

MEETING  
STATE OF CALIFORNIA  
HORSE RACING BOARD

In the Matter of )  
 )  
Regular Meeting )  
 )

SANTA ANITA PARK RACE TRACK  
285 WEST HUNTINGTON DRIVE  
ARCADIA, CALIFORNIA

THURSDAY, JUNE 22, 2017

9:30 A.M.

Reported by:  
Martha Nelson

APPEARANCES

COMMITTEE MEMBERS

George Krikorian, First Vice Chair

Madeline Auerbach, Second Vice Chair

Jesse Choper, Commissioner

Alex Solis, Commissioner

Araceli Ruano, Commissioner

STAFF

Rick Baedeker, Executive Director

Jacqueline Wagner, Assistant Executive Director

John McDonough, Chief Counsel

Phil Laird, Staff Counsel

Rick Arthur, Equine Medical Director

Mike Marten, Associate Analyst

Francisco Gonzalez, Senior Management Auditor

Wendy Voss, Chief of Administration

ALSO PRESENT

John Valenzuela, Pari-Mutuel Guild, Local 280

Tom Beck, Arcadia City Council Member

Ben Kenney, Watch and Wager

Jack Liebau, Los Alamitos Race Course

Orlando Gutierrez, Los Alamitos Race Course

Becky Bartling, Sonoma County Fair

Stacey Lampham, Sonoma County Fair

Bob Moreno, Sonoma County Fair

Richard Conway, Humboldt County Fair

Joe Morris, Golden Gate Fields

Joseph Rakowski, Golden Gate Fields

Cal Rainey, Golden Gate Fields

Tony Allevato, NYRA Bets

Carter Vance, Churchill Downs

Greg Avioli, California Marketing Committee

Gene Chabrier, XpressBet

Nicole Foley, NYRA Bets

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P R O C E E D I N G S

9:39 A.M.

ARCADIA, CALIFORNIA, THURSDAY, JUNE 22, 2017

CHAIRMAN WINNER: Good morning. Ladies and Gentlemen, this meeting of the California Horse Racing Board will come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, June 22nd, 2017 at Santa Anita Park Race Track, 285 West Huntington Drive, Arcadia, California.

Present - not present today is our Chairman, Chuck Winner, who is away on a well-deserved vacation. We hope he's having a good time and not listening to this meeting.

So we have myself, and Vice Chair, Madeline Auerbach, Commissioner Choper, Commissioner Ruano, and Commissioner Solis.

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

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

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

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

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

18           When all the names have been called the Chairman  
19 will ask if there's anyone else who would like to speak on  
20 the matter before the Board. Also, the Board may ask  
21 questions of individuals who speak. If a speaker repeats  
22 himself or herself, the Chairman will ask if the speaker has  
23 any new comments to make. If there are none, the speaker  
24 will be asked to let others make comments to the Board.

25           So we'll move forward to the agenda.

1 EXECUTIVE DIRECTOR BAEDEKER: Next on the agenda  
2 are the minutes.

3 FIRST VICE CHAIR KRIKORIAN: So the first item on  
4 today's agenda would be the approval of the minutes from May  
5 25th, 2017.

6 So, Commissioners, anyone have any comments about  
7 the minutes?

8 COMMISSIONER RUANO: So moved. Move to approve.

9 FIRST VICE CHAIR KRIKORIAN: Move to approve?

10 COMMISSIONER RUANO: Yes.

11 FIRST VICE CHAIR KRIKORIAN: Okay. Seconded,  
12 Commissioner?

13 COMMISSIONER CHOPER: Yes.

14 FIRST VICE CHAIR KRIKORIAN: Okay. Can we have a  
15 vote?

16 Commissioner Solis?

17 COMMISSIONER SOLIS: Yes.

18 FIRST VICE CHAIR KRIKORIAN: Commissioner  
19 Auerbach?

20 SECOND VICE CHAIR AUERBACH: Yes.

21 FIRST VICE CHAIR KRIKORIAN: Yes for me.

22 COMMISSIONER CHOPER: Yes.

23 COMMISSIONER RUANO: Yes.

24 FIRST VICE CHAIR KRIKORIAN: Okay.

25 EXECUTIVE DIRECTOR BAEDEKER: And, Mr. Chairman,

1 we should note who moved and who seconded, just for the  
2 record.

3 FIRST VICE CHAIR KRIKORIAN: It was moved by  
4 Commissioner Arceli and seconded by Commissioner Choper.

5 EXECUTIVE DIRECTOR BAEDEKER: All right. Thank  
6 you.

7 FIRST VICE CHAIR KRIKORIAN: Okay. So Executive  
8 Director Baedeker will now give his report.

9 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.  
10 Chairman.

11 Dr. Arthur has been working with management at Del  
12 Mar to implement several important changes designed to  
13 better protect our horses from injury during the upcoming  
14 meet. The CHRB will have up to four official vets working  
15 the meet at various times. Together with the track vet,  
16 they will focus on identifying horses at risk of injury.

17 Dr. Arthur has been working with Encompass to  
18 create spreadsheet reports showing horses on the grounds  
19 that are coming back off significant layoffs, had any vet's  
20 list history, or been on the steward's list for poor  
21 performance, or are four-year-olds who have never started,  
22 or other horses who are similarly possibly at risk. These  
23 horses will be identified from the database of horses that  
24 are in the stable area and will receive increased scrutiny  
25 by the veterinarians before being allowed to run. We will

1 also be closely monitoring daily workouts to identify any  
2 horses that may not look fit.

3 I think everyone would agree that preventing at-  
4 risk horses from running is not just the responsibility of  
5 the Board or Del Mar management. We need the help and  
6 cooperation of owners, trainers, private vets, exercise  
7 riders, jockeys, outriders, and even clockers in this  
8 effort. And we'll be asking for their cooperation between  
9 now and the start of the meet.

10 Now I might say, as everyone knows, everybody I  
11 just mentioned, everybody in this room has the welfare and  
12 safety of the horse at the top of their priority list. It  
13 goes without saying. It goes without saying, but not many  
14 outside of the industry understand that.

15 There were a couple of controversies at Santa  
16 Anita involving CHRB Rules that I'd like to touch upon.

17 One was the announcement in the final leg of the  
18 Pick 6 that a horse had been gelded. Right now, failure to  
19 report that a horse has been gelded results only in a fine.

20 Chairman Winner has asked that this item be placed on the  
21 July agenda for discussion and possible changes by the  
22 Board.

23 There was also a controversial disqualification a  
24 couple of Fridays ago. Whether or not a person agrees with  
25 a call or not, the fact is that the stewards were enforcing

1 the rules of the State of California. Our rules state that  
2 a horse cannot interfere with another and cost that horse a  
3 better placing.

4 In this instance, the horse that was bothered lost  
5 at least two lengths because of it, and was beaten by a nose  
6 for show money. Now show money and purse money for  
7 finishing third are no less important than the reward for  
8 winning. Players who had the bothered horse in their third  
9 spot on their trifecta tickets or the owner who lost purse  
10 money were entitled to a fair shake.

11 The key to our role is whether or not the horse  
12 that was interfered with was cost a better placing? He  
13 clearly was, even if the action by the winner was slight. If  
14 that action interfered with the other horse and cost it a  
15 better placing, then a disqualification is called for under  
16 our rules.

17 The stewards enforce our rules. Every decision is  
18 reviewed by our Chief Steward, Darrel McHargue. We bring  
19 all of our stewards together at least twice a year, and we  
20 review such calls as this one and try to achieve consistency  
21 and understanding in our enforcement. Stewards know that  
22 every call they make is going to anger someone. It takes  
23 guts to do what you believe is the right thing when you know  
24 many people are going to vilify you for it. Our stewards  
25 did that in this case. They do it all the time. And I

1 think they should be commended.

2           Looking at the financials for the month, I had a  
3 very nifty report that I forgot to bring, but I'll try to  
4 look it up in my emails, and it just compared the three days  
5 of racing last weekend versus the like four days from last  
6 year, the same time period. The results were as you would  
7 expect, pretty good. The field size was improved. Overall  
8 handle was improved. And I'm sure there are many  
9 circumstances that have affected those numbers. But  
10 generally, it appeared to be a very successful three-day  
11 weekend.

12           I can give you, however, the financials for the  
13 month. Overall --

14           (Colloquy between First Vice Chair Krikorian and  
15 Executive Director Baedeker)

16           EXECUTIVE DIRECTOR BAEDEKER: Overall for the  
17 month, daytime racing was down 5.39 percent. Nighttime was  
18 down just slightly, 0.8 percent. And overall day and night,  
19 down 4.96 percent. It should be noted that there was one  
20 day fewer day of racing, both day and night, so that  
21 obviously effected the numbers. For the year the numbers  
22 are pretty close to that. We down total during the day, 4.2  
23 percent, at night, down 2.9 percent, and everything all in,  
24 down 4.09 percent.

25           And that's my report, Mr. Chairman.

1           FIRST VICE CHAIR KRIKORIAN: Okay. Thank you very  
2 much.

3           Next we have public comment, and we have just one  
4 request. John Valenzuela?

5           MR. VALENZUELA: Good morning, Ladies and  
6 Gentlemen, Executive Director, Commissioners, Chairman, my  
7 name is John Valenzuela, President of Local 280.

8           What I would like to state here is basically -- is  
9 that going to three days of racing right now, I know it's a  
10 problem not under your control, but Local 280 would have to  
11 oppose going to three days for the simple fact that labor,  
12 and I think I can speak for all labor, is going to be  
13 losing, based on these current racing days, we'll be losing  
14 25 percent of our income on a weekly basis.

15           From 2010, when we went from five days to four  
16 days, we had lost 20 percent of our income. So now labor is  
17 losing 40 percent of their income, based on what's happening  
18 racing right now.

19           So as far as going to three days or any intention  
20 of going in that direction, we would have to oppose.

21           FIRST VICE CHAIR KRIKORIAN: Okay. Thank you.  
22 Well, just a couple points is that, obviously, I think  
23 everybody in the industry would prefer to race more dates.  
24 We just don't have, unfortunately, we don't have the  
25 inventory. And until something is change to create stronger

1 inventory, we're going to have -- we're going to suffer on  
2 our race dates.

3 MR. VALENZUELA: Well, and I do, you know, I  
4 understand what was said. You know, I've talked to several  
5 people through the industry and there's a lot of players  
6 that believe that there is enough horses to continue running  
7 four days a week. And then on the other side there's also  
8 the comment that they don't have enough horses.

9 But anyway, I just want to state that we would  
10 oppose it, okay?

11 FIRST VICE CHAIR KRIKORIAN: Okay. Any other  
12 Commissioners have any questions? Okay.

13 Thank you very much.

14 SECOND VICE CHAIR AUERBACH: George, I just wanted  
15 to --

16 FIRST VICE CHAIR KRIKORIAN: Oh, sorry.

17 SECOND VICE CHAIR AUERBACH: That's okay. I just  
18 want to say that while each of us understands your concern,  
19 and we understand labor's concern, I think it's a good thing  
20 for labor to note that no one is doing well with this  
21 scenario. Owners, breeders, trainers, jockeys, backside  
22 workers, everybody, we're all taking the same hit. And if  
23 it were possible to do it any other way, I truly believe  
24 that we would be doing it another way. I think we've all  
25 contributed to the problem that we have. And I think we're

1 all going to have to pay the price of the problem. So I  
2 think we all hear labor. But I also believe that we are all  
3 in the same boat, and we're going to have row our way out of  
4 it together or we won't get out of it.

5 So it's not that we're not sympathetic. It is not  
6 within our purview to set number of days of racing. It's  
7 not what we do here. But what we can do is hear your  
8 concerns and let you know that you're not alone. As an  
9 owner and a breeder and someone who's livelihood depends on  
10 this industry, we're all taking a big hit.

11 MR. VALENZUELA: Yeah.

12 SECOND VICE CHAIR AUERBACH: So I don't know if  
13 that's comforting to you. Misery does love company. But  
14 we're all in the same boat.

15 MR. VALENZUELA: Well just again, I think I've  
16 said this in the past, you know, Local 280 has always been  
17 there to help this industry. You know, we've always been  
18 supportive, even at the time when we had to take a hit  
19 reducing labor. So we just want to make sure that you're  
20 hearing us and that we are included in decisions going in  
21 the future, because we want to be involved.

22 You know, I believe that your best marketing tool  
23 in this industry is your labor. They have an incentive to  
24 keep this industry going, and that's a paycheck. Three  
25 days, four days, five days is much better than just three

1 days, and they're your best marketing tool, word of mouth.  
2 They're more compassionate about keeping this industry going  
3 because it's how they pay their mortgage and their tuitions.  
4 So I just wanted to bring that to your attention.

5 Thank you.

6 FIRST VICE CHAIR KRIKORIAN: Thank you.

7 There is one other speaker request. City  
8 Councilman Tom Beck from Arcadia.

9 Good morning. Could you introduce yourself,  
10 please?

11 COUNCIL MEMBER BECK: Good morning. My name is  
12 Tom Beck, B-E-C-K. I'm on the Arcadia City Council. I'm  
13 also a former owner of a thoroughbred horse. And anyone  
14 that's followed my career on the Arcadia City Council will  
15 know that I've done everything I can to help this race  
16 track. It's the crown jewel of our city, and I want to do  
17 everything I can to protect it and grow the business.

18 I'm here to address briefly the Tucker Bill, which  
19 I'm sure you all know about, from 1987 which was negotiated  
20 before there were cell phones, before there was internet.  
21 And it was negotiated to give cities one-third of one  
22 percent to compensate them for the resources a city give a  
23 race track. We just replaced a piece of sewer pipe out on  
24 Huntington that services this track, and it cost  
25 approximately the same amount of money that we get from the

1 track for the year. We supply the police, the fire. You  
2 have people that live here. There's a big drain on  
3 resources.

4           But when the Tucker Bill was negotiated it was  
5 negotiated without knowledge of what was coming in the  
6 future for technology. They didn't know that there would be  
7 cell phones, that there would be an internet, that we would  
8 have satellite wagering. And what has happened is people  
9 are, as you well know, more and more betting with advanced  
10 cell phones, different devices, where they bring that device  
11 to the track and they'll bet, instead of going to the window  
12 where Arcadia would be compensated. They may be 20 feet  
13 away having a beer and betting on their phone, which Arcadia  
14 doesn't participate in that.

15           And our view is a bet is a bet is a bet, whether  
16 you place it at the window or you place it somewhere else on  
17 the premises of the track. And I heard your Executive  
18 Director talk about giving horsemen a fair shake. That's  
19 all that Arcadia is asking for, too, we want a fair shake.  
20 And we would like to continue this discussion and to work  
21 with all stakeholders to work out a resolution that's fair  
22 to Arcadia, too. And I'm optimistic that we can do that,  
23 but in fairness to Arcadia.

24           Thank you.

25           FIRST VICE CHAIR KRIKORIAN: Thank you very much.

1           Anyone, Commissioners, have any comments or  
2 questions? No.

3           Thank you.

4           COUNCIL MEMBER BECK: Yeah. Basically, you know,  
5 a bet is a bet is a bet is how we view it.

6           Thank you.

7           FIRST VICE CHAIR KRIKORIAN: Yes. Thank you very  
8 much.

9           Okay, now we'll move on to item number four in the  
10 agenda, which is Watch and Wager.

11          MR. KENNEY: Good morning, Commissioners. Ben  
12 Kenney, Watch and Wager.

13          We gave --

14          EXECUTIVE DIRECTOR BAEDEKER: Hold on one sec,  
15 Ben.

16          FIRST VICE CHAIR KRIKORIAN: I'm sorry. I'm  
17 supposed to read the title.

18          MR. KENNEY: Okay.

19          FIRST VICE CHAIR KRIKORIAN: Okay. Distribution  
20 of the race day charity proceedings of the Watch and Wager,  
21 LLC, Racing Association in the amount of \$5,400 to six  
22 beneficiaries.

23          Thank you. If you'll introduce yourself?

24          MR. KENNEY: Good morning, Commissioners. Ben  
25 Kenney, Watch and Wager.

1           We do give to six equine-related charities in the  
2 amount of \$5,400. I'm here to answer any questions you may  
3 have about our charities.

4           FIRST VICE CHAIR KRIKORIAN: Any questions,  
5 Commissioners? Okay.

6           Do we have to approve this --

7           EXECUTIVE DIRECTOR BAEDEKER: You do.

8           FIRST VICE CHAIR KRIKORIAN: Okay. Can I get a  
9 motion to approve this?

10          SECOND VICE CHAIR AUERBACH: Move.

11          COMMISSIONER RUANO: Move to approve.

12          FIRST VICE CHAIR KRIKORIAN: Okay. Commissioner  
13 Araceli seconds. Okay.

14          Commissioner Solis? Commissioner Solis --

15          COMMISSIONER SOLIS: Yes.

16          FIRST VICE CHAIR KRIKORIAN: -- yes or no? Yes.  
17 Commissioner Auerbach?

18          SECOND VICE CHAIR AUERBACH: Yes.

19          FIRST VICE CHAIR KRIKORIAN: Commissioner Araceli?

20          COMMISSIONER RUANO: Yes.

21          FIRST VICE CHAIR KRIKORIAN: And yes. So it  
22 passes unanimously.

23          Thank you very much.

24          MR. KENNEY: Thank you.

25          Okay, the next item on the -- is the application

1 for Los Alamitos Association for race dates coming up here.

2 EXECUTIVE DIRECTOR BAEDEKER: Go ahead and read  
3 that.

4 FIRST VICE CHAIR KRIKORIAN: Okay. This is an  
5 application for a license to conduct a horse racing meeting  
6 of the Los Alamitos Racing Association at Los Alamitos Race  
7 Course, July 5th, 2017 through July 18, 2017.

8 If you'll introduce yourselves, please?

9 MR. LIEBAU: Yes. My name is Jack Liebau, and I'm  
10 representing Los Alamitos. I'm a substitute here today for  
11 Brad. And for those of you who might be baseball fans, and  
12 particularly San Francisco Giant fans, it's like telling  
13 Liebau to go in and catch for Buster Posey. I mean, that's  
14 where we are. I also have Orlando Gutierrez here, who is  
15 the Marketing Director for Los Alamitos.

16 I know that we have some outstanding documents. We  
17 will certainly get those in with all new dispatch. The  
18 horsemen's agreement was delivered this morning. And Alan  
19 Balch advised me last night that the CTT agreement is done.  
20 I don't know physically where it is, but I will find that  
21 and get that in, too. So I will say that we will get all  
22 these other documents to you very quickly.

23 EXECUTIVE DIRECTOR BAEDEKER: Jack, I spoke with  
24 Brad day before yesterday about this. And he indicated that  
25 all of these things are done, they're just, unfortunately,

1 in different places --

2 MR. LIEBAU: Exactly. That's what I --

3 EXECUTIVE DIRECTOR BAEDEKER: -- due to some  
4 complications in putting this all together.

5 MR. LIEBAU: That's what I found out with respect  
6 to the TOC and the CTT. So, you know --

7 EXECUTIVE DIRECTOR BAEDEKER: Would you say that  
8 you can assure the Board that I'll be in receipt within 72  
9 hours at the most?

10 MR. LIEBAU: At the most, assuming I can hobble  
11 around on my ankle, I will get them done.

12 SECOND VICE CHAIR AUERBACH: I think in lieu of  
13 the information that Chairman Baedeker [sic] shared with me,  
14 and I believe with Commissioner Krikorian, Brad has a long  
15 history in this industry of -- oh boy, I almost said the  
16 words I shouldn't say -- but of saving our -- saving us from  
17 the fire, especially with Worker's Comp and other things.  
18 And he's a very trustworthy, honest, upright citizen of our  
19 community. And the fact that he is undergoing some  
20 unfortunate circumstances right now which make it impossible  
21 for him to be here with us and provide these things, I think  
22 the only prudent thing for us to do is to go ahead and  
23 approve it, with a contingency that we get all of this  
24 documentation within a time frame that will allow Los  
25 Alamitos to continue.

1           And the only other thing I'm concerned about is  
2 for Brad's health. And I think --

3           MR. LIEBAU: We all are.

4           SECOND VICE CHAIR AUERBACH: Yeah. I think that's  
5 the message here. This is in no way precedent setting for  
6 any of the rest of you, so we're being nice today. It will  
7 never, ever happen again. But I think in this case, this  
8 exactly what an exemption to a rule is made for, this  
9 circumstance.

10          MR. LIEBAU: And we will comply with all the rules  
11 and regulations --

12          SECOND VICE CHAIR AUERBACH: I know you will and I  
13 --

14          MR. LIEBAU: -- as far as getting everything in.

15          SECOND VICE CHAIR AUERBACH: And I hope you will  
16 share with him what our big concern is here, please.

17          MR. LIEBAU: I will.

18          SECOND VICE CHAIR AUERBACH: Thank you.

19          FIRST VICE CHAIR KRIKORIAN: Commissioners, anyone  
20 else have any questions or comments? Would you like to talk  
21 about anything else?

22          MR. GUTIERREZ: Yeah. Orlando Gutierrez,  
23 Marketing Director of Los Alamitos Race Course. Just very  
24 quickly, just some of the highlights of the meet.

25          We're coming off of a pretty successful winter

1 campaign where we saw California Chrome race at Los Alamitos  
2 Race Course. And coming up to this summer season, we have a  
3 couple of highlight days. Both Saturdays during our eight-  
4 day meet, the opening Saturday, we have two standing races,  
5 hopefully, the Great Lady M., which is a great two-race  
6 \$200,000 purse. And also the Bertrando Stakes for  
7 California-breds.

8           And we're going to put a lot of our marketing  
9 toward promoting that date, that opening Saturday. We're  
10 going to host a handicapping tournament, a very popular  
11 handicapping tournament. And the way we priced it out is  
12 very affordable for a lot of players to come out and visit  
13 Los Alamitos Race Course, some of them for the first time.  
14 But we do have a very loyal group of handicappers that do  
15 play in our contest. We're also doing a mystery mutuel  
16 voucher for that opening Saturday.

17           The following Saturday is the Los Alamitos Derby,  
18 also \$200,000 purse. We'll do a giveaway, one of two  
19 promotional giveaways we'll be doing during that meet, so  
20 that should be another good day for Los Alamitos. We'll do  
21 another giveaway on the opening Sunday, that would be on  
22 July the 9th.

23           And in addition to that, we're working with a  
24 variety of ADW partners to put together good promotional  
25 events that will continue the involvement of horse players

1 from throughout the nation to play the Los Alamitos races,  
2 you know, while we're between Santa Anita and Del Mar.

3           So we're working pretty hard on that. We're  
4 looking forward to what should be a good meet. We're doing  
5 all the traditional marketing, as well, television with  
6 Spectrum and Direct TV in Orange County. And also radio;  
7 we're doing a program with ESPNDeportes to introduce racing  
8 and to maybe a new audience on the radio, Spanish radio.  
9 We'll do ticket giveaways at some of their events that  
10 they'll be hosting. And we'll also do a lot of live calls  
11 and interviews on ESPNDeportes.

12           FIRST VICE CHAIR KRIKORIAN: Okay. Well, that's  
13 sounds like, for two weeks, that's a lot of marketing and  
14 promotion, so we want to wish you the best of luck.

15           Commissioners, anyone have any other questions or  
16 comments? Can I get a motion for --

17           SECOND VICE CHAIR AUERBACH: So move.

18           FIRST VICE CHAIR KRIKORIAN: All right. And  
19 seconded?

20           COMMISSIONER CHOPER: Second.

21           COMMISSIONER RUANO: I have a quick question.

22           FIRST VICE CHAIR KRIKORIAN: Okay.

23           COMMISSIONER RUANO: What's the timeline we're  
24 approving? I mean, did we set -- what's the motion to the  
25 floor?

1           FIRST VICE CHAIR KRIKORIAN: The motion is to --  
2 well, I guess the motion would be to approve the application  
3 for the race dates, and to have the balance of whatever  
4 documents are required be in before the meet starts.

5           COMMISSIONER RUANO: Before the meet starts?  
6 Okay.

7           FIRST VICE CHAIR KRIKORIAN: That's correct.

8           COMMISSIONER RUANO: Okay.

9           FIRST VICE CHAIR KRIKORIAN: They sound confident  
10 that that will happen, so it won't be a problem.

11          COMMISSIONER RUANO: Okay.

12          FIRST VICE CHAIR KRIKORIAN: So --

13          COMMISSIONER RUANO: Yes.

14          FIRST VICE CHAIR KRIKORIAN: Would you --

15          SECOND VICE CHAIR AUERBACH: What --

16          FIRST VICE CHAIR KRIKORIAN: Go ahead.

17          SECOND VICE CHAIR AUERBACH: What specific  
18 language do we want, pending receipt of outstanding  
19 documents? Tell us what is reasonable.

20          FIRST VICE CHAIR KRIKORIAN: There's only a couple  
21 of things missing; right?

22          SECOND VICE CHAIR AUERBACH: Well, they're all  
23 missing, technically.

24          MR. LIEBAU: Well, except for the TOC agreement,  
25 which I handed in this morning.

1 SECOND VICE CHAIR AUERBACH: Okay.

2 MR. LIEBAU: So that --

3 SECOND VICE CHAIR AUERBACH: So give us -- tell  
4 us, do you want it within 72 hours, within --

5 MR. LIEBAU: Well --

6 SECOND VICE CHAIR AUERBACH: Give us what's  
7 reasonable.

8 COMMISSIONER RUANO: What's reasonable, not --

9 MR. LIEBAU: I think what's reasonable would be  
10 middle of next week, if that's possible.

11 EXECUTIVE DIRECTOR BAEDEKER: So one week from  
12 now?

13 MR. LIEBAU: One week from now.

14 EXECUTIVE DIRECTOR BAEDEKER: Okay.

15 SECOND VICE CHAIR AUERBACH: Okay.

16 COMMISSIONER CHOPER: Which is, what, about one  
17 week before --

18 MR. LIEBAU: Right.

19 COMMISSIONER CHOPER: -- it opens?

20 COMMISSIONER RUANO: Okay.

21 MR. LIEBAU: I mean, most of the things that are  
22 missing are rather standard. I mean --

23 EXECUTIVE DIRECTOR BAEDEKER: Jack, there are no  
24 disputes; right?

25 MR. LIEBAU: Right, none that I know of at all.

1 And usually the disputes are with TOC and CTT, and those are  
2 already done, so the --

3 SECOND VICE CHAIR AUERBACH: No. It's just so you  
4 get the paperwork --

5 MR. LIEBAU: Right.

6 SECOND VICE CHAIR AUERBACH: -- finished.

7 MR. LIEBAU: Exactly. Right.

8 FIRST VICE CHAIR KRIKORIAN: I would suggest we  
9 ask that the paperwork be in a week from Friday.

10 MR. LIEBAU: That would be fantastic. Thank you  
11 very much.

12 EXECUTIVE DIRECTOR BAEDEKER: Thank you.

13 SECOND VICE CHAIR AUERBACH: So moved that way.

14 FIRST VICE CHAIR KRIKORIAN: So moved. Okay.

15 So, Commissioner Arceli, yes or no?

16 COMMISSIONER RUANO: Yes.

17 COMMISSIONER CHOPER: Yes.

18 FIRST VICE CHAIR KRIKORIAN: Commissioner Choper?

19 Okay.

20 Commissioner Auerbach?

21 SECOND VICE CHAIR AUERBACH: Yes.

22 Commissioner Solis?

23 COMMISSIONER SOLIS: Yes.

24 FIRST VICE CHAIR KRIKORIAN: And, yes, so it

25 passes unanimously.

1 Thank you and good luck, and good health to Brad.

2 MR. LIEBAU: Thank you.

3 EXECUTIVE DIRECTOR BAEDEKER: And if could just  
4 say, Jack, respectfully, I just hope there are not too many  
5 San Francisco Giants fans here in this room.

6 MR. LIEBAU: Well --

7 EXECUTIVE DIRECTOR BAEDEKER: It would be very  
8 inappropriate.

9 MR. LIEBAU: -- I might say that I've been a San  
10 Francisco Giant fan forever. And it's very trying times, if  
11 you look at the standings.

12 EXECUTIVE DIRECTOR BAEDEKER: Didn't mean to kick  
13 you while you're down.

14 MR. LIEBAU: Yeah.

15 SECOND VICE CHAIR AUERBACH: Of course you did.

16 FIRST VICE CHAIR KRIKORIAN: Okay. Okay. We go  
17 to item six now; right?

18 EXECUTIVE DIRECTOR BAEDEKER: Yes.

19 SECOND VICE CHAIR AUERBACH: Sonoma.

20 FIRST VICE CHAIR KRIKORIAN: Okay. Item six on  
21 the agenda, an Application for License to Conduct a Horse  
22 Racing Meeting of the Sonoma County Fair at Santa Rosa,  
23 August 2nd, 2017 through August 22nd, 2017.

24 Good morning.

25 EXECUTIVE DIRECTOR BAEDEKER: Commissioners, we

1 want to let you know, we did receive the outstanding items.

2 The horsemen's agreements are now in place.

3 FIRST VICE CHAIR KRIKORIAN: Yeah.

4 EXECUTIVE DIRECTOR BAEDEKER: I'm not sure about  
5 their Worker's Comp Certification, which I know expires on  
6 July 1, if you can update the Board on that.

7 MS. BARTLING: Sure. Good morning, Commissioners.  
8 We're excited to be here. Becky Bartling, CEO of the  
9 Sonoma County Fairgrounds. And with me is Stacey Lampham,  
10 who is our Director of Racing, and Bob Moreno, who is our  
11 Racing Secretary. Very excited to be here today. So we  
12 want to just give you some updates.

13 We have 11 days of racing, August 3 through August  
14 20th. If you remember from last year, this is a pretty  
15 significant date change for us. So we're cautiously  
16 optimistic that we're going to have a good race meet and a  
17 good fair, because those two are very much tied together.  
18 And again, as you just mentioned, we do have -- all of the  
19 agreements have been signed. And our Workman's Comp  
20 automatically renews. It's through the County of Sonoma.  
21 So it will automatically renew on July 1st.

22 COMMISSIONER CHOPER: Have they been submitted,  
23 too, the signed agreements?

24 MS. BARTLING: Yes. And all the agreements have  
25 been signed and submitted.

1 EXECUTIVE DIRECTOR BAEDEKER: We have them.

2 COMMISSIONER CHOPER: Could you give us a word as  
3 to why the delay takes place?

4 MS. BARTLING: So we were negotiating with the  
5 TOC. As you know, we had a fairly large overpayment last  
6 year. And we're going back and forth, negotiating in good  
7 faith to try and work it out so both parties, you know, came  
8 to an agreement that was fair and equitable, and it took a  
9 little while, but we did. As a result of that, we cut two  
10 stakes races, but we will have comparable allowance races.  
11 So, you know, unfortunately, it took a little time. But I  
12 think both parties are happy and we got it all done.

13 COMMISSIONER CHOPER: I was more concerned with  
14 the process. I understand it, so --

15 MS. BARTLING: Yeah.

16 COMMISSIONER CHOPER: The Chairman, who is not  
17 here, is pretty tough on these things, and he'd put this  
18 over to next month. So --

19 FIRST VICE CHAIR KRIKORIAN: Well, they do have  
20 all of their --

21 COMMISSIONER CHOPER: Yeah. No. I didn't mean  
22 that.

23 FIRST VICE CHAIR KRIKORIAN: Yeah. But it is  
24 disappointing that it comes in at the last minute. And I  
25 know that there are circumstances that created that, but it

1 is getting to a point for the Board. It's -- I think the  
2 Board feels a little offended that these things continue to  
3 happen, not just here but on a lot of applications that come  
4 in, that things are done last minute. Things should be done  
5 at least a month in advance so that we don't have these  
6 delays. And we didn't have an opportunity to even review,  
7 for example, what you presented to us today because we got  
8 it at nine o'clock.

9           So hopefully moving forward there will be more  
10 support between the different organizations that -- the ones  
11 where you need to get approvals and so forth, that moving  
12 forward they'll be more responsive, quicker, and we won't  
13 have to have these delays.

14           MS. BARTLING: Yes, and I appreciate that. And I  
15 appreciate you wanting to get this information in advance to  
16 review. So we will do our best to make sure that in the  
17 future, we've got that information to -- those contracts and  
18 agreements signed in advance so that you can review them, as  
19 well as we have more time to make sure that, you know, we  
20 get things done correctly.

21           SECOND VICE CHAIR AUERBACH: I have a question  
22 about how your Worker's Compensation works. The county  
23 ensures your horsemen's --

24           EXECUTIVE DIRECTOR BAEDEKER: No.

25           SECOND VICE CHAIR AUERBACH: -- Worker's Comp? Is

1 that what I understood you to say?

2 EXECUTIVE DIRECTOR BAEDEKER: The fair employees.

3 MS. BARTLING: Oh, it's the fair employees. So it  
4 really has nothing to do with us, does it or does it? I  
5 don't understand it.

6 MS. LAMPHAM: Well, I believe you just have to  
7 have your -- as an employer, you have to have your Work Comp  
8 Insurance in place, and it's always been a document that's  
9 required with the application.

10 SECOND VICE CHAIR AUERBACH: But it doesn't -- but  
11 it does not reflect on activity at the race track, it's your  
12 fair's Worker's Comp that we require that you have in place?

13 MS. LAMPHAM: Well, our fair racing employees are  
14 covered under it, yes.

15 SECOND VICE CHAIR AUERBACH: Your fair -- so your  
16 mutuel clerks, your --

17 MS. LAMPHAM: Yes. Yes.

18 SECOND VICE CHAIR AUERBACH: Okay.

19 EXECUTIVE DIRECTOR BAEDEKER: The racing office.

20 MS. LAMPHAM: The racing office.

21 SECOND VICE CHAIR AUERBACH: Okay.

22 EXECUTIVE DIRECTOR BAEDEKER: And some people that  
23 are on the race tracks, such as security guards.

24 SECOND VICE CHAIR AUERBACH: But really have --  
25 but really -- okay.

1 MS. LAMPHAM: So anybody that's working in the  
2 racing area.

3 SECOND VICE CHAIR AUERBACH: Okay.

4 COMMISSIONER SOLIS: And the original application,  
5 you took off one of the -- the one -- the County Stake.

6 SECOND VICE CHAIR AUERBACH: And then put it back.

7 COMMISSIONER SOLIS: And you said you put it back  
8 again?

9 MS. BARTLING: Yes.

10 COMMISSIONER SOLIS: I just want to have it in the  
11 record. Thank you.

12 MS. BARTLING: Yes.

13 FIRST VICE CHAIR KRIKORIAN: Just a quick  
14 question, too, on -- because people go to the fair and they  
15 go to racing, and they pay admission to go to the fair, if  
16 you -- do you have to buy a fair admission ticket to get  
17 into the racing, or how does that work?

18 MS. BARTLING: No. No. Once you get into the  
19 fair, you can go into the races for free. There are reserve  
20 seats you can buy, like, you know, any racing facility. But  
21 once you have a ticket you can go in for free, which is, I  
22 think, one of the great advantages of having a fair.  
23 Because a fair draws you with all those other entertainment  
24 opportunities, and then you also have the opportunity to  
25 expose people to the fair -- or, excuse me, to the races.

1 FIRST VICE CHAIR KRIKORIAN: But if you buy -- if  
2 you don't buy a fair ticket, how do you get into the races?

3 MS. BARTLING: You can't.

4 COMMISSIONER CHOPER: You don't.

5 FIRST VICE CHAIR KRIKORIAN: So you have to buy a  
6 fair ticket?

7 MS. BARTLING: You have to buy a fair ticket.

8 FIRST VICE CHAIR KRIKORIAN: That was my point.

9 Okay. Okay.

10 Commissioners, any other questions or comments?

11 Do I have a motion, Commissioner Solis?

12 COMMISSIONER SOLIS: Moved.

13 COMMISSIONER CHOPER: So moved -- oh.

14 FIRST VICE CHAIR KRIKORIAN: Okay. Commissioner  
15 Auerbach, second?

16 SECOND VICE CHAIR AUERBACH: Yes, I'm good.

17 FIRST VICE CHAIR KRIKORIAN: Okay. Can we have a  
18 vote?

19 Commissioner Solis?

20 COMMISSIONER SOLIS: Yes.

21 FIRST VICE CHAIR KRIKORIAN: Commissioner  
22 Auerbach?

23 SECOND VICE CHAIR AUERBACH: Yes.

24 FIRST VICE CHAIR KRIKORIAN: Yes.

25 Commissioner Choper?

1 COMMISSIONER CHOPER: Yes.

2 FIRST VICE CHAIR KRIKORIAN: Commissioner --

3 COMMISSIONER RUANO: Yes.

4 FIRST VICE CHAIR KRIKORIAN: Okay. Motion passes  
5 unanimously.

6 Thank you very much, and good luck.

7 MS. BARTLING: Thank you. Hopefully you can all  
8 come see us.

9 SECOND VICE CHAIR AUERBACH: That would be good.

10 MS. BARTLING: Wine country.

11 FIRST VICE CHAIR KRIKORIAN: If you have a wine,  
12 we'll be there.

13 COMMISSIONER SOLIS: Oh, yeah.

14 MS. BARTLING: We will.

15 FIRST VICE CHAIR KRIKORIAN: So the next item on  
16 the agenda is an Application for a License to Conduct a  
17 Horse Racing Meeting of the Humboldt County Fair at  
18 Ferndale, August 23rd, 2017 through September 5th, 2017.

19 Good morning. Identify yourself, please.

20 MR. CONWAY: Good morning. Richard Conway, the  
21 General Manager of the Humboldt County Fair.

22 FIRST VICE CHAIR KRIKORIAN: Okay. Did you want  
23 us to just look at this, or do you have anything you'd like  
24 to say?

25 MR. CONWAY: Well, we do have a couple of

1 interesting things. You know, we --

2 FIRST VICE CHAIR KRIKORIAN: Okay.

3 MR. CONWAY: -- finally received our new rail  
4 product yesterday, so the new rail will be in prior to the  
5 meet. With the calendar set up as it is, we're adding the  
6 additional day of racing and we'll run on Labor Day. We  
7 hired a new in-house marketing director, and kind of  
8 revamping our old marketing recruitment campaigns. So a lot  
9 of changes there.

10 FIRST VICE CHAIR KRIKORIAN: Okay. Commissioners,  
11 any questions or comments?

12 COMMISSIONER RUANO: How are you reworking the  
13 marketing?

14 MR. CONWAY: We brought in a younger group. And  
15 our focus is really social media and television. We didn't  
16 feel like we were getting a lot of return for the expense of  
17 the print advertising, kind of a limited market up there,  
18 not well read anymore, and poor circulation, and it's really  
19 dropped off. So we've kind of switched those two and  
20 expanded the television.

21 FIRST VICE CHAIR KRIKORIAN: I'm sorry, if you can  
22 speak up a little bit? It's hard to hear you. Just a  
23 little.

24 MR. CONWAY: So we've expanded the television  
25 advertising and the social media.

1 FIRST VICE CHAIR KRIKORIAN: Okay.

2 COMMISSIONER CHOPER: I know you can't answer this  
3 question, but do you have any notion about why you have such  
4 a significant drop off last year in both attendance and  
5 handle?

6 MR. CONWAY: Our attendance was off a bit. The  
7 handle directly reflects the loss of the commissions, the  
8 host fees, with the agreement we had in place. If we put  
9 that back in the totals, we're actually even or up a little  
10 bit last year.

11 EXECUTIVE DIRECTOR BAEDEKER: As you recall,  
12 Commissioners, there was a bit of a controversy when a  
13 change was made last year regarding, quote unquote,  
14 "ownership" of the dark days and who was host, whether or  
15 not it was the operating meet at Golden Gate or the  
16 operating meet at Ferndale. There had been an agreement in  
17 place, a handshake agreement, between the parties in  
18 previous years that awarded most of the host-day ownership  
19 to Ferndale. That was changed, so they lost that associated  
20 revenue.

21 Did I state that correctly?

22 MR. CONWAY: Correct.

23 COMMISSIONER CHOPER: I got it.

24 FIRST VICE CHAIR KRIKORIAN: Okay. Any other  
25 questions or comments, Commissioners? Do I have a motion to

1 approve?

2 COMMISSIONER CHOPER: Move.

3 FIRST VICE CHAIR KRIKORIAN: Commissioner Choper.

4 COMMISSIONER RUANO: Second.

5 COMMISSIONER RUANO: Seconded by Commissioner

6 Araceli.

7 Commissioner Solis, yes or no?

8 COMMISSIONER SOLIS: Yes.

9 FIRST VICE CHAIR KRIKORIAN: Commissioner

10 Auerbach?

11 SECOND VICE CHAIR AUERBACH: Yes.

12 FIRST VICE CHAIR KRIKORIAN: Yes.

13 Commissioner Choper?

14 COMMISSIONER CHOPER: Yes.

15 FIRST VICE CHAIR KRIKORIAN: Commissioner Araceli?

16 COMMISSIONER RUANO: Yes.

17 FIRST VICE CHAIR KRIKORIAN: Okay. It's passes

18 unanimously.

19 Good luck, and thank you very much.

20 MR. CONWAY: Thank you.

21 So the next item on the agenda is an

22 Application for License to Conduct a Horse Racing Meeting of

23 the Pacific Racing Association II at Golden Gate Fields,

24 August 23rd, 2017 through September 19, 2017.

25 Good morning. And identify yourselves, please.

1 MR. MORRIS: Joe Morris, Golden Gate.

2 MR. RAKOWSKI: Joseph Rakowski, Golden Gate.

3 MR. RAINEY: Good morning, Members of the Board.

4 Cal Rainey, Manager at Golden Gate Fields, presenting our  
5 Application for a License for our summer meet, PRA II,  
6 starting August 23rd through September 19th, 16 days of live  
7 racing.

8 Our winter-spring meet just ended last week. We  
9 had 99 days of live racing, over 40 inches of rain from  
10 December to June. Luckily, last summer we had drained and  
11 dredged one of our wastewater ponds and increased its  
12 holding capacity before the winter season began, so that  
13 helped us a little bit get through it. However, we were  
14 running pumps just about all winter to keep up with the  
15 rain, to keep the racetrack dry. But it worked and we raced  
16 all our days.

17 Despite the deluge of rain, we were able to  
18 complete the 69 new horse stalls by the end of the meet,  
19 including 12 new tack rooms and 10 new hay rooms.

20 The rain did not help our attendance or field  
21 size. At the beginning of the new year, which was down  
22 overall slightly for the meet, the loss of four Southern  
23 California live cards hurt, as well. And our total export  
24 wagering was down 12 percent. Comparatively, three Northern  
25 California off-track sites that had been operating in 2016

1 were no longer operating this year. The network was -- it  
2 cost the network over \$3 million in handle. Northern  
3 California Off Track Wagering is actively looking for new  
4 satellite locations to fill in the gap there.

5 Today, Joseph Rakowski from our Publicity and  
6 Marketing Department is here to talk about some of the  
7 initiatives that we have taken to boost our awareness in the  
8 community and drive on-track attendance and handle, which  
9 have increased this meet five percent and three percent,  
10 respectively.

11 The application for the summer meet at Golden Gate  
12 Fields is complete, with two fire inspection clearances from  
13 both cities, Albany and Berkeley. And outstanding Worker's  
14 Comp Insurance coverage which will renew annually on June  
15 30th. And our \$100,000 surety bond will reset annually on  
16 August 17th.

17 We respectfully request your approval of our  
18 summer racing license. Thank you.

19 FIRST VICE CHAIR KRIKORIAN: Okay. Commissioners,  
20 any questions?

21 COMMISSIONER SOLIS: I do. Regardless --

22 SECOND VICE CHAIR AUERBACH: I wanted to hear from  
23 the new guy. You want to hear from him after you ask your  
24 question?

25 COMMISSIONER SOLIS: Yeah. Go ahead.

1 SECOND VICE CHAIR AUERBACH: Let's hear from  
2 the --

3 MR. RAINEY: Joseph Rakowski. Yeah.

4 SECOND VICE CHAIR AUERBACH: Joseph, please.

5 MR. RAKOWSKI: So I'm Joseph. I've been at Golden  
6 Gate for about ten months now. We've increased. Just this  
7 past meet, our attendance was up 5.6 percent overall, with  
8 our Sundays seeing a 13 percent gross. Our on-track handle  
9 was up three percent, as Cal said. We also suffered one of  
10 the rainiest seasons.

11 I believe this has contributed to social media. I  
12 think living in San Francisco and being in the tech bubble,  
13 having Twitters, Instagrams, Facebooks, is a huge drive to  
14 get younger generations out. I also believe we live in, I  
15 think, kind of a data-filled center. So our wagering  
16 (indiscernible) teaches people that you can look at more  
17 than just a horses number and name for PP, something that's  
18 really also helped converting new players. We have a  
19 shuttle that picks up from North Berkeley BART that drives  
20 the most popular streets in not only Albany but Berkeley.  
21 It's now been wrapped in Golden Gate Fields' advertising.

22 We did our first commercials in Cantonese and  
23 Mandarin on the Chinese -- the largest Chinese news station,  
24 so that was a big driver for that day, as well.

25 COMMISSIONER CHOPER: Do you keep track of how

1 people -- whether patrons are coming across the bay or not,  
2 and secondly, how they come over?

3 MR. RAKOWSKI: Yeah. I think demographically,  
4 when we look at the metrics on Facebook, we can kind of see  
5 that.

6 COMMISSIONER CHOPER: Uh-huh.

7 MR. RAKOWSKI: We draw mostly either from --

8 COMMISSIONER CHOPER: You can do that to determine  
9 -- excuse me. You can do that to determine attendance at  
10 the track?

11 MR. RAKOWSKI: Locations of patrons.

12 COMMISSIONER CHOPER: Okay. Go ahead.

13 MR. RAKOWSKI: Yeah. So I think tracking that is  
14 kind of seeing who's coming to the track.

15 COMMISSIONER CHOPER: Yeah.

16 MR. RAKOWSKI: Our Dollar Days, obviously, are  
17 younger generations. It's our college students. And we did  
18 many things going out to the college, doing flyers, handing  
19 out passes at all the kind of local businesses on Solano and  
20 at the university, as ultimately --

21 COMMISSIONER CHOPER: Well, but I'm just curious  
22 about the coming across the bay issue?

23 MR. RAKOWSKI: I think you can take the BART,  
24 which is our --

25 COMMISSIONER CHOPER: I know. Do you know how

1 they come? That's what I'm asking.

2 MR. RAKOWSKI: We --

3 COMMISSIONER CHOPER: I know you pick them up at  
4 the BART station.

5 MR. RAKOWSKI: We pick them up at the BART  
6 station.

7 COMMISSIONER CHOPER: Uh-huh.

8 MR. RAKOWSKI: And that's the only public  
9 transportation that you could take.

10 COMMISSIONER CHOPER: Yeah.

11 MR. RAKOWSKI: But we know we get --

12 COMMISSIONER CHOPER: But if I asked you -- excuse  
13 me, I'll just -- maybe I'll make it if I asked you  
14 specifically.

15 So do you know how many people come in person over  
16 the bay? I don't care if it's San Francisco or whatever it  
17 is. Do you know?

18 MR. RAKOWSKI: Do you know?

19 MR. RAINEY: We know that the BART provides about  
20 10 to 15 percent of our attendance through the BART, and  
21 then on to our shuttle, the free shuttle to Golden Gate  
22 Fields.

23 COMMISSIONER RUANO: These are --

24 COMMISSIONER CHOPER: And I'm just curious as to,  
25 you know, how much? It's not so much for Golden Gate, but

1 generally, how much transportation difficulties keep people  
2 away from the track? I mean, you mentioned we live in the,  
3 you know, Bay Area. You go across the bridge, you could  
4 make a lot of money making bets on how long it would take to  
5 get over which bridge at a time.

6 MR. RAINEY: Sometimes two hours.

7 EXECUTIVE DIRECTOR BAEDEKER: Take the over.

8 MR. RAINEY: Sometimes it's --

9 SECOND VICE CHAIR AUERBACH: Are you suggesting we  
10 pick up the track and move it?

11 COMMISSIONER CHOPER: No. I'm just curious as to  
12 -- maybe I'm just curious. I'll have to think a little  
13 harder about exactly why.

14 SECOND VICE CHAIR AUERBACH: I wanted to ask you,  
15 are these programs something that you've instituted since  
16 you've been there? This seems like a significant bump. So  
17 I'd like to obviously mine it, see if it can apply to other  
18 tracks. If it's something specific that you've created, you  
19 personally, your department, however you view that, what  
20 have you learned that the rest of us are not doing?

21 MR. RAKOWSKI: I think reaching in social media, I  
22 think there's a way that you can approach generations that  
23 are my age, the new young players.

24 SECOND VICE CHAIR AUERBACH: So like 12?

25 MR. RAKOWSKI: Yeah. Thirteen last month. And I

1 think it's you're telling more of -- we're kind of seeing  
2 that showing racing as there's also secondary things going  
3 on at the track, and making an environment that's welcoming  
4 for people that want to come out. Maybe they're not into  
5 horse racing but they're into, you know, beer and wine  
6 festivals, or they're into cigar bar, or they're into things  
7 that kind of drive them to the track. And then, hopefully,  
8 once they get there we can convert them. I see a lot of  
9 people come to the track and they have a lot of questions of  
10 like now how do I bet? And I think, you know, if I could  
11 have 20 wager ambassadors teaching people to see and  
12 converting people into players, you know, doing that kind of  
13 stuff is great.

14 COMMISSIONER RUANO: Thank you.

15 COMMISSIONER CHOPER: I think the big trick is to  
16 getting the people you can get to come over by inducements  
17 of one sort or another, not simply to bet but to come back  
18 at least. Because, I mean, we've talked before about, you  
19 know, was the handle any bigger? Well, a couple of bucks.  
20 But that doesn't mean there's not some benefit to it. The  
21 challenge is to determine how you can take advantage of  
22 those larger groups of people. I don't have the answer,  
23 don't misunderstand me. I don't know if there is any. But  
24 that's all. I don't know, or whatever.

25 FIRST VICE CHAIR KRIKORIAN: I have a question.

1           COMMISSIONER SOLIS: My question was going to --  
2 is how these stalls handled all the rain, one? And the  
3 other one, have we done anything more with the wall, that  
4 you said you were going to make it higher? I'm talking  
5 about the stalls next to the freeway. That was a concern of  
6 mine.

