah. So going forward, you know, if we are going to be open it would be our expectation that we're reimbursed with somebody else's money, not our own money.

COMMISSIONER BENETO: So if you closed down you're going to save all this money that's going for stabling and vanning; is that what you're telling me?

MR. DARUTY: Well, I suppose the fairs are going to have to pay somebody. In other words, if we're talking about the un-overlapped week that might be run at Humboldt and Humboldt doesn't have enough stalls to stable all its horses, I suppose Humboldt will have to pay Pleasanton and Sacramento, or wherever they all work out they're going to stable the horses. But wherever it takes place it's going to cost money. Somebody is going to have to pay for it.

CHAIR WINNER: Commissioner --

COMMISSIONER BENETO: It's a can of worms.

MR. DARUTY: Yes.

CHAIR WINNER: It's a can of worms.

Commissioner Krikorian?

COMMISSIONER KRIKORIAN: Well, your comment about Ferndale, there is no -- not trying to -- I was not trying to suggest anything that was to force Golden Gate to do anything, so let's be clear about that.

Ferndale is a community that has had a fair for I don't know how many years. And there are a lot of people associated with that fair, that work there. They depend on that for their income, for their pleasure, for their community, for their pride and everything, and they only get one week a year, okay?

Now let me ask you a question. This year, this next year it's proposed that Del Mar closes and runs one

week less; correct?

MR. DARUTY: Golden Gate Fields would close and run one week less.

COMMISSIONER KRIKORIAN: No, no, no.

MR. DARUTY: I'm sorry, I didn't get the question.

COMMISSIONER KRIKORIAN: Del Mar Race Track will close next summer. They'll run one week less next summer; correct?

COMMISSIONER BENETO: Yes.

MR. DARUTY: Yes, based on the calendar.

COMMISSIONER KRIKORIAN: They're going to open a week later than they opened this last year, okay?

MR. DARUTY: Yes.

COMMISSIONER KRIKORIAN: And then that week is going to be run at Los Alamitos; correct?

MR. DARUTY: Well, yes, that given week it the calendar.

COMMISSIONER KRIKORIAN: Okay.

MR. DARUTY: Yes.

COMMISSIONER KRIKORIAN: Now how much money you think the difference is that Los Alamitos is going to make that week versus what Del Mar would have made?

MR. DARUTY: A lot less.

COMMISSIONER KRIKORIAN: Okay. But you want to step on Ferndale. They're only open for one week.

MR. DARUTY: But they're --

COMMISSIONER KRIKORIAN: And what you lose there is not 25 percent of what you lose by --

MR. DARUTY: Well, you --

COMMISSIONER KRIKORIAN: -- running a week at the other tracks.

MR. DARUTY: You raise a --

COMMISSIONER KRIKORIAN: So --

MR. DARUTY: I'm sorry, I didn't mean to interrupt.

COMMISSIONER KRIKORIAN: So I'm just trying to make a point here.

MR. DARUTY: Yes, sir. Yeah, you make a very good point. And that's why if you go back to the proposals we have made all along, we have said we think we should get the Stockton dates to run at Golden Gate Fields. And we think whoever gets the Stockton dates should help out Humboldt. And we said we would step out of one of the overlap weeks and let Humboldt run overlapped if we get the Stockton dates. And then if we don't and those dates go to Pleasanton, we feel, and it doesn't mean we're right, it just means it's our view, that then Pleasanton should help out Humboldt because Pleasanton is the one who's picking up two new weeks of racing.

COMMISSIONER KRIKORIAN: Okay. It's a

negotiation, and we're trying to, you know, have some give and take here.

But the bottom line is all I'm talking about is preserving Ferndale as a facility, that they have their fair in the summer, just like all the other fairs are open.

MR. DARUTY: Understood.

COMMISSIONER KRIKORIAN: So these economics are very important, there's no question about it, economics for survival and everything.

But my question is: Do you want the Board to start shutting the fairs down so that Golden Gate can stay open, or try to come up with a plan that keeps the fairs alive and all the people that depend on those fairs for their living and so forth, or do we want to start shutting them down? That's the decision that has to be made.

MR. DARUTY: And I hope I said, I think I said, and I didn't, let me make it clear, we are supportive of the fairs. We understand the role they play. And we understand that they have a long history in California racing and a long history with the local, you know, communities in which they're involved, and so that is an important factor, but it's not the only factor. A week of un-overlapped racing at Humboldt is going to impact jockeys, for example, because the vast majority of jockeys, and even most or many of the horses that run at Humboldt aren't coming from California,

they're coming from other states.

So, yeah, it's a difficult decision. As I've said, I don't envy you. There's no way you can make everybody happy.

COMMISSIONER KRIKORIAN: I just wanted make the point.

COMMISSIONER BENETO: I heard --

CHAIR WINNER: So Humboldt actually gets two weeks, but one is under this plan, is un-overlapped?

MR. DARUTY: Correct.

CHAIR WINNER: Okay. Go ahead, Commissioner Beneto.

COMMISSIONER BENETO: I was told this morning those out-of-state horses, when Ferndale is over with they move into Golden Gate. Is that true or is that false?

MR. DARUTY: I'd prefer to let Joe answer the question as to --

CHAIR WINNER: I have Joe's card.

MR. DARUTY: Okay.

CHAIR WINNER: So he'll come up after a while.

MR. DARUTY: Yeah.

COMMISSIONER SOLIS: I have a question, Scott.

CHAIR WINNER: Please, Commissioner Solis.

COMMISSIONER SOLIS: Going back to the Arabians, with the 1,500 stalls, is there any way that there could be

one more day of racing to have those two breeds, thoroughbred and the Arabians, to let's take like a Monday, something like that, where the industry would benefit from the simulcast and more revenue. Could that have enough horses to have -- support one more day of racing? That's my point.

MR. DARUTY: Well, I --

CHAIR WINNER: But you'd have to have a statutory change for that, Alex.

COMMISSIONER SOLIS: Oh, yeah?

CHAIR WINNER: That's in the legislation. They're limited to thoroughbreds for their --

COMMISSIONER SOLIS: Okay.

CHAIR WINNER: So, we -- I mean, I don't know whether they'd support statutory change, but it would require that.

COMMISSIONER SOLIS: Okay.

COMMISSIONER BENETO: The biggest problem we have today, to go back to square one, we have a shortage of horses. If you were running five days a week, filling your card at Golden Gate and Santa Anita, you'd be a fat cat, wouldn't you?

MR. DARUTY: Yes, we would. And the irony to me is that we all recognize the problem is a shortage of horses. And yet when we say we don't want to spend $2

million next year to pay for extra stables at Pleasanton because we don't have enough horses to fill all these stalls, then there's a backlash of people saying, no, you've got make Golden Gate pay to keep Pleasanton open because Pleasanton is where I like to be. And if were all making money, you know, maybe that wouldn't matter, but we're not. And so we've got to be economical in how we pay for and choose what stalls to keep open.

CHAIR WINNER: Mr. Baedeker has a question.

EXECUTIVE DIRECTOR BAEDEKER: Scott, I'd just like to go back to your amending your application to remove the provision that you would use Pleasanton as an offsite training facility beginning around mid-April. You that you made the determination that you don't need to do that.

You're also going to be asking the Board, as part of your application process, to certify, if you will, that you have sufficient stall space for your long meet that goes through June.

If you reach a point in late spring where the two-year-olds are coming in you said, you know, they don't run at your place. So apparently you don't need to accommodate them.

MR. DARUTY: Well --

EXECUTIVE DIRECTOR BAEDEKER: And yet, isn't that kind of cutting off your nose despite your face? That's one

issue that I'd like to address.

And the other issue is aren't you kind of putting the Board in a difficult position where if they were to say you have sufficient stall space right now, which you're asking them to do, I mean, right now, real time for your meet that's coming up, might they not want to take the risk that when you get into April and early May, that you don't have sufficient stall space to accommodate the two-year-olds? And yet, you would be under no obligation to use an off-track facility at that point --

MR. DARUTY: Right.

EXECUTIVE DIRECTOR BAEDEKER: -- an offsite facility.

MR. DARUTY: Yeah, it is a difficult issue. And I think that I guess I would -- there were a couple different questions in there, so I'm going to try to hit them all.

I think that we are willing to do is participate as a member of the industry in a rational stabling plan in Northern California. Now Commissioner Beneto is going to disagree with me, but we happen to think a rational plan probably needs Golden Gate Fields open for some part -- all or part of the summer. That's our view. We've talked with the TOC and we've talked with the CTT, we know they agree. It doesn't mean we're all right, but it means that's one area where CTT, TOC and us are all on the same page.

So if we believe a rational plan requires some stabling at Golden Gate Fields next summer, and a rational plan also requires some stabling to be available in mid-April for the two-year-olds, then we'll participate in that.

On the other hand, if CARF says no way are we going to have Golden Gate Fields open in the summer because we don't want to pay for it, and that's their right to say it, but if they say that, then we don't have a rational plan for stabling in Northern California. So whether we have six weeks that we spend money or not to keep Pleasanton open isn't really going to help it. And so our view is that would be kind of a waste of money, to be perfectly honest.

EXECUTIVE DIRECTOR BAEDEKER: Okay. I guess stated more simply, if I'm an owner with a number of two-year-olds that I want to get ready to race in Northern California, even though perhaps their first start will be at a fair but subsequent starts would be at Golden Gate, I may be faced with a situation where I have no place to put them in mid-April, which means I'm going to have to choose Southern California or another state; isn't that accurate?

MR. DARUTY: Yes. But you -- what decision are you going to face if we're open in mid-April, and then we're closed in the summer? You're going to say, okay, I'm going to go to Golden Gate for six weeks, then I'm going to go to Sacramento for two weeks, then I'm going to go over here for

a couple weeks, then maybe I'll -- I mean, it's -- I don't really --

EXECUTIVE DIRECTOR BAEDEKER: But you -- I don't mean to argue the point. But that owner has the ability to get his horse into training, to start running them at the fairs and move with the stabling. If it's going to go from Pleasanton/Golden Gate to Pleasanton/Cal Expo under their apparent proposed plan, at least I have a place to put my two-year-old. But if Pleasanton isn't open and you're full in mid-April, I've got no place to go.

MR. DARUTY: Well, yes, and I understand the point. But what we're being told by the TOC and the CTT, and I don't want to put words in their mouth, so they can get up and speak for themselves, but that even if we do pay for Pleasanton in April and May, that if Golden Gate Fields is closed in the summer, all those horses are going to scatter anyhow and won't likely be in California. Now, that could be right, that could be wrong. That's the view that we've been convinced of in discussions with people.

And so again, it doesn't -- it seems like a big expense for a very short-term window. That's the problem, you're just pushing the problem six weeks down the road.

CHAIR WINNER: All right. Thank you very much, Mr. Daruty.

MR. DARUTY: Thank you.

CHAIR WINNER: John Valenzuela.

(Colloquy Between Chairman and Executive Director)

MR. VALENZUELA: Hello. My name is John -- oh, first of all, good afternoon, Chairman, Commissioners, and Executive Directors. My name is John Valenzuela, Local 280 -- or Parimutuel Employees Guild of Local 280. I'm the president.

Anyway, the reason why I speak on this particular race dates is that I truly believe that the traditional dates concurrent with racing and the fair is a lot better because of the attendance that it draws, new customers, and the people that come to the fair. The handle are better. The employment is higher.

For instance, with Santa Rosa last year, the first two weeks we were using 34 clerks, the first two weeks. We lost a third in the third week. When there was no fair, we lost one-third of our employment. So when the attendance is there, we have employment.

Now I know you have a tough situation here, to make a decision. But the bottom line is we need to address the fact that we need to introduce new customers to our declining industry. And the only way we're going to do that is to have foot traffic on track at the brick and mortars. Again, this indirectly effects the employment. When there is no attendance we have a smaller workforce.

And again, such as like Fresno, at Fresno we had such a great meet that we had on the average Friday 60-plus clerks. And then on the Saturday and Sunday we had over 60 clerks working. And we did a great job, both at Fresno -- Ferndale is another one that when they overlap it doesn't really help because to man the plant there, it is so huge, the crowds are bell to bell, they're long lines. And we're able to barely get 15 clerks there to work there because of the overlap.

But anyway, that's just my comments.

CHAIR WINNER: Thank you.

COMMISSIONER BENETO: Mr. Valenzuela --

CHAIR WINNER: Go ahead.

MR. VALENZUELA: Yes, sir?

COMMISSIONER BENETO: We're not telling Santa Rosa not to race three weeks. We gave them -- the Committee gave them dates to run their fair, three weeks, and racing three weeks.

MR. VALENZUELA: Uh-huh.

COMMISSIONER BENETO: If they make the decision not to do that, that's not our fault.

MR. VALENZUELA: Understandable.

COMMISSIONER BENETO: Yeah.

MR. VALENZUELA: Like I said, you know, we've already lost Fairplex here. And what a -- it breaks my

heart to see the L.A. County Fair to just disappear like it has. I mean, it was a great place for the small horsemen to race at a large venue. We also had where the larger trainers here at Santa Anita or Golden Gate were able to send their horses at a lower class, where they could send them to the fairs and the would run. And then after that, they would run at the other fairs. And we would have larger horse inventory that way.

But now, how do you compete when you've got only a certain amount of horses that are going around as inventory. You know, you're overlapping races and we're spreading the dates and giving more days, then you have less inventory. So that's why you're having shorter fields. You want larger fields, don't overlap, don't compete against each other, you know?

But anyway, I know it's a tough decision on your part. I just -- like I just said, I'm just more of a traditionalist. And I'm looking for foot traffic on brick and mortar.

Thank you.

CHAIR WINNER: Thank you, John.

Rick Pickering.

MR. PICKERING: Rick Pickering, the CEO of California Exposition and your State Fair.

Honorable Chairman Winner, distinguished

Commissioners, and talented Executive Staff, the California State Fair supports the race date proposal as submitted by and approved by the CHRB Race Dates Committee.

In answering to the question of why is it good for racing, we'd like to submit the following.

The concept of customer and player development, reaching broader audiences, the California State Fair draws participants statewide. In the 2016 state fair there were participants from 57 of California's 58 fairs, very significant.

Next year is not only the 164th Anniversary of your State Fair, it's the 50th Anniversary of the State Fair being conducted on the Cal Expo premises, which were built and opened by Governor Pat Brown in 1965. So we'll have additional outreach and cheerleading associated with that.

Why is it good for racing? Cal Expo generate, according to CHRB's annual report, in 2015 the Cal Expo facilities generated more than $110,000 in handle, compared to the $44,000 in handle at the Santa Rosa Fair. So Cal Expo generated 149 percent more annual handle.

Cal Expo has invested more than $5 million in its racing capital improvements in recent years. Those capital improvements in 2015, according to CHRB's reports, Cal Expo supported 5,971 horse starts, a combination of thoroughbreds, mixed breeds and harness horses, more than

seven to ten times the other fairs in Northern California.

Cal Expo's racing barns and track facilities are located not only across the street from the CHRB offices, but Cal Expo's racing barn and track is used on a year-round basis. It's not a two- or three-week facility. It's a year-round facility, benefitting the industry.

Cal Expo's satellite wagering facility, as far as producing jobs and generating handle, produces twice the amount of annual handle as the Santa Rosa satellite.

State Fair as a source of players and customers is the largest attended fair in Northern California, more than double the attendance of the Santa Rosa Fair.

In 2013 this Board granted State Fair three weeks of racing. We were asked to wait until 2015 so that Santa Anita Rosa had an opportunity to make adjustments. In 2015 we went from two weeks to three weeks, and the all-source handle increased 63 percent. We went from 8 days to 12 days and the handle -- or excuse me. We had a 50 percent increase in days, and the handle went up 63 percent, all source.

In 2016, Commissioner Solis, we ran one less day than we did in 2015, and that had to do with Del Mar opening on a Friday instead of a Thursday. Northern California and Southern California have tried before to have racing in the north without the south or racing in the south without the

north, and it's been a financial challenge, if not an utter disaster. So the Northern California fairs try to run as closely as possible with the Southern California racetracks.

So State Fair, even though we went from 11 days in 2015 down to 10 days to coincide with the opening of Del Mar on Friday instead of Thursday, our average daily attendance at the track was up 11.5 percent, and our average daily handle was up 11 percent. So with the one less day of racing, we were still able to get people out and people were able to wager on that. Those are significant numbers from our point of view.

The California State Fair respects the ongoing contributions of Golden Gate Fields role. And we're disappointed we didn't have the opportunity to see the material that the Commissioner received today on a six-year look back. But I was at the Alameda County Fair when Bay Meadows closed in 2008. At that point in time, 22 weeks of racing from Bay Meadows became available to be redistributed in Northern California. The largest recipient of those weeks was Golden Gate Fields. And they've worked very hard to do the best they can with the largest portion of those 22 weeks.

What did go away when those 22 weeks became available in 2008, overlap with the fairs. Another thing that went away, the San Mateo Fair's two weeks of racing

went away to Golden Gate Fields because Bay Meadows closed. Vallejo Fairgrounds stopped racing in Solano. Those two weeks were divided between Pleasanton and Santa Rose. So there's been shifts I the calendar over time. And if that report went back to 2007 and 2008, I'm certain the numbers would look significant different.

Regarding the fair's contribution to racing, yes, we run in the summer. There are other tracks that have the Triple Crown Races and the Breeders' Cup. And they generate an awful lot of handle from the satellite wagering brick-and-mortar facilities that are on California's fairgrounds.

Another contribution that the fairs have made over the last seven years, license fees, roughly $30 million in annual horse racing license fees is no long distributed to the Network of California Fairs. Those funds not being collected as fee go back to track committee, which I benefit from at the State Fair, as well as purses, which all the horsemen benefit from.

On the issue of vanning and stabling in Northern California, up until the most current legislation which is now in place, the Vanning and Stabling Committee basically used to consist of four votes, Bay Meadows, Golden Gate, CARF and TOC. When Bay Meadows closed we went from four votes down to three votes, TOC, Golden Gate and CARF. So since 2008 there are three votes, and it takes two votes to

get anything done. And I will guarantee you that Golden Gate Fields has been on the winning of those two votes since that period of time. And they've done a very good job with what they've been able to work with.

So in closing, I'm not here to address this new alternate proposal because I wasn't aware this would be on the agenda. But if there's further discussion on that proposal, then I would like to come back and have another crack at it.

May we answer any questions for you?

CHAIR WINNER: Are there any other questions? All right.

So what we're going to do -- thank you very much, Rick -- what we're going to do is we're going to take a break here for the Court Reporter and the rest of us to take about a ten-minute break, and then we'll come back. I still have a number, maybe ten more people who want to speak on this item. So we're going to take a break and we'll be back in ten minutes.

(Off the record at 11:59 a.m.)

(On the record at 12:24 p.m.)

CHAIR WINNER: We'll come back to order please.

I've been asked to give the order in which people will be speaking on this issue going forward. So we'll start with Sherwood Chillingworth, then Alan Balch, then

Larry -- no, I'm sorry, then Mike Pegram, then Larry Swartzlander, Jerome Hoban, Joe Morris, Josh Rubenstein, in that order.

So Chillie? Chillie, are you here?

If Chillie is not here, we'll move on.

EXECUTIVE DIRECTOR BAEDEKER: He's here. He's here.

CHAIR WINNER: Oh, there he is.

Hi, Chillie.

MR. CHILLINGWORTH: Good afternoon.

CHAIR WINNER: Sorry to wake you, Chillie.

MR. CHILLINGWORTH: Mr. Commissioner [sic] and Commissioners and Staff, my message today is what's gone wrong with the industry? When I started --

MR. MILLER: Please state your name for the record.

MR. CHILLINGWORTH: Sorry. Sherwood Chillingworth, Oak Tree Racing.

MR. MILLER: Thank you.

MR. CHILLINGWORTH: When I started in this business back in 1970, everybody was friendly. I mean, the tracks got along. If you had a starting gate that didn't work, you called and somebody brought one that worked. Now you call them of a starting gate, they tell you where to go.

So anyway, to me, maybe this is the problem with

the whole industry. We used to get along so well and do favors for each other. And that whole -- it's now become competitive, competitive as to where you get the last buck, and it's not sporting anymore.

I remember when I sat next to -- Alfred Gwynne Vanderbilt was to my left, Cecilia Harper, who was in front of me, and so forth, and it was group that you could talk to and there weren't any hard feels.

Anyway, one of the things I'd like to point out is that I think that the staff at Pleasanton did a marvelous job in getting us ready for the opening of the fall meet. They did it in a big hurry and it was very effective.

What was, as you know, a two-week with three days in each week. And the first day was Friday and we had a terrible card. And our total handle was $830,000. And I thought, oh god, what happened here? The next day it was over $1 million. It went up $200,000 every day. And the last day, which was a Sunday which you would expect to be not a good day, the total handle was $1,683,000. And our total handle for the meet was $7.5 million, all.

So you can do this. And we took a chance. We went without a fair structure built around us, and people were there. I was surprised how many people showed up, and it was really like back in the old times.

But the trouble is what you have to do is keep

feeding that. We found out a couple of things, like giving beer busts and $2.00 beers, and strawberry ice cream, and wine-tasting ceremonies, and that sort of thing, and people really enjoyed that. And they enjoyed racing, once they got there.

One fellow said to me on my first Sunday there, he said, “When did you decide to put this thing on?”

“I said, it was about a couple months ago.”

He said, “I never heard of it. I’d come to the track every day. I’m coming every day from now on.”

So you can get people excited and stimulated, just by horse racing. You don’t have to do a whole lot extra. You do have to do some entertainment sort of things to bolster the interests.

Anyway, I’m thinking in the future, the reason we selected and worked out a problem with -- worked out an agreement with Pleasanton was they have a great location. They’re like 20 miles from Oakland. They’re a 40-minute tram ride from San Francisco, and 25 miles from San Jose, now the second largest city in the city. So it’s a great location for the future, and that’s what we were looking at.

And I understand why Santa Anita -- or Golden Gate would like more dates. I guess we all would. But I think you have to look back at the history of California racing. It started in Northern California racing, and it has

continued now for 100 years. And if you bought Golden Gate, you had to do some research and know that the dates for fair races were sacrosanct. That's the thing they did every year and nobody ever thought about changing that. And I think we have to give some credence to that philosophy.

At any rate, I know this is a very difficult job for you. I slept about two hours last night, I usually sleep very well, thinking about what was going to happen today. And I'm sure that we'll come up with some solution eventually, and hopefully today.

Thank you.

CHAIR WINNER: Thank you.

Any questions for Chillie?

COMMISSIONER SOLIS: I do.

CHAIR WINNER: Chillie, come back. Commissioner Solis has a question.

MR. CHILLINGWORTH: Yes?

COMMISSIONER SOLIS: If this meet keeps you sitting for the future, will Oak Tree and Pleasanton consider to put a grass course in at Pleasanton?

MR. CHILLINGWORTH: To do what? I'm sorry, I couldn't understand.

COMMISSIONER SOLIS: If these dates of this meet that you have --

MR. CHILLINGWORTH: Yeah.

COMMISSIONER SOLIS: -- will keep you sitting, like it is, will you consider -- Oak Tree and Pleasanton will consider to add a grass course?

MR. CHILLINGWORTH: Yes. We have -- right now we have no agreement with Pleasanton, and we're looking to the future. Our agreement with them expired. And we would like to continue. Was that your point, that we could continue in that operation?

CHAIR WINNER: No. The question was --

MR. CHILLINGWORTH: I couldn't hear the question.

CHAIR WINNER: Chillie, first of all, that's news to me. What you just said is news to me --

MR. CHILLINGWORTH: Yeah.

CHAIR WINNER: -- that you don't have an agreement with Pleasanton going forward.

MR. CHILLINGWORTH: Right.

CHAIR WINNER: But I think Commissioner Solis was asking, if Pleasanton was given the dates that the -- Stockton dates, and if you were a part of that, would you commit to putting in a grass course?

Is that correct?

COMMISSIONER SOLIS: Yes, correct.

MR. CHILLINGWORTH: One of the things we -- I'm saying we don't have an agreement with Pleasanton, but we

talk all the time about a grass course. And I think there's some way we can put that grass course in.

I was talking with a friend of mine about how we get financing on that. And Del Mar did a great job getting corporate -- public bonds to build the stadium. And I think we can do it. But, you know, you cannot invest that kind of money unless you know you're going to be there a while to recover the investment, so --

CHAIR WINNER: Well, you said at meeting after meeting after meeting, we've asked Pleasanton, if we gave -- this is when we were talking about a three-year commitment.

MR. CHILLINGWORTH: Right.

CHAIR WINNER: If we gave them a three-year commitment, would they be willing to put in a grass course? And we've never gotten an answer in terms of a commitment. What we've gotten is, well, it's a chicken and egg.

MR. CHILLINGWORTH: That's the problem.

CHAIR WINNER: Well --

MR. CHILLINGWORTH: You know, if you go to get financing the financing says, well, where's you're agreement?

CHAIR WINNER: Right.

MR. CHILLINGWORTH: And --

CHAIR WINNER: Okay. So let me come back to the point you just made that was news to me, and I apologize if

I should have known it. You're saying you do not have an agreement with Pleasanton going forward?

How much did Oak Tree put into this successful meet that just took place?

MR. CHILLINGWORTH: Well, for the last three years we've put in something like, say about $750,000 in capital improvements and operating costs. We put $150,000 in additional purses for the first two weeks -- first two months to the meet. And, you know, that's rather significant, and we did it on the come, you know, hoping to get the other.

CHAIR WINNER: Obviously, what I'm getting at, Chillie, if you don't have an agreement with Pleasanton going forward, that could have a negative impact on their ability to continue to be as successful as they were if you're not involved; is that correct?

MR. CHILLINGWORTH: You know, that would be self-serving if I say, yeah, that's correct. I think they're very capable of doing things themselves, but we would like to be part of the activity. But we haven't because this whole thing about where we're going to run the fall dates this year was up in the air. And we haven't even figured out the profitability so far of the last two meets. So it's a little early to make that statement.

We would like to do it, but it has to be on some

basis that Pleasanton will accept.

CHAIR WINNER: Okay. Thank you very much.

MR. CHILLINGWORTH: Okay.

Mr. Baedeker, do you have the numbers that -- one of the things that we did at the Committee was we said we'd put off making a decision on the Stockton dates until after the meet was run, until after we had the numbers to look at. Do you have those numbers?

EXECUTIVE DIRECTOR BAEDEKER: I do, Mr. Chairman. What I did is I asked Staff to do a comparison between the actual dates that were run at Pleasanton this year versus similar dates that were run at Golden Gate Fields. And we took the dates at Golden Gate Fields that were run following the Stockton meet, and we took Friday, Saturday, Sunday so that we'd be comparing six days at Pleasanton this year versus those six days. If you do actual, you go six versus eight and it's a difficult thing to analyze. So we're looking, we think, at apples and apples, six days at Pleasanton and six days with the comparison dates.

Everything in, total handle, Pleasanton was down 3.67 percent from those comparison days at Golden Gate Fields. But when you break it down by origin of wager, it's interesting. On-track numbers were significant down at Pleasanton. But numbers in the ITW network were significant up. ADW numbers were significant up at Pleasanton. But

out-of-state wagering on those races was significant down compared to Golden Gate Fields. So the line graph would look like this. But at the end of the day, everything in, Pleasanton came within 3.67 percent of the comparison numbers at Golden Gate Fields.

The field sizes -- by the way, I should point out, I think everybody agrees that the meet at Pleasanton kind of blew the numbers out of the water from Stockton the previous year. Total handle was up 27 percent. Total on-track handle was up 99 percent. Even out-of-state wagering was up 65 percent. So the Pleasanton -- Stockton at Pleasanton dates versus Stockton the previous year, I don’t think anybody would argue that it was a huge success by comparison.

Field sizes at Pleasanton this year versus Stockton last year, Pleasanton was 7.22, Stockton was 6.3. However, field sizes at Pleasanton this year versus the comparison dates at Golden Gate Fields, Pleasanton was at 7.22, Golden Gate in a comparable period was 7.9. You might put an asterisk next to that, because those dates that we used for comparison at Golden Gate were the first set of dates following the fair season. So we know that there are some horsemen that lie in wait for the racing to return to Golden Gate Fields.

Simply stated, from a handle standpoint, it was

close, 3.67 percent; Golden Gate did 3.67 percent better on the comparison days than Pleasanton did this year.

CHAIR WINNER: Thank you very much.

Mr. Balch.

MR. BALCH: Alan Balch, California Thoroughbred Trainers.

MR. LAIRD: I think you turned it off. You just turned it off.

MR. BALCH: Green light on?

