

STATE OF CALIFORNIA

HORSE RACING BOARD

In the Matter of:)

)

Regular Meeting)

)

CALIFORNIA EXPOSITION AND STATE FAIR GRANDSTAND

1600 EXPOSITION BOULEVARD

SACRAMENTO, CALIFORNIA

THURSDAY, JANUARY 18, 2024

9:30 A.M.

Reported by:

Martha Nelson

APPEARANCES

BOARD MEMBERS

Gregory Ferraro, Chair

Oscar Gonzales, Vice Chair

Damascus Castellanos, Commissioner

Dennis Alfieri, Commissioner

Brenda Washington Davis, Commissioner

Wendy Mitchell, Commissioner

STAFF

Scott Chaney, Executive Director

Amanda Brown, Staff Counsel

Jeff Blea, Equine Medical Director

ALSO PRESENT

Bill Nader, Thoroughbred Owners of California

Larry Swartzlander, California Authority or Racing Fairs

Josh Rubenstein, Del Mar Thoroughbred Club

Craig Fravel, Golden Gate Fields and Santa Anita

Christopher Schick, Watch and Wager

Ed Cummings, What and Wager

PUBLIC COMMENT

Ed Mosier

Andrew Smolich

Donald Smith

APPEARANCES

PUBLIC COMMENT (cont.)

Jamie Thomas

Justin Oldfield

Tom Bachman

George Schmidt

Reid France

Johnny Taboada

Trevor Shoemaker

Michael Lanzini

Morgan Fussell

John Tipton

William Antongeorgi

Rob Cochran

Gloria Haley

Donna Peroni

Laura Gilson

Ian McClean

Dan Barrett

Sarah Jennings

Karen Garcia

Mark Haynes

William Gray

Dean Marcy

Francis O'Leary

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| 6. | Discussion and action by the Board regarding the proposed amendments of CHRB Rule 1927, Fire Prevention, Rule 1928, Fire Regulations, Rule 2101, Definitions, and Rule 2103, Habitable Rooms, to modify the requirements for racing associations to make adequate provisions for fire prevention, protection against fires, and fire suppression within CHRB inclosures. | 19 |
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9. Public Comment: Communications, reports, requests ---
for future actions of the Board.
Note: During the public comment period, a total of 30 minutes will be allowed for public comments via the teleconference line. After 30 minutes, no further comments will be accepted. Each person will be limited to two minutes.
10. Closed Session: For the purpose of receiving 135
advice from counsel, considering pending litigation, reaching decisions on administrative licensing and disciplinary hearings, and personnel matters, as authorized by section 11126 of the Government Code.

Closed Session:

- 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).

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PAGEClosed Session:

- 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).
11. Adjournment 136

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P R O C E E D I N G S

9:36 A.M.

THURSDAY, JANUARY 18, 2023

CHAIR FERRARO: Ladies and gentlemen, this is a meeting of the California Horse Racing Board. Please come to order. This is a regular noticed meeting of the California Horse Racing Board on Thursday, January 18th, 2024 at the California Exposition and State Fair Grandstand, Sacramento, California.

Present at today's meeting are: myself, Dr. Gregory Ferraro, Chair; also Oscar Gonzales, Vice Chair; Mr. Dennis Alfieri, Commissioner, will be here shortly; Damascus Castellanos, Commissioner; Brenda Washington Davis, Commissioner; and Scott Chaney, Executive Director. Commissioner Wendy Mitchell will be joining us shortly as well. Mr. Thomas Hudnut will not be able to join us today.

Before we go 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. Procedurally, the Board will first hear from those directly involved in the agenda item. Stakeholders is what we're talking about. I will then invite public comment on the agenda item. The Board will not answer questions. This item is for comments only.

1 Unsolicited speakers are limited to two minutes.
2 During all public comments, a sign will be raised after the
3 first 90 seconds, meaning the speaker will have 30 seconds
4 remaining to conclude their remarks. At two minutes, a
5 second sign will be raised and a tone will sound to indicate
6 the speaker's time is up. The Board may ask questions of
7 individuals who speak, which may extend their two-minute
8 time limit.

9 Looking at the number of you here that are
10 probably going to want to speak, we're going to really try
11 to keep your comments short and sweet and not repeat
12 something else that someone else has said. Otherwise, we'll
13 never get through this.

14 There are public comment sign-in sheets located at
15 the designated table for each agenda item on which the Board
16 invites comments. This is except for item number three.
17 There's so many of you that we'll ensure that everybody who
18 wants to talk will get a chance to talk. It will just be a
19 line.

20 Let's see, there are also a sign-in sheet for
21 those wishing to speak during the public comment period at
22 the end for matters on the Board's agenda which concerns
23 horse racing. Please print your name legibly on all sign-in
24 sheets so we can identify you properly.

25 When a matter is open for public comment, your

1 name will be called. Please come to the podium and
2 introduce yourself by stating your name and your
3 organization. This is necessary for the court reporter to
4 have a clear record of all who speak.

5 When your two minutes are up, I'll ask you to
6 return to your seat so others can be heard. I will insist
7 that all speakers stay strictly on topic for each agenda
8 item. If a speaker strays off topic, I will ask to move on
9 to the next speaker. If the speaker repeats themselves, I
10 will ask if the speaker has any new comments to make. If
11 there are none, the speaker will be asked to let others make
12 comments to the Board.

13 If anyone has comments of a more general nature
14 that are not specific to agenda items, those comments must
15 wait until item number nine, Public Comment period. There
16 will be a 30-minute time limit for public comment.
17 Obviously, we're not going to be able to stick to that
18 today. In order to allow as many individuals to speak as
19 possible, I will strictly enforce the two-minute time limit
20 for each unsolicited speaker.

21 Additionally, I'm going to inform you that we're
22 going to go through this agenda, but we're going to leave
23 item three, which is the one you're all interested in, until
24 last. The reason we're doing that is the other items we can
25 dispense with fairly quickly. But obviously, item number

1 three is going to take all the time, so I ask you to be
2 patient and we'll try to get through this as quickly as we
3 can.

4 With that, we'll start our meeting with number
5 one, which is approval of the minutes. I need approval from
6 Commissioner Gonzales, Commissioner Davis, Commissioner
7 Castellanos, and myself. We were the ones that were
8 present. So can I have a motion?

9 COMMISSIONER CASTELLANOS: I make a motion.

10 VICE CHAIR GONZALES: Yeah, I'll second that.

11 CHAIR FERRARO: Okay. Davis?

12 COMMISSIONER DAVIS: Yes.

13 CHAIR FERRARO: Oscar?

14 VICE CHAIR GONZALES: Yes.

15 CHAIR FERRARO: Damascus?

16 COMMISSIONER CASTELLANOS: Yes.

17 CHAIR FERRARO: And the Chairman votes yes.

18 Item number two, discussion and action by the
19 Board regarding the delegation of authority to the executive
20 director pursuant to California Business and Professions
21 Code section 19428 for one year.

22 Mr. Chaney?

23 EXECUTIVE DIRECTOR CHANEY: Yes. Thank you, Mr.
24 Chairman. Good morning, Commissioners.

25 This is an item we started about two or three

1 years ago, and it's substantially similar every January.
2 It's basically you delegating some of the authority reserved
3 to the Board itself to me in order to perform for you such
4 things as the ones listed in the staff analysis, changing
5 first post time or canceling a place in show pool, things
6 that would be basic changes to race meet applications that
7 would be too burdensome or too timely to bring to the Board
8 every year. So just asking for delegation of that
9 authority.

10 CHAIR FERRARO: Comments or questions from the
11 Board. (Clear throat.) Excuse me. None?

12 Do we have a public comment on this one? No.

13 Can we have a motion to approve?

14 COMMISSIONER DAVIS: Davis moves.

15 COMMISSIONER CASTELLANOS: Second.

16 CHAIR FERRARO: Commissioner Castellanos?

17 COMMISSIONER CASTELLANOS: Yes.

18 CHAIR FERRARO: Commissioner Gonzales?

19 VICE CHAIR GONZALES: Yes.

20 CHAIR FERRARO: Commissioner Davis?

21 COMMISSIONER DAVIS: Yes.

22 CHAIR FERRARO: And the Chairman votes yes.

23 Item number four, discussion and action by the
24 Board regarding the request to continue the distribution of
25 market access fees from advance deposit wagering for

1 wagering conducted by thoroughbred associations in central
2 and southern zones for 2024 to include distributions to
3 Southern California off-track wagering.

4 Mr. Nader?

5 MR. NADER: I think this one's pretty
6 straightforward. It's our annual request for deductions to
7 support Scott Wink.

8 CHAIR FERRARO: Very well. Any questions from the
9 Board?

10 Thank you.

11 Mr. Rubenstein, did you want to comment on this or
12 not? No?

13 Do we have public comments on this? No.

14 A motion from the Board?

15 COMMISSIONER CASTELLANOS: Castellanos. Motion.

16 COMMISSIONER DAVIS: Davis seconds.

17 CHAIR FERRARO: Mr. Castellanos?

18 COMMISSIONER CASTELLANOS: Yes.

19 CHAIR FERRARO: Commissioner Gonzales?

20 VICE CHAIR GONZALES: Yes.

21 CHAIR FERRARO: Commissioner Davis?

22 COMMISSIONER DAVIS: Yes.

23 CHAIR FERRARO: Chairman votes yes.

24 Item number five, discussion and action by the
25 Board regarding the request to modify the distribution of

1 market access fees from advance deposit wagering which
2 otherwise would have funded purses and commissions to cover
3 the assessments as allocated to each signatory racing
4 association pursuant to the Horse Racing Integrity and
5 Safety Act of 2020, HISA, for calendar year 24.

6 Mr. Chaney, do you have something to say first?

7 EXECUTIVE DIRECTOR CHANEY: Sure, I can make some
8 preliminary comments.

9 As everybody knows what HISA and HIWU are, their
10 budget for the year comes out late October. California,
11 based on their formula, purses and starts, out of their \$76
12 million budget for 2024, California was assessed, I think,
13 \$7.6 million.

14 CHRB staff then entered into negotiations with
15 HIWU and HISA to perform certain tasks for them in order to
16 get credits against that assessment. We do such things like
17 sample collection on race day, out of competition sample
18 collection, testing, itself, research, investigations, and
19 so on.

20 The end of that negotiation concluded about two
21 weeks ago, and based on the delegation of your authority, we
22 signed a voluntary agreement. The credits were quite
23 substantial, frankly, and left \$1.7 million out of that \$7.6
24 for stakeholders to cover.

25 And so what's before you today, and I'm sure Bill

1 can speak a little bit more, is the stakeholder formula to
2 cover that \$1.7 million assessment by HISA for calendar year
3 2024.

4 CHAIR FERRARO: Go ahead, Bill.

5 MR. NADER: Thank you, Chairman. First, I want to
6 express our gratitude to the Executive Director on behalf of
7 all the racing associations in California for his work and
8 his effort in driving down and controlling those costs.
9 These are the costs that are shared by the racing
10 associations to cover the cost of HISA, and we ask the Board
11 to approve those deductions.

12 CHAIR FERRARO: Okay, Questions from the Board?

13 Do we have any public comment on this? No.

14 A motion?

15 VICE CHAIR GONZALES: Gonzales moves.

16 COMMISSIONER CASTELLANOS: Second.

17 CHAIR FERRARO: Commissioner Davis?

18 COMMISSIONER DAVIS: Yes.

19 CHAIR FERRARO: Commissioner Gonzales?

20 VICE CHAIR GONZALES: Yes.

21 CHAIR FERRARO: Commissioner Alfieri?

22 COMMISSIONER ALFIERI: Yes.

23 CHAIR FERRARO: Hi. Good morning.

24 Commissioner Castellanos?

25 COMMISSIONER CASTELLANOS: Yes.

1 VICE CHAIR GONZALES: Commissioner Mitchell is a
2 yes.

3 CHAIR FERRARO: Yeah. And the Chairman votes yes.
4 The motion is passed.

5 EXECUTIVE DIRECTOR CHANEY: I'm sorry, Mr.
6 Chairman. We do have one on comment.

7 CHAIR FERRARO: Oh, sorry, we missed you.

8 UNIDENTIFIED MALE: Thank you. I just wanted, on
9 this agenda item, as we know --

10 A/V REPRESENTATIVE: (Off mic) (indiscernible)
11 little bit, sir?

12 UNIDENTIFIED MALE: You bet.

13 HISA chooses to allocate these costs to the
14 different states on a formula that includes number of starts
15 for half of it and number of purse starts for the other
16 half. They do this for equitable reasons, and you can read
17 them, I'm sure you have read about that.

18 So I just want to make sure that we are also
19 transferring the costs from HISA to the individual racing
20 associations based on that same formula. In other words,
21 HISA is charging the fairs a much lower rate than they're
22 charging Santa Anita and Del Mar. So I just hope that's the
23 case. I don't have that information, but I hope it is.

24 Secondly, this allocation speaks to the costs
25 based on the 2024 allocation. As we all know, the purses at

1 Golden Gate Fields are substantially lower than what was in
2 that allocation. I would like to make sure that the funds
3 from the ADW go to the purse account if there is indeed a
4 refund from HISA or if we internally -- in other words,
5 Golden Gate is paying -- the purse account is paying a
6 greater portion based on what was estimated for '24 than
7 we're actually going to incur and I want to make sure that
8 goes down to the purse account.

9 Thank you.

10 EXECUTIVE DIRECTOR CHANEY: Yeah, just for the
11 information of the presenter, and also the Board, the short
12 answer is, yes, it's based on purses and starts. For 2024,
13 it would be for calendar year 2023. But then they do a
14 true-up in the first quarter of each year and so those
15 numbers go up and down based on reality and not just a
16 prediction. Obviously over time, like as they get into a
17 longer number of years in a pattern, they become a lot
18 closer.

19 The true up, however, since we're the ones paying
20 them, will result in a credit. So, for example, the 2023
21 true-up, that HISA does, and we expect a negative number,
22 and it's probably be pretty substantial, will be assigned as
23 a credit to calendar year 2025. So the industry will
24 realize that next year. There's just no other way to do it
25 from a state government standpoint.

1 And then the second answer to your question is,
2 yes, so the -- both purses and starts are reevaluated in
3 real time to reflect reality. So the 25 percent decrease
4 that Golden Gate saw will be reflected in real time once
5 that's realized in 2023.

6 So I think the answer, the short answer to both
7 your questions are, yes, we're aware of that.

8 And frankly, I think the assessment will go down
9 for 2024 to the extent that -- I mean, the Board hasn't
10 allocated race dates past September, so we don't even know
11 what that number is right now, so the prediction is based on
12 2023. Once we have that number and the calendar year is
13 over, the number will be correct.

14 CHAIR FERRARO: Okay, I think we should re-vote on
15 this, given the question. Can I have a motion to approve?

16 COMMISSIONER CASTELLANOS: Castellanos. Motion.

17 CHAIR FERRARO: Second?

18 COMMISSIONER DAVIS: Davis seconds.

19 CHAIR FERRARO: Commissioner Castellanos?

20 COMMISSIONER CASTELLANOS: Yes.

21 CHAIR FERRARO: Commissioner Alfieri?

22 COMMISSIONER ALFIERI: Yes.

23 CHAIR FERRARO: Commissioner Gonzales?

24 VICE CHAIR GONZALES: Yes.

25 CHAIR FERRARO: Commissioner Mitchell?

1 COMMISSIONER MITCHELL: Yes.

2 CHAIR FERRARO: Commissioner Davis?

3 COMMISSIONER DAVIS: Yes.

4 CHAIR FERRARO: And the Chairman votes yes.

5 Moving on to item number six, discussion and
6 action by the Board regarding the proposed amendments of
7 CHRB Rule 1927, Fire Prevention, Rule 1928. Fire
8 Regulations, and Rule 2101, Definitions, and Rule 2103,
9 Habitable Rooms, to modify the requirements for racing
10 associations to make adequate provisions for fire
11 prevention, protection against fires, and fire suppression
12 within CHRB enclosures.

13 Amanda?

14 EXECUTIVE DIRECTOR CHANEY: I can start this one.

15 CHAIR FERRARO: Can you do it?

16 EXECUTIVE DIRECTOR CHANEY: Yeah. Thank you, Mr.
17 Chairman. Good morning, Commissioners.

18 As you might recall, you've seen this fire
19 regulation cluster before, if you will. You passed it,
20 what, probably six or seven months ago. When it went to OAL
21 for approval, they pointed out that we needed State Fire
22 Marshal approval because it has to do with fire. We reached
23 out to the State Fire Marshal who gave us a few notes and
24 corrections on our proposed language and it's incorporated
25 here.

1 What we were trying to do in the original reg was
2 get rid of the 45-day requirement that associations get a
3 fire clearance before each meet simply because it was
4 unworkable fire local fire authorities don't operate in that
5 way We're fortunate to get one each year that lasts the
6 entire year. The goal of the reg is to have a fire
7 clearance in place whenever a track has people or horses, so
8 we wanted to modify it to make that more obvious and easier
9 for local fire authorities.

10 The other thing that we were trying to do is
11 mirror the fire reg that HISA put forward. In that, they
12 refer to the National Fire Protection Association standards.
13 The California State Fire Marshal doesn't like that because
14 it changes and we can't refer to a body that changes in that
15 way. So what they do at state departments is refer to the
16 California Building Standards Code, which ironically
17 incorporates the National Fire Protection Association
18 standards.

19 So these are basically technical changes suggested
20 by the State Fire Marshal in order to gain their approval.

21 CHAIR FERRARO: Do you have anything to add,
22 Amanda? No.

23 MS. BROWN: I do not.

24 CHAIR FERRARO: Public comment on this?

25 Do we have a motion?

1 COMMISSIONER CASTELLANOS: Castellanos. Motion.
2 COMMISSIONER ALFIERI: I'll second.
3 CHAIR FERRARO: Commissioner Davis?
4 COMMISSIONER DAVIS: Yes.
5 CHAIR FERRARO: Commissioner Mitchell?
6 COMMISSIONER MITCHELL: Yes.
7 CHAIR FERRARO: Commissioner Gonzales?
8 VICE CHAIR GONZALES: Yes.
9 CHAIR FERRARO: Commissioner Alfieri?
10 COMMISSIONER ALFIERI: Yes.
11 CHAIR FERRARO: Commission Castellanos?
12 COMMISSIONER CASTELLANOS: Yes.
13 CHAIR FERRARO: And the Chairman votes yes.
14 All right, item number seven, discussion and
15 action by the Board regarding the proposed amendments and
16 public comment received for CHRB Rule 1846.5, Postmortem
17 Examination, and Rule 1846.6, Postmortem Examination Review.
18 Now, Amanda.
19 MS. BROWN: Good morning, Commissioners. Amanda
20 Brown, Staff Counsel.
21 So this item is returning to you not from the
22 public comment but from after OAL review. And OAL just
23 requested that staff make some clarifying changes, which are
24 noted in the packet and double underlined. They're very
25 minor. For example, changing racing association to

1 racetrack. And staff has no concerns.

2 CHAIR FERRARO: Any questions from the Board?

3 This is regarding a post-mortem examination on any
4 horse that dies within 72 hours of being in a racetrack;
5 correct?

6 MS. BROWN: Correct.

7 CHAIR FERRARO: Public comment on this? No?

8 EXECUTIVE DIRECTOR CHANEY: For the Board's
9 edification, this is the reg that seeks to extend the period
10 to 72 hours past leaving a regulated facility. The Board's
11 obviously heard this before.

12 CHAIR FERRARO: Motion to approve?

13 COMMISSIONER DAVIS: Davis moves.

14 COMMISSIONER MITCHELL: Second.

15 CHAIR FERRARO: Commissioner Castellanos?

16 COMMISSIONER CASTELLANOS: Yes.

17 CHAIR FERRARO: Commissioner Alfieri?

18 COMMISSIONER ALFIERI: Yes.

19 CHAIR FERRARO: Commissioner Gonzales?

20 VICE CHAIR GONZALES: Yes.

21 CHAIR FERRARO: Commissioner Mitchell?

22 COMMISSIONER MITCHELL: Yes.

23 CHAIR FERRARO: Commissioner Davis?

24 COMMISSIONER DAVIS: Yes.

25 CHAIR FERRARO: And Chairman votes yes.

1 Moving on to item number eight, which is the
2 Executive Director's Report and the Medical Director's
3 Report.

4 Mr. Chaney?

5 EXECUTIVE DIRECTOR CHANEY: Sure, Mr. Chairman,
6 and good morning, Commissioners.

7 Once again, I will begin with the handle report
8 for the month of December. Day racing handle was even,
9 night racing handle was up 11 percent, and total handle was
10 up 11 -- or I'm sorry, 1 percent as compared December 2022.

11 For calendar year 2023, the entire year, day
12 racing is down one percent, night racing is down six
13 percent, total handle is down one percent as compared to
14 calendar year 2022.

15 Total handle, again, went over the \$3 billion
16 mark. Frankly, a one percent total decline seems to
17 somewhat buck the national trend, which is seeing more
18 significant declines. To be fair, Santa Anita hosted the
19 Breeders' Cup this year compared to last when it was not
20 held in California, and that probably represents, you know,
21 five to six percent of our total handle. The good news is
22 that the Breeders' Cup is scheduled to take place in
23 California the next two years, which will allow for more
24 direct comparisons.

25 Next, I have to report that after six consecutive

1 years of fatality decline in California, the total number
2 increased during 2023, from 64 deaths in 2022 to 82 this
3 past calendar year. The total number of fatalities related
4 to racing and training was 52. Clearly, this is
5 disappointing.

6 However, to put the 82 total number in context,
7 the total number of fatalities in 2016, when the downward
8 trend began, was 209. Clearly, any increase is concerning,
9 but also a reminder that our work is not complete. We have
10 several regulations in the process of approval, and
11 obviously, future plans -- future ones planned.

12 I also think it is important to note that HISA's
13 Intra-Articular Injection rule, which rolled back our rule
14 and we think is one of the cornerstones of the good work
15 we've done, will return our standard when approved by the
16 FTC in coming months. Admittedly, the areas where we can
17 regulate in the area of safety have narrowed given the
18 preemption of HISA, but we will continue to work, look for
19 ways to promote safety and promote animal welfare.

20 And that, Mr. Chairman, is my report.

21 CHAIR FERRARO: Questions from the Board? Okay.

22 Mr. Blea -- Dr. Blea, excuse me.

23 DR. BLEA: Okay. Good morning, Chairman Ferraro,
24 Commissioners, and Mr. Chaney.

25 Following up on the equine veterinary shortage

1 that's been discussed over the last two months in this
2 venue, the Racing Medication and Testing Consortium
3 externship was recently announced and sent to over 400
4 recipients, including all veterinary schools.

5 The program includes: RMTC will provide financial
6 support of up to \$2,000 to veterinary students participating
7 in this racetrack externship; it will be available to
8 veterinary students years one through four; and it will be a
9 shared experience. It must be a minimum of two-week shared
10 experience with half the time spent with a racetrack private
11 practitioner or group, and the second week or the other half
12 of the externship spent with a regulatory body. The RMTC
13 will organize and has already organized a pool of host-
14 racetrack veterinarians, practices, and regulatory
15 veterinarians willing to collaborate on this program and
16 help match these students.

17 The deadline is March 1st for application. There
18 will be a review process, and notification of awards will be
19 April 15th. And again, RMTC has agreed to fund up to ten
20 appointments in 2024.

21 Recently, there's been a lot of discussion about
22 the Berkeley ordinance at the Berkeley City Council meeting
23 that took place yesterday, I believe. The Berkeley
24 ordinance adding Chapter 12.75 to the Berkeley Municipal
25 Code to establish protections relating to horses held,

1 owned, used, exhibited, or otherwise kept for racing or
2 other sport, entertainment, or profit has been withdrawn at
3 this time. The veterinary community submitted and provided
4 significant factual resources and statements in opposition
5 to the language in the ordinance.

6 Moving on to fatalities, in the month of December,
7 there were two musculoskeletal fatalities in racing, two
8 musculoskeletal fatalities in training, and one medical
9 condition that was sent to a referral hospital.

10 Moving on to the Maddy Lab. In the month of
11 December, CHRB testing consisted of 517 post-race blood and
12 urine samples, including three official work samples. 289
13 out-of-competition samples were also analyzed in the month
14 of December. CHRB testing in December resulted in one TC02
15 sample at Cal Expo.

16 The Maddy Lab has had several productive meetings
17 in the past month with both CHRB and HIWU, and with CHRB and
18 HIWU at the same time to discuss expectations, budget,
19 testing, not only for chemistry but for research for 2024
20 and well beyond.

21 I will add a note to Mr. Chaney's comment about 82
22 fatalities in calendar year 2023; 40 of them were
23 musculoskeletal, 44 if you count the four accidents, 38 were
24 non-musculoskeletal. Non-musculoskeletal seems to be the
25 same. We had 11 sudden deaths last year, which is about 13

1 percent of our total fatalities. Sudden deaths wax and wane
2 from year to year, anywhere from 6 percent up to 23 percent.
3 Not only are we looking at that in depth, but the industry
4 is looking at that.

5 And lastly, we had a meeting with several
6 executive -- or equine medical directors. Several states
7 praised HISA for their efforts in reducing the fatalities in
8 their state. However, that did not hold true in California
9 from the previous year.

10 That concludes my report, and I'm happy to answer
11 any questions.

12 CHAIR FERRARO: Regarding the student program, who
13 reviews the applications?

14 DR. BLEA: RMTc has a subcommittee reviewing, so
15 it will be members of the RMTc subcommittee.

16 CHAIR FERRARO: Okay. Any questions from the
17 Board?

18 Any public comment on this? No?

19 CHAIR FERRARO: Can we have a motion? We don't
20 need a motion, really, so that concludes.

21 Thank you.

22 DR. BLEA: Thank you.

23 CHAIR FERRARO: All right, time's up, we're going
24 to the meat of the program here.

25 Obviously, this is going to be I'm pretty active

1 discussion here. I'm going to try to keep order as best I
2 can. And we're going to try and get through the stakeholder
3 comments first, and then we'll proceed to get public
4 comments. I'll try to get as many of you up as I can, but I
5 think we'll start on this item with CARF's proposal.

6 Can you, Larry, come forward with that?

7 EXECUTIVE DIRECTOR CHANEY: Just a note for the
8 audience. On this agenda item, we added two documents late
9 yesterday afternoon to the packet. They're on the table
10 over there. We did receive a submission late last night
11 from CARF, which I think Larry's about to present. There is
12 more. That is not in the current digital packet, but it
13 will eventually be uploaded. That is on the table as well.

14 CHAIR FERRARO: Go ahead, Larry.

15 MR. SWARTZLANDER: Good morning, Commissioner.
16 Morning, Commissioner, Vice Chairman, Commissioners, and Mr.
17 Chaney. My name is Larry Swartzlander. I'm the Executive
18 Director for the California Authority of Racing Fairs.

19 What I'll present, as Mr. Chaney pointed out, I'm
20 presenting a lot of details of what is ongoing and what is
21 planned to be done in putting together a program for
22 Northern California. I want everybody to understand this is
23 a conceptual program. There have been no signed agreements
24 with harness or the State Fair and that these are all verbal
25 agreements and we're moving forward to ensure the

1 feasibility and durability of what we're proposing.

2 I want to make it clear that it's always been our
3 intent to be strategic about using our reliable sources,
4 collaborative with our horse racing partners, respectful of
5 all voices, and absolutely committed to a strong, healthy,
6 entertaining, and prosperous Northern California horse
7 racing. We are here today because The Stronach Group
8 abruptly ended the historic commitment to Northern
9 California horse racing with the scheduled closure of Golden
10 Gate Fields.

11 While there was little warning regarding the
12 closure of Golden Gate Fields, the decision does not signal
13 an end to Northern California racing. In fact, a dynamic
14 group of owners, breeders, backstretch workers, jockeys,
15 fair employees, and community members are working against
16 the clock to put together a viable program that can maintain
17 a vibrant racing schedule and contribute a strong purse
18 structure. And I'm sure that you'll hear from them today.
19 There are many people present.

20 I'd like to give you a summary with much detail as
21 to what has already been accomplished, what is in the
22 planning stages, and what are the potential outcomes with
23 the horsemen's groups.

24 One group contains approximately 50 stakeholders
25 as we put together to disseminate information that includes

1 Northern and Southern California stakeholders to keep them
2 apprised of exactly what has been completed, what is firm,
3 and not conceptual.

4 Following that, we formed a working group which
5 consists of nine members. This working group is at the
6 grassroots of planning for the implementation of a new
7 track. It has nine members, breeders, owners, labor, and
8 CARF. The group meets weekly to discuss ongoing actions and
9 provides guidance on efforts required to complete the goal
10 of maintaining thoroughbred and harness racing in Northern
11 California. Justin Oldfield is the Chairman. Justin is a
12 prominent breeder in Northern California, and he chairs this
13 particular group.

14 In the past six months, continual discussions
15 ensued in regards to completing the project. The first two
16 dual priorities were passed legislation, AB 1074, which
17 provides clarity as to the distribution of commissions
18 generated in the north, and second was to identify the site
19 for thoroughbred racing.

20 Three fairs were considered, Santa Rosa,
21 Pleasanton, and Sacramento. At this point, Santa Rosa does
22 not meet the criteria of an optimum site for continued
23 racing in Northern California. Pleasanton and Sacramento
24 are the two sites considered. Both have contractual
25 obligations, one being golf with Alameda and the other with

1 harness racing at Cal Expo. The preferred site at this
2 point is Sacramento.

3 CARF has had numerous discussions with harness as
4 to what approach was reasonable to maintain continuation of
5 operation of both sports. This requires that the design and
6 construction at this point of installing a 7/8ths-mile track
7 inside the current main oval here at Cal Expo. CARF has
8 moved forward and established the following team for the
9 project. And we've hired a consultant to oversee the
10 project, Mr. Dan Coon, recommended by Chris Schick, General
11 Manager of Watch and Wager, and Mike Tanner, the Executive
12 Vice President and CEO of the United States Trotting
13 Association.

14 We've hired an engineering firm, Roderick Saylor,
15 GRW Racetrack and Equine Design Facilities. You can look
16 them up on the internet. They have an extensive background
17 in all major racetracks throughout the United States.

18 We've identified a site supervisor and engineer to
19 assist the firm, Dean Johnson and Brad Folkes (phonetic).
20 These would be the people actually out here walking the
21 grounds, verifying the distances and locations of everything
22 we're projecting for the track.

23 Also, Kent Cardiff (phonetic) has brought on Tess
24 Dunham. She's water quality control at KSC, which is the
25 legal firm that CARF uses for legislative and legal.

1 And we have Roderick, the design engineer, who
2 will be providing a due diligence package by the end of next
3 week, which will identify the design requirements and
4 projected costs. And understand, this is a projection, the
5 first time we'll get this as a statement from him.

6 I'm working on the proposal of the first phase of
7 design effort. As discussed, I would recommend beginning
8 with a due diligence-type of effort, including a package
9 with a minimum, survey of the tracks to be used for accurate
10 site and grading plans, as well as understanding what
11 infrastructure needs to be relocated, geotechnical
12 investigation to understand the underlying soils, how to
13 remediate the subgrade of the ponds, environmental
14 investigation to understand the wetland and habitat impacts,
15 a more thorough design of the track that begins to account
16 for adjustments of the existing track and the starts,
17 relocation of the tote Board, relocation of the track
18 lighting, and setting new grades for the track.

19 Opinions of the probable costs, all data from the
20 above will be utilized to estimate the total construction
21 cost of the new track. The purpose of the estimate is to
22 give you the team, the terrain, and tools necessary to
23 budget for the ongoing project.

24 Tess, as a lawyer, will identify all permits and
25 the processes necessary to procure them. Areas which will

1 be addressed are as follows: water discharge; Army Corps of
2 Engineers permit; geotech survey; environmental impact;
3 State and Fish Wildlife; industrial storm water; and storm
4 sewers.

5 CARF has also completed a proforma identifying the
6 projected costs and revenues and has a marketing budget of
7 \$500,000 for startup for the project. CARF has completed
8 revenue sharing of the net commissions for all live racing
9 and simulcast fairs, live racing and simulcast. There's 13
10 member fairs in CARF. Revenue will be used to increase
11 purses in the north and upgrading simulcast facilities.
12 Those are the primary purposes.

13 CARF has a verbal agreement with Travis Boersma,
14 Dutch Bros to purchase 330 additional stalls. These were
15 stalls that were originally designed for Grant's Pass Casino
16 operation, which is now no longer in the works.

17 CARF has also set up a 501(c)(3) for funding
18 support, as well a commitment to procure funds. We're
19 looking at funding from horseman, CARF, and potential
20 grants.

21 Briefing will be given to the Cal Expo Board on
22 Friday, December 26th -- excuse me, January 26th, seeking
23 conceptual approval to move forward with the installation of
24 the track. There will also be ongoing meetings with harness
25 after this meeting to discuss where we're at and where we're

1 going.

2 If the Board does decline to approve racing at Cal
3 Expo, we will move to Pleasanton. The Pleasanton Board is
4 very strong in support of racing, and if I had to make one
5 commitment to you, Pleasanton will race.

6 March 21st, CHRB Board meeting, CARF would seek
7 approval of dates for 2024, September thru December 26. I
8 would also at least present a draft license application so
9 we can discuss the -- this is a different application, it's
10 a combined fairs application to run the meet, so that we
11 understand the nuances of what the application requires.

12 We have work to do. We have negotiations moving
13 forward. Horse racing at Golden Gate has been a proud
14 history that ran its course. We have the opportunity here.
15 We have a chance to create a jewel of horse racing that
16 allows Northern California to reignite a fan base, give
17 owners greater reason to compete, provide breeders a
18 stronger market, and make our site profitable.

19 Folks, the concerns are surmountable. Let's work
20 together.

21 Thank you.

22 CHAIR FERRARO: Mr. Chaney, you have some
23 questions?

24 (Applause from the audience)

25 EXECUTIVE DIRECTOR CHANEY: The Board want to ask

1 or should I just --

2 CHAIR FERRARO: Yeah.

3 EXECUTIVE DIRECTOR CHANEY: Okay.

4 CHAIR FERRARO: Let's see what you have.

5 EXECUTIVE DIRECTOR CHANEY: Sure.

6 CHAIR FERRARO: And we'll let the Board weigh in.

7 EXECUTIVE DIRECTOR CHANEY: Yeah, I have just a
8 few questions, Larry, if that's possible. I think, I mean,
9 I appreciate the presentation. I think it's really
10 important, especially with folks in the room and people
11 listening that, you know, we all kind of know what's
12 possible, what's not possible, you know, what kind of the
13 future looks like.

14 Are there any other groups or plans that you know
15 of other than CARF? And first of all, I applaud CARF for
16 taking this mantle. I know, you know, you're looking at the
17 business of CARF, and you think that year-round racing is
18 the best thing for that. Do you know of any other groups
19 that are trying something similar?

20 MR. SWARTZLANDER: I have had no contacts or
21 information in that area.

22 EXECUTIVE DIRECTOR CHANEY: Okay. What's the
23 timeline on this project and the cost? I mean, because
24 that's the major concern; right? Cal Expo, like the CHRB,
25 is a state department, and as you probably know, we don't

1 move very fast, and certainly can't spend any money given,
2 you know, the state budget crisis happening right now.

3 So with environmental concerns, water reclamation,
4 you know, all of the changes that need to be made, is there
5 any -- I mean, what's a realistic timeline, do you think,
6 for completion?

7 MR. SWARTZLANDER: Well, you know, that's a loaded
8 question.

9 EXECUTIVE DIRECTOR CHANEY: Yeah, it's supposed to
10 be.

11 MR. SWARTZLANDER: You know, in dealing with tests
12 and the permits required and with Roderick, the engineer,
13 who has a lot of experience in this, and this is California,
14 that the bureaucracy, it's not a bureaucracy, it's just the
15 laws that we have to comply with --

16 EXECUTIVE DIRECTOR CHANEY: Yeah.

17 MR. SWARTZLANDER: -- environmental concerns are
18 of great importance to us, and we want to make sure that
19 everything is taken care of properly.

20 And so, you know, the number, the dates we threw
21 out were, you know, by mid-April we would expect to have the
22 final design and approval if it's going to be Cal Expo, and
23 then at that point to move forward with construction
24 starting right after the end of the harness meet. And
25 ideally, the track would be ready on the first part of

1 September. At that point, it doesn't have to be at
2 September, harness Racing generally starts in the late
3 October-November timeframe, but we would work with that if
4 the situation develops.

5 On the thoroughbred side, the particular -- the
6 plan is right now is that the track is 80-feet wide right
7 now, and it will be reduced to 75. So the first phase of
8 the construction would be to move the rail and put it in
9 permanently so that the thoroughbreds could race, and we
10 still could have good instruction going on during the
11 summer.

12 If the process becomes clear that we can't make
13 it, we simply will keep Pleasanton open and we'll race
14 there, and we'll install the additional 300 stalls there.
15 And Pleasanton will race until we either conclude that there
16 will be a movement to Cal Expo or we remain and get
17 Pleasanton in perpetuity.

18 EXECUTIVE DIRECTOR CHANEY: Any idea what the
19 project would cost? I mean, is it half a million dollars --
20 I know it's not -- or is it \$20 million, or probably
21 somewhere in between?

22 MR. SWARTZLANDER: You know, I don't want to
23 answer that, but you're in the \$1 million to \$1.5 million
24 easily.

25 EXECUTIVE DIRECTOR CHANEY: \$1.5 million? Wow. I

1 think you're low. I'm not going to lie.

2 MR. SWARTZLANDER: I give you a conservative
3 estimate.

4 EXECUTIVE DIRECTOR CHANEY: I think you're very
5 low.

6 And who's going to fund it, I think. Will you be
7 seeking Cal Expo to make their own capital improvements or
8 will that be --

9 MR. SWARTZLANDER: No, this will be a joint effort
10 between horses and CARF and any grants that we can obtain.

11 And I understand you, too, that Capitol Racing
12 (phonetic), we're looking at the revenues that would be
13 produced that we would like to, you know, earmark most of
14 this money as promissory notes that Capitol Racing would
15 repay to the Horstman.

16 EXECUTIVE DIRECTOR CHANEY: Got it, which seems
17 difficult, right, I mean, given the climate with wagering in
18 California. I mean, Golden Gate closed for a reason,
19 obviously. I'm just wondering.

20 As you know, I'm concerned about the economic
21 model and the fact that Golden Gate couldn't seem to make
22 it. And without their reputation and bargaining leverage,
23 I'm just wondering, like let's say the purse levels are
24 going to be the same, like then how do you get that money
25 back?

1 MR. SWARTZLANDER: Well, you're into arbitration
2 areas right now, but the initial discussions that we've
3 already asked to have at this point has been approved, that
4 Santa Rosa would run an extra week, Humboldt would run an
5 extra week, and I'm not sure what the number was last year,
6 but I believe in 2022, there was 132 days ran at Golden
7 Gate, and they had a major purse overpayment.

8 The first thing is that we would tentatively be
9 looking at running 103 days, which once you don't race those
10 other 22 days, you generate purse money during those days
11 and it offsets your overpayment.

12 EXECUTIVE DIRECTOR CHANEY: So it's running
13 Saturday and Sunday or something like that, two days a week?

14 MR. SWARTZLANDER: Right.

15 EXECUTIVE DIRECTOR CHANEY: Got it.

16 What's your take on horsemen? I mean, obviously,
17 horsemen don't want to move, horsemen, horsewomen, I
18 apologize. Is it Pleasanton might be a preferred site for
19 horse folks, I'm guessing, because it's closer to Golden
20 Gate Fields? I mean how burdensome would be moving to Cal
21 Expo?

22 MR. SWARTZLANDER: I think that's a question for
23 the people here.

24 EXECUTIVE DIRECTOR CHANEY: I figured, and that
25 makes sense.

1 That's all I have for right now, Mr. Chairman. I
2 don't want to --

3 CHAIR FERRARO: Yeah. Okay.

4 EXECUTIVE DIRECTOR CHANEY: -- steal anyone's
5 thunder, but I feel like --

6 CHAIR FERRARO: Questions from the -- go ahead,
7 Wendy.

8 COMMISSIONER MITCHELL: I wanted to start off by
9 saying thank you, Larry, for the presentation and for all
10 your hard work. And thank you to everyone who showed up.
11 We really appreciate it. And we, I think, as a Commission,
12 don't take any of this lightly, and we understand the
13 impacts to everyone's livelihoods, lifestyles, et cetera.
14 You know, the closing of Golden Gate Fields obviously was a
15 big blow and we're somewhat caught off guard. But it is
16 what it is, as I say.

17 And so I guess I had many of the same questions
18 that Scott has. I don't see how any of this lines up. And
19 I guess my concern from a regulatory or, you know, from the
20 industry perspective is I don't want to create false
21 expectations for people that are really unattainable. And
22 because I think that that is worse. Like hope, nothing is
23 worse than having your hopes dashed, and I don't see how
24 this all lines up.

25 I appreciate all of your hard work and the

1 efforts, but we don't have Cal Expo, we don't have a funding
2 mechanism, we don't have a -- you know, there isn't really
3 path, I don't see. There's so many variables, and the
4 permits and the construction and, you know, all of it that
5 I'm just very concerned that without outside, some outside
6 dynamic shifting, that there's just a creation of
7 unrealistic expectations that this is going to be solved in
8 a way that is going to make everyone happy. And I just, I
9 don't see it, and I don't mean to be negative or a downer,
10 but I'm trying to be realistic and pragmatic about what, you
11 know, the industry is facing and what we're all looking at
12 right now.

13 So I just, I guess I'm -- my concern is that I
14 appreciate your paper and I appreciate you providing it in
15 advance and your presentation today and everyone showing up,
16 but I just, I don't know what we can do, frankly, as a
17 regulatory board to solve this. We can't make Golden Gate
18 stay open. We got them to stay open through the summer.
19 But, you know, private property, we can't do that; right?
20 We don't have any funding to change Cal Expo. We don't
21 have, you know, all the permits, all of the work that needs
22 to be done. We don't have anything as the CHRB to solve
23 this problem, like we don't have the tools, and I don't see
24 that the tools are even laid out in here to actually make
25 that.

1 So I don't want, you know, just Scott to be the
2 bad guy asking all the tough questions, it's just the
3 reality of the situation. And so that is just -- I just
4 wanted to lay that out. I mean, I've talked to people.
5 I've gotten calls. I appreciate the issues, I really do,
6 and I don't want to throw cold water on anything. But we
7 realistically, like I don't see the path, and I'm very
8 concerned about that.

9 And I want people to be, in this room, to be
10 realistic about that and, you know, what it's going to look
11 like come August. That's like, you know, in -- in
12 permitting, et cetera, and, you know, construction, and it
13 deals with government agencies, that's like two seconds from
14 now; right? So it's just really outside what I think, you
15 know, passes the test of what we can accomplish.

16 And it's not to discount all your hard work and
17 everyone showing up. It's simply to say, like what's in
18 this isn't a plan that we can say, oh, yeah, great, this is
19 going to be solved, if it isn't, like based on this. Like
20 you don't have any numbers. You don't have funding. You
21 know, there's all of these things. And I appreciate the
22 efforts, and I hope that other people, because you've
23 energized the community to get engaged, that other folks
24 have -- will take the opportunity to get engaged and
25 understand what's going on, I know in some of the side

1 conversations I've had. But I just want to be realistic and
2 pragmatic about what, you know, what this is going to look
3 like.

4 So I don't have a solution and I wish I did more
5 than anything. But I have grave concerns, I guess, of what
6 this is going to look like and what, as CHRB, what we can
7 do. And when we have to say, like, you know, March 21st is,
8 again, like a half a second from today, you know, what are
9 we going to do then? I mean, is it just going to drag this
10 out and people aren't making plans for the future? I don't
11 know.

12 I mean, the Cal Expo, you know, conversation,
13 you're not having that until a couple weeks from now or a
14 week-plus from now. Like it's just, it's heavy and I don't
15 want people to be falsely, you know, expectation that A,
16 that the CHRB can do anything, we have no tools to fix this
17 problem, and that this is all going to magically be solved
18 by August, September. I just don't see it.

19 So that's just my two cents. I mean, you all can
20 hate me if you want. I'm sorry, but I'm just -- you know,
21 I've been in state government for a really long time and I
22 understand how this stuff works, and that's just the reality
23 of it.

24 So, again, I hope that some dynamic changes, but
25 let's be realistic and plan, so thank you.

1 CHAIR FERRARO: Any other comments from the Board?

2 COMMISSIONER CASTELLANOS: Yeah, Mr. Chairman.

3 Yeah, Larry, just a few questions. I don't want
4 to sound redundant here.

5 So it was mentioned by Wendy just right now, so
6 Cal Expo, are they onboard? What's happening with Cal Expo?

7 MR. SWARTZLANDER: Well, you're again in a
8 sensitive area. There's ongoing, you know, discussions.
9 The plan, as I've pointed out, is that we'll meet again with
10 the harness after this meeting. And then we will have an
11 opportunity to present the conceptual plan as you see it
12 there to the Board to at least move forward. Will the Board
13 support Cal Expo allowing us to put in another racetrack
14 and run racing here? There will be no agreements at that
15 point on any lease agreement or that it, in fact, is done.

16 When I say conceptually, the next step after that
17 would be to reconvene with the Board with here's the hard
18 numbers, here's the lease agreement, and hopefully I would
19 expect to have that, too, in March before we come back to
20 you and say that, as Commissioner Mitchell has pointed out,
21 you know, what are the numbers? You know, what exactly are
22 the tools? You know, what are the timelines? What are the
23 costs? And those will all be weighing factors in where we
24 go.

25 And again, I'd like to point out to the Board,

1 too, that two years ago, Golden Gate shut down completely
2 and the fairs ran the meet over the summer. We're quite
3 attuned to what it requires to run the meet. And if you're
4 confident, we have the people of personnel management in
5 place to run this meet.

6 COMMISSIONER CASTELLANOS: Okay. Thank you. And
7 again, I'd like to just really reiterate what everybody else
8 has said up here, is that thank you for everybody for coming
9 and showing support. Thank you, Larry, for your
10 presentation.

11 I don't think it's any secret here, you know, my
12 business is labor. My concern is keeping as much work in
13 the north as possible. You know, I'm a Teamster guy, so I'm
14 concerned about having those jobs up here in the north.

15 So I'm all for you guys making this happen, but if
16 I recall, Scott, are we meeting February? Is February a --

17 EXECUTIVE DIRECTOR CHANEY: There's no planned
18 meeting right now.

19 COMMISSIONER CASTELLANOS: Yeah. Okay. So I
20 mean, if you -- I mean, I'll make a suggestion, I can't
21 promise anything because I'm only saying this from me, but
22 if there's something that comes together a lot quicker, give
23 us a call. And if we need to get together, then then let's
24 get -- you know, let's have a meeting or something.

25 But the bottom line is, I believe, and I've told

1 the industry this before, it's not everybody's, I'm not
2 saying fault, but it's not everybody's fault in this room.
3 The industry itself, when this happened, when this occurred,
4 I don't think have been diligent enough to step up and do
5 what has to be done. Larry and others in this room have
6 kind of taken that ball and ran with it, and it's a hot
7 potato, kind of like what Wendy was saying.

8 But I'm rooting for you and I hope we can get this
9 done. So whatever you present to us for approval, we'll see
10 what it is. But again, we're not the ones to dictate. It
11 would be nice if we could dictate who -- you know, where the
12 races go and who has them and who can do it, but it has to
13 be funded.

14 So we'll go from there. So I mean, you have my
15 support as far as the labor guy. But, yeah, I hope we can
16 get together real quick and put some numbers together and we
17 can figure this out. But I thank you very much for at least
18 taking the ball and running with it. Appreciate it.

19 MR. SWARTZLANDER: Thank you, Chairman.

20 VICE CHAIR GONZALES: Mr. Chairman, thanks for the
21 time here. And Commissioner Mitchell and Commissioner
22 Castellanos, I think it's fitting that both of you chimed
23 in, because between us three, we make up the Race Dates
24 Committee, and we do our best to ask good questions and to
25 be thoughtful about what our charge is as governor

1 appointees and leaders in the reform effort.

2 So, Larry, just a couple quick questions, then I
3 just want to just make a couple comments.

4 One of the primary goals of the state legislature
5 and this Commission has been to keep horses safe. You heard
6 the numbers that Dr. Blea shared, which we have a long ways
7 to go. But in addition to me wanting to thank you for your
8 leadership in what you're preparing to do, along with what
9 appears to be a strong coalition, but you all have done a
10 great job with keeping horses safe. There's no doubt about
11 it. I think probably one of the best racing associations in
12 the entire country when it comes to horse safety.

13 Are you confident that you will be able to remain
14 at that same level of standard, that same level of
15 horsemanship to make sure that horses are safe, whether it's
16 at Cal Expo or at Pleasanton?

17 MR. SWARTZLANDER: Absolutely.

18 VICE CHAIR GONZALES: Thank you.

19 The second point, and this is just me observing,
20 having gone to just about every fair since I've been
21 appointed a few years ago, I don't think that you, again,
22 and your leadership team, along with the horsemen, nobody
23 compares to what you do with the ability to put fans,
24 regular fans and new fans, in the seats. And I'm talking
25 standing-room-only kind of situations, whether it's at

1 Ferndale or Fresno or Pleasanton or anywhere in between.

2 What's your confidence level? Because you're onto
3 something here. What's your confidence level to be able to
4 continue that same level of fan participation, particularly
5 in an area where Sacramento, I think, is one of the best
6 sports fan bases in the entire country. So what's your
7 thoughts on that?

8 MR. SWARTZLANDER: Well, as you know, you've been
9 to the fairs and many times it's, you know, standing room
10 only.

11 The marketing approach the fairs have, obviously,
12 we have leverage because we're fairs. You have an event,
13 it's an event, and we all know events throughout the racing
14 industry, whether it's Del Mar or Saratoga, you know, those
15 are the particular racing events where you get large
16 attendance. People get interested. Breeders' Cup, you
17 know, it's good for the racing.

18 The fairs have that connotation to them. You
19 know, this will carry on into Capitol Racing. The marketing
20 program will be dovetailed with it. It will be dovetailed
21 into what the fair is doing, whether it's Pleasanton or
22 Sacramento, making the program stronger for the fairs during
23 the year. And marketing is key. The safety of the horses,
24 marketing, unions, labor to keep people working, that's all
25 paramount. And I have total confidence that we will improve

1 racing in Northern California.

2 VICE CHAIR GONZALES: Thank you for that, Larry.

3 You know, and I'll just, I'll probably make
4 another comment, but what I'll just say, and I'm taking, you
5 know, just a slightly different perspective than most, is I
6 look at what we're ready to embark on no different than a
7 startup. We know agriculture, of which the 250-plus men and
8 women in this room in some way, shape, or form are involved
9 in agriculture, in addition to horse racing.

10 But I believe that there is room for innovation.
11 I believe that technology is changing the industry
12 tremendously. And I believe that we have to approach this
13 like a startup. I mean, we're not far from the Silicon
14 Valley where startups are happening all the time. And you
15 build teams, you do investments, you maximize resources,
16 and, yes, you do take chances. So I'm actually eager and
17 upbeat about the prospects of this coming together.

18 And, Larry, we will be asking the tough questions,
19 but I believe that there is, in addition to the things I
20 mentioned, strong, strong leadership and the commitment.

21 The final thing I'll say is this, some of the
22 hurdles and challenges that I believe the leadership that
23 are advocating to continue racing, just over the last six
24 months, if you just take a look at the obstacles that
25 they've had to overcome, a surprise announcement that Golden

1 Gate Fields is closing, then a complete reversal of that
2 announcement in exchange for shifting Northern California
3 revenue to the south, only to be surprised by a 25 percent
4 cut, then three top members of the TOC having to resign
5 because their voices weren't heard. So there's one thing to
6 open up a cage and set a bird free, but there's a totally
7 different thing than to attach a brick to that bird.

8 And so what I'm just saying here is let's give
9 this an opportunity, but also, Larry, just be prepared for
10 the kinds of questions that will be asked.

11 So, Mr. Chairman, those are my questions and my
12 thoughts for now.

13 CHAIR FERRARO: Thank you.

14 (Applause from the audience)

15 CHAIR FERRARO: Larry, I just have a kind of a
16 logistics question. You're going to meet with the Cal Expo
17 Board later this month. I doubt, seriously, they're going
18 to, even if they're inclined to approve, they're going to
19 give you a definite answer because you don't have any facts,
20 figures, costs, et cetera, timeline. So they would say
21 that, yes, we're interested. You have to come back to the
22 next meeting.

23 It's my understanding they meet quarterly; is that
24 correct?

25 MR. SWARTZLANDER: The Cal Expo Board?

1 CHAIR FERRARO: Pardon me?

2 MR. SWARTZLANDER: You're talking about the Cal
3 Expo Board?

4 CHAIR FERRARO: Cal Expo Board, yeah.

5 MR. SWARTZLANDER: I'm not familiar with that.
6 All I know is they meet this month. I think, I don't know
7 if Mr. Martinez --

8 CHAIR FERRARO: Yeah, this may be a little hitch
9 for you because it's my understanding they meet quarterly.
10 I could be wrong on that, but it could delay things.

11 Any other questions from the Board?

12 Go ahead, Scott.

13 EXECUTIVE DIRECTOR CHANEY: Thanks. I'll probably
14 be in the Wendy Mitchell -- and I thank her for her
15 questions because I don't think there's no unfair questions
16 because, like you, I think that Northern California horsemen
17 should be armed with like reality and truth, and so they
18 can, you know, make their own. Because I think one of the
19 things that concerns all of us is uncertainty right now.
20 We're, I'm sure, bleeding horses every day because there's
21 no clear plan. We don't know what we're doing in the
22 future. Articles are written about it in the trade
23 publications all the time.

24 Again, like Commissioner Mitchell, and I work in
25 state government, I am concerned about timeline and cost at

1 Cal Expo. I just think it's unrealistic. I know it's
2 unrealistic, to be honest.

3 So I'm interested in the Pleasanton. Has the
4 Pleasanton Board made any determinations? Like do they have
5 to rework a contract with the golf? I know that this comes
6 up every summer. Like how far along is pleasant? And I'm
7 kind of thinking to the next step, if you don't mind me
8 asking.

9 MR. SWARTZLANDER: Well, there's been no formal
10 vote taken by the board. Let me just state what Jerome
11 Hoban stated, you know, to us on the phone the other day,
12 that they affirmably would like to have racing there. The
13 Pleasanton deal is, you know, the golf course is just like
14 building a new racetrack. It requires funds to be done.

15 You know, and I understand everything required
16 here. The numbers, I can get numbers but I'm not going to
17 throw any numbers out. I've identified all the people, the
18 experts, necessary to provide that to me. That's my job.
19 If it fails, it fails when I show up in March. But I'll
20 guarantee that Pleasanton would race.

21 And at Cal Expo, you know, what we're trying to
22 create here, you know, it's the center, it's the capitol of
23 California. It's got a good fan base here and I think we
24 can enhance racing, both harness and thoroughbred, make a
25 great product and get fans more enthused in what we're

1 doing.

2 All these things you mentioned about the required
3 numbers, I know about, we're working on. They will be
4 answered.

5 EXECUTIVE DIRECTOR CHANEY: And can you help me
6 out with Capitol Racing a little bit obviously that is it's
7 an LLC or corporation that you formed?

8 MR. SWARTZLANDER: It's a brand name at this
9 point.

10 EXECUTIVE DIRECTOR CHANEY: Okay. And then at
11 some point, because I'm just saying, like I think it's I'm
12 going to be the wonky the Government guy here; right? So
13 when Capitol Racing, and I assume the model is like any
14 other racing corporation to -- like will it be lease Cal
15 Expo and or Pleasanton, similar to like sort of what Santa
16 Rosa was saying?

17 MR. SWARTZLANDER: Yeah, it would be a lease
18 agreement similar to what --

19 EXECUTIVE DIRECTOR CHANEY: Got it.

20 MR. SWARTZLANDER: -- harness is.

21 EXECUTIVE DIRECTOR CHANEY: Got it. So you would
22 just pay them for the use of their property?

23 MR. SWARTZLANDER: Yes.

24 EXECUTIVE DIRECTOR CHANEY: So you probably want a
25 real legal entity when you come ask for date allocation,

1 just as a piece of advice.

2 MR. SWARTZLANDER: Yes.

3 EXECUTIVE DIRECTOR CHANEY: And then secondly, is
4 there -- what's like a reasonable timeline? Like how late
5 can we go? My opinion is every day is hurting us. Every
6 day is hurting Northern California; right? You're losing
7 horses. A barn says I'm going to Turf Paradise or I'm going
8 to Washington, wherever it is. Like how late can we go in
9 the game before like having to know what the exact plan is?

10 I know March 21st has been -- I think that's too
11 late. But if that's what we, the Board, stakeholders all
12 agree we can stomach, fine, we're about to get a
13 presentation from Southern California that's going to say,
14 we're going to announce, you know, if we -- if there's no
15 future money, we're announcing purse cuts, so there's going
16 to be a timeline ticking on that. And there's a timeline
17 ticking for horsemen to know what they -- how their lives
18 are going to look over the next six months.

19 Like is there like a no-go date that makes sense
20 to you?

21 MR. SWARTZLANDER: Well, don't quote me but, you
22 know, I'm still saying March 21st. You know, if I don't
23 have, you know, a 99 percent commitment from Cal Expo, you
24 know, we're going to shift gears and it's going to have to
25 go to Pleasanton. And I feel confident that can be

1 accomplished.

2 EXECUTIVE DIRECTOR CHANEY: Yeah. My fear for my
3 Board is that on March 21st, the Southern California
4 interest will say, we're cutting purses by X amount on the
5 22nd if, you know, if there's a, you know, year-round plan
6 and there's no redirected money. And then the other option
7 will be we have -- Cal Expo didn't work out, let's say, but
8 we have -- we think we have, you know, a chance at
9 Pleasanton dates, can you give them to us?

10 And I can see where this train is going and I'm
11 trying to avoid it for this Board, but it's going to be a
12 no-win situation; right? Pick the least of two evils, if
13 you will. That's more an observation.

14 I guess that's all I have. I've beaten you up
15 enough. But I just think it's important for --

16 MR. SWARTZLANDER: I can take it.

17 EXECUTIVE DIRECTOR CHANEY: -- horsemen and
18 horsewomen to, you know, to have reality and like have the
19 facts, because they can make better decisions when armed
20 with those.

21 MR. SWARTZLANDER: I'd be glad if all the comments
22 would be negative, because let's get them out.

23 CHAIR FERRARO: All right. Thanks, Larry.

24 And we're going to move on. Can we get the
25 racetrack representatives to come forward and give their

1 opinions, please?

2 Thanks, Larry.

3 MR. SWARTZLANDER: Thank you.

4 CHAIR FERRARO: Watch and wager, I'm going to call
5 on you next.

6 MR. NADER: Thank you, Chairman, Vice Chairman,
7 Executive Director, Board members. I'm Bill Nader from the
8 TOC, to my left, Josh Rubenstein from Del Mar, and Craig
9 Fravel from Golden Gate and Santa Anita.

10 Before I get into the presentation, I think it's
11 good there's so many people here today because I think it's
12 important that we go through this deck and kind of all kind
13 of take it in together. You can ask questions along the
14 way, you can hold your questions to the end, your choice.
15 And then Josh and Craig can supplement with their
16 information.

17 But the purpose of the letter that was sent to the
18 CHRB and the purpose of the PowerPoint was to highlight the
19 state of the California racing industry six months after the
20 announced closing of Golden Gate. The presentation includes
21 key points that form the outline of the letter that was
22 discussed at our TOC Board meeting on January 5th and then
23 finalized later that same day to meet the CHRP deadline for
24 inclusion in today's Board package.

25 This, we believe, was important to everyone in

1 this room and the industry at large to share those materials
2 in advance of today's meeting to be transparent, to be
3 informative, and allow time for everyone to review the
4 information included. The intent here is to open our eyes
5 collectively to see where we are, where we were 20 years
6 ago, and where we are going, and to have a chance for a
7 calm, collective conversation that would be constructive to
8 make good decisions for the future of the California racing
9 industry and the people and the horses, and also to
10 establish the criteria going forward.

11 The TOC Board had the opportunity to hear from
12 management at Los Alamitos, Santa Anita, and Del Mar during
13 the January 5th Board meeting. Those three racetracks, Los
14 Al, Santa Anita, and Del Mar, are signatures to the letter
15 as they are key players in a scenario where the tracks in
16 Southern California come together in agreement to
17 accommodate horses currently stabled at Golden Gate.

18 This we consider as a contingency plan in the
19 event there is no new operator with a viable plan in the
20 north to step forward after the closing of Golden Gate. The
21 plan will be shared in the presentation, but it's really
22 about operational readiness so we can accommodate those
23 people and those forces if necessary.

24 The information provided in the presentation is
25 not contentious. I think that's important. It's fact-based

1 and one that unfortunately leads to a difficult and
2 sometimes uncomfortable conversation.

3 Many of us have been waiting patiently for a north
4 plan with an understanding that if it's not viable and
5 feasible, it would have -- if it is viable and feasible, it
6 would have industry support. Many informal deadlines of
7 when we might see the details of a plan for the north have
8 come and gone, the latest being mid-December, but certainly
9 by the end of December, but they have not materialized. As
10 Larry just said, it's still conceptual.

11 We are running out of time. If there is agreement
12 on one point, I think it would be that the latest possible
13 decision on the allocation of '24-25 race dates would be at
14 the CHRB meeting in March. This would help reestablish
15 certainty and stability for the many that are looking for
16 answers.

17 Now the uncomfortable part. You look to the north
18 and you see uncertainty and, to some degree, silence. We
19 are told this is about to change and we are waiting. But we
20 need time to be able to digest and discuss the plan. So as
21 we go from here to March, I think it's important that
22 there's still a period that we can at least digest whatever
23 the plan might be and ask the relevant questions to see,
24 again, if it is viable or feasible.

25 Now you look to the once strong and stable south

1 with the beautiful racetracks at Santa Anita and Del Mar and
2 the rich history, and now you see a much different picture,
3 one of vulnerability, an increasing degree of desperation.
4 To put it another way, the north is fighting for survival,
5 and the south is literally on the ropes, trying to hang on,
6 steadily losing ground. It is not a pretty picture.

7 The north and south are linked, and they are both
8 in trouble. The slides in the presentation will try to tell
9 the story and hit on some key points. And that's important
10 for everyone in this room to consider. This is not judgment
11 day. It's a day when we need to open our eyes and begin
12 constructive conversation. Everyone should reserve judgment
13 until we've had a chance to fully evaluate the details of
14 any proposed plan in the north.

15 The CHRB is the responsible and accountable party
16 for race dates. We recognize that. And the CHRB will make
17 the ultimate decision. We, the industry, need to be honest
18 and transparent in providing the relevant information in
19 doing our part, along with the CHRB, to help establish the
20 criteria in an effort to reach the best possible outcome.
21 Time, unfortunately, is no longer on our side.

22 So I'll go into the presentation and just go to
23 some of the facts that I think are extremely relevant.

24 The first slide that I'm going to show is the
25 annual foal crop, which if you look at the last 20 years,

1 has declined 67 percent. We didn't have 2022 when we put
2 this deck together but we have it now, so 2022, foal crop
3 was 1,288.

4 Now, as we go through these key metrics, they help
5 us understand, again, where we were 20 years ago in a year-
6 by-year journey to help us understand where we are now and
7 define the future of California racing.

8 The next slide shows the number of races, the
9 number of runners, and average field size.

10 COMMISSIONER MITCHELL: (Off mic.) Can I ask you
11 --

12 MR. NADER: Yeah, sorry.

13 COMMISSIONER MITCHELL: Can you open it so the
14 screen (indiscernible)?

15 MR. NADER: Yeah, let me see if I can do that. Is
16 that better? Can we enlarge it? Okay, here we go. Here we
17 go.

18 Yeah, do you want to go back to foal crop, Wendy?

19 COMMISSIONER MITCHELL: No, it's fine.

20 MR. NADER: Okay. All right. Okay.

21 Okay, so the number of races has declined 42
22 percent with a slightly steeper decline in the north. The
23 number of runners has declined 51 percent in the north, 42
24 percent in the south, 47 percent overall. Field sizes
25 reached an all-time California low last year. So a recap of

1 the key metrics relating to active horse population show a
2 67 percent decline in foal crops, and races and runners have
3 been cut nearly in half over the last 20 years, and field
4 sizes are now at an all-time low.

5 Now, graphically, that's what it would look like.
6 This slide shows the same data with the number of races in
7 green and the foal crops in yellow. The only real increase
8 in the number of races during this period was coming off an
9 abbreviated COVID year.

10 Whoops. Okay.

11 This is all-sources handle. All-sources handle in
12 California for California-produced daytime racing has
13 declined 46 percent. Total handle on California-produced
14 daytime racing thoroughbreds and imported races from
15 California, the north importing the south, the south
16 importing the north, and all of California importing out-of-
17 state tracks, down 31 percent. These handle numbers are not
18 adjusted for inflation.

19 Now, this is one of the questions, the more
20 difficult question, the headