

APPEARANCES

COMMITTEE MEMBERS

Chuck Winner, Chair

Madeline Auerbach, Vice Chair

Araceli Ruano, Commissioner

Alex Solis, Commissioner

STAFF

Rick Baedeker, Executive Director

Jacqueline Wagner, Assistant Executive Director

John McDonough, Chief Counsel

Robert Brodnick, Staff Counsel

Mike Marten, Associate Analyst

ALSO PRESENT

Scott Daruty, Los Angeles Turf Club

Eric Sindler, Los Angeles Turf Club

Greg Avioli, Thoroughbred Owners of California

Mike Ziegler, Churchill Downs Incorporated

Larry Swartzlander, California Authority of Racing Fairs

Ed Cummings, Watch and Wager

Chris Schick, Watch and Wager

Tony Allevato, NYRA Bets

Joe Hachem, Game Play Network, Inc.

Russell Fine, Game Play Network, Inc.

John Valenzuela, Pari-Mutuel Employees Guild, Local 280

APPEARANCES

ALSO PRESENT

Gene Chabrier, Xpressbet

John Hindman, TVG

INDEX

PAGEAction Item:

- | | | |
|----|---|----|
| 1. | Approval of the minutes of September 27, 2018. | 3 |
| 2. | Approval of the minutes of October 25, 2018. | 3 |
| 3. | Executive Director's Report. | 4 |
| 4. | Public Comment: Communications, reports, requests for future actions of the Board. Note: Persons addressing the Board under this item will be restricted to three (3) minutes for their presentations. | -- |
| 5. | Discussion and action by the Board regarding the distribution of race day charity proceeds of the Del Mar Thoroughbred Club, 2018 summer race meeting in the amount of \$106,015 to nine beneficiaries. | -- |
| 6. | Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Los Angeles Turf Club (T) at Santa Anita Park Race Track, commencing December 19, 2018 through June 25, 2019, inclusive. (Note: Opening Day is December 26, 2018.) | 7 |

INDEX

PAGEAction Item:

- | | | |
|-----|--|----|
| 7. | Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of the Pacific Racing Association (T) at Golden Gate Fields, commencing December 19, 2018 through June 11 , 2019, inclusive. (Note: Opening Day is December 26, 2018.) | 27 |
| 8. | Discussion and action by the Board on the Application for License to Conduct a Horse Racing Meeting of Watch and Wager LLC (H) at Cal Expo, commencing December 26, 2018 through May 7, 2019, inclusive. | 31 |
| 9. | Discussion and action by the Board on the Application for Approval to Conduct Advance Deposit Wagering (ADW) of NYRAbets, LLC, for an out-of-state multi-jurisdictional wagering hub, for a period of up to two years. | 35 |
| 10. | Discussion and action by the Board on the Application for Approval to Conduct Advance Deposit Wagering (ADW) of Game Play Network, Inc., for an out-of-state multijurisdictional | 38 |

INDEX

PAGEAction Item:

	wagering hub, for a period of up to two years.	
11.	Discussion and action by the Board on the Application for Approval to Conduct Advance Deposit Wagering (ADW) of Churchill Downs Technology Initiatives Company, dba Twinspires and BetAmerica, for an out-of-state multi-jurisdictional wagering hub, for a period of up to two years.	42
12.	Discussion and action by the Board on the Application for Approval to Conduct Advance Deposit Wagering (ADW) of Watch and Wager.Com, LLC, for an out-of-state multijurisdictional wagering hub, for a period of up to two years.	45
13.	Discussion and action by the Board on the Application for Approval to Conduct Advance Deposit Wagering (ADW) of XpressBet, LLC, for an out-of-state multi-jurisdictional wagering hub, for a period of up to two years.	52
14.	Discussion and action by the Board on the Application for Approval to Conduct Advance	53

INDEX

PAGEAction Item:

Deposit Wagering (ADW) of ODS Technologies, L.P., dba TVG Network, for an out-of-state multi-jurisdictional wagering hub, for a period of up to two years.

- | | | |
|-----|--|----|
| 15. | Public hearing and action by the Board regarding the proposed amendment to CHRB Rule 1467, Paymaster of Purses, to include trainer and jockey purse deductions from any thoroughbred race conducted at a thoroughbred or fair race meeting, to be contributed to the California Retirement Management Account (CARMA), a charitable trust fund maintained by CARMA, a non-profit organization. (Note: This concludes the 45-day public comment period. The Board may adopt the proposal as presented.) | -- |
| 16. | Report from the Stewards Committee. | 55 |
| 17. | Closed Session: For the purpose of receiving advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the | 61 |

INDEX

PAGEAction Item:

Government Code.

- A. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending litigation described in the attachment to this agenda captioned "Pending Litigation," and as authorized by Government Code section 11126(e).
- B. The Board may convene a Closed Session to confer with and receive advice from its legal counsel regarding the pending administrative licensing or disciplinary matters described in the attachment to this agenda captioned "Pending Administrative Adjudications," as authorized by Government Code section 11126(e).
- C. The Board may convene a Closed Session for the purposes of considering personnel matters as authorized by Government Code section 11126(a).

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P R O C E E D I N G S

9:40 A.M.

DEL MAR, CALIFORNIA, THURSDAY, NOVEMBER 29, 2018

CHAIRMAN WINNER: Good morning. Ladies and gentlemen, this meeting of the California Horse Racing Board will please come to order. Please take your seats. This is the regular noticed meeting of the California Horse Racing Board on Thursday, November 29, 2018 at Del Mar Thoroughbred Club, 2260 Jimmy Durante Boulevard, Del Mar, California 92014.

Present at today's meeting are myself, Chuck Winner, Chairman; Madeline Auerbach, Vice Chairman; Araceli Ruano, Commissioner; and Alex Solis, Commissioner.

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

In order to ensure all individuals have an opportunity to speak and the meeting proceeds in a timely fashion, I'll strictly enforce the three-minute time limit rule for each speaker. The three-minute time limit rule will be enforced during discussion of all matters as stated

1 on the agenda, as well as during the public comment period.

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

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

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

22 Okay. Thank you to everyone for rearranging your
23 schedules in order to be here for this meeting which is a
24 replacement meeting for the one that had to be canceled due
25 to lack of quorum.

1 I want to go through the approval of the minutes
2 but there may be on -- since we only have four members here,
3 if you were not at one of these meetings, please let me
4 know. The September 27, 2018 meeting.

5 COMMISSIONER RUANO: I wasn't at that meeting.

6 CHAIRMAN WINNER: You weren't at that one, so
7 we'll move that to the next -- to the December meeting.

8 How about the October 25th meeting?

9 COMMISSIONER RUANO: Yes.

10 CHAIRMAN WINNER: Okay. Is there -- are there any
11 comments?

12 COMMISSIONER RUANO: No.

13 CHAIRMAN WINNER: Are there any comments or
14 additions or deletions to the minutes from the October 25th
15 meeting? Hearing none, is there a motion to approve?

16 COMMISSIONER RUANO: So moved.

17 CHAIRMAN WINNER: Commissioner Araceli move to
18 approve.

19 COMMISSIONER SOLIS: Second.

20 CHAIRMAN WINNER: Commissioner Solis seconds.
21 Commissioner Solis?

22 COMMISSIONER SOLIS: Yes.

23 CHAIRMAN WINNER: Commissioner Araceli?

24 COMMISSIONER RUANO: Yes.

25 CHAIRMAN WINNER: I mean Commissioner Ruano. I'm

1 sorry.

2 Commissioner Auerbach?

3 VICE CHAIR AUERBACH: Yes.

4 CHAIRMAN WINNER: Chairman votes yes.

5 The Executive Director's Report.

6 EXECUTIVE DIRECTOR BAEDEKER: Thank you, Mr.

7 Chairman.

8 We sent out an advisory a little more than a week
9 ago reminding horsemen, in particular, that the microchip
10 program is nearing its conclusion. All horses must be
11 chipped in order to run in California at any racetrack
12 beginning on December 26th. We believe we've got more than
13 90 percent of the horses chipped through continued
14 cooperation with the tracks and the Racing Offices and vets
15 and so forth, so we're pleased about that.

16 Also, you can envision a situation where a horse
17 is entered and may not have been chipped. This is a process
18 that can easily take place a couple of days before the race.

19 It doesn't upset the horses. And it's obviously going to
20 be up to the individual trainer to make that call.

21 But we'd like to raise the awareness of this. You
22 know, time is running out. You need to get the horses
23 chipped and report those horses to the Racing Office.
24 They'll, in turn, get the crew together to come by and make
25 sure that we have just as many as possible chipped.

1 It's going to be easier in the future, beginning
2 next year and every year thereafter. The two-year-olds
3 arrive already chipped as part of the registration process.

4 So we will, of course, continue to monitor horses that are
5 shipping in from other locations that are older than that,
6 that haven't raced. Those will need to be chipped. But the
7 monumental work is completed. However, we should be mindful
8 that if you're not chipped, if your horse is not chipped,
9 that horse will not be eligible to race beginning December
10 26th, so now is the time to get the work completed.

11 There are several applications that will follow,
12 having the population chipped. One obvious one is that the
13 reporting of veterinary records, the confidentials, can be
14 made much easier, simply with the reading the chip, keeping
15 the record in a digital format, and that can kill two birds
16 with one stone, submit the digital record, confidential
17 record to CHRB, as well as then furnishing the data for
18 their invoices. So that's just one examples.

19 Another one is horse identification. When the
20 chip is read the horse's data is populated almost
21 instantaneously. It will include the markings of the horse,
22 at some point will include a picture of the horse when it
23 was a foal. So we are all aware of times when a horse may
24 arrive that we're not familiar with and the tattoo isn't
25 quite clear. This will be much more efficient and secure.

1 Other applications that will be used in the Racing
2 Office are kind of unlimited. Whatever the Racing Office
3 would like to know, who the current horse population is, who
4 just came in last night and what that horse's history has
5 been and so forth will be available with the push of a
6 button.

7 So a longwinded way of saying two things. One, it
8 really has been a terrific exercise. And we've had 100
9 percent cooperation from everybody to get it to this point.

10 But the other is if horses haven't been chipped, time is
11 running out.

12 So I've got just a couple of financial reports.
13 The Fresno Fair, their season this year had the same number
14 of race days as last year. Business was up 3.4 percent for
15 the meet. They were also up a little bit in runners per
16 race, going from 5.9 to 6.4.

17 Business for the month of October was down.
18 However, there was one less race during the day -- one race
19 day, 17 this year versus 18 last year, and the same for the
20 evening program. So the total numbers for daytime racing
21 were down 8 percent for October, nighttime was up 1.2
22 percent, and the total business was down 7.1 percent.
23 However, if you do the daily averages for the month, you'll
24 see that daytime business was down 2.6 percent, nighttime
25 business up 7 percent, and all in, everything, down 1.6

1 percent for the month of October.

2 Still looking good for year-to-date, daytime
3 business up 6.4 percent, nighttime up 4 percent, and
4 everything up 6.2. Keep in mind that the month of November
5 last year featured a Breeders' Cup which we will not have
6 this year, so I don't expect a rosy report at this time. I
7 probably will make that report in -- you know, we'll
8 probably have it by December. So that's the bad news. The
9 good news is the Breeders' Cup is coming back to town next
10 year.

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

12 CHAIRMAN WINNER: Thank you very much.

13 Item number 5 will come off the agenda and item
14 number 15 will come off the agenda.

15 (Colloquy between Chairman Winner and Executive
16 Director Baedeker)

17 CHAIRMAN WINNER: Okay. Number six, discussion
18 and action by the Board on the Application for License to
19 Conduct a Horse Racing Meeting of the Los Angeles Turf Club
20 at Santa Anita Park Race Track, commencing December 19th,
21 2018 through June 25th, 2018 [sic], inclusive. Opening day
22 is December 26th, 2018.

23 Jackie, do we have everything in?

24 MS. WAGNER: Jackie Wagner, CHRB Staff.

25 The analysis, I believe, mentions the CTT

1 agreement as being outstanding and several ADW agreements as
2 being outstanding. We have received the CTT agreement, the
3 TVG, ADW and Xpressbet ADW agreement. And I understand that
4 the TOC has signed their horsemen's agreement.

5 CHAIRMAN WINNER: And -- but we don't have
6 Twinpires; correct?

7 MS. WAGNER: No, we do not have Twinpires.

8 CHAIRMAN WINNER: Okay. Thank you.

9 Scott?

10 MR. DARUTY: Good morning. Scott Daruty and Eric
11 Sindler on behalf of Los Angeles Turf Club. And we're
12 requesting our license for our December 26th opening.

13 As Jackie has stated, some of the agreements that
14 we're missing have since been submitted, so I believe we've
15 submitted everything required, other than we do not have an
16 ADW agreement with Twinpires. That is not for a lack of
17 trying, I can assure you. But we've been unable to get a
18 signed agreement with them.

19 But other than that, we're looking forward to a
20 great winter meet and request that you please approve our
21 application.

22 (Colloquy between Chairman Winner and Executive
23 Director Baedeker)

24 VICE CHAIR AUERBACH: Well, let me ask questions.

25 CHAIRMAN WINNER: Please, go ahead. Please.

1 VICE CHAIR AUERBACH: Yeah. I wanted to talk a
2 little bit about your stakes' schedule. I noticed that the
3 front part of your stakes' schedule, it looks as if you've
4 brought back all of the graded stakes. But you are not
5 using any of the listed stakes. Can you explain that?

6 MR. SINDLER: So I do know that Rick Hammerle and
7 Liz Morey have gone through the stakes' schedule and they
8 have approved everything, both the TOC and Santa Anita. As
9 far as the exact listed stakes that we're going with, I
10 actually don't know but I can text Rick or Liz and get an
11 answer for you.

12 VICE CHAIR AUERBACH: Greg Avioli, do you know why
13 this is done this way?

14 MR. AVIOLI: Greg Avioli, TOC. I -- sorry?

15 VICE CHAIR AUERBACH: Can you --

16 MR. AVIOLI: Oh. Greg Avioli, TOC.

17 Nick and I were just talking. I don't believe
18 there's been a fundamental policy changing in the listed
19 stakes. I think it's a question of why they're not included
20 in this calendar but --

21 VICE CHAIR AUERBACH: They're included in the
22 calendar --

23 MR. AVIOLI: Yeah.

24 VICE CHAIR AUERBACH: -- but they're -- I mean,
25 you've written them down but nobody's said they're going to

1 run.

2 MR. AVIOLI: Oh, okay, such as the Eddie Logan
3 without the press?

4 VICE CHAIR AUERBACH: If you look at the calendar
5 --

6 MR. AVIOLI: Yeah, I'm looking at it.

7 VICE CHAIR AUERBACH: -- all of the listed stakes
8 from the beginning of the meet until about April the 6th --

9 MR. AVIOLI: Yeah.

10 VICE CHAIR AUERBACH: -- except for one stake are
11 not going to be used. And then after the 6th of April, all
12 of the listed stakes are used, so I don't really understand.

13 Because I know a lot of the listed stakes lead up to the --

14 MR. AVIOLI: Yeah.

15 VICE CHAIR AUERBACH: -- graded stakes.

16 MR. AVIOLI: Well, let's --

17 VICE CHAIR AUERBACH: So it doesn't make a lot of
18 sense to me.

19 MR. AVIOLI: No. And there's been no agreement
20 that I'm aware of with Liz that we are not going to use
21 these. So I think what I'm trying to say, I think it's a
22 format thing. But let's confirm during this meeting and get
23 back to you.

24 VICE CHAIR AUERBACH: Can you please let --

25 MR. AVIOLI: Yeah.

1 VICE CHAIR AUERBACH: -- yeah, let us know because
2 that's --

3 MR. AVIOLI: Yeah. No, that's significant.

4 VICE CHAIR AUERBACH: -- strange.

5 MR. AVIOLI: Absolutely. Yeah.

6 VICE CHAIR AUERBACH: Okay.

7 MR. AVIOLI: Thank you.

8 VICE CHAIR AUERBACH: Thank you.

9 COMMISSIONER SOLIS: Do we have any news on the
10 new barns, the construction of the new barns?

11 MR. DARUTY: The approval process is continuing to
12 move forward. The target would still be the end of next
13 year, to have the 850 stalls back in what we call the north
14 lot, the lot behind on the other side of the racetrack from
15 the grandstand, so those plans are proceeding. We've got
16 the, you know, the funding internally prepared to -- you
17 know, money prepared to be spent, so it's all full steam
18 ahead. We do have to, you know, just wait for the final
19 approvals, of course.

20 COMMISSIONER SOLIS: Well --

21 VICE CHAIR AUERBACH: Are you talking about
22 county? Is that what he's talking about?

23 MR. DARUTY: The approvals?

24 VICE CHAIR AUERBACH: Yeah.

25 MR. DARUTY: Approvals through the City of

1 Arcadia.

2 COMMISSIONER SOLIS: It's very important to me
3 because, as you know, I work in the environment. And to me,
4 it's outdated, of course. And with all the things happening
5 right now, I mean, it's very important for us to keep our
6 horses safe. Will they fire us? And, of course, god forbid
7 an earthquake, those barns are very brittle. So I
8 appreciate that.

9 CHAIRMAN WINNER: Just as a follow-up, Scott, if
10 you -- when you put in the 850, assuming you get approval
11 and assuming you don't have to go through other approvals,
12 is it your intent -- what is your intent with respect to the
13 existing barns?

14 MR. DARUTY: I'm not prepared to speak to the
15 specific plans of the existing barns right now. Our focus
16 right now is to get the additional 850 built. And we
17 certainly understand that people have asked for improvements
18 on the existing barns and we'll come up with a plan for that
19 and report back to you.

20 COMMISSIONER RUANO: What's the expected timeline
21 to open them?

22 CHAIRMAN WINNER: Can you --

23 MR. DARUTY: To open the new 850?

24 CHAIRMAN WINNER: -- Araceli --

25 COMMISSIONER RUANO: Yeah.

1 CHAIRMAN WINNER: -- can you speak into the --

2 COMMISSIONER RUANO: The new -- yeah, exactly.

3 MR. DARUTY: Well, we -- at this point our target
4 would be the end of next year.

5 COMMISSIONER RUANO: End of next year?

6 MR. DARUTY: Yeah. So basically a year and a
7 month from, you know, now. That's the target date. We
8 have, obviously, a very, very strong vested interest in
9 having suitable stabling for, you know, as many horses as we
10 can to run our meet that year, you know, in the -- the meet
11 that will be starting December 26, 2019. So we're doing
12 everything we can to have them open in time for that.

13 CHAIRMAN WINNER: Are you still evaluating other
14 property for the purpose of a training track?

15 MR. DARUTY: We are evaluating other properties.
16 And again, you know, the stabling of horses is important to
17 the whole racing circuit. Del Mar, we've had discussions
18 with. Our view is that while we're very pleased to have
19 stabling at Los Alamitos right now, we're not able to obtain
20 any sort of real long-term commitment for that and so we
21 need to make alternative plans. So, yes, we are looking at
22 other opportunities. There's nothing really definitive to
23 report at this time.

24 CHAIRMAN WINNER: Thank you. Are there other
25 questions or concerns?

1 VICE CHAIR AUERBACH: I'm concerned about the --
2 oops. Yes.

3 MR. AVIOLI: Hey. Greg Avioli back.

4 Yeah, I've just confirmed that my understanding
5 was correct. These are overnight stakes. They are planned
6 to be run. There is no plan to cut them. As always, if
7 there's insufficient inventory to card them, one or more
8 might not run. But the plan is to run these in the same way
9 that we ran last year. And the reason that they were not
10 included in this with the purposes, I think, was just an
11 administrative error.

12 VICE CHAIR AUERBACH: Okay.

13 MR. AVIOLI: Okay.

14 VICE CHAIR AUERBACH: Yeah. Because it just
15 looked weird.

16 MR. AVIOLI: Yes.

17 VICE CHAIR AUERBACH: That's why I asked.

18 MR. AVIOLI: Well, you have a keen eye,
19 Commissioner. Thank you.

20 VICE CHAIR AUERBACH: Yeah.

21 CHAIRMAN WINNER: Thanks, Greg.

22 VICE CHAIR AUERBACH: Thanks.

23 CHAIRMAN WINNER: Go ahead.

24 VICE CHAIR AUERBACH: No. The only -- my concern
25 is the -- where are you with Twinpires? And Mr. Ziegler is

1 here. I don't know if he wants to address this issue or
2 not.

3 MR. DARUTY: I'd be happy to confer with Mr.
4 Ziegler.

5 VICE CHAIR AUERBACH: Mr. Ziegler?

6 CHAIRMAN WINNER: Before he gets up here, would
7 you be -- would it be helpful to you if the -- if we gave
8 you more time to continue negotiations with Twinpires --

9 MR. DARUTY: Well --

10 CHAIRMAN WINNER: -- if we put some language in
11 that creates that option?

12 MR. DARUTY: I guess I would ask -- I apologize
13 for answering a question with a question, but I'm not sure
14 why the fact that we don't have an agreement with Twinpires
15 should in any way, shape or form hold up the Santa Anita
16 race meet.

17 CHAIRMAN WINNER: I'm not suggesting that it, from
18 my perspective, at least, that it would. What I'm asking is
19 whether it would be helpful to you if we created an option
20 of time to give you more time, just on Twinpires?

21 MR. DARUTY: Well, I'm hopeful that we do reach an
22 agreement with them. There's a meeting scheduled in
23 Louisville next week. I left the last meeting, which was
24 the week of Breeders' Cup in Louisville, optimistic that we
25 were going to have an agreement very quickly after that.

1 And, unfortunately, I was incorrect because we still have a
2 number of issues that need to be worked through.

3 I will say that the things that we have asked from
4 Twinpires are virtually identical to what we've asked from
5 TVG, Xpressbet and NYRA Bets and the other ADWS, all of whom
6 signed them. Just because others signed doesn't mean that
7 Twinpires has to, but I say that as a way of saying we're
8 not singling them out for any, you know, difficult provision
9 or trying to leverage them into something that anybody else
10 hasn't already agreed to.

11 CHAIRMAN WINNER: Okay. Thank you.

12 MR. ZIEGLER: Mike Ziegler with CDI.

13 I would just echo Scott's -- agreeing with Scott's
14 statement that we, I think, will be able to get through and
15 come to an agreement when we meet on the 10th in Louisville.
16 There's, you know, give and take on both sides that I think
17 we can come to an agreement well prior to the deadline for
18 the opening of Santa Anita meet.

19 EXECUTIVE DIRECTOR BAEDEKER: Technically, Mr.
20 Chairman, if the Board today is inclined to approve the race
21 meet application as is there would be no authority for --

22 CHAIRMAN WINNER: Correct.

23 EXECUTIVE DIRECTOR BAEDEKER: -- Santa Anita and
24 Churchill Downs to exchange signals. And so the first
25 opportunity, I guess if there was an agreement reached, it

1 could be -- there would have to be an agreement reached by
2 December 3rd to have it on the agenda for the Board meeting
3 of the 13th, which means then it probably would not be able
4 to be heard by the Board until the January meeting, so your
5 offer for a contingency --

6 CHAIRMAN WINNER: Yeah. What I was --

7 EXECUTIVE DIRECTOR BAEDEKER: -- on any motion.

8 CHAIRMAN WINNER: Thank you. That's why I was
9 suggesting that we pass the motion and put in language that
10 should an agreement be reached by say the 17th of December
11 between TwinSpires and the Stronach Group or Santa Anita,
12 that then the signals could be exchanged. And that would
13 become a part of your license. If an agreement is not
14 reached by the 17th under that scenario, then you would not
15 be able to.

16 MR. DARUTY: So that would be okay with us. I
17 guess I'm not trying to be difficult here but trying to
18 understand. I'm not sure where the requirement that you
19 approve the agreement comes from. And I say that only in
20 the sense that you typically license our meet. We run our
21 meet. And then our simulcast activities involve negotiating
22 with various people all across the country for deals. We
23 do, obviously, send you a list of who we have contracts with
24 and Staff approves that, but none of that makes it to the
25 Board for approval.

1 And I realize that in the past there have been
2 sensitivities around ADW and that's why it has elevated to
3 an issue where you ask every meet and you want to know about
4 it. But I'm not sure it's necessary for you to actually, at
5 the Board level, approve the agreement in order for them to
6 be able to bet.

7 EXECUTIVE DIRECTOR BAEDEKER: And, Scott, I don't
8 think that's what's being suggested. The lawyers can
9 correct me if I'm wrong here, but it's required as part of
10 your race meet application that those agreements be
11 furnished to the Board.

12 CHAIRMAN WINNER: Right.

13 MR. DARUTY: The Board is not approving or
14 disproving the agreement. It just must be furnished to the
15 Board.

16 CHAIRMAN WINNER: Correct.

17 EXECUTIVE DIRECTOR BAEDEKER: In this case, it has
18 not been furnished to the Board. In the past the Board has
19 waived the requirement. And so, as everybody is aware, the
20 Board has indicated it will not waive the requirement going
21 forward. So the agreement is either here or it's not here.

22 At this point, it's not included in the race meet
23 application and so it's -- I'll defer to Rob or John. But
24 without having furnished that on a timely basis within this
25 application the parties would not be authorized to do

1 business.

2 Is that accurate, Rob?

3 MR. BRODNIK: I think more clearly, the Board --

4 CHAIRMAN WINNER: Rob, your name?

5 MR. BRODNIK: Oh, Rob Brodnik, California Horse
6 Racing Board, Staff Counsel.

7 The Board has to approve an application in its
8 discretion in the best interest of racing. And if the Board
9 has an application before it and it doesn't know what the
10 totality of that application is, you would be hindered to do
11 so. So I think that's why we require the application to be
12 complete, meaning you know what simulcast agreements or ADW
13 agreements are part and parcel of the race meet application.
14 So I would think that the Board would want that information
15 if there's going to be an agreement with Twinspires and PRA
16 before approving or disapproving an application.

17 MR. DARUTY: So may I ask a question? Would it be
18 a feasible approach for this Board to approve our
19 application, to state in the approval that we are not
20 authorized to sell the signal to Twinspires because at this
21 time there's no signed agreement with them. But when and if
22 a signed agreement is executed and delivered to Staff, we
23 could then, from that point forward, simulcast to
24 Twinspires.

25 CHAIRMAN WINNER: Yeah. That's exactly what I was

1 suggesting --

2 VICE CHAIR AUERBACH: That's what I said --

3 CHAIRMAN WINNER: -- except I would put --

4 VICE CHAIR AUERBACH: -- in the first place.

5 CHAIRMAN WINNER: -- a date on it --

6 MR. DARUTY: Okay.

7 CHAIRMAN WINNER: -- of December 17th because, in
8 fact, you start simulcasting, I think, on the 18th, is that
9 correct?

10 EXECUTIVE DIRECTOR BAEDEKER: 19th.

11 CHAIRMAN WINNER: 19th.

12 MR. DARUTY: Well, the --

13 EXECUTIVE DIRECTOR BAEDEKER: But your signal
14 wouldn't be --

15 MR. DARUTY: -- the agreement that is missing is
16 the export. That's what was confusing to me was the 17th.
17 So it wouldn't -- we aren't able to export our signal until
18 December 26th, which is the first day we race.

19 MR. ZIEGLER: But when we're talking later about
20 the Twinpires agreement, that's when the 17th comes into
21 play in order for California residents to wage on content
22 being imported. That's why, I think, she's brought that up,
23 Scott -- or they brought that up, Scott.

24 MR. DARUTY: Oh, that's for that though.
25 That's -- yeah. I mean, that's their concern.

1 EXECUTIVE DIRECTOR BAEDEKER: Yeah, I recommended
2 the 17th --

3 MR. DARUTY: That's their concern.

4 EXECUTIVE DIRECTOR BAEDEKER: -- just to allow,
5 you know, some time before the start of the meet. I mean,
6 that's subject to the -- to whatever the Commissioners want
7 -- would like to do.

8 CHAIRMAN WINNER: Eric, did you want to say
9 something?

10 MR. SINDLER: Yeah. I think there's a little bit
11 of confusion between importing signals and exporting
12 signals.

13 CHAIRMAN WINNER: Can you identify yourself?

14 MR. SINDLER: I'm sorry. Eric Sindler of Los Angeles
15 Turf Club.

16 I think there's some confusion between importing
17 signals and exporting signals. What you guys are looking
18 for is an agreement between Los Angeles Turf Club to sell
19 the signal to Twinpires. And as Scott mentioned, the first
20 time we can actually send a signal is December 26th. Us
21 betting on races at Churchill Downs, for instance, that's a
22 complete separate agreement. That's not what we're talking
23 about.

24 CHAIRMAN WINNER: Right.

25 EXECUTIVE DIRECTOR BAEDEKER: Right.

1 CHAIRMAN WINNER: So if -- what would be the date
2 that you'd be comfortable with to put into the agreement?

3 MR. DARUTY: And, I mean, if the Board prefers the
4 17th --

5 CHAIRMAN WINNER: No, it doesn't.

6 MR. DARUTY: -- we're comfortable with it.

7 CHAIRMAN WINNER: We prefer whatever makes it more
8 --

9 VICE CHAIR AUERBACH: Doable.

10 CHAIRMAN WINNER: -- more doable for you to reach
11 an agreement. We're not trying to put constraints on you.
12 We're trying to be helpful --

13 MR. DARUTY: Thank you.

14 CHAIRMAN WINNER: -- to get this agreement worked
15 out --

16 MR. DARUTY: Thank you.

17 CHAIRMAN WINNER: -- between the parties.

18 MR. DARUTY: I would hope that we would have it by
19 the 17th but experience tells me, we never get it when I
20 think we're going to get it. So, I mean, what would happen
21 if we didn't get it until January 1st? I mean, in theory we
22 wouldn't see --

23 VICE CHAIR AUERBACH: You'd be running without the
24 signal and --

25 MR. DARUTY: We would not sell to them --

1 VICE CHAIR AUERBACH: Right.

2 MR. DARUTY: -- for the first five days --

3 VICE CHAIR AUERBACH: Right.

4 MR. DARUTY: -- of the meet. And then when we had
5 the agreement, then we would be able to sell.

6 EXECUTIVE DIRECTOR BAEDEKER: So you want an open-
7 ended? You just -- once you have an agreement, you'll
8 furnish it to the Board. If the Board approves, then at
9 that point you can begin doing business.

10 MR. DARUTY: I'm okay if you want to put the 17th.
11 I'm merely suggesting that in the past we've had deadlines
12 that --

13 VICE CHAIR AUERBACH: In the past we've left it
14 open and it hasn't gotten done. You've come to us before,
15 Scott, and had difficulty with TwinSpires, not that they
16 have not done everything that they need to do in terms of
17 they've lived up to the letter of the law, except you
18 haven't had an agreement signed. That's what's been the
19 problem.

20 MR. DARUTY: And if you're --

21 VICE CHAIR AUERBACH: And we said we weren't going
22 to do that anymore.

23 MR. DARUTY: Understood. So again, the 17th is
24 fine.

25 COMMISSIONER RUANO: Let's do that, the 17th.

1 CHAIRMAN WINNER: Okay. All right. Any other
2 discussion?

3 VICE CHAIR AUERBACH: Yeah, just one other
4 thing --

5 CHAIRMAN WINNER: Please.

6 VICE CHAIR AUERBACH: -- because I forgot my
7 notes, about Santa Anita.

8 You have the Santa Margarita Stakes listed on the
9 winter schedule but online you have the Beholder Mile in
10 that spot. Are you flip-flopping Grade 1s? I'm struggling
11 with the stakes' schedule here because it's inconsistent.
12 So I don't think you guys can address that but I think Nick
13 and Greg probably can. If you go
14 online --

15 (Colloquy between Chairman Winner and Executive
16 Director Baedeker)

17 VICE CHAIR AUERBACH: -- you have the Santa
18 Margarita listed, right, on your winter schedule but online
19 you have the Beholder Mile, so I'm not really sure what
20 you're doing.

21 MR. DARUTY: I apologize. I don't have the
22 expertise to answer.

23 VICE CHAIR AUERBACH: I know you don't.

24 MR. DARUTY: So hopefully --

25 VICE CHAIR AUERBACH: Yeah. Greg is going to get

1 up --

2 MR. AVIOLI: So --

3 VICE CHAIR AUERBACH: -- and tell me what's going
4 on.

5 MR. AVIOLI: -- Greg Avioli, TOC.

6 The schedule that we've signed off on is what's in
7 the book. I believe that --

8 VICE CHAIR AUERBACH: Okay.

9 MR. AVIOLI: -- the Racing Office may have made
10 the change.

11 VICE CHAIR AUERBACH: Could they have just done
12 something wrong online or just transposed something or --

13 MR. AVIOLI: Yeah. Well, or Hammerle. I think we
14 should talk to Rick Hammerle. And maybe he's decided to
15 make some changes and hasn't had an opportunity to share
16 with them. But what you have in front of us is what we
17 understood the schedule to be.

18 VICE CHAIR AUERBACH: Okay. My concern is -- you
19 know my concern. It's hard enough to get Grade 1 races. I
20 certainly don't want us to be giving them away or dropping
21 them. I don't think that's anybody's intent. But when we
22 have confusion we need to straighten it out please.

23 MR. AVIOLI: Once again, if I hear anything during
24 this meeting, I'll come back up.

25 VICE CHAIR AUERBACH: Thank you. Thank you.

1 CHAIRMAN WINNER: Anything else? Okay. So is
2 there a motion to approve the license with the language?

3 And, Rob, maybe you can write out the
4 language --

5 VICE CHAIR AUERBACH: Yeah. Tweak the language
6 before --

7 CHAIRMAN WINNER: -- yeah, pending --

8 VICE CHAIR AUERBACH: -- we vote on it.

9 CHAIRMAN WINNER: -- yeah, pending an agreement
10 reached between TwinSpires and L.A. Turf Club. And let's
11 let it go until the 21st to give you as much time as
12 possible to reach that agreement.

13 MR. DARUTY: And if I can just clarify? That's
14 not a condition on the license? That's a condition --

15 CHAIRMAN WINNER: Not a condition --

16 VICE CHAIR AUERBACH: No.

17 CHAIRMAN WINNER: -- on the license.

18 MR. DARUTY: Right.

19 VICE CHAIR AUERBACH: No.

20 MR. DARUTY: Thank you.

21 MR. BRODNIK: Mr. Chair, if I could have a just a
22 moment to write that?

23 CHAIRMAN WINNER: Sure. Okay. We can go on to
24 the next item and come back to this when Rob writes that
25 language out, okay? Again, the intent here is to be

1 helpful, not --

2 MR. DARUTY: Thank you.

3 CHAIRMAN WINNER: -- in any way restrictive.

4 VICE CHAIR AUERBACH: We don't ever want to hear
5 you couldn't get it signed because it couldn't get signed,
6 so we need to --

7 CHAIRMAN WINNER: Okay.

8 VICE CHAIR AUERBACH: I mean, really, you guys
9 asked us for the help and that's what we're trying to do;
10 right?

11 CHAIRMAN WINNER: Okay. Item number seven,
12 discussion and action by the Board on the Application for
13 License to Conduct a Horse Racing Meeting of the Pacific
14 Racing Association at Golden Gate Fields, commencing
15 December 19th, 2018 through June 11, 2019, inclusive.
16 Opening day is December 26th, 2018.

17 Jackie, do we have all the documents, agreements?

18 MS. WAGNER: Jackie Wagner, CHRB Staff.

19 Again, your analysis indicates some outstanding
20 items. And we have received the CTT agreement. We have
21 received the Xpressbet ADW agreement. We have received
22 notification that the license is being amended to add
23 additional host out-of-country locations. And we've
24 received the TOC -- well, the TOC agreement has been agreed
25 upon per this morning's information. And we've also, let's

1 see, Xpressbet -- I think that's it. Thank you.

2 MR. BRODNIK: Robert Brodnik, California Horse
3 Racing Board.

4 One item that still remains outstanding is
5 agreements with the licensed Northern California simulcast
6 wagering facilities. We had this discussion at the last
7 Board meeting. It was one of the issues that came up.
8 Again, Staff believes that the law requires Golden Gate
9 Fields to send their signal to the Northern California
10 simulcast wagering facilities, so that is one item that's
11 outstanding.

12 CHAIRMAN WINNER: You have some language on that,
13 do you not?

14 MR. BRODNIK: I do.

15 CHAIRMAN WINNER: Okay. I know. He took it back.

16 MR. BRODNIK: No, I --

17 CHAIRMAN WINNER: Okay.

18 MR. BRODNIK: -- let me double check.

19 CHAIRMAN WINNER: What about the Twinpires
20 agreement?

21 MR. DARUTY: It's the same situation as in --

22 CHAIRMAN WINNER: Okay.

23 MR. DARUTY: -- Southern California.

24 CHAIRMAN WINNER: So the language would include
25 the same thing as the Twinpires agreement, as the --

1 VICE CHAIR AUERBACH: Also that TVG --

2 CHAIRMAN WINNER: -- Santa Anita.

3 VICE CHAIR AUERBACH: -- according to the -- did
4 you guys get the others though? This -- according to what
5 we have here you don't have Xpressbet, Twinspires. You
6 don't have any of them; right?

7 MS. WAGNER: We have received Xpressbet.

8 VICE CHAIR AUERBACH: You did?

9 MS. WAGNER: Yes.

10 VICE CHAIR AUERBACH: How about TVG?

11 MS. WAGNER: Yes, I believe so.

12 VICE CHAIR AUERBACH: And BetAmerica?

13 MS. WAGNER: No.

14 MR. DARUTY: That's Twinspires.

15 VICE CHAIR AUERBACH: Is that part of Twinspires?

16 Okay.

17 And what about the fire clearances? You were
18 concerned about them. You had Albany, Berkeley and, I don't
19 know, TrackMaster. You have a bunch of stuff expiring, like
20 2018 and early 2019.

21 MS. WAGNER: Correct. The fire clearances, they
22 are set to expire from Albany in January, Berkeley in May of
23 2019. And we expect to receive those clearances before the
24 expiration date.

25 VICE CHAIR AUERBACH: And the TrackMaster is also

1 like December 2018?

2 MS. WAGNER: Same. Same situation.

3 VICE CHAIR AUERBACH: Okay.

4 CHAIRMAN WINNER: Okay. We're just waiting on
5 some language here, Scott and Eric. Okay.

6 While we're waiting for the language, Larry
7 Swartzlander. Good morning, Larry.

8 MR. SWARTZLANDER: Larry Swartzlander, Executive
9 Director of CARF.

10 Just want to express my concern on behalf of my
11 board. This will be the third satellite agreement that
12 we've signed outside reforming NCOTWINC. It's a situation
13 that needs to be resolved. And when this is reheard, I
14 guess probably in April or May for the summer meet, there
15 needs to be a resolution to what NCOTWINC is going to look
16 like in the north. It just simply is not acceptable to sign
17 another agreement. Thank you.

18 CHAIRMAN WINNER: Thank you. Anybody have any
19 questions for Larry?

20 Greg Avioli.

21 MR. AVIOLI: Greg Avioli, TOC.

22 We take a different position than car on this
23 matter. We think that we do have a workable resolution,
24 NCOTWINC in the north. It's what we operated under without
25 incident in the fall. It's the same structure going forward

1 for the winter meet. That's why the TOC has supported it
2 and has given this horsemen's agreement. It is the exact
3 same structure that we -- that was proposed and that we
4 worked on last fall.

5 CHAIRMAN WINNER: Any questions for Mr. Avioli?
6 Okay.

7 (Colloquy between Chairman Winner and Executive
8 Director Baedeker)

9 CHAIRMAN WINNER: Oh, I should have mentioned
10 that. Correct. The reason we didn't go to public comment
11 is MR. CUMMINGS: we didn't have any cards for public
12 comment. So for the record, there was no public comment.

13 Rob, should we go on to the next item and come
14 back?

15 MR. BRODNIK: Yes. That would be helpful.

16 CHAIRMAN WINNER: Okay. Thank you. We'll move on
17 to item number eight, discussion and action by the Board on
18 the Application for License to Conduct a Horse Racing
19 Meeting of Watch and Wager, LLC at Cal Expo, commencing
20 December 26th, 2018 through May 9th, 2019, inclusive.

21 Jackie, do we have all the documents now?

22 MS. WAGNER: Yes. We received everything for this
23 application.

24 CHAIRMAN WINNER: Okay. Hi gentlemen.

25 MR. CUMMINGS: Good morning.

1 CHAIRMAN WINNER: Chris, are you going to speak?

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

4 As customary, I'm really going to hand it over to
5 Chris to update on the meet and the application. Thank you.

6 MR. SCHICK: Good morning, Chairman Winner,
7 Members of the Board. Christopher Schick, Watch and Wager
8 Harness. Just a quick comment, if I might?

9 Our application has been submitted, the second
10 half of our meet. And we've got everything, I believe,
11 turned in, so that's good. I want to address, you know, the
12 start that we've had to our current meet. Obviously, we
13 opened on Saturday, November 10th and the Camp Fire broke
14 out on November the 8th, so it was kind of smoky for our
15 opening night. Obviously, things really worsened the next
16 week and we did cancel our races the following weekend, so
17 that set us back. We had a lot of horses set to qualify
18 that weekend, so our draw for last weekend was little light.

19 Obviously, we got our first rain before
20 Thanksgiving. Our track didn't really react too well to it.

21 Friday, after our first race, we were forced to cancel our
22 Friday program. Saturday went off as scheduled. The
23 weather cleared up and we were back in business. But I'd
24 like to just also publicly thank our staff, the officials
25 and the CHRB staff. We had a whole bunch of horses backed

1 up that didn't qualify the week of the smoke and were
2 looking at possibly not qualify9ing last weekend because of
3 the situation with the track. And we ended up moving our
4 qualifying races to after our Saturday night card so that we
5 preserved the racing surface for our pari-mutuel races. And
6 things went off really good.

7 And, you know, it's unusual for us to be
8 qualifying at 11:30 at night on a Saturday evening but I
9 want to thank everybody for the effort that was put in. And
10 the results showed we -- our box increased to 162 for our
11 two days this week. And we've got 11 races each night with
12 averaging 8 horses a race. So that was really helpful,
13 getting those horses qualified last week.

14 Just to update you on another item, as you're
15 aware, like three years ago we changed the legislation for
16 the California Sire Stakes. I 2017, our nominations of
17 stallions, we opened up to four other states plus the
18 province of Alberta. And in 2017, our stallion nominations
19 went from 5 to 24, okay, by opening it up. We Appellate
20 Exhibit now had to first crop horses that will be turning
21 yearlings in 2019. There were over 400 foals from those 24
22 stallions that were nominated.

23 Ben and I did a lot of traveling this summer. We
24 talked to a lot of breeders. We met with them. We're in
25 the process now of fashioning that program. Those three-

1 year-olds will be eligible to race in California in 2020.
2 Okay. And nominations, owners will have to, breeders will
3 have to nominate their yearlings by July 1st to be eligible
4 for the program. So we're really -- this program looks like
5 it has some great possibility for our horse population
6 beginning in 2021. And our horse population is the biggest
7 problem that we face in the Standard-bred industry.

8 So we're obviously in the mode of, you know, doing
9 the best we can with the biggest incentives to that point.
10 And we're hoping that that will somewhat, once we get that
11 first year going, year after year we'll solidify a good
12 horse population for the industry going forward.

13 So I wanted to give you an update on that.

14 CHAIRMAN WINNER: Thank you. Thank you, Chris.
15 And thank you for that.

16 Any other questions on this license application?
17 Is there a motion to approve?

18 COMMISSIONER RUANO: I move to approve.

19 CHAIRMAN WINNER: Commissioner Ruano moves to
20 approve.

21 COMMISSIONER SOLIS: Second.

22 CHAIRMAN WINNER: Commissioner Solis seconds.
23 Commissioner Solis?

24 COMMISSIONER SOLIS: Yes.

25 CHAIRMAN WINNER: Commissioner Ruano?

1 COMMISSIONER RUANO: Yes.

2 CHAIRMAN WINNER: Vice Chair Auerbach?

3 VICE CHAIR AUERBACH: Yes.

4 CHAIRMAN WINNER: Chairman votes yes.

5 Have a terrific meet. And again, thank you very
6 much.

7 MR. SCHICK: Thank you.

8 MR. CUMMINGS: Thank you.

9 CHAIRMAN WINNER: Okay. Item number nine,
10 discussion and action by the Board on the Application for
11 Approval to Conduct Advance Deposit Wagering of NYRA Bets,
12 LLC, for an out-of-state multi-jurisdictional wagering hub
13 for a period of up to two years.

14 And I will tell you, and this goes for all of the
15 ADW applications, because we've only recently received the
16 P&Ls and we're in the process of going over those, what we
17 plan to do at this meeting, depending on the rest of the
18 Board and how the Board feels, but what I'm going to
19 recommend is that when we grant licenses or approve the
20 applications for the various ADWs, we approve them for three
21 months, which will allow Staff to evaluate all of the
22 numbers and the materials that were sent in. And I'm going
23 to appoint a special committee of myself and Fred Mass to
24 work on that with the various ADWs during that -- and Staff
25 during that period.

1 So having said that, please go ahead.

2 MR. ALLEVATO: Tony Allevato, President of NYRA
3 Bets and Executive Producer of NYRA Television. We're here
4 to look for -- to be granted a License to Conduct ADW
5 Wagering for NYRA Bets in the state of California.

6 As you guys are aware, NYRA is a not-for-profit
7 racing organization that's based in New York. We operate
8 the three major racetracks in the state of New York,
9 Aqueduct, Belmont Park and Saratoga Race Course, home of the
10 third leg of the Triple Crown at Belmont Park with the
11 Belmont Stakes.

12 You know, we're a relatively new ADW outside of
13 New York, but we're a fast-growing business. Our growth in
14 California was about 80 percent this year based over last
15 year, and that includes the Breeders' Cup in it. So we're
16 still a smaller player in the state of California but we are
17 growing. We predominantly use a strong television presence
18 via Fox Sports nationally, Fox Sports Prime Ticket in
19 California and Fox Sports San Diego, and then in New York,
20 we're on MSG. We produce hundreds of hours of live
21 television. And then we also have the NYRA Now app which we
22 present all our races on, as well.

23 So our goal is to help the industry grow via the
24 best possible technology and video and television means, as
25 well, and the best racing.

1 CHAIRMAN WINNER: Thank you, Tony.

2 Any questions? Any suggestions?

3 VICE CHAIR AUERBACH: I'd like -- Tony --

4 CHAIRMAN WINNER: Please.

5 VICE CHAIR AUERBACH: -- why don't you share with
6 everybody what you told us earlier about your --

7 MR. ALLEVATO: Yeah. In the next hour or so we'll
8 be making an announcement that we're going to be greatly
9 increasing our television presence next year nationally.
10 That release should go out in the next half hour or so. But
11 it's really good news. We think it's a great opportunity to
12 see horse racing presented to a mainstream audience as we
13 look at the impact that sports betting is going to have all
14 over the country. We firmly believe that you're going to
15 have a lot of new sports betters that emerge that are
16 opening up accounts, they're playing sports.