First of all, just an opening comment on the numbers we just heard. Clearly, that's six days against six days. But one of the advantages of Golden Gate is that they would race eight days in the same period, and have a turf course. So I think those things need to be said because it is a whole different situation. I'm not denying, and in fact we're very pleased to see how well Pleasanton did. But from our standpoint the comparison is about raising opportunities, number of races to be run, use of the turf course, and total handle.

One reason the handle, of course, at Pleasanton is as good as it was when you talk about the satellites is because Golden Gate is a great satellite when a fair or a fair location is racing, as opposed to when Golden Gate is racing it just has the fair satellites. Golden Gate's satellite made Pleasanton's numbers look very good.

I'm not going to try to give you a lengthy presentation. I have submitted a letter to the Board, dated October 18th, yesterday. It is very lengthy. There's no reason for me to read it. I hope the Commission takes note of it. I've tried to circulate it to others that are involved. I know that because it was just finished yesterday, many of them have not had the chance to read it.

I won't repeat many of the comments that have been made before but I do want to -- by other speakers, but I do want to emphasize a couple of things.

First of all, we do believe, as we have consistently stated to this Board and its Committees, that Sonoma County, Santa Rosa, we believe by the proposal of the Committee is being disadvantaged. We don't think it's fair. We don't think it's wise. They have done the investment in the turf course. There were these same types of conversation, of course, back when, when they did do it. They made the investment. We believe their position in the calendar, which was historical, was extremely important and should be respected.

It is not Santa Rosa's Fair that has moved. It has been Cal Expo's Fair and fair dates that have moved. There were a couple of years or more that Cal Expo did not race thoroughbreds. Cal Expo's dates have changed. And by inserting Cal Expo into that position in the calendar after

Pleasanton is really one of the main reasons we're here today. We don't think that's fair. We don't think it's wise. And we think the objective figures speak for themselves on a daily average basis and on a total basis of how much more productive the racing is at Santa Rosa for many, many reasons.

With all due respect to Mr. Pickering, who quotes the gross figures at Cal Expo, I don't deny that the figures he cites are accurate. But let's look at facility utilization. There's a great deal more racing, because they do include harness racing, there's a great deal more racing at Cal Expo than Santa Rosa. So there's all kinds of ways for Cal Expo to justify its investment in the racing facility, whereas Santa Rosa has two weeks and two weeks or three weeks only of racing.

CHAIR WINNER: Mr. Balch, let me interrupt you for just one second.

MR. BALCH: Sure.

CHAIR WINNER: I don't want to speak for Santa Rosa, but my understanding is that Santa Rosa cannot support flipping those dates to what is called the Alternate Proposal, which would give Santa Rosa -- would flip, basically flip Cal Expo and Santa Rosa, which is, I think, what you're advocating. Santa Rosa is not in favor of that.

MR. BALCH: No, that's not what we're advocating

in our letter. I did notice this. I did double check with Ms. Bartling, and I understand the point. But we have to recognize that given the move of Cal Expo, that part of the problem is that the fairs, the fairs themselves overlap by one week. The last week of Cal Expo and the first week of Santa Rosa are fair dates, meaning for the fair activities, and they overlap.

So the only way that that can be accommodated is to recognize that that's there and award that conflicted week to Sonoma County, Santa Rosa.

Now Santa Rosa, with a two-week period, could, I think, probably run as many or maybe one shy of the number of race dates that it would run if it had a three-week meeting, and very productively because they have a turf course.

CHAIR WINNER: So what you're recommending is that Santa Rosa get three weeks and Cal Expo get two weeks?

MR. BALCH: No.

CHAIR WINNER: Is that what you're --

MR. BALCH: Two for each.

CHAIR WINNER: Explain what -- okay, two for each.

MR. BALCH: Two for each.

CHAIR WINNER: Moving Santa Rosa?

MR. BALCH: Moving Santa Rosa, correct. And I grant you, as everybody up here has said, you have an

extremely difficult thing. Not everyone is going to be happy, et cetera, et cetera, and that certainly applies to that.

I think the critically important point, well one point that hasn't been made yet that I think should be made is that we believe that California breeding is disadvantaged by the proposed schedule. When you analyze how the breeding industry has changed in California over the decades, it's shifted more and more toward the north. I provided the figures in my letter.

The largest breeding zone, Zone 5, is from the San Francisco-Bay Area north, which has 36 breeding farms; 35 percent are in the south. And I think that's extremely important because Golden Gate Fields as sort of the home of racing in California, I would echo Mr. Daruty's points, is exceptionally important to keep not just viable but productive. We think that they are being disadvantaged. Mr. Daruty has provided you the figures over the last several years.

The Racing Board, in its wisdom, provided approval of its license applications to gain the number of dates and interests that they have in California, in accordance with the law. And to subtract racing weeks from Golden Gate, we think is not in the interest of the state of California or racing. We think it's critically important that they

continue to do the best they can and to have additional racing opportunities, frankly, including the Stockton dates. We think that's the only way that we're going to generation the funding that is required for the stabling that we need in Northern California is to have racing -- optimize racing dates at Golden Gate.

I could go on and on, but I better take a breath.

CHAIR WINNER: Let me ask you a question, and then I'll turn it over to my fellow Board Members.

What would your position -- what would CTT's position be about -- with respect to giving Pleasanton two other weeks in the spring, for instance.

MR. BALCH: We do note that in our letter. We think that's something that Mr. Daruty has mentioned before. Clearly, it is possible for Pleasanton to do a very good job conducting a meeting without fair activities. We don't understand why they wouldn't want to avail themselves of that opportunity in the spring. People say Golden Gate has too much racing. Well, Golden Gate has suggested that Pleasanton look at a spring meeting. It's been discussed many, many times.

I do want to make a minor correction but an important correction to one thing that Mr. Daruty said. And I think when Joe Morris gets up here, he would touch on this, too, and that is that two-year-olds do start racing in

April, not at the end of the -- not just beginning with the fairs, but we need two-year-olds early in the year to be training so that they can be ready to race in April. So we would endorse looking at a situation like that, absolutely.

CHAIR WINNER: Any other questions for Mr. Balch? Alex?

Thank you, sir.

MR. BALCH: Thank you. Thank you.

CHAIR WINNER: Next, Mike Pegram.

MR. PEGRAM: Mike Pegram, TOC. I want to spend my time talking about the stabling situation up in Northern California.

One of the reasons that we got in this situation that we're in right now is in the past the horsemen only had a one-third vote in the north. With the new legislation, that has now changed. So with this new opt-out situation that we're in now, the horsemen have always voted no on this. The TOC has voted no with this. And we have consulted with the CTT and they were not in favor of ever having an opt-out with the stabling situation.

So the new legislation is passed. The TOC is willing to up the rate from one-and-a-quarter percent to two percent. That will have an impact of purses of $765,000 to the purses, and we think that's money well spent.

What will it do?

Number one, it will give us the money to wipe out our deficit that we're sitting at right now, which is considerable.

Number two, it's going to give us -- and there's a whole lot of conversation going on, on how many stalls we need. I know Golden Gate feels in their heart that they can get by with 1,500. We are still very concerned, as you've heard other people talk about right now, when these two-year-olds start coming in, 1,500 very well may not be the number. And how do you end up doing this without Pleasanton?

So we've got a lot of concerns going that direction with this stabling and vanning with the opt-out.

Also, we have very big concerns if CARF opts out and closes Golden Gate during the summer. I mean, if I was a trainer up north and thinking I'm going to bounce from fair to fair to fair, I don't know how, economically, that's going to happen, and how we don't run out owners of California. We all know that we do not have enough owners in California now. We don't have enough horses.

So if we make this more difficult for everybody up in the north, I just think we can have some consequences that we're not going to be happy with.

As far as the race dates go, you've heard our position all along, so I don't want to beat a dead horse

there. You guys know the issues. You know where the TOC stands on it, and we'll accept your decision.

But please, on this stabling thing, I think we can be walking into a trap here that can have some unintended consequences.

Any questions?

CHAIR WINNER: Mike, when you talk about this stabling issue, I mean, obviously if Pleasanton -- it seems to me the issue may be who's going to pay for Pleasanton staying open and Golden Gate staying open. Scott was talking about if Golden Gate is going to stay open, then obviously CARF ought to be helping to pay for that or paying for that additionally.

MR. PEGRAM: Here's where, with us, our position is, we will take up to two percent, as long as is the racetracks. Now, were not going to throw in purse money if the racetrack is not throwing in their commission money.

But our position is right now we will take the extra three-quarters of a percent going from one-and-a-quarter up to two to keep both facilities open. That will be enough to pay and take care of the deficit, as I understand the numbers.

CHAIR WINNER: Thank you.

Questions?

COMMISSIONER SOLIS: I just wanted --

CHAIR WINNER: Yes, please, Alex.

COMMISSIONER SOLIS: I just wanted to add something that Mike just mentioned, and that's it's so important for two-year-olds to be in an environment of -- a good environment. If you send a two-year-old to an environment where you have 1,500 horses going around there, it could be a disaster. It could cause a lot of accidents, because a lot of these babies, they're just green. So being in an environment like Pleasanton, it would bring a lot of benefit to all of us.

MR. PEGRAM: Okay. Thank you.

CHAIR WINNER: Thank you.

Okay. Larry Swartzlander.

MR. SWARTZLANDER: Chairman, Commissioners, Larry Swartzlander, Chief Operating Officer for CARF. On the dates, I'll talk to the dates, then I'll briefly talk about stabling at the end.

In 1999, when I came to California and joined CARF, we had 93 racing dates. In 2015 we had 43. The calendar we put before the Committee increases that to 48. It's a consensus of the fairs that are in CARF. It solidifies the Pleasanton position to capture the July 4th period. It keeps the State Fair with their third week. It gives Humboldt the opportunity to run overlapped and secure a future. And the Pleasanton dates are self-explanatory.

The fairs are looking to the future. When you use the term fair, sometimes if you look at a fair it's the ultimate in marketing, because we have the luxury of having a fair. It draws people. It draws families.

What we've done with Pleasanton is take the next step. We understand that we're going to have to run dates without fairs, so we had to put a marketing plan in place, similar to what we did at Pleasanton, you know, a wine fest, a beer fest, and I think it was very successful. We heard the numbers and we could beat it to death. That's gives us the days, gives the numbers. It gives it a chance to start to reinvest in racing, put a turf course in at Pleasanton and/or State Fair. Everything we're looking at in the calendar we've given you is the opportunity to move forward.

On the dates' situation, CARF's position is quite clear, we're willing to support a fiscally responsible position. Now the history of this fund, it's always been a pool. CARF was always outvoted, whether it was Bay Meadows, TOC, Golden Gate, we just sat in the back. Did we want to pay $15,000-$20,000 a day for stabling the summer? No, why should you? We've got 4,000 empty stalls.

So as the things go forward here, if we raise it to two percent the first one standing in line is Golden Gate, and Golden Gate says they will opt out. CARF is not driving this train.

That’s all I have to say.

CHAIR WINNER: Any questions?

Yes, Commissioner Beneto.

COMMISSIONER BENETO: Larry, are you speaking for the trainers and owners on the stabling? I mean, what I’m trying to ask, the question I’m trying to ask is are you in favor of the fair horses move out of Golden Gate in June and stable at the fairs, is that what you’re -- I kind of picked that up.

MR. SWARTZLANDER: Well, right now with the numbers that are thrown out to you, we would have to pay $16,900 plus $7,000, you’re looking at $24,000, you know, a day for an auxiliary stabling facility. And if you want to look back up, then CARF contributes 30 percent, Golden Gate 70 percent, we’re going to have to pay out of pocket and we can’t afford it. And why should be afford it? Because we’ve got Sacramento sitting open, Santa Rosa sitting open that we would use.

COMMISSIONER BENETO: I agree with you on that. I think Golden Gate should shut down in the summer and let the fairs move -- the horses move from fair to fair, like it used to be.

MR. SWARTZLANDER: Well, and --

COMMISSIONER BENETO: And in those days we had full barns of stabling. We weren’t short of horses. In

those days every race was a 10-12 head card. So with the shortage of horses we've got now and the number of stalls we've got, we don't really need Golden Gate during the fairs.

MR. SWARTZLANDER: Well, and I wouldn't certainly wouldn't back off --

COMMISSIONER BENETO: They should --

MR. SWARTZLANDER: -- from an offer from Golden Gate if they said that, well, we'll stay open for $7,900 a day, which we would pay Pleasanton or Sacramento.

COMMISSIONER BENETO: Yeah. But we got empty stalls in all the tracks.

MR. SWARTZLANDER: Yes.

COMMISSIONER BENETO: They're not being used.

MR. SWARTZLANDER: Yes.

COMMISSIONER BENETO: They should be used.

MR. SWARTZLANDER: It's an option.

CHAIR WINNER: So you're suggesting, as I understand it, correct me if I'm wrong, Larry, that you're okay with Golden Gate closing during that period, recognizing that it's putting a lot of people out of work --

MR. SWARTZLANDER: It's a --

CHAIR WINNER: -- and out of housing?

COMMISSIONER BENETO: No, you're not putting them out of work. They travel with their --

CHAIR WINNER: Well, they don't.

COMMISSIONER BENETO: They do.

CHAIR WINNER: But go ahead.

MR. SWARTZLANDER: There's an argument on both sides to that, you know, the two-year-olds, people, putting them out of work, the transition. And one of the arguments I had at the last meeting was that we're taking a negative approach here when we start saying we want to close this, we want to close that. We want to take a positive approach.

Do we want to close Pleasanton? No, we don't. Does Jerome Hoban want to close Pleasanton? No, he does not. But if somebody wants to step up to the table and make sure that we get the money for that stabling, it was brought up by the TOC about going back to stall rent, $5.00 a day, they would have done it. They've refused to do that, said it's not palatable, so now we're back to the two percent.

CHAIR WINNER: Okay. Any other questions?

COMMISSIONER SOLIS: Yes, I do.

CHAIR WINNER: Commissioner Solis.

COMMISSIONER SOLIS: Just trying to, as senator -- Steve Beneto say, in the past they used to -- all the barns used to travel from fair to fair. And I just wanted to have an idea how they did it. Because nowadays I see moving from here to Del Mar, being on the backside is a big mess. And how are we going to get the help to go to all these places

with their family and spending all their money? I just -- I don't see it done. Because I've been in the barn, helping people move to other -- to Del Mar, let's say Del Mar, and it's not that easy.

CHAIR WINNER: Or moving from Golden Gate to Ferndale.

COMMISSIONER BENETO: It's not easy, but --

COMMISSIONER SOLIS: It's awful.

COMMISSIONER BENETO: -- that's the way it was done.

COMMISSIONER SOLIS: Exactly, that's how it was done.

COMMISSIONER BENETO: And --

COMMISSIONER SOLIS: But now things are different. I mean, it's --

COMMISSIONER BENETO: I don't know, a horse is a horse and a jock's a jock and --

CHAIR WINNER: Yeah, but the costs --

COMMISSIONER SOLIS: Yeah. But you don't --

CHAIR WINNER: -- are different.

COMMISSIONER SOLIS: You don't grab your groom.

COMMISSIONER BENETO: And a groom is a groom.

COMMISSIONER SOLIS: You don't grab your groom and you put him in a suitcase and let's go, and put him in the backside of where they don't have a place. Let's be honest.

If you had a place like Stronach has at, let's say, Gulfstream Park, and a place like they have at Palmetto, those are a wonderful place. If I'm a groom, I'm going there, of course. But as you throw them where they live, that's not fair either.

So we have to do something right for these people. I feel like, yeah, people used to live that way. Now it's different. Now they have family that live close by. And let's be honest, the industry is -- I mean, the economy is not like it used to be, so it's hard.

COMMISSIONER BENETO: But, Alex, I agree with you, things have changed, but we're talking dinero, money.

COMMISSIONER SOLIS: Exactly.

COMMISSIONER BENETO: And when we --

COMMISSIONER SOLIS: Well, let's get -- let's put some dinero into this groom to find him a place to live when they go to those fairs.

CHAIR WINNER: All right. Thank you, Larry.

MR. SWARTZLANDER: Thank you.

CHAIR WINNER: Jerome Hoban.

MR. HOBAN: Good afternoon. Jerome Hoban, Alameda County Fair, Oak Tree at Pleasanton. I just want to put a positive spin on this.

Thank you. Thank you for supporting Alameda County Fair in your recommendation so far. Thank you for

supporting the Stockton fall race meet, whatever we want to call it. It was a blockbuster. We put our best foot forward. We've shown that it can be done.

Our intent is to grow racing in Northern California. That's what we're here for. That's what my board is here for. We are a flagship of Northern California fair racing. We believe we can be more, and that's what we're here to do.

So I put myself up here to make sure that you have the opportunity to put me on the hot seat. I know I've answered every question three or four times, but I am here if, Commissioner Solis, you have other questions. I do know that it was brought up in the Stockton meet, would we race four and four? Absolutely. We just didn't do it this year because we wanted to mirror the event of the Stockton race meet. So next year, absolutely. Now we know it can be done.

CHAIR WINNER: Are you -- first of all, congratulations on a very successful meet --

MR. HOBAN: Thank you.

CHAIR WINNER: -- and the job that you did in marketing it and promoting it. I thought you did a terrific job.

Are you in negotiations with Oak Tree?

MR. HOBAN: Oh, absolutely. It's not much of a

negotiation. The only reason we don't have an agreement at the moment was we just finished the race meet. It was a three-year deal that we extended one more year. That's not going to be a problem. Our organizations work very well together, and we will come to a conclusion.

In answer, you know, basically the Stockton race meet that we ran, we were 50-50 partners. If we're going to lose money, we're losing it together. If we're going to make money, we're going to make it together. So far we're not really making much money, but we are trying to make a difference together. We made this partnership to grow racing, not to shut somebody out, which Oak Tree has been shut out in the past. So easy question.

CHAIR WINNER: Any other questions with respect to --

COMMISSIONER SOLIS: What about --

CHAIR WINNER: Go ahead.

COMMISSIONER SOLIS: -- the same question that I asked before, if this meets keeps you sitting, will you consider putting in a grass course?

MR. HOBAN: Absolutely. The success of race meets are what is going to drive this. As I have addressed the Committee in the past, we have multiple documents that show a turf course in our future. It's always been part of our vision plan, since 2010. There's an updated vision plan on

our website, as well, that was adopted in 2014 that, again, shows a turf course. It is a chicken and the egg kind of argument. But I would say that two-week race meets doesn't get that done. We know that. We hear that from Golden Gate Fields that it's very difficult for them to make it in three weeks. We're putting our best foot forward at two weeks for the Stockton meet to maintain those dates as CARF dates.

I should reiterate that CARF is a co-op. We share expenses. And the only reason that we can have this many tracks viable in California is because we are a co-op and we share those expenses.

So absolutely, that is in our future. That is in our vision. It's always been there.

CHAIR WINNER: You actually got five weeks of racing, if you add the Stockton meet; right?

MR. HOBAN: Correct. Yes. Yeah. But --

COMMISSIONER SOLIS: And that's one of the main things that the horsemen worry about, you know, they're missing those grass races. They're going to keep their -- they're losing races because they have to keep their horses. If they cannot run on the grass, I mean run on the turf, they're going to keep them in the barn.

With Golden Gate, you know, if you have horses that don't run on the grass, they can adjust to synthetic a lot easier. So let's keep that in mind.

MR. HOBAN: Absolutely. I'm on the same page.

COMMISSIONER BENETO: Jerome --

MR. HOBAN: We want to grow horse racing. That's the game plan.

COMMISSIONER BENETO: Jerome, I'm hearing so much about turf racing, I'm getting sick.

But anyway, did you ever run the numbers, what it costs and how many days of racing you need to make a breakeven?

MR. HOBAN: I think we'd be putting a dent in this kind of thing. Are you talking about for one race meet or for a turf course?

COMMISSIONER BENETO: No. I'm talking about -- the question goes to you about putting a turf course in?

MR. HOBAN: I would venture to say, and, you know, this is all a crap shoot, but we know what it costs in our estimates from 2010. We' have to escalate those numbers. To put in a turf course, we're probably looking at $7 million. You know, now we're talking three race meets, a spring, a summer and a fall, but not two-week race meets. Then you have to be competitive to start to create a second hub of racing so that Golden Gate and Pleasanton are hubs of racing in Northern California.

COMMISSIONER BENETO: But did you run the numbers to say I've got to have 20 days or 30 days of racing a year?

MR. HOBAN: No. I don't have an analysis like that.

COMMISSIONER BENETO: Because I'd like, if you've got time, to run an analysis on it.

MR. HOBAN: I would love to do that. I think that's a good idea.

COMMISSIONER BENETO: And also what the upkeep is going to cost you per month --

MR. HOBAN: Yeah.

COMMISSIONER BENETO: -- to keep that course going.

MR. HOBAN: Yeah. Very good. Thank you. Any other questions?

Thank you for the support. Appreciate it.

(Colloquy Between Chairman and Executive Director)

CHAIR WINNER: Thank you.

Josh Rubenstein.

MR. RUBENSTEIN: Josh Rubenstein, Del Mar. I'll be brief. I know it's been a long day.

I realize the Board is trying to satisfy many constituents here, but I wanted to make you aware of one impact to the south if Ferndale is awarded in an overlapped week. The last time that happened was 2011. And the impact to purses at Del Mar was negatively impacted by $180,000. And that's just simply due to the fact that our customers

bet less on Ferndale than they do on Golden Gate.

CHAIR WINNER: Thank you.

Any questions?

EXECUTIVE DIRECTOR BAEDEKER: Hey, Josh, can I ask you a question? I though, and maybe I'm confusing things, but I thought that money that was bet in the south stayed in the south.

MR. RUBENSTEIN: It stays here, right.

EXECUTIVE DIRECTOR BAEDEKER: So -- oh, I see what you're seeing. So there was less money bet by your customers on Ferndale?

MR. RUBENSTEIN: Right.

EXECUTIVE DIRECTOR BAEDEKER: There wasn't any lift in other areas or -- so --

MR. RUBENSTEIN: No. I mean, just the baseline math, purses got $37,000 when Golden Gate ran, Ferndale, $8,700 a day when they ran.

CHAIR WINNER: So the cost to purses, the cost to the horsemen is how much?

MR. RUBENSTEIN: $185,000 just for that one overlapped week. Yeah.

COMMISSIONER KRIKORIAN: Well, I don't want to keep bringing up the same thing. We talked about this earlier, someone else brought it up. But you're going to be shut down for an extra week this year. How much is that

going to cost?

MR. RUBENSTEIN: Well, it's significant going from eight to seven weeks, yeah.

COMMISSIONER KRIKORIAN: Yeah. Okay. I rest my case.

(Colloquy Between Chairman and Commissioner Krikorian)

CHAIR WINNER: All right, I don't have any more speakers. Does anybody else want to speak?

Joe Morris, I missed you. Where did I miss you? I threw your card away. I apologize.

MR. MORRIS: Robbed.

CHAIR WINNER: My apologies.

MR. MORRIS: Joe Morris, Golden Gate Fields. And I'll try not to repeat a lot of what's already been said, but I do want to make a couple of points.

One, and it's been stated, we did work hard with the stakeholders in the south to get an agreement done. We've worked equally hard in the north, maybe even harder. And, you know, we have -- we are in agreement with the TOC, the CTT. There's even one CARF calendar that we're in agreement, the one with the two overlapped weeks. So there's a bunch of stakeholders who are together on one part of the calendar. It's not the one that was recommended by this Committee last week, but we are in agreement. We have come a long way with that.

We're just not looking to lose anything in the summertime. You know, we race four days a week, as has been stated. Golden Gate this year to date, now Santa Anita is up eight percent in this particular meet, but we're the only track in the state that's had an up meet. The December 26th to middle of June meet was up two-and-a-half percent. So when you hear marketing, investment, I mean, we're putting into that place also, and have the only meet in the state with an up.

Now, we've seen all sorts of numbers on the fall meet. I'm going to throw my numbers in, and this is the fall Stockton meet. And I'm comparing it, handle on their races. So this is the handle that was bet on the Stockton-Pleasanton-Oak Tree races versus the handle on the Golden Gate races the same period the year before. We did have two Thursdays. But as I said, we raced four days a week. And that does help the industry with those extra days.

The handle in those two periods was down $5.7 million. The purses for those two weeks were down $229,000. And the commissions were down $208,000. Now I'm not taking in what we're betting on other states. This is what was bet on those two products. And I think, I mean, everybody's thrown their take in on the numbers. I just wanted it to be documented that well.

CHAIR WINNER: Do that one more time.

MR. MORRIS: Yeah. So at Golden Gate, and again, it was a four-day meet versus a three-day, we handled 13.2, this is handle on the Golden Gate product, versus 7.5 on the Pleasanton product. Purses paid -- we generated $920,000, they generated $690,000. And commissions were $794,000 versus $585,000.

EXECUTIVE DIRECTOR BAEDEKER: That's eight days versus six; right?

MR. MORRIS: That's eight days versus six, and that's just on what is bet on the Golden Gate product and on the Stockton-Pleasanton product.

EXECUTIVE DIRECTOR BAEDEKER: Just in fairness, they just --

MR. MORRIS: It's just another way to look at it.

EXECUTIVE DIRECTOR BAEDEKER: In fairness, they just said they're planning on eight days in the dates before the Board now.

MR. MORRIS: Well, and they always say they're going to go more. But if you look at the schedules, most of the fairs have three-day meets as a part of their ongoing schedules. I mean, you know, as we've had this same debate over since 2011, you even look and Sacramento has dropped races as they've gone along.

So it's good. Four days, I think, helps. It certainly helps the horsemen. There's a lot of people who

make their living from the per diems. They get paid by the race day. And when there's a less race day, they don't get paid. So, you know, the more days the better.

A couple other points I'd like to make on Golden Gate. I don't think there's any arguing it, we have the safest racetrack surface in California. That Tapeta surface is kind as to horses. There's no arguing that, I don't think. I don't know why we would want to come off from that. We have the turf course.

You get into the un-overlapped week again, another thing that hasn't been considered, but that's going to give most of the jockeys in that colony a week off. You know, it's more Oregon riders, Idaho riders that come down to Humboldt. And even if they were to go up, they have the expense of that. And you take away a couple mule races, there's four or five races, six races a day with four to six horses a race. So that's just another unintended consequence with that.

There's probably 400 people, there's been questions earlier, but there's probably somewhere around 400 backstretch workers that live at Golden Gate and work at Golden Gate. So if that closes, that's the number that's going to get moved to somewhere else. And as you talk on people getting laid off, if Golden Gate gets closed it's probably 40 bodies that would get laid off, to answer

Commission Winner on that.

We're not -- we're just not looking to go back. We'd like to be able to, you know, stay the same. We halved the loss that we've -- from last year to this year. We can see that coming down again. This schedule that the Committee has recommended will put us in the other direction where we'd lose more than we lost this year.

That's all I had.

CHAIR WINNER: Thank you.

All right, it's time for the Board to speak, and I'll just go right down the list to see if anybody wants to comment.

Mr. Solis, I'll start with you.

COMMISSIONER SOLIS: Well, at this point I really -- I don't know if I can vote on any of this right now. I'd like to see the full Board to participate, because we really -- it seems like nobody really is trying to give something to help racing. I mean, we, here at the board, we are supposed to look out for the best of racing, for best of horsemen, for best of the state of California.

And I think we should consider today as business-wise, you know, competition is good. Who performed the best should get rewarded with the best days, race days. And whoever promote racing and market racing the best should be rewarded that way. It's who performed the best, that's my

opinion, and that's the reason that I cannot really vote on this today.

CHAIR WINNER: Commissioner Krikorian?

COMMISSIONER KRIKORIAN: Well, I spoke my mind last week. And I guess I'm the one that made the proposal that was accepted, that's gotten trashed around here today.

I would say this, that the proposal that was made was based on consensus of everything that was said, you know, over the past couple of months here now about the race dates, and no one has seemed to be willing to be flexible to make any changes. On the basis of everyone holding ground on their positions, I think that it's, you know, it's fair.

I would like to have seen one change in here, which was just simply to take Sonoma and switch it with Cal Expo on the dates. But it doesn't seem to work for Sonoma, and it wouldn't make Cal Expo happy.

So we're talking about for one year, I think that my recommendation is we move forward with what we discussed last week. And we'll have a whole year to think about how we can change things moving forward that would improve the situation.

CHAIR WINNER: Mr. Beneto?

COMMISSIONER BENETO: I fully support George Krikorian on what he said. The Committee met and we've come up with the race dates that we thought would work. And I am

not voting. I accept that.

CHAIR WINNER: We did try to see if there was an option that Commissioner Krikorian mentioned to try to satisfy the situation with Santa Rosa that I think so many support, though obviously Cal Expo doesn't, but that didn't work for Santa Rosa. And I don't think it worked for Cal Expo.

The issue of the overlap, that, by the way, would have given Golden Gate another week, which maybe would have solved part of that issue. But it doesn't work if neither of the two fairs want it.

So here we are again, in my opinion, dealing with a situation where the fairs are not able to accommodate, and therefore racing is put in a situation where we're having to make decisions, this is my view, because of carnivals, and because of contracts that carnivals have, and because of fairs. And just like everybody else has said, fairs are very important to racing, racing is very important to fairs, but our job is to do what's best for racing, and not necessarily what's best for the carnival.

So we have a motion on the floor, or we have a motion that came out of Committee. And I'll ask for that -- I'll ask for the motion to be made by anyone on the Board, and then we can vote on it.

COMMISSIONER BENETO: I'll make the motion.

CHAIR WINNER: Okay. So Commissioner Beneto moves the motion to accept the recommendation of the Committee.

Is there a second?

COMMISSIONER KRIKORIAN: Well, I'm going to second it, of course. But I'd just like to say that, you know, keep in mind that there are no other proposals being made here for the Board to consider at this time.

CHAIR WINNER: Well, I'm going to make one.

COMMISSIONER KRIKORIAN: Oh, okay. Well, then I'll just hold.

CHAIR WINNER: No, no. Second it, because I'm going to move an amendment to your motion --

COMMISSIONER KRIKORIAN: Oh, okay.

CHAIR WINNER: -- to the motion.

COMMISSIONER KRIKORIAN: Okay, fine. I'll second.

CHAIR WINNER: All right. I'm going to move an amendment that removes the amendment that was added at the end of the last meeting, thereby not giving Ferndale the one-week overlap. In other words, the one-week overlap that was added by amendment at the Committee meeting, I'm moving to amend this motion to remove that amendment.

COMMISSIONER KRIKORIAN: Can I ask for clarification?

CHAIR WINNER: Yes.

COMMISSIONER KRIKORIAN: Are you saying that

Ferndale gets one week clean?

CHAIR WINNER: No. I'm saying that there is --

COMMISSIONER KRIKORIAN: Okay.

CHAIR WINNER: -- an overlap on both weeks. And that a part of that would be that Golden Gate cannot run any races, any $5,000 or less claiming races during either of the two weeks of the Ferndale meet.

COMMISSIONER KRIKORIAN: Okay. So if Ferndale runs two weeks, but not -- what's the term?

CHAIR WINNER: But they're both overlapped.

COMMISSIONER KRIKORIAN: They're overlapped?

CHAIR WINNER: Right. But Golden Gate cannot run any $5,000 or lower --

COMMISSIONER KRIKORIAN: Okay.

CHAIR WINNER: -- claiming races.

COMMISSIONER KRIKORIAN: Okay.

CHAIR WINNER: That's my motion. Is there a second?

COMMISSIONER KRIKORIAN: Yes, I'll second it. It's a compromise, but I will second that.

CHAIR WINNER: Okay. The motion has been made and seconded on the amendment to the motion.

So how do you vote, Mr. Solis?

COMMISSIONER SOLIS: No.

CHAIR WINNER: Mr. Solis votes no.

CHAIR WINNER: The Chairman -- no, this is only the Board now. We’ve had enough conversations.

Commissioner Solis votes no.

The Chairman votes yes.

Commissioner Krikorian?

COMMISSIONER KRIKORIAN: I vote yes.

CHAIR WINNER: Commissioner Beneto?

COMMISSIONER BENETO: No.

CHAIR WINNER: Okay. Then the amendment fails. The motion is on the floor to adopt the race dates without the amendment.

Commissioner Solis, how do you vote?

COMMISSIONER SOLIS: No.

CHAIR WINNER: How do you vote, Mr. Krikorian?

COMMISSIONER KRIKORIAN: Yes.

COMMISSIONER BENETO: Yes.

CHAIR WINNER: Mr. Beneto?

The motion fails because of the lack of four votes. It requires four votes. It does not have four votes. The motion fails.

So given that -- and I will confer with Mr. Baedeker.

(Colloquy Between Chairman and Executive Director)

CHAIR WINNER: We needed four votes, and there is no other motion on the floor. Unless there is a motion that

is a substitute motion for the motion that was just defeated, what we will have to do is put this over one more month. And we will now hear it at the meeting in November, Northern California race dates.

And maybe, maybe, just maybe during that period the stakeholders can once again give it a shot. We'll probably schedule one more Race Dates Committee meeting between now and then. But in the meantime, I'm begging you, I'm imploring you as stakeholders to get together. And I think everybody agrees, this is an impossible situation for this Board. And I would love to see the stakeholders try to get together.

And I would ask CARF and Santa Rosa especially to see if you guys can't come together and figure out something that works for everybody. I mean, we keep trying to put this puzzle together and we can't do it. So eventually we're going to have to just impose the dates. And obviously, as you can see, there's disagreement on the Board, just like there's disagreement out there.

Hopefully at the November meeting we'll have six members, and that will maybe make it easier to get four votes. But right now we can't get four votes.

So we'll move on. I don't think there are any other items. We're going to put off the --

EXECUTIVE DIRECTOR BAEDEKER: No, the New York.

CHAIR WINNER: Oh, the New York, I'm sorry. Which one is that? That is --

EXECUTIVE DIRECTOR BAEDEKER: It's number nine.

CHAIR WINNER: -- number nine, discussion and action by the Board on the application for approval to conduct Advanced Deposit Wagering of NewCo Ventures North America, LLC, dba NYRABets.com, for an out-of-state multi-jurisdictional wagering hub, for a period of up to two years.

(Colloquy Between Chairman and Executive Director)

MR. ALLEVATO: Mr. Chairman, Members of the Board, I'm Tony Allevato, the President of NYRA Bets. Joining me is Nicole Foley, Assistant General Counsel for NYRA. I have shortened my little speech, much to the chagrin of everybody in the room, because it seems like things have run a little bit long today. I dropped my son off at kindergarten, and I'm worried that if I talk to long I'll be picking him up from high school, so I got to get cracking.

NYRA Bets is an advanced deposit wagering company that is operated by the New York Racing Association. NYRA is a not-for-profit company that conducts year-round racing in New York at Aqueduct, Belmont and Saratoga. NYRA has operated an in-state only ADW since 2007. Despite only being available to residents in New York, NYRA has the fourth largest ADW in the United States. On August 1st we

launched nationally, and we are currently accepting wagers from customers in more than 20 states.

As a not-for-profit, NYRA is committed to the sport, both in New York and nationally. And what we are doing to drive our ADW and racing is a traditional-nontraditional television strategy.

During the summer we launched a television program called Saratoga Live which aired on Fox Sports 2, and a couple regional networks around the country that put us in over 65 million homes for 80-plus hours of television coverage. It’s the largest television deal on national television in the history of horse racing. We used that time to educate, inform and entertain the people that watched our shows, not just about NYRA Bets, but about racing in general.

On a parallel path, we recognize that younger people are no longer watching as much television as they did in the past. And because of that, our shows are available on our NYRA HD app. And what that means is that people who are out and about, or even in their homes these days, who don’t have cable television or are choosing not to watch cable television can download and watch our programs on their iPhones, iPads, Android device, Roku, Amazon Fire, Xbox, and PlayStation devices. And we feel like that’s a big opportunity as to where the television industry is

going.

As a television -- as a racetrack, we partner with the racetracks around the country to do things to help their support grow. For example, this past summer we approached Arlington Park and talked to them about televising their Arlington Million Day as part of our shows. We showed all four of their major stakes' races that day. But prior to that we ran commercials for Arlington Park to encourage people to go to the racetrack or to wager on their racing on not only our TV shows, but also on our simulcast signal.

When Los Alamitos was getting ready to start their recent meet, we also ran commercials at no cost to them to promote Los Alamitos on the NYRA signal, and on our national television product.

With Del Mar, we did a Pick 4 that was a national Pick 4 between Saratoga and Del Mar that had over $600,000 in wagers. And we're looking at doing the same thing for Los Alamitos during the winter meet on their Futurity and Starlet Day.

So we are trying to do things outside of just on the ADW side to help this sport grow. And that's what we're here today for, hoping to get a license in California to compete in this market and hopefully get some new fans.

CHAIR WINNER: Are there any questions?

COMMISSIONER KRIKORIAN: What items are

outstanding right now on the application, if any? Does Staff know?

EXECUTIVE DIRECTOR BAEDEKER: The only item is the labor agreement with Local 280. And Phil Laird has taken a seat here to address that.

CHAIR WINNER: Well, I think, also, Mr. Valenzuela wants to speak on the issue.

EXECUTIVE DIRECTOR BAEDEKER: Sure.

MR. LAIRD: And I'll just say, Phil Laird, CHRB Staff, I will let Mr. Valenzuela speak for himself and Local 280.

But NYRA made us aware during the process that they had been reaching out to Local 280 during this time, and has been soliciting for a labor agreement. But again, I'll let Mr. Valenzuela speak to the status of that.

CHAIR WINNER: All right. Why don't we hear from Mr. Valenzuela.

MR. VALENZUELA: Hello, Ladies and Gentlemen. John Valenzuela, PMEG Local 280 President.

Yes, it turns out that NYRA, NYRAbets.com and NewCo have reached out to us, trying to get a labor agreement.

Back in February we sent all the ADW companies a letter asking that -- the statute was 90 days before getting licensed. So we sent out a letter so that we could talk to

all the ADW companies. A few of them have reached out to us so we could talk to each other.

Come August we got a letter from -- we did talk to Matthew Fague, if that's right, I'm not sure if that's the right way to say his name. He did talk to me. And as we were talking he said he wanted to get a labor agreement. As we were talking he said that they supported labor, and that they were very strong about creating jobs.

And so at that time I did ask, "Well, how many jobs are coming to California?"

And he said, "Well, those jobs are going to go to Oregon." And he also stated that -- and I had nothing, you know, basically, I had nothing against NYRA or anything like that. I think they are doing a great job. Actually, I respect the fact that they have labor agreements with New York unions.

But in the same token, the labor agreement asks is that, first of all, that we're recognized with an agreement to organize. Now, if they have an agreement with New York's labor, we're not going to be recognized in New York to organize. That was the reason why I didn't respond to them, because they're asking me for a similar agreement that was given to the rest of the other ADW companies. So I couldn't really respond to them, asking for the similar agreement at this time.

So what I have asked, I've asked them -- actually, today we were supposed to have a meeting after this meeting is adjourned with all the ADW companies, and I also invited NYRA to be there, so that we can actually talk about, you know, modifying the existing labor agreement -- or, excuse me, the recognition agreement that we have.

So if there's any questions, I mean --

CHAIR WINNER: Do you want to respond to that?

MR. ALLEVATO: Yes. And with all due respect to Mr. Valenzuela, we've tried repeatedly, in accordance to the law, to work out an agreement with them, all the way back in August. We've received no response. We have a detailed account of all the correspondence, including documents that he signed for without any response, other than the initial first conversation over the phone.

Just two days ago we received word of a potential meeting today. That was the first that we had heard of it. I talked outside to Mr. Valenzuela, explained to him that NYRA is very pro-labor. We have over 101 -- I think we have 101 union tellers in New York. And when the time comes in California that we are able, and we hope that that day comes, to be able to have union employees in the state, we certainly would like to work with them and have that happen. It's something that is in our best interest. We'd like that to happen in the long run.

So I'm not sure exactly what more we could have done.

CHAIR WINNER: What is your response to the question about Oregon versus California?

MR. ALLEVATO: What he's referring to is that we have a national Oregon license, just like we have a license in New York. And part of that is to have a call center in Oregon, and we have a call center in Oregon. We do have employees in California currently, including myself. We just don't have any that are union employees currently. But if we get in a position where we can do that, we will certainly talk to them, which I think Nicole can talk more about. But I believe that is the way that the law is written.

MS. FOLEY: Nicole Foley.

I'm not sure exactly what letter Mr. Valenzuela is referring to from February. We were just formed February 24th, so we certainly didn't receive any letter back in February.

We did reach out to him on August 8th. That was the first contact we had. We sent -- there was a conversation he did have with Mr. Fague, my colleague. Since then we've sent numerous emails. We sent a draft agreement, which we understand is substantially similar to agreements the labor union has entered into I the past, and

we received zero response, no response whatsoever.

We have had, I think about seven -- we've tried to reach out about seven times over the past couple of months, and they just have refused to respond.

On October 10th they did reach out and said they wanted to set up a meeting eventually, and they wanted all the ADWs.

But I would note that 19604 does have a prerequisite, and that is that they request in writing a labor agreement, which they have not done.

CHAIR WINNER: Mr. Valenzuela?

MR. VALENZUELA: Yeah. I don't disagree with anything that they said. Exactly as they said, we did not respond. And the reason why, again, I wanted to bring all the ADW companies together. I did send them an invitation to get together, back as far as, what was it, the 10th of October. I never got a response from Matthew until this morning, actually. But I did get a response from all the other ADW companies, that they would be willing to sit down and at least talk to us. And that's what was -- that was, actually, what we had intended to, to talk to everybody as a group.

Now, naturally, they didn't get the letter back in February. But the thing is that we were inviting them so that we can talk with all the ADWs. Because we truly

believe -- and back, I think back about several months ago, before I sent out that letter I talked to Staff. And Staff said it would be better to consolidate all ADW companies, have them all come to an agreement with Local 280 so that they can all be licensed at the same time. And that was a concern. So I'm trying to do everything I can so that we can do it all at one time, and basically the same agreement for everybody.

CHAIR WINNER: Are there any questions?

COMMISSIONER KRIKORIAN: Well, my question is since they're ready to move forward, is it possible that you could meet with them independently, instead of waiting to get all the ADWs together to try to --

MR. VALENZUELA: Well, actually --

COMMISSIONER KRIKORIAN: -- facilitate --

MR. VALENZUELA: Actually, we were going to talk right after this particular meeting is adjourned. We were going to try to talk to all the ADW company representatives that are available at this time. We did lose a few already --

COMMISSIONER KRIKORIAN: I see.

MR. VALENZUELA: -- that have left. But we are willing to sit and talk and so that we can get to an agreement --

CHAIR WINNER: Most them that are here.

MR. VALENZUELA: -- going forward. We’ve got seven total now. Including NYRA, now there’s seven new -- or ADW representatives.

CHAIR WINNER: The --

MR. VALENZUELA: Gene Chabrier is not here. bSpot, she was. Cheryl Yuli (phonetic) was here but she left. She had to leave because she had another appointment, so we’ve lost two. But we’re still willing to talk to them.

And the thing is, we actually had a member of our own. We had a colleague here that was going to help have dialogue with the ADW companies, but he had to leave because of an emergency.

COMMISSIONER KRIKORIAN: Okay. I have a question.

CHAIR WINNER: Yeah, please.

COMMISSIONER KRIKORIAN: Can we possibly approve this with the contingency that they just get this one item resolved?

CHAIR WINNER: I think --

EXECUTIVE DIRECTOR BAEDEKER: I’m sure the answer is yes.

Phil and Bob, this has been an issue, it seems to me, since the first ADW license was presented to the Board. This language in the statute sometimes is misconstrued. I know that there is a notification time frame that was referred to by Counsel.

Do you want to just tell the Commissioners about their ability to approve this, even though this labor agreement has not been executed?

MR. LAIRD: Phil Laird, CHRB. I'm happy to. Though, at the same time I do know, I think, Mr. Miller has a little bit more of the history of this occurring in the past. I don't know if you want to speak to that at all, that it has been approved without these labor agreements before. But --

MR. MILLER: Robert Miller --

MR. LAIRD: -- you can punt back, too, Mr. Miller.

EXECUTIVE DIRECTOR BAEDEKER: -- Counsel to the California Horse Racing Board.

Yes, in the past the Board has approved ADW licenses without the ADW company having a labor agreement.

The question really comes up about these hub or call centers up in Oregon. And at the present time, NYRA has not jobs in California. So there's -- whatever labor agreement would be, would be a future contingency. If and when, you know, NYRA had employees in California, then Local 280 would come into play. But right now it doesn't.

COMMISSIONER KRIKORIAN: So are you saying they don't need it?

MR. MILLER: It's not -- the Board has the discretion to go ahead and approve -- I'm not saying they

don’t need it. I won’t say that. But the Board has the discretion to grant the license without the labor agreement.

MR. ALLEVATO: Commissioner Krikorian, if I may, the statute says,

“The agreement required by subparagraph (b) shall not be conditioned by either party upon the other party agreeing to matters outside the requirements of subparagraph (b).”

I don’t know if that’s how we necessarily want to characterize non-responsiveness. But the point being, I think what Mr. Miller is trying to say is if there’s a situation where other conditions are being placed outside of what should be negotiated through this agreement, at that point that’s technical a violation of the law. So how the Board wishes to address it at that point is really up to you.

COMMISSIONER BENETO: Is there anything else holding, besides the labor deal?

MR. LAIRD: That’s the only thing.

(Colloquy Between Chairman and Executive Director)

CHAIR WINNER: What I would like to do is, given the circumstances that other ADWs’ licenses will be coming up at the beginning of next year, I would like to move -- and there will be issues that will be discussed that will affect all ADWs at that time, I would like to move that we

pass this, but only through December of this year, and then revisit it when we revisit all the other ADWs, which is what, next month?

EXECUTIVE DIRECTOR BAEDEKER: Next month.

CHAIR WINNER: November. But for the purposes of your -- of the Breeders' Cup and doing all the preparation that you need to do, I would move that we approve this through December of this year.

Is there a second?

COMMISSIONER SOLIS: Yes.

CHAIR WINNER: Commissioner Solis seconds.

How do you vote, Commissioner?

COMMISSIONER SOLIS: Yes.

CHAIR WINNER: The Chairman votes yes.

Commissioner Krikorian?

COMMISSIONER KRIKORIAN: Yes.

CHAIR WINNER: Commissioner Beneto?

COMMISSIONER BENETO: Yes.

CHAIR WINNER: Okay. Your license has been approved. Good luck to you. And hopefully you will work with Mr. Valenzuela to reach a labor agreement, because this is going to come up again next month. And we'll obviously take that into consideration.

MR. VALENZUELA: So to be clear, their license is good for the year 2016 -- to the end of 2016, and that gives

us an option to talk to all the ADW companies?

CHAIR WINNER: That is correct.

MR. VALENZUELA: I do appreciate that very much.

CHAIR WINNER: Thank you.

MR. VALENZUELA: Thank you, gentlemen.

EXECUTIVE DIRECTOR BAEDEKER: Talk quick, though --

MR. VALENZUELA: Thank you.

EXECUTIVE DIRECTOR BAEDEKER: -- because it's to the agenda in November.

MR. VALENZUELA: Yes, sir, I hear you, November.

CHAIR WINNER: Okay. Is there anything else on the agenda? No.

This meeting is adjourned. Thank you all very much.

(The meeting of the California Horse Racing Board adjourned at 1:40 p.m.)

CERTIFICATE OF REPORTER

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this 25th day of October, 2016.

MARTHA L. NELSON

CERTIFICATE OF TRANSCRIBER

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

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

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

MARTHA L. NELSON, CERT**367

October 25, 2016