7           MR. RAINEY: Yeah. Cal Rainey.

8           We have completed those stalls. The ones along  
9 the freeway are solid along the back. There's no openings  
10 to it. They're probably 12 to 14 feet high in the back of  
11 the stall on the freeway side. They go as high as the  
12 freeway barrier fence over there. So it actually makes a  
13 nice shelter and it quiets down the whole area because it's  
14 a barrier now to the freeway, where before it was just wide  
15 open. So those stalls are pretty quiet. And the tack rooms  
16 are insulated. So when you go in a tack room, you really  
17 don't hear it at all.

18           COMMISSIONER SOLIS: So it's very safe then?

19           MR. RAINEY: I think so, yeah.

20           COMMISSIONER SOLIS: It's better than Trumps?

21           MR. RAINEY: Not the Trump Taj Mahal or anything.

22 But, no, they are nice stalls. They'll work.

23           SECOND VICE CHAIR AUERBACH: No. I think he was  
24 referring to the wall.

25           COMMISSIONER SOLIS: The wall.

1 MR. RAINEY: Oh.

2 FIRST VICE CHAIR KRIKORIAN: I have a question for  
3 you. In years' past when you've been racing a day and date  
4 with Ferndale, there's been an agreement not to run lower-  
5 level claiming races at Golden Gate. Is that in place for  
6 this year or is this something different?

7 MR. MORRIS: Yeah. No. Joe Morris, Golden Gate.  
8 We're still going by that, so we won't --

9 FIRST VICE CHAIR KRIKORIAN: You're still going to  
10 honor that?

11 MR. MORRIS: -- \$5,000 will be the lowest we'll  
12 write, so below that. And that's what we've done in the  
13 past five years, six years, something like that, and we'll  
14 continue with that.

15 FIRST VICE CHAIR KRIKORIAN: Okay. I wanted to  
16 check.

17 MR. MORRIS: Yeah.

18 SECOND VICE CHAIR AUERBACH: Joe, I have a  
19 question for you. I've heard a lot of chatter, and maybe  
20 you can help us, about the condition of the turf course at  
21 Golden Gate. Do you want to tell us what you know, what's  
22 going on, how you're addressing either real or perceived  
23 issues?

24 MR. MORRIS: Yeah. We -- what was the number of  
25 races we ran, Cal?

1 MR. RAINEY: We ran close to 100. I think we had  
2 actually about the same or a little more, maybe five or ten  
3 more races on the turf than we did last year. We definitely  
4 got a slower start on the turf because of all the rain. We  
5 delayed it late into April, as opposed to the beginning of  
6 April. But I think the turf track was safe the whole meet.

7 And we met with the jockeys a week before the end of the  
8 meet, Darrell Haire, and we talked about the course and the  
9 things that we could do, you know, keeping it lightly used,  
10 not racing too many races on it towards the end. So I think  
11 we managed it, and I think it was safe all the way to the  
12 end.

13 MR. MORRIS: Other than rain, we didn't lose any  
14 days on the turf this year, so it was good throughout.

15 SECOND VICE CHAIR AUERBACH: Okay.

16 MR. MORRIS: Yeah.

17 SECOND VICE CHAIR AUERBACH: Thank you.

18 FIRST VICE CHAIR KRIKORIAN: Okay. Commissioners,  
19 any other questions or comments?

20 EXECUTIVE DIRECTOR BAEDEKER: Can I just add one  
21 thing --

22 FIRST VICE CHAIR KRIKORIAN: Yes, of course.

23 EXECUTIVE DIRECTOR BAEDEKER: -- pertinent to what  
24 Commissioner Choper was talking about?

25 I know you all know this, I don't know if the room

1 does, but just looking at year to date, in Southern  
2 California there's been \$55 million handled at the  
3 minisatellites, not the old brick-and-mortar satellites that  
4 have been there forever, just the new ones that have been  
5 put up over the last seven years or so. And that's 20  
6 percent of total handle in California --

7 SECOND VICE CHAIR AUERBACH: Wow.

8 EXECUTIVE DIRECTOR BAEDEKER: -- and 30 percent of  
9 all off-track betting. So those are just the  
10 minisatellites. And I know you guys are on top of it,  
11 working at it. It's a difficult thing. But, my gosh, I  
12 don't think you can point to another area of growth for  
13 racing in California that compares to the opportunity  
14 provided by minisatellites.

15 FIRST VICE CHAIR KRIKORIAN: Yes. And that's a  
16 good point. And that's something that we should have a  
17 meeting on, on our next agenda.

18 EXECUTIVE DIRECTOR BAEDEKER: Another one?

19 FIRST VICE CHAIR KRIKORIAN: Yeah.

20 SECOND VICE CHAIR AUERBACH: Well, no. I  
21 think --

22 FIRST VICE CHAIR KRIKORIAN: Why not?

23 SECOND VICE CHAIR AUERBACH: -- when we're talking  
24 about it, and I spoke to Jackie earlier on this, I think it  
25 would be a very good idea to, when we're talking about

1 having groups come explain to us how they work, maybe at our  
2 next meeting, that would be where, Jackie, hello, where we  
3 might want to start with an explanation of how they  
4 function, what they do, and we can talk about the potential  
5 there. I'd like to see us do that. Okay? Thank you.

6 FIRST VICE CHAIR KRIKORIAN: Okay. Do we have a  
7 motion for approval?

8 COMMISSIONER SOLIS: Actually --

9 FIRST VICE CHAIR KRIKORIAN: Oh, sorry.

10 COMMISSIONER SOLIS: Sorry. Do we still have the  
11 rest of the application, I don't know, what they  
12 were -- they haven't submitted?

13 SECOND VICE CHAIR AUERBACH: What's that?

14 FIRST VICE CHAIR KRIKORIAN: Oh, I thought  
15 that -- I thought everything had been submitted.

16 MR. RAINEY: Yeah. Cal Rainey --

17 MR. MORRIS: Yeah. Ours is complete.

18 MR. RAINEY: -- at Golden Gate.

19 It is complete, with the exception of the surety  
20 bond, which renews on August 17th --

21 FIRST VICE CHAIR KRIKORIAN: Automatically.

22 SECOND VICE CHAIR AUERBACH: Automatically.

23 MR. RAINEY: -- and the Worker's Comp which renews  
24 on June 30th. Everything is there.

25 EXECUTIVE DIRECTOR BAEDEKER: And the Board didn't

1 have to bump your application from one month to the next, so  
2 apparently it can be done; yes?

3 MR. RAINEY: Yes.

4 SECOND VICE CHAIR AUERBACH: Thank you.

5 FIRST VICE CHAIR KRIKORIAN: Yes.

6 MR. RAINEY: You're welcome.

7 SECOND VICE CHAIR AUERBACH: We appreciate it.

8 You do, too; right?

9 MR. RAINEY: Yes.

10 FIRST VICE CHAIR KRIKORIAN: Okay. So do we have  
11 a motion?

12 SECOND VICE CHAIR AUERBACH: So moved.

13 FIRST VICE CHAIR KRIKORIAN: Okay. Seconded?

14 COMMISSIONER CHOPER: Yeah.

15 FIRST VICE CHAIR KRIKORIAN: Okay. So, excuse me,  
16 Commissioner Solis, yes or no?

17 COMMISSIONER SOLIS: Yes.

18 FIRST VICE CHAIR KRIKORIAN: Commissioner  
19 Auerbach?

20 SECOND VICE CHAIR AUERBACH: Yes.

21 FIRST VICE CHAIR KRIKORIAN: Yes.

22 COMMISSIONER CHOPER: Yes.

23 COMMISSIONER RUANO: Yes.

24 FIRST VICE CHAIR KRIKORIAN: Okay. It passes  
25 unanimously.

1 Good luck.

2 MR. RAINEY: Thank you.

3 FIRST VICE CHAIR KRIKORIAN: Thank you very much.

4 MR. RAKOWSKI: Thank you.

5 (Colloquy between Commissioners)

6 FIRST VICE CHAIR KRIKORIAN: We're thinking that  
7 perhaps we'll call together items 9 through 13 and have  
8 everyone come to the podium, if that's okay.

9 EXECUTIVE DIRECTOR BAEDEKER: Maybe a single  
10 representative from each.

11 SECOND VICE CHAIR AUERBACH: Unless somebody's  
12 uncomfortable with somebody else.

13 FIRST VICE CHAIR KRIKORIAN: What is it, like 9,  
14 10, 11, 12 and then --

15 SECOND VICE CHAIR AUERBACH: That's good.

16 FIRST VICE CHAIR KRIKORIAN: This is the gang of  
17 five.

18 SECOND VICE CHAIR AUERBACH: No. This is a gang  
19 of 13.

20 FIRST VICE CHAIR KRIKORIAN: Okay. Good morning.  
21 Who would like to start?

22 SECOND VICE CHAIR AUERBACH: Let Tony start, since  
23 he's the first one on the agenda.

24 FIRST VICE CHAIR KRIKORIAN: Should I first  
25 announce what this is?

1           These are applications, all for approval to  
2 Conduct Advance Deposit Wagering of, well, for all the  
3 different entities that are here for out-of-state multi-  
4 jurisdictional wagering for a period of up to two years,  
5 correct?

6           EXECUTIVE DIRECTOR BAEDEKER: Do you want me to  
7 set the stage with the financial stuff?

8           FIRST VICE CHAIR KRIKORIAN: Please.

9           SECOND VICE CHAIR AUERBACH: I was going to say  
10 that.

11          FIRST VICE CHAIR KRIKORIAN: Yes.

12          EXECUTIVE DIRECTOR BAEDEKER: Okay.

13          SECOND VICE CHAIR AUERBACH: We need to talk about  
14 that. And before you get into that, what I was going to  
15 mention before you get into it was normally this was --  
16 usually it's done by now. And we had a delay this year  
17 because of the geolocation situation, which I believe, and I  
18 need to be corrected if I'm wrong, which I believe has been  
19 addressed by everybody and fixed. So that I no longer, as I  
20 understand it, an issue with any of the folks that are here  
21 with us today.

22                 So that made us give a very short window to --  
23 that was one of the items that gave us a short window to the  
24 ADWs, and that's why they're back with us today, seeking, as  
25 they've asked for, I believe a two-year contract. And then

1 I will turn it over to Executive Director Baedeker to  
2 further discuss this.

3 SECOND VICE CHAIR AUERBACH: Thank you, Madam Vice  
4 Chair.

5 The history here, as everybody knows, the recent  
6 history is that there's been focus by the Board on the  
7 financials of the ADWs in California, understanding that the  
8 formula that was put in place when the legislation was  
9 passed preceded many of the new forms of wagering that we're  
10 all familiar with and that we've talked about over and over  
11 again, it was talked about today, simply stated, ADW bets  
12 that are being made on track.

13 So the Board had a desire to receive P&Ls from  
14 each of the ADW companies, which has been done.  
15 Unfortunately, Staff has no way of verifying the accuracy of  
16 the P&Ls without an audit. But we lack the resources to  
17 perform such onsite work. Our pari-mutuel auditors, and  
18 Francisco is here, are sufficiently busy reconciling other  
19 daily data, that they cannot visit each of the entities to  
20 look at the books.

21 In addition, Staff has reviewed the statutory  
22 authority of the Board in this matter. And we believe that  
23 CHRB has the clear right to require an audit of financial  
24 data or any other records within the ADW business that has  
25 been licensed by it.

1           As a result, we recommend that the ADW License  
2 Renewal Application, the application going forward, be  
3 amended to require the following, not limited to this but  
4 including these things: an audited financial report for the  
5 most recently completed reporting period, calendar or fiscal  
6 year, including a profit and loss statement with revenues  
7 and expenses calculated according to market share in  
8 California; second, a monthly reporting of address changes  
9 for California ADW customers; third, a quarterly reporting  
10 of accounts that have been dormant for six months or longer.  
11 And there may be other things that Staff recommends to the  
12 Board.

13           In order to change the application, which you all  
14 are painfully familiar with, the document will need to  
15 follow the same procedures as changing a regulation. So  
16 we're going to have to draft some proposed changes, submit  
17 them to the Board. If they move it forward, 45-day public  
18 comment. You know the process. So that process will likely  
19 take between six and nine months for the Board to complete.

20 What that means is if the Board moves forward in this  
21 direction, the next time that you come before the Board to  
22 renew your license, you will have been required to submit  
23 those things as part of your license application.

24           So Staff has recommended to the Board today that  
25 they look at parallel paths here. One is before them on the

1 agenda, and that is your application for relicensing. The  
2 other is the suggestion by Staff that we begin to move to  
3 revamp, if you will, the ADW license application. And this  
4 would reply to renewals. Obviously, an ADW company coming  
5 before the Board for the first time wouldn't have any  
6 California history.

7 FIRST VICE CHAIR KRIKORIAN: Commissioner Choper?

8 COMMISSIONER CHOPER: I'm sure you thought  
9 this -- it was stated, but to understand, but when you say  
10 an auditor, I think we ought to say a certified audit  
11 financial report.

12 EXECUTIVE DIRECTOR BAEDEKER: Yes. And thank you,  
13 Commissioner, because that's an important point. What we  
14 want to point out is that Staff is recommending that those  
15 details don't need to be determined as part of your  
16 consideration today, in consideration of the applications  
17 before you, that that will be the next  
18 step -- or the first step, if you will, on that parallel  
19 path where Staff will bring to you all a list of  
20 particulars, recommended changes for the applications going  
21 forward, including what you just mentioned, and give you the  
22 opportunity to add or subtract from the list they give you.

23 COMMISSIONER CHOPER: But that's not just from any  
24 accountant that happens to come in and say that he and she  
25 went over the whole thing and it looked okay. It's got to a

1 certified public accountant.

2 SECOND VICE CHAIR AUERBACH: I think, Jesse, I  
3 think what we're driving at is that we'll take the time to  
4 put in the language that we want.

5 COMMISSIONER CHOPER: Yeah. That's fine.

6 SECOND VICE CHAIR AUERBACH: And we're just  
7 basically letting the ADWs know that this has really nothing  
8 to do with today, other than determining the length of the  
9 license, but this what we'll be working on. And it will go  
10 to public comment and you'll be able to discuss it, you  
11 know, in public comment period and try to get this so that  
12 it works well for all of us, so we don't have to do this  
13 again.

14 This is, as I see, this is kind of a situation  
15 where the Board, and I'm going to say previous to any of us  
16 being here, really did not put into play steps that were  
17 user friendly so that we could really understand what was  
18 going on, and I think that that's all this is. This is not  
19 -- this in no way is a negative comment about the ADWs who  
20 are our partners. But this is us taking what should be our  
21 financial responsibility and making sure we understand where  
22 we are. I think that's a fair statement, so --

23 FIRST VICE CHAIR KRIKORIAN: Well, I would  
24 say --

25 SECOND VICE CHAIR AUERBACH: -- that's the way I

1 look at it.

2 FIRST VICE CHAIR KRIKORIAN: Yeah. But with  
3 respect to what's being discussed now, I think that the  
4 Board needs the opportunity to have further discussions as  
5 to what these rules and requirements will be. Because, one,  
6 we don't want them to be punitive.

7 SECOND VICE CHAIR AUERBACH: Right.

8 FIRST VICE CHAIR KRIKORIAN: But, you know, but we  
9 want them to be, you know, consistent. We want to make sure  
10 that the information we're getting is the information that's  
11 helpful to us. So we need to work on that before we come  
12 back and, you know, present it to you.

13 SECOND VICE CHAIR AUERBACH: Which is why we're  
14 not making any changes today. We're just setting the table.

15 FIRST VICE CHAIR KRIKORIAN: Yeah.

16 SECOND VICE CHAIR AUERBACH: This is for the last  
17 supper.

18 SECOND VICE CHAIR AUERBACH: So I think we're  
19 talking now about approving one year, right, license --

20 SECOND VICE CHAIR AUERBACH: I --

21 FIRST VICE CHAIR KRIKORIAN: -- as opposed to two?

22 EXECUTIVE DIRECTOR BAEDEKER: Yeah. Uh-huh.

23 SECOND VICE CHAIR AUERBACH: Yeah. I was thinking  
24 --

25 FIRST VICE CHAIR KRIKORIAN: And then --

1 SECOND VICE CHAIR AUERBACH: -- more like maybe  
2 doing a 15-month license, because I know how we operate. We  
3 think we're going to get something done in a year and we  
4 don't. And I don't want to have to bring everybody back to  
5 do this if we've not allowed ourselves enough time to have  
6 everything straight, so that the ADWs have all the  
7 information and we have it.

8 FIRST VICE CHAIR KRIKORIAN: Well --

9 SECOND VICE CHAIR AUERBACH: I don't know if a  
10 year is enough time for us, quite frankly.

11 EXECUTIVE DIRECTOR BAEDEKER: Also, and it  
12 probably should be pointed out that it's one thing for us to  
13 go through our process. And if at the end of that process  
14 we have determined that there needs to be a certified audit  
15 of their financials, then they're going to need time --

16 SECOND VICE CHAIR AUERBACH: They're going to need  
17 time, too.

18 EXECUTIVE DIRECTOR BAEDEKER: -- to do that before  
19 applying for relicensing to the Board. So --

20 FIRST VICE CHAIR KRIKORIAN: Right.

21 EXECUTIVE DIRECTOR BAEDEKER: -- I take the point  
22 that maybe 15 months might not even be quite enough.

23 SECOND VICE CHAIR AUERBACH: Yeah. You might need  
24 to --

25 EXECUTIVE DIRECTOR BAEDEKER: Maybe 18.

1 SECOND VICE CHAIR AUERBACH: Yeah. Really.  
2 Honestly. Because just having served as long as I have and  
3 seeing how long it took us to get third-party Lasix through  
4 the Office of Administrative Law before any of us had rules  
5 and regulations that applied, you know, I think a year is  
6 too short. I think we've got to -- you know, I said 15.  
7 Maybe we need 18 months, which is almost the full license.  
8 And I'm not trying to obfuscate or delay it, but I am trying  
9 to make it so that it's sensible for them and for us,  
10 knowing how difficult it is for us to get anything through.

11 COMMISSIONER CHOPER: Yeah. That's fair enough.

12 FIRST VICE CHAIR KRIKORIAN: Well, maybe --

13 SECOND VICE CHAIR AUERBACH: That's my thought.

14 FIRST VICE CHAIR KRIKORIAN: Maybe we could ask  
15 the Executive Director, since he's more hands-on with these  
16 issues, as to comment as to whether -- what the time frame  
17 is you need to get this done? Because I'd like to see it  
18 done as soon as possible. I know it's going to take time,  
19 but we don't want to be going out a couple years here.

20 EXECUTIVE DIRECTOR BAEDEKER: These might be  
21 famous last words, but I honestly don't believe it will take  
22 nearly as long as something like third-party Lasix because -  
23 -

24 COMMISSIONER CHOPER: Good.

25 EXECUTIVE DIRECTOR BAEDEKER: -- I think the list

1 of proposed items to be included in the revised application  
2 will not be lengthy. And I do believe that the Board,  
3 probably in one open meeting with members  
4 of -- with the stakeholders here, can determine what those  
5 changes should be, and we can start to move it quickly.  
6 And, also, I believe that the rather  
7 difficult -- that's not the right word -- cumbersome process  
8 that we go through with OAL, which is an important one, we  
9 complain about it but we're really -- you know, we're making  
10 rules and regulations here which are going to affect your  
11 businesses and potentially affect the racing industry. So  
12 it's a careful process and it needs to be, and we get that.

13           But having said all of that, and understanding  
14 that they're going to need to do what's required in the  
15 revised applications, I personally believe 18 months, as  
16 Vice Chair Auerbach stated, might be more appropriate. And  
17 really, if you think about it, 18 months, in addition to the  
18 first two license grants, the first one was a month, I  
19 think, and then the next one was six months, so that's over  
20 two years in total.

21           FIRST VICE CHAIR KRIKORIAN: So you want to leave  
22 it at two years; is that your recommendation?

23           EXECUTIVE DIRECTOR BAEDEKER: I'd recommend 18  
24 months.

25           FIRST VICE CHAIR KRIKORIAN: Eighteen months?

1 Okay.

2 COMMISSIONER CHOPER: I'm just curious if you  
3 folks have any thoughts about this? You're the ones that  
4 become responsible for doing this. And if you think it  
5 would take shorter or longer --

6 MR. ALLEVATO: Tony Allevato, President at NYRA  
7 Bets.

8 As being the newcomer in this market, we launched  
9 nationally with our ADW. We had only been in New York prior  
10 to last year, so we've gone through this process in multiple  
11 states. And it's really unusual for us, if you look at the  
12 history so far, we were licensed in October. We agreed to  
13 do a very short license, just to get us on the same calendar  
14 as the other ADWs, which we thought was fair. Then we were  
15 issued a new license, I believe in November, that went  
16 through February. We were issued a license in February that  
17 goes now until today.

18 So if we're talking about just doing it for the  
19 year, that would be a new license that would come up in  
20 November. So we would have had five licenses in a span of  
21 about 12 months in this state.

22 SECOND VICE CHAIR AUERBACH: You're very lucky.

23 MR. ALLEVATO: So --

24 EXECUTIVE DIRECTOR BAEDEKER: But we are talking  
25 about more than a year.

1 MR. ALLEVATO: Yeah. So I think that we would  
2 request that we have the two-year total license that is in  
3 the regs, is what our position would be from NYRA Bets. And  
4 that would allow us to give us the time to do what you're  
5 asking.

6 EXECUTIVE DIRECTOR BAEDEKER: For today, grant a  
7 two-year license?

8 MR. ALLEVATO: Yes, that's where we are.

9 FIRST VICE CHAIR KRIKORIAN: Anyone else who'd  
10 like to speak to these issues?

11 MR. VANCE: Yes. Carter Vance from Churchill  
12 Downs.

13 Our understanding, at least originally, was  
14 that -- from earlier this year that we were granted this  
15 license in order to do the geolocation. And then the --  
16 then it would fall to the regulation, which does say two  
17 years. It does say, you know, licenses shall be issued for  
18 two years. So we thought it was kind of a contingency just  
19 for that period, and then it was going to go through the end  
20 of 2018. So that's kind of where we -- I guess our  
21 expectation for the meeting today.

22 EXECUTIVE DIRECTOR BAEDEKER: Just to clarify, I  
23 don't think it requires that there be a two-year license.  
24 The license is up to two years. The Board has the  
25 discretion, as it has exercised as just described, to grant

1 a license shorter than two years but not more than.

2 FIRST VICE CHAIR KRIKORIAN: So --

3 MR. VANCE: Okay. I thought 2071(b) (phonetic)  
4 had shall be two years, but maybe it's been changed.

5 EXECUTIVE DIRECTOR BAEDEKER: No, it hasn't been  
6 changed, so maybe I misunderstood, but --

7 MR. VANCE: Okay.

8 EXECUTIVE DIRECTOR BAEDEKER: -- the Board did it  
9 anyhow.

10 FIRST VICE CHAIR KRIKORIAN: So what we're voting  
11 on today is --

12 EXECUTIVE DIRECTOR BAEDEKER: Really, you're  
13 talking about the length.

14 FIRST VICE CHAIR KRIKORIAN: -- is only the  
15 length.

16 COMMISSIONER CHOPER: I thought it was the length  
17 to do this first, to complete this first round.

18 FIRST VICE CHAIR KRIKORIAN: Well, we'd be  
19 approving the applications, and for a period of time.

20 COMMISSIONER CHOPER: Well, we've got to do it for  
21 more because they expire tomorrow or today, I don't know  
22 which one.

23 EXECUTIVE DIRECTOR BAEDEKER: Right. So there  
24 really are two separate --

25 COMMISSIONER CHOPER: Yes.

1 EXECUTIVE DIRECTOR BAEDEKER: -- issues that we're  
2 talking about. One is the applications that are before you  
3 --

4 FIRST VICE CHAIR KRIKORIAN: Right.

5 EXECUTIVE DIRECTOR BAEDEKER: -- whether or not  
6 you're going to grant licenses based on those applications,  
7 and for what length. End of that first topic.

8 The second one is one that you'll start to deal  
9 with yes month --

10 COMMISSIONER CHOPER: Yes.

11 EXECUTIVE DIRECTOR BAEDEKER: -- when we bring all  
12 of this financial -- all of these financial changes or  
13 changes for the application before you.

14 COMMISSIONER CHOPER: Yes. My concern is the  
15 first one, because we're asking that they come in. I think  
16 the only, and I may be wrong, the only issue that is  
17 somewhat different is to have a certified audit --

18 SECOND VICE CHAIR AUERBACH: No.

19 COMMISSIONER CHOPER: -- done.

20 SECOND VICE CHAIR AUERBACH: It's not the only  
21 issue, Jesse. It's --

22 COMMISSIONER CHOPER: That's new?

23 SECOND VICE CHAIR AUERBACH: It's that we're going  
24 to require, according to what --

25 FIRST VICE CHAIR KRIKORIAN: We're not doing

1 anything today.

2 SECOND VICE CHAIR AUERBACH: -- Executive Director  
3 said, we're going to be requiring more reporting and on a  
4 different schedule. It's not one simple thing. It's we're  
5 going to try to set the table so we don't have to do this  
6 again, so it's not just one thing.

7 COMMISSIONER CHOPER: Well, I do understand that.  
8 But what I do think is that if we have these ADWs operating  
9 without -- and we're going to have to do it, without having  
10 audited financial statements from them, that we're sort of  
11 at risk during the entire time.

12 SECOND VICE CHAIR AUERBACH: But it's all -- but  
13 this is no change. We've been doing --

14 COMMISSIONER CHOPER: Well, I understand.

15 SECOND VICE CHAIR AUERBACH: -- for years.

16 COMMISSIONER CHOPER: But that's why we're trying  
17 to change it now.

18 SECOND VICE CHAIR AUERBACH: Exactly.

19 FIRST VICE CHAIR KRIKORIAN: We can't change it  
20 today. We have to go through a process and make changes.

21 COMMISSIONER CHOPER: I understand. No, I don't  
22 mean we change it today.

23 FIRST VICE CHAIR KRIKORIAN: Right.

24 COMMISSIONER CHOPER: What I'm saying is I think  
25 we ought to get the change for the first go-around as

1 quickly as we can.

2 FIRST VICE CHAIR KRIKORIAN: Right.

3 COMMISSIONER CHOPER: And then after that, we can  
4 do it for two years, that's fine. I don't have any  
5 objection to that. I'm just trying to cure the  
6 problem --

7 FIRST VICE CHAIR KRIKORIAN: Yes.

8 COMMISSIONER CHOPER: -- and cure it as quickly as  
9 possible.

10 That's why I asked, how long would it take  
11 you -- well, we've been back and forth on how long it would  
12 take you to get ready to have audited financial reports, all  
13 right, in addition to everything else? Everything else,  
14 you've sort of -- you had it in already. I mean, most of  
15 this stuff is just a little updating. But the audited  
16 financial report is a different sort of category. I just  
17 wonder, how long would it take to get those?

18 FIRST VICE CHAIR KRIKORIAN: Well, they're already  
19 providing financials; correct?

20 EXECUTIVE DIRECTOR BAEDEKER: They provide  
21 financials but they're not --

22 COMMISSIONER CHOPER: Not audited.

23 EXECUTIVE DIRECTOR BAEDEKER: -- certified  
24 audited.

25 COMMISSIONER CHOPER: They're not audited.

1 FIRST VICE CHAIR KRIKORIAN: They provided  
2 financials and they're not --

3 COMMISSIONER CHOPER: Yeah.

4 FIRST VICE CHAIR KRIKORIAN: -- what we'd like to  
5 see.

6 COMMISSIONER CHOPER: I guess some were  
7 audited --

8 FIRST VICE CHAIR KRIKORIAN: So what we need --

9 COMMISSIONER CHOPER: -- and some were not  
10 audited.

11 FIRST VICE CHAIR KRIKORIAN: So what we want to do  
12 is create what the rules would be and regulations would be  
13 moving forward. As soon as those are in place, then they  
14 would be required to comply with the new regulations. We  
15 have to go through that process. And the discussion right  
16 now is it's going to take 18 to 24 months. And these folks  
17 would like to have 24 months, versus what they had  
18 requested. And Executive Director Baedeker is saying it  
19 would take 18 months. So the Board needs to decide if we  
20 want to move forward with the approvals today for 18 or 24  
21 months?

22 COMMISSIONER CHOPER: I mean, I think I've said  
23 what I wanted to say, and that is I'd have it as a short a  
24 time possible that is consistent with the what the ADWs can  
25 do in good faith to produce audited financial reports and

1 get the rest of the stuff in. Now, if they can do it in  
2 less than 18 months --

3 SECOND VICE CHAIR AUERBACH: You know, quite  
4 honestly, Jesse, I think that they, if they had to, could do  
5 it as rapidly as necessary. I don't doubt their ability to  
6 get it done. I doubt our ability to get it done. And I'm  
7 being really candid. I know that our stuff moves more  
8 slowly.

9 COMMISSIONER CHOPER: Yes.

10 SECOND VICE CHAIR AUERBACH: And I want to be  
11 realistic in whatever we do.

12 COMMISSIONER CHOPER: But our stuff only starts  
13 until they get it done, so they're the first step. Our  
14 system is after the first step is completed.

15 So if I asked you, how long would it take you to  
16 put together this --

17 MR. ALLEVATO: I would say that the first step is  
18 not on us. The first step would be for the regs to be  
19 changed, so it's not on us.

20 SECOND VICE CHAIR AUERBACH: Of course. It's up  
21 to us, Jesse. And I really do feel that, as long as we're  
22 discussing it with them, I think it's a matter of us giving  
23 them a reasonable time, not only for them to come to terms  
24 with it, but for our processes to be able to be complete.  
25 That's what my concern has been. Because I think when

1 you're dealing with these numbers and things, they can get  
2 it done. They're private businesses and we're not.

3 COMMISSIONER CHOPER: Okay.

4 SECOND VICE CHAIR AUERBACH: So they can always  
5 respond, but it's up to us to do something that's reasonable  
6 for our staff and our processes so that we're ready to make  
7 them our partners in doing it the right way. That's the way  
8 I view it. I'm just looking at it a different way.

9 And I would like to suggest at this point that I'm  
10 just going to go ahead and say that we approve all the  
11 licenses for an 18-month period, pending however we want to  
12 verbalize this. Because I think --

13 EXECUTIVE DIRECTOR BAEDEKER: You don't need to do  
14 more than that.

15 SECOND VICE CHAIR AUERBACH: Okay.

16 COMMISSIONER RUANO: I have a quick question  
17 before you put a motion on the floor.

18 Could you give us a status update on the  
19 outstanding items? I believe all of you have some,  
20 including the labor agreement.

21 SECOND VICE CHAIR AUERBACH: They do. Oh, there's  
22 no --

23 MR. ALLEVATO: So the only outstanding item that,  
24 I believe, we have from NYRA Bets standpoint is labor.  
25 We've been in communication with John Valenzuela and the

1 labor group and talking to them, and trying to work in good  
2 faith. Our lawyer, Nicole, is here. She can elaborate, if  
3 you need more information on that.

4 FIRST VICE CHAIR KRIKORIAN: And that said, I do  
5 have a request for John Valenzuela, who would like to  
6 address this item; right? Introduce yourself, please.

7 MR. VALENZUELA: Yes. John Valenzuela, President  
8 of Local 280.

9 At this time all our labor agreements are  
10 outstanding with all the ADW companies. The only ADW  
11 company that actually has a license, I think is for another  
12 year, would be b Spot. I think that's Game Play Network.  
13 All the other ADW companies does not -- we are not -- do not  
14 have a license -- or labor agreement with them.

15 Back in January there was a conditional approval  
16 for six months, all the way until today, in July [sic]. In  
17 our previous letters, we demanded that we get into a  
18 contract with all the ADW companies.

19 What Local 280 is focusing on is creating jobs. We  
20 brought it to the Board here that we were looking for eight  
21 jobs, full-time jobs, that would funded by the ADW  
22 companies.

23 In short, following that, we had a meeting with  
24 the TOC and Del Mar up in Sacramento with some lobbyists,  
25 and there was talk of creating jobs. But what has happened

1 since then was -- I think it was in March, that's when we  
2 had the meeting. Just shortly after March, must be before May,  
3 three members of Local 280 had filed a lawsuit against the  
4 employer for not being compliant with the meal break period.

5 And since that has happened, I was sent a message that  
6 there would be no talks of creating jobs while that lawsuit  
7 is pending.

8 Basically, they're holding it over our head. And  
9 actually, the lawsuit with the meal break period really has  
10 nothing to do with us trying to create jobs for Local 280.  
11 I just wanted to make that clear.

12 Even after that particular situation, Local 280  
13 had an event here at Santa Anita. It was on April 15th,  
14 where Local 280 -- the TOC, Local 280 and the SIEU had  
15 invited legislators to come to Santa Anita and see what  
16 Local 280 members do as far as labor. We gave them a tour  
17 of the money room, and basically gave them an explanation of  
18 exactly what we do, and then try to help them learn how to  
19 bet, as far as horse racing. A lot of legislators and the  
20 SEIU really enjoyed the guidance and they had a great time.

21 Just so you know, there is a few legislative  
22 bills, spot bills, that are on the -- at legislation right  
23 now, and they're moving forward.

24 So Local 280, the SEIU is very supportive of the  
25 racing industry at this time. We really want to make -- to

1 go forward. But again, we are looking to create jobs to  
2 benefit -- not only to assist this industry, but to benefit  
3 Local 280 members.

4 At this time, I really haven't had much discussion  
5 with many of the ADW companies. I do -- I can tell you that  
6 NYRA did reach out to us. And we're willing to sit down and  
7 discuss a few issues, and we had a few talks. And we plan  
8 on discussing, continuing discussing going forward.

9 I was approached today, also, by other ADWs that  
10 want to open -- keep the discussion about creating jobs for  
11 Local 280 and going forward. But I also had other ADW  
12 companies that really have no intention of creating any  
13 jobs. Basically, they said that their business is online,  
14 so they weren't -- had really no intentions. I haven't  
15 talked to -- one, TVG, I haven't had any conversation since,  
16 I think, January. But the TOC was -- kind of stepped in and  
17 tried to create those jobs, as we spoke before. But at this  
18 time, there is no talks of any jobs being created.

19 FIRST VICE CHAIR KRIKORIAN: Okay. Well, at this  
20 point in time, we would encourage you to continue to have  
21 your discussions and hopefully, you know, things will get  
22 resolved.

23 MR. VALENZUELA: I understand that you're talking  
24 about the time frame of a license. You know, right now I  
25 would have to oppose a two-year license. I would not be

1 opposed to a three- to six-month license at this time, so  
2 that we can continue our talks, maybe, to put more emphasis  
3 on getting this done. Being if it's lengthy, there's a good  
4 chance nothing will get done.

5 FIRST VICE CHAIR KRIKORIAN: Okay. Thank you.

6 Does anybody have any questions for John? Okay.

7 Thank you.

8 MR. VALENZUELA: Thank you.

9 FIRST VICE CHAIR KRIKORIAN: Yes, you can speak.

10 MR. AVIOLI: Good afternoon. Greg Avioli with the  
11 TOC. I just want to comment a little bit about what John  
12 just said.

13 We believe that SEIU and Labor is not a good but a  
14 great legislative partner. They were tremendously important  
15 to us last year in Sacramento. And for any substantive bill  
16 going forward, they're going to be tremendously important  
17 again. We have tried to broker this eight-job agriculture,  
18 which would essentially be some version of an on-track  
19 concierge who are assisting players opening up ADW accounts.

20 We did get very close with a lot of the people around this  
21 table agreeing in principle, and the racetracks. And as  
22 John pointed out, it got sidetracked by an unexpected  
23 lawsuit that was brought on behalf of some SEIU members  
24 against the racetracks, which temporarily, at least, made  
25 them less interested in negotiating a deal. I wouldn't give

1 up on that deal, and we're not giving up on that deal. And  
2 we hope we can get something done coming up when we're all  
3 together for a while at Del Mar.

4 FIRST VICE CHAIR KRIKORIAN: Okay. Thank you.

5 MR. AVIOLI: Okay.

6 FIRST VICE CHAIR KRIKORIAN: Okay.

7 MR. VALENZUELA: I just wanted to add that -- this  
8 is John Valenzuela of Local 280, President.

9 I just wanted to add that I went down to Del Mar  
10 Fair. And there's a display there that is really nice.  
11 There's a huge display with a horse and jockey, basically  
12 symbolizing American Pharaoh with Espinoza on top. The  
13 display is actually three to four sides, and it shows the  
14 huge history of Del Mar racing. It even has a glass casing  
15 where the original lease that began 22nd Ag and the Del Mar  
16 Racing Industry. And then just on the side of this so-  
17 called display, which I thought was very nice, and it was to  
18 address all the foot traffic that was at the fair, there's a  
19 kiosk. There was a Local 280 member there doing the sign-  
20 ups promoting and trying to get people to, you know, get  
21 prepared for the next Del Mar meet.

22 So I really applaud -- 22nd Ag, actually, is the  
23 one that's footing the bill for this. But that's the same  
24 type of thing that we wanted to create is a kiosk that will  
25 promote horse racing, whether it be at the fair or another

1 event, or maybe at the mall or something, because we do have  
2 that in our contract of kiosk, and we would like to continue  
3 that --

4 FIRST VICE CHAIR KRIKORIAN: Okay.

5 MR. VALENZUELA: -- for the betterment of horse  
6 racing.

7 FIRST VICE CHAIR KRIKORIAN: John, thank you.

8 MR. VALENZUELA: All right. Thank you.

9 FIRST VICE CHAIR KRIKORIAN: Okay. So do we have  
10 a motion?

11 COMMISSIONER RUANO: I have just a quick  
12 questions.

13 SECOND VICE CHAIR AUERBACH: Arceli has one.

14 FIRST VICE CHAIR KRIKORIAN: Oh.

15 COMMISSIONER RUANO: Just a quick one. I mean, I  
16 just wanted feedback from you regarding comments just made,  
17 if any.

18 MR. VANCE: Carter Vance from Churchill Downs.

19 We've had a number of discussions with John and we  
20 understand his concerns. You know, from our perspective, if  
21 there's something that makes sense we can, you know, we can  
22 continue to have those discussions. But it's a separate  
23 issue from really what's required for the application, which  
24 is the card neutrality (phonetic) agreement, and which we've  
25 had, you know, for a number of years with Local 280. So

1 we've been trying to, you know, address and get that  
2 agreement in place to check the box for what's needed here.

3 But a separate issue is the, you know, the jobs issue, so -  
4 -

5 MR. CHABRIER: Gene Chabrier with XpressBet.

6 We also had several conversations with John. I  
7 personally had them. And we submitted a draft to Local 280  
8 that is within the letter of the law as written and how we  
9 believe it was intended. So I haven't heard back from John  
10 on whether or not, you know, his group will approve that or  
11 not.

12 MS. FOLEY: Sorry. Nicole Foley, NYRA Bets.

13 I would just add to what Mr. Vance said, that  
14 19604(d)(1)(C) states that,

15 "The agreement required shall not be conditioned by  
16 either party upon the other party agreeing to matters  
17 outside the requirements of subparagraph B."

18 And the requirements of subparagraph B are just a  
19 card check (phonetic) and neutrality agreement. And we are  
20 all willing to sign that card check and neutrality agreement  
21 that has been signed for the last, our understanding is over  
22 a decade. And we're willing to sign that agreement but the  
23 labor union is not.

24 SECOND VICE CHAIR AUERBACH: Thank you.

25 FIRST VICE CHAIR KRIKORIAN: Thank you.

1 SECOND VICE CHAIR AUERBACH: Well, if it's okay, I  
2 would like to move this forward with the -- oh, sorry.

3 MR. VALENZUELA: I'm sorry. I may respond to  
4 that.

5 Yes, there is a neutrality agreement that's been  
6 signed for quite a long time with the prior president. The  
7 neutrality agreement was signed on good faith, believing  
8 that the jobs would be coming to California. As you know  
9 from our past letters and everything else, that those jobs  
10 never materialized here in the State of California.

11 Everything was moved out to either Oregon, Maryland,  
12 Pennsylvania, North Dakota.

13 The question is here, you know, the ADW companies,  
14 and I'm not blaming everybody because there's a lot of  
15 issues that have created our industry, where we're at today,  
16 but in good faith they gave us the intent that, you know,  
17 with our support at legislation to pass the ADWs that come  
18 into California, that there would be jobs produced for us.  
19 And that's the reason why the intent of having a labor  
20 agreement, recognition agreement, was to create jobs in the  
21 State of California. That is the intent. And how can you  
22 have an agreement with labor if you're not providing jobs?  
23 It's that simple. We don't have -- you want a labor  
24 agreement? Provide the jobs. I mean, I'm not difficult to  
25 deal with. The bottom line, I'm just looking for jobs.

1           So with that being said, I mean, you've heard my  
2 story. I know there's a few of you that haven't heard the  
3 whole story. But the letters that we wrote and the  
4 representatives that have come forward, like Roger Licht  
5 himself, who initiated the ADW licensing -- I mean ADW  
6 coming to California. He also stated in his representation  
7 at the meeting back in I think November that the intent was  
8 to create jobs. So we're just asking the ADW companies to  
9 do it in good faith.

10           Ten years has passed. I've lost a lot of members  
11 in ten years. Two-thirds of my membership have been lost  
12 because of loss of jobs, so --

13           FIRST VICE CHAIR KRIKORIAN: Okay. Thank you.  
14 Thank you, John. We understand.

15           Do you have something to say? Oh, okay.

16           Commissioner Ruano, do you have any other  
17 questions?

18           COMMISSIONER RUANO: No.

19           FIRST VICE CHAIR KRIKORIAN: No questions?

20           SECOND VICE CHAIR AUERBACH: I'm going to call the  
21 question, George, with putting in an 18-month stipulation.  
22 I think that's fair to us and fair to them.

23           FIRST VICE CHAIR KRIKORIAN: So what would be your  
24 motion?

25           SECOND VICE CHAIR AUERBACH: The motion would

1 be -- you got I there --

2 EXECUTIVE DIRECTOR BAEDEKER: Items 9 through 13.

3 SECOND VICE CHAIR AUERBACH: -- for items 9  
4 through 13, to grant the licenses --

5 EXECUTIVE DIRECTOR BAEDEKER: For 18 months.

6 SECOND VICE CHAIR AUERBACH: -- for an 18-month  
7 period. And I don't know if we have to put in there, with  
8 the stipulation that we devise formulas to address  
9 accounting concerns going forward. Do you want language  
10 like that?

11 FIRST VICE CHAIR KRIKORIAN: Is it necessary?

12 EXECUTIVE DIRECTOR BAEDEKER: I don't think you  
13 need it.

14 SECOND VICE CHAIR AUERBACH: I don't know. Okay.

15 COMMISSIONER CHOPER: I'm not sure you need it,  
16 yeah.

17 SECOND VICE CHAIR AUERBACH: So that's what I see,  
18 an 18-month window should be plenty of time for everybody to  
19 get their act together, most specifically us. And I think  
20 they can respond as quickly as they need to.

21 FIRST VICE CHAIR KRIKORIAN: Is that okay?

22 Jackie, did you have --

23 MS. WAGNER: No, I'm good.

24 FIRST VICE CHAIR KRIKORIAN: Oh, you're with us?  
25 Okay.

1 SECOND VICE CHAIR AUERBACH: Did I do it wrong?

2 MS. WAGNER: No.

3 FIRST VICE CHAIR KRIKORIAN: Okay. Can I have a  
4 second on the motion?

5 COMMISSIONER SOLIS: Second.

6 FIRST VICE CHAIR KRIKORIAN: Okay. Commissioner  
7 Solis seconds it.

8 Commissioner Ruano, how do you vote?

9 COMMISSIONER RUANO: Yes.

10 FIRST VICE CHAIR KRIKORIAN: Commissioner Choper?

11 COMMISSIONER CHOPER: Yes.

12 FIRST VICE CHAIR KRIKORIAN: Commissioner

13 Auerbach?

14 SECOND VICE CHAIR AUERBACH: Yes.

15 FIRST VICE CHAIR KRIKORIAN: Commissioner Solis?

16 COMMISSIONER SOLIS: Yes.

17 FIRST VICE CHAIR KRIKORIAN: Yes. So it passes  
18 unanimously.

19 Good luck.

20 MR. ALLEVATO: Thank you.

21 FIRST VICE CHAIR KRIKORIAN: Thank you very much.

22 MR. AVIOLI: Thank you.

23 MR. VANCE: Thank you.

24 FIRST VICE CHAIR KRIKORIAN: We are now going to  
25 what? We have one item left?

1           The last item on the agenda is discussion and  
2 action by the Board of the -- on the approval of the Fiscal  
3 Year 2017/18 Agreement providing funding support for the  
4 Board.

5           Good morning.

6           MS. VOSS: Good morning.

7           MR. GONZALEZ: Good morning.

8           FIRST VICE CHAIR KRIKORIAN: And identify  
9 yourselves, please.

10          MR. GONZALEZ: Francisco Gonzalez, CHRB Staff.

11          MS. VOSS: Wendy Voss, CHRB Staff.

12          FIRST VICE CHAIR KRIKORIAN: Okay. So --

13          EXECUTIVE DIRECTOR BAEDEKER: Francisco, you want  
14 to take the Commissioners through --

15          FIRST VICE CHAIR KRIKORIAN: Yeah.

16          EXECUTIVE DIRECTOR BAEDEKER: -- this budgeting  
17 process and how unique it is with the appropriation that's  
18 made by the legislature, and then changes by the May revise  
19 and the Department of Finance and so forth, just kind of set  
20 the table for how this works?

21          MR. GONZALEZ: Sure. Before --

22          EXECUTIVE DIRECTOR BAEDEKER: Or, Wendy, too, jump  
23 in.

24          MS. VOSS: Right. I certainly will.

25          MR. GONZALEZ: Before the current year, the way

1 the budget was displayed for budgeting purposes for state  
2 departments --

3 EXECUTIVE DIRECTOR BAEDEKER: Speak louder.

4 FIRST VICE CHAIR KRIKORIAN: A little bit louder,  
5 please.

6 MR. GONZALEZ: Okay.

7 FIRST VICE CHAIR KRIKORIAN: Sorry.

8 MR. GONZALEZ: Thank you. The budget used to  
9 include, as part of the appropriation, a number of charges,  
10 pro rata charges that the state is responsible for. Now the  
11 way that the new budget is displayed, it doesn't -- it no  
12 longer includes those pro rata charges. These pro rata  
13 charges include administrative -- a fixed cost for  
14 administrative services that each department has to pay back  
15 now. The legislature believes now, since those are fixed  
16 charges, those no longer be -- it will no longer be  
17 necessary for those to be appropriated. So they looked a  
18 little bit different this time around.

19 EXECUTIVE DIRECTOR BAEDEKER: So these charges,  
20 basically, are assessments against each department in the  
21 state issued by the state to cover all of those departments  
22 and service that we use in the course of day-to-day  
23 business; correct?

24 MR. GONZALEZ: That is correct. And this is --  
25 basically, another way to say it is a fixed cost that each

1 department is given assist on a percentage basis.

2 EXECUTIVE DIRECTOR BAEDEKER: So it's not new,  
3 it's just being accounted differently?

4 MR. GONZALEZ: That is correct.

5 MS. VOSS: It's being displayed differently.

6 EXECUTIVE DIRECTOR BAEDEKER: Yeah.

7 MS. VOSS: Yeah.

8 FIRST VICE CHAIR KRIKORIAN: Okay.

9 MR. GONZALEZ: And one of those increases that  
10 accounts for the majority of the budget increased from the  
11 previous year to this current year, which is a pro rata rate  
12 pay today in the State of California.

13 EXECUTIVE DIRECTOR BAEDEKER: Right. So the cost  
14 of CHRB hasn't gone up, but the cost of these pro rata --

15 MS. VOSS: That's right.

16 EXECUTIVE DIRECTOR BAEDEKER: -- assessments have?

17 MR. GONZALEZ: That is correct.

18 MS. VOSS: Those fees are assessed each year. And  
19 they can go up and down based on administrative cost to the  
20 state. And CHRB has to pay their proportionate share of  
21 that.

22 EXECUTIVE DIRECTOR BAEDEKER: And, Wendy, the  
23 Horse Racing Board is what's called special funded.

24 MS. VOSS: That's right.

25 EXECUTIVE DIRECTOR BAEDEKER: So we're not funded

1 out of the general fund.

2           And then what's the process for getting the  
3 stakeholders involved in the formula and understanding it  
4 and approving it?

5           MS. VOSS: Right. Each year, usually hopefully in  
6 May or June, before the state budget is approved, CHRB has  
7 built their budget during the course of their fiscal year.  
8 The Department of Finance has approved it, and we have a set  
9 amount that we are -- we have to have two items in order to  
10 expend; you just have the authority and the dollars. And so  
11 we get the authority from the legislature and we get the  
12 dollars, this time, from the formula, and so they have to  
13 tie. And we have to present to the industry what the  
14 legislature has approved for our budget each year.

15           And as Francisco was explaining, I believe it  
16 started last fiscal year, and this year, as well, the  
17 Governor decided that pro rata, even though it's an  
18 expenditure that we will incur, you will not see it in our  
19 Governor's budget display the same as you have in previous  
20 years. But it's still an expenditure that we must incur.

21           So we are now before you today with the actual  
22 formula, signed and approved by the industry, needing Board  
23 approval to proceed for next fiscal year.

24           FIRST VICE CHAIR KRIKORIAN: So you've got all the  
25 approvals prerequisite?

1 MS. VOSS: Yes. Yes.

2 FIRST VICE CHAIR KRIKORIAN: Okay.

3 SECOND VICE CHAIR AUERBACH: So if we don't  
4 approve it, you guys are all out of work?

5 MS. VOSS: That's right.

6 COMMISSIONER SOLIS: So are you.

7 MS. VOSS: We'll come back to you again next  
8 month. That's right, we can't pay you your \$100.

9 FIRST VICE CHAIR KRIKORIAN: Well, okay, any  
10 comments or questions?

11 COMMISSIONER RUANO: Move to approve.

12 COMMISSIONER RUANO: Okay. Commissioner Ruano  
13 moves to approve.

14 COMMISSIONER CHOPER: Second.

15 FIRST VICE CHAIR KRIKORIAN: Commissioner Choper  
16 seconds it.

17 Commissioner Solis?

18 COMMISSIONER SOLIS: Yes.

19 FIRST VICE CHAIR KRIKORIAN: Commissioner  
20 Auerbach?

21 SECOND VICE CHAIR AUERBACH: Yes.

22 FIRST VICE CHAIR KRIKORIAN: Commissioner Choper?

23 COMMISSIONER CHOPER: Yes.

24 FIRST VICE CHAIR KRIKORIAN: Commissioner Ruano?

25 COMMISSIONER RUANO: Yes.