17 And horse racing provides a unique opportunity to
18 give them something to play during the day. And hopefully
19 we can get those people to cross over, become fans of the
20 sport, and eventually become owners of thoroughbred horses.

21 And the best way to reach those people, we believe, is
22 through television.

23 VICE CHAIR AUERBACH: Yeah. I think that --

24 (Off mike sneeze.)

25 VICE CHAIR AUERBACH: Bless you, whoever that was.

1 I think this is a really wonderful development. I
2 mean, and it really started with NBC and their coverage of
3 Breeders' Cup, et cetera, et cetera. And the more coverage
4 we can get, obviously, I think is good for everybody. And I
5 wanted to congratulate you guys on what you've been able to
6 accomplish.

7 MR. ALLEVATO: Thank you.

8 CHAIRMAN WINNER: Anything else? Is there a
9 motion?

10 Commissioner - Vice Chairman Auerbach --

11 VICE CHAIR AUERBACH: Um-hmm.

12 CHAIRMAN WINNER: -- are you moving?

13 COMMISSIONER SOLIS: Second.

14 CHAIRMAN WINNER: Commissioner Solis seconds.

15 How do you vote, Commissioner Auerbach?

16 VICE CHAIR AUERBACH: Yes.

17 COMMISSIONER RUANO: Yes.

18 COMMISSIONER SOLIS: Yes.

19 CHAIRMAN WINNER: Commissioner Solis and the
20 Chairman votes yes. This is for a three-month approval
21 application.

22 MR. ALLEVATO: See you in three months.

23 CHAIRMAN WINNER: Thank you.

24 Item number ten, discussion and action by the
25 Board on the Application for Approval to conduct Advance

1 Deposit Wagering of Game Play Networks, Inc. for an out-of-
2 state multi-jurisdictional wagering hub for a period of
3 three months.

4 MR. HACHEM: Joe Hachem, Game Play Network.

5 MR. FINE: And Russell Fine, President of Game
6 Play Network.

7 CHAIRMAN WINNER: Do you have anything that you
8 want to say before we move to the Board?

9 MR. FINE: Yes. So I think this is our two-year
10 renewal. We appeared before the Board two years ago.

11 CHAIRMAN WINNER: Right.

12 MR. FINE: To refresh your memories, Game Play
13 Network was formed by the management team that brought the
14 first online ADW to the United States, the team that built
15 Youbet.com. Game Play Network is something we started in
16 2012. The objective was to present non-handicappers a game-
17 style interface on top of horse racing. We've spent the
18 last five years building towards this. Two years ago, when
19 we came into our renewal, we had yet to do any consumer
20 testing. The last two years we've had some fairly explosive
21 growth. We're now growing 10 to 15 percent per month. This
22 month, we will be operating on an annualized rate of \$5
23 million in handle, which is ten times what we were doing
24 last year, which was ten times what we were doing the year
25 before.

1 So based on our current growth, we think we're
2 going to actually make a material difference in the pools in
3 the next couple of years. We have engaged some very large
4 brands as partners. And we announced a partnership with the
5 World Poker Tour this year to build branded games on top of
6 our platform. And we're using this to infuse different
7 types of entertainment media on top of a horse racing
8 platform and we see good things.

9 So we're looking forward to continuing next year
10 and building handle.

11 CHAIRMAN WINNER: Thank you. Very good.

12 VICE CHAIR AUERBACH: Very interesting.

13 CHAIRMAN WINNER: Any questions?

14 VICE CHAIR AUERBACH: You have a comment card.

15 CHAIRMAN WINNER: Yeah, but that will be -- is
16 that on this item?

17 VICE CHAIR AUERBACH: I don't know.

18 CHAIRMAN WINNER: Yeah. Nine -- well, we already
19 did nine.

20 VICE CHAIR AUERBACH: We did nine.

21 CHAIRMAN WINNER: John, you want to --

22 VICE CHAIR AUERBACH: He said ten.

23 EXECUTIVE DIRECTOR BAEDEKER: They're the same
24 thing.

25 CHAIRMAN WINNER: John, you want to come up and

1 comment on this item?

2 MR. FINE: Lucky number ten.

3 MR. VALENZUELA: President John Valenzuela, Local
4 280.

5 The only problem that I want to make, basically,
6 it would actually apply to all ADW comments. I'm just
7 trying to make an update and to be clear that as Local 280
8 is one of the outstanding agreements that hasn't been signed
9 with any of the ADW companies, I just want to make it quite
10 clear it was brought to the Board and the Board requested
11 that we not sign an agreement as long as there's no jobs
12 available from any of the ADW companies. And as you know,
13 all the ADWs companies are out of the state of California.
14 Okay. So I just wanted to bring it to your attention.

15 CHAIRMAN WINNER: Thank you, John.

16 All right, is there a motion to approve Game Play
17 Network's License Application?

18 COMMISSIONER SOLIS: Move.

19 CHAIRMAN WINNER: Commissioner Solis moves.

20 VICE CHAIR AUERBACH: Second.

21 CHAIRMAN WINNER: Vice Chairman Auerbach seconds.

22 Chairman votes yes.

23 Vice Chairman Auerbach?

24 VICE CHAIR AUERBACH: Yes.

25 CHAIRMAN WINNER: Commissioner Ruano?

1 COMMISSIONER RUANO: Yes.

2 CHAIRMAN WINNER: And --

3 COMMISSIONER RUANO: It's for three months only;
4 right?

5 CHAIRMAN WINNER: Three months. Correct.

6 COMMISSIONER RUANO: Yeah.

7 CHAIRMAN WINNER: Thank you.

8 Commissioner Solis?

9 COMMISSIONER SOLIS: Yes.

10 CHAIRMAN WINNER: Okay. The three-month
11 application is approved.

12 MR. FINE: Thank you very much.

13 CHAIRMAN WINNER: Thank you.

14 Going on then to item number 11, discussion and
15 action by the Board on the Application for Approval to
16 Conduct Advance Deposit Wagering of Churchill Downs
17 Technology Initiatives Company, dba TwinSpires and
18 BetAmerica, for an out-of-state multi-jurisdictional
19 wagering hub for a period of three months.

20 MR. ZIEGLER: Good morning, Chairman Winner and
21 Commissioners. My name is Mike Ziegler. I'm the Executive
22 Director of Racing at Churchill Downs, Inc. It's been a
23 while since I've been in front of the California Horse
24 Racing Board. I didn't have these the last time I was here,
25 and I had a lot more of this up top before I --

1 VICE CHAIR AUERBACH: No, you didn't.

2 (Laughter.)

3 MR. ZIEGLER: Last time I was in front of the
4 Commission, maybe I didn't. I never knew, Madeline, until
5 this morning.

6 VICE CHAIR AUERBACH: That's why you needed these.

7 MR. ZIEGLER: Exactly. So I'm here in front of
8 the Commission to request, apparently, a three-month license
9 from the CHRB on behalf of Twinpires.com, which many of you
10 are familiar with Twinpires.com and Churchill Downs. And,
11 you know, we feel like we bring a lot to the table, not only
12 in California but throughout the nation in growing the ADW
13 market by really the strength of the Kentucky Derby and our
14 associated brands.

15 As I'm aware and you are aware, there are some
16 outstanding items from our license that we are working
17 diligently to get accomplished to get agreements in place.
18 And you know, for the record, I would like to let the
19 Commission know that our position is that we do have a
20 content and exchange agreement between us and the Stronach
21 Group. And the Stronach Group has asked for certain
22 amendments to that content exchange agreement, which is what
23 we are working on with them. We've met multiple times since
24 as early as March of this year and as recently, as Scott
25 alluded to earlier, Breeders' Cup week. I feel pretty

1 strongly that when we meet again the 10th we will be able to
2 get where we need to get with them.

3 Subsequently, we'll be able to get some approvals
4 from the TOC in order to get where we need to get in order
5 to move forward for accepting wagers by California
6 residents, beginning with the opening of the Santa Anita
7 meet.

8 CHAIRMAN WINNER: Thank you. And we wish you well
9 with those negotiations.

10 Any other discussion? A motion?

11 COMMISSIONER RUANO: So moved.

12 CHAIRMAN WINNER: Commissioner Ruano moves.

13 COMMISSIONER SOLIS: Second.

14 CHAIRMAN WINNER: Commissioner Solis seconds.

15 Chairman votes yes.

16 Vice Chair?

17 VICE CHAIR AUERBACH: Yes.

18 COMMISSIONER RUANO: Yes.

19 CHAIRMAN WINNER: Commissioner Solis?

20 COMMISSIONER SOLIS: Yes.

21 CHAIRMAN WINNER: The motion carries.

22 Good luck. And especially good luck with your
23 negotiations.

24 MR. ZIEGLER: Thank you.

25 CHAIRMAN WINNER: Have you got the language?

1 EXECUTIVE DIRECTOR BAEDEKER: Almost.

2 CHAIRMAN WINNER: Almost? Okay. Then we'll move
3 along.

4 Item number 12, discussion and action by the Board
5 on the Application for Approval to Conduct Advance Deposit
6 Wagering of Watchandwager.com, LLC, for an out-of-state
7 multi-jurisdictional wagering hub for a period of three
8 months.

9 VICE CHAIR AUERBACH: Welcome back.

10 MR. CUMMINGS: Back again. Ed Cummings, President
11 of Watch and Wager.

12 Yes, we're here to present our application for the
13 ADW license now for three months. And just a quick update
14 on Watch and Wager, as well as our racetrack operations,
15 which Chris has described earlier.

16 We're continuing to do well, both in California
17 and internationally, as well, in particular. We see
18 ourselves as, clearly, there's a big four or big three and
19 another one coming up in the ADW market in California. We
20 see ourselves as a big point of difference and something
21 slightly unique in the market, which we think is a healthy
22 thing against some quite dominant competitors.

23 Even though we're a public company, we sort of see
24 ourselves as a little bit of an independent and adding some
25 more choice to the customers. We're fully willing to

1 release our Californian P&L. It's a very tough market,
2 California, and you'll see that. And generally, we're
3 committed to our license and continuing to build in
4 California with the racetrack and online.

5 VICE CHAIR AUERBACH: Do you want to share with us
6 what makes you different --

7 MR. CUMMINGS: Probably --

8 VICE CHAIR AUERBACH: -- without giving away
9 anyone's secrets or --

10 MR. CUMMINGS: Well, probably -- but, well, we do
11 think our wager pad is very easy to use for professionals
12 and the smaller players. Probably the widest range, in
13 fact, definitely the widest range of international content
14 of any ADW, probably in the world. So we bet on virtually
15 everything, so we've got a good lot of content. So those
16 probably --

17 VICE CHAIR AUERBACH: What would be your most
18 obscure?

19 MR. CUMMINGS: Our latest addition, I think some
20 of our competitors are catching up, but is Indian racing.

21 VICE CHAIR AUERBACH: Is what?

22 MR. CUMMINGS: Indian.

23 VICE CHAIR AUERBACH: And where do they --

24 MR. CUMMINGS: Pari-mutuel betting on Indian
25 content.

1 VICE CHAIR AUERBACH: Where do they race in India?
2 MR. CUMMINGS: Sorry?
3 VICE CHAIR AUERBACH: Where do they race in India?
4 MR. CUMMINGS: You've got me a little bit on that,
5 by Mumbai, Bangalore, various others.
6 VICE CHAIR AUERBACH: Really.
7 MR. CUMMINGS: But we were the first to pioneer
8 that. Yeah.
9 VICE CHAIR AUERBACH: And is that thoroughbreds or
10 is that --
11 MR. CUMMINGS: Yes, mainly. Yeah.
12 VICE CHAIR AUERBACH: Oh.
13 MR. CUMMINGS: Yeah.
14 VICE CHAIR AUERBACH: Interesting.
15 MR. CUMMINGS: Yeah. Yeah.
16 VICE CHAIR AUERBACH: Thank you.
17 MR. CUMMINGS: Yeah.
18 VICE CHAIR AUERBACH: They're still working on
19 language.
20 MR. CUMMINGS: Okay.
21 CHAIRMAN WINNER: All right, is there a motion to
22 approve?
23 VICE CHAIR AUERBACH: Yes.
24 CHAIRMAN WINNER: Vice Chair Auerbach moves to
25 approve.

1 COMMISSIONER SOLIS: Second.

2 CHAIRMAN WINNER: Commissioner Solis seconds.

3 Commissioner Solis?

4 COMMISSIONER SOLIS: Yes.

5 CHAIRMAN WINNER: Commissioner Ruano?

6 COMMISSIONER RUANO: Yes.

7 CHAIRMAN WINNER: Vice Chair Auerbach?

8 VICE CHAIR AUERBACH: Yes.

9 CHAIRMAN WINNER: The Chairman votes yes. Thank
10 you.

11 MR. CUMMINGS: Thank you. And just one question.

12 CHAIRMAN WINNER: Yeah.

13 MR. CUMMINGS: Because, as you know, we're a
14 public company in London and we have to send a press release
15 tomorrow morning. Is it possible for Staff to clarify the
16 actual three months? Is that to the end of March?

17 CHAIRMAN WINNER: It would be three months from
18 today.

19 MR. CUMMINGS: Three months from today. All
20 right. Okay. That's fine. Great. Thank you.

21 CHAIRMAN WINNER: Thank you.

22 EXECUTIVE DIRECTOR BAEDEKER: When do the current
23 licenses expire, Rob or Jackie?

24 MR. BRODNIK: 12/31.

25 MS. WAGNER: December 31st.

1 VICE CHAIR AUERBACH: So we'll make it March --

2 MS. WAGNER: It's the end of December.

3 VICE CHAIR AUERBACH: So it would make it March
4 31.

5 EXECUTIVE DIRECTOR BAEDEKER: You don't have to.

6 CHAIRMAN WINNER: No.

7 EXECUTIVE DIRECTOR BAEDEKER: You can do three
8 months from today or --

9 CHAIRMAN WINNER: No. I want to do it --

10 VICE CHAIR AUERBACH: Oh.

11 CHAIRMAN WINNER: -- three months from today.

12 VICE CHAIR AUERBACH: From today. Sorry.

13 CHAIRMAN WINNER: Three months from today.

14 VICE CHAIR AUERBACH: Sorry. So it's really only
15 two months.

16 CHAIRMAN WINNER: That way we can bring it
17 back --

18 VICE CHAIR AUERBACH: Yeah. Got it.

19 CHAIRMAN WINNER: -- and approve the two years
20 once we get to this.

21 I'm going to go back, well, I'm going to go back
22 to item seven and eight, now that we have language. And on
23 item number seven, I will move to approve the race meet
24 license to Los Angeles Turf Club for the dates of December
25 19th, 2018 through January 25th, 2019 --

1 EXECUTIVE DIRECTOR BAEDEKER: June. June.

2 CHAIRMAN WINNER: -- to June 25th, 2019, just to
3 clarify, December 19th, 2018 through June 25th, 2019.

4 However, authority to send the LATC signal to Twinpires is
5 conditioned upon receipt of agreement between the parties to
6 the Board by December 21st, 2018. So that would be my
7 motion.

8 COMMISSIONER RUANO: I second.

9 CHAIRMAN WINNER: Seconded by Commissioner Ruano.

10 Any discussion?

11 How do you vote, Commissioner Solis?

12 COMMISSIONER SOLIS: Yes.

13 CHAIRMAN WINNER: Commissioner Ruano?

14 COMMISSIONER RUANO: Yes.

15 CHAIRMAN WINNER: Vice Chair Auerbach?

16 VICE CHAIR AUERBACH: Yes.

17 CHAIRMAN WINNER: And Chairman votes yes.

18 All right. Let's go on to item number eight.

19 MR. BRODNIK: I believe it's item number seven,

20 Chairman. That was --

21 VICE CHAIR AUERBACH: The first one was six. You
22 just said the wrong one.

23 CHAIRMAN WINNER: Oh, I'm sorry. The first one
24 was item six.

25 VICE CHAIR AUERBACH: The first one was item six.

1 COMMISSIONER RUANO: Wait, Chuck. I think you
2 should have them come here so he --

3 MR. BRODNIK: Okay.

4 CHAIRMAN WINNER: Just to clarify, that was item
5 number six, Los Angeles Turf Club.

6 VICE CHAIR AUERBACH: Right.

7 CHAIRMAN WINNER: Now we're doing item number
8 seven.

9 VICE CHAIR AUERBACH: Right.

10 CHAIRMAN WINNER: I move to approve the race meet
11 license to PRA for dates of December 19th, 2018 through June
12 11th, 2019, contingent on the receipt of agreements with
13 each satellite wagering facility in Northern California as
14 required by law, including the TOC horsemen's agreement and
15 all other outstanding items mentioned in the staff analysis
16 by the close of business on December 3rd, 2018. This motion
17 is being made as these contingencies are in the public
18 interest and serves the purpose of horse racing law.
19 However, authority to send the PRA signal to Twinpires is
20 conditioned upon receipt of the agreement between the
21 parties to the Board by December 21st, 2018.

22 Is there a second?

23 VICE CHAIR AUERBACH: Second.

24 CHAIRMAN WINNER: Vice Chair Auerbach seconds.

25 Any discussion? Chairman votes yes.

1 Vice Chair Auerbach?

2 VICE CHAIR AUERBACH: Yes.

3 CHAIRMAN WINNER: Commissioner Ruano?

4 COMMISSIONER RUANO: Yes.

5 CHAIRMAN WINNER: Commissioner Ruano?

6 COMMISSIONER RUANO: Yes.

7 CHAIRMAN WINNER: Thank you.

8 Commissioner Solis?

9 COMMISSIONER SOLIS: Yes.

10 CHAIRMAN WINNER: Okay. So those are approved
11 with those conditions.

12 All right, now, item number 13, discussion and
13 action by the Board on the Application for Approval to
14 Conduct Advance Deposit Wagering of Xpressbet, LLC, for an
15 out-of-state multi-jurisdictional wagering hub for a period
16 of three years -- of three months, I'm sorry.

17 COMMISSIONER RUANO: Wow.

18 CHAIRMAN WINNER: We're going to give you
19 something special here.

20 COMMISSIONER RUANO: He's like, yeah.

21 VICE CHAIR AUERBACH: Woo-hoo.

22 MR. CHABRIER: Well, I'm Gene Chabriar, Vice
23 President for Regulatory Affairs and Business Development
24 for Xpressbet. And obviously, I'm here for my three-month
25 license.

1 Xpressbet continues to grow in California and
2 nationally. I think a big part of that is our expanding
3 coverage through XBTv. I think that brings in a lot of
4 fans, a lot of information for them to wager with.

5 And that's about it. If you have any
6 questions --

7 CHAIRMAN WINNER: Any other questions? Any
8 questions? Motion?

9 COMMISSIONER SOLIS: Move.

10 CHAIRMAN WINNER: Commissioner Solis moves.
11 Commissioner Ruano, do you second?

12 COMMISSIONER RUANO: Second.

13 CHAIRMAN WINNER: The Chairman votes yes.
14 Vice Chairman?

15 VICE CHAIR AUERBACH: Yes.

16 COMMISSIONER RUANO: Yes.

17 CHAIRMAN WINNER: Commissioner Ruano, yes.
18 Commissioner Solis, yes?

19 COMMISSIONER SOLIS: Yes.

20 CHAIRMAN WINNER: Thank you very much.

21 MR. CHABRIER: Thank you.

22 CHAIRMAN WINNER: Item number 14, discussion and
23 action by the Board on the Application for Approval to
24 Conduct Advance Deposit Wagering of ODS Technologies, L.P.,
25 dba TVG Network, for an out-of-state multi-jurisdictional

1 wagering hub for a period of up to two years.

2 John?

3 MR. HINDMAN: Good morning, Commissioners. John
4 Hindman, General Counsel from TVG, here again to go for our
5 license renewal. Filed all the documents that were
6 requested of us.

7 I'd just like to say I think it's been, as the
8 Executive Director said, it's been a positive year for
9 California racing. And we look forward to 2019 and working
10 with all of the racing associations and horsemen and fairs
11 to make it a successful and positive 2019, as well.

12 And I'm here to answer any questions you may have.

13 CHAIRMAN WINNER: Thank you. Is there a motion to
14 approve their license application for three months?

15 COMMISSIONER RUANO: So moved.

16 CHAIRMAN WINNER: Commissioner Ruano moves.

17 VICE CHAIR AUERBACH: I'll second.

18 CHAIRMAN WINNER: Vice Chair Auerbach seconds.

19 Commissioner Solis?

20 COMMISSIONER SOLIS: Yes.

21 CHAIRMAN WINNER: Commissioner Ruano?

22 COMMISSIONER RUANO: Yes.

23 CHAIRMAN WINNER: Vice Chair Auerbach??

24 VICE CHAIR AUERBACH: Yes.

25 CHAIRMAN WINNER: And the Chairman votes yes.

1 MR. HINDMAN: Thank you very much.

2 CHAIRMAN WINNER: Thank you very much.

3 Report from the Stewards Committee. Are you going
4 to do that, Rick?

5 EXECUTIVE DIRECTOR BAEDEKER: Yeah, Mr. Chairman,
6 I will.

7 We had a meeting of all of the stewards in the
8 state down here at Del Mar on November 13th. We do this
9 annually. And we will have another one coming up in April.

10 All of the stewards are present, along with several of our
11 investigators. When I say stewards, that includes the
12 safety stewards, as well as staff that supports the efforts
13 by both of those groups --

14 CHAIRMAN WINNER: As well as the chairman.

15 EXECUTIVE DIRECTOR BAEDEKER: -- as well as the
16 Chairman. Unfortunately, the Vice Chair, who is part of the
17 Committee, was I the midst of the fire chaos and was unable
18 to attend.

19 So we covered -- we had a full agenda, put
20 together by Chief Steward Darrel McHargue, and went over a
21 number of rules. I'll just list a couple of them. Failure
22 to appear. Eligibility. Contraband rule. Appropriate
23 penalties for and review of jockeys easing up before the
24 wire. Discussion of some conflicts in the rule. The rules
25 have been on the books a long time. Sometimes when new

1 rules are adopted by the Board, subsequently we find out
2 that there may be a conflict. There's fixes that need to be
3 made.

4 And we had a rather extensive discussion of the
5 riding rule which was promised by the Chairman a few months
6 ago. And discussion amidst by all of the stewards on
7 interpreting the specific language of the riding rule,
8 specifically the language that refers to a better placing.
9 And there were some suggestions made by the stewards, along
10 with the Chairman, of ways to simplify that reference and
11 make it clearer, not only for those who enforce it but the
12 racing public and everybody else who has an interest in it,
13 simply stated, make it easier to understand and easier to
14 implement.

15 So the responsibility now is Staff's to come back
16 to the Board with some suggested changes for the riding
17 rule. And then, of course, the rest will be up to the Board
18 to take action.

19 This is a very good exercise and is a very good
20 environment because the stewards feel free to express their
21 opinions, and there's no tap dancing going on. It's just a
22 frank exchange of their experiences, their views of
23 different rules, things that need to be done to make their
24 jobs more efficient and easier to do.

25 We also discussed, you know, the world that every

1 official lives in now, and that is the world of social media
2 where every decision, it seems, upsets somebody. And I used
3 the example of baseball umpire who makes a call at second
4 base. The call is reviewed. The umpire has to go in, put
5 the headphones on, and may find out in front of 40,000 or
6 50,000 fans that they made the wrong call. And yet, they
7 have to go back out to their position and be ready for the
8 next call. It's more cut and dried in baseball. Did the
9 ball get there before the foot? Did the tag -- was the tag
10 applied before the foot got to the base? Those things are
11 black and white, they're not subjective.

12 In racing the calls that are made are subjective.
13 That's why we have three stewards in the stand. That's why
14 we have eight different angles, video angles for the
15 stewards to review. But as a matter of fact, couple the
16 fact that it is a subjective decision and people that are
17 viewing what they're viewing usually have a stake in the
18 outcome of their decision, which can make objectivity to
19 them a little bit more difficult.

20 I've said before, I don't know why anybody does
21 the job. It's the definition of a no-win job. But I wish
22 that you could all eavesdrop on one of these meetings and
23 learn of the integrity and the passion that they have for
24 doing that job.

25 So I think -- I know you expressed it, Mr.

1 Chairman, it was a good exercise, one that we'll report here
2 in the early spring.

3 CHAIRMAN WINNER: Yeah. I just want to support
4 what Rick just said. It is almost as though you would like
5 the public to be able to witness those meetings so that
6 everybody could see how dedicated these stewards are, how
7 hard they work, what a difficult job it is, and how,
8 together, working with Staff and working with ourselves,
9 with the Board, Vice Chair Auerbach and myself, who are
10 members of that Committee, to try to make things better, as
11 good as possible with respect to every decision that's made.

12 But as Rick said, you're always going to have unhappy
13 people in any sport with a call.

14 And as Rick said, in every other sport it's not
15 quite as subjective. If you, you know, if you follow the
16 NBA or the NFL or Major League Baseball or whatever where
17 they have instant replay, often times, very, very often the
18 calls are overturned. And it's a lot easier to do in those
19 situations because it's not as subjective as it is in
20 racing.

21 And what we're trying to do is to remove as much
22 of that subjectivity as possible, but you can't remove all
23 of it. But I think they do a terrific job. They work hard
24 at it. They're dedicated. And when you have these meetings
25 the give and take, the discussion is very educational, every

1 helpful.

2 All right, anything else?

3 EXECUTIVE DIRECTOR BAEDEKER: I have one other
4 point.

5 CHAIRMAN WINNER: Yeah, please.

6 EXECUTIVE DIRECTOR BAEDEKER: I don't want to give
7 you the impression that we only pay attention to what the
8 stewards do twice a year. When I got in this job I realized
9 that we had 18 stewards throughout the state. And, as a
10 matter of fact, they didn't have direct supervision. The
11 supervision was really being done by me. And frankly, I
12 didn't have the time, but I also didn't have the ability.
13 I've never been a steward. The stewards know the rule book,
14 chapter and verse. I don't. They've had to interpret those
15 rules over the course of rules. I haven't.

16 So with Darrel McHargue now, with 25 years a rider
17 and that many years as a racing official steward, this
18 review happens almost on a every race-day basis. Every
19 decision that's made by the stewards is reviewed by Darrel
20 with them, interpretation of a rule that might come up in
21 one, you know, we have four boards of stewards operating all
22 the time, two during the day, two at night. And so any
23 nuance in a rule is discussed, not only with that particular
24 board but with the other boards, to give you an example of
25 some of the work that's done on a daily basis.

1 The other thing is it's not easy scheduling, all
2 of the stewards taking care of all of the meets throughout
3 the year, which includes the fairs. Darrel McHargue takes
4 care of all of that, as well.

5 So just wanted to let you know, we're trying to
6 pay attention.

7 CHAIRMAN WINNER: And one other thing is that what
8 we've begun to institute is, over the years since I've been
9 Chairman, is to open the session from time to time to
10 trainers and riders to appear at the Stewards Committee
11 meeting and have a good interchange, a good discussion with
12 the stewards about things that they are concerned about,
13 possible complaints that they may have, so that there's a
14 more free and open relationship between them, at least as a
15 whole group. Obviously, there are meetings that go on
16 periodically with the three stewards who are in the box at
17 that particular meet. But this is an opportunity for the
18 jockeys and the trainers to meet with all of the stewards to
19 discuss things that are of concern to them, such as
20 consistency, et cetera.

21 All right, any other discussion? Is there a
22 motion to adjourn?

23 VICE CHAIR AUERBACH: Move.

24 CHAIRMAN WINNER: Vice Chair Auerbach moves to
25 adjourn.

1 COMMISSIONER SOLIS: Second.

2 CHAIRMAN WINNER: Commissioner Solis seconds. Any
3 disagreement?

4 COMMISSIONER RUANO: None.

5 CHAIRMAN WINNER: This meeting is adjourned.

6 Thank you all.

7 (The meeting of the California Horse Racing Board
8 adjourned at 10:49 a.m.)

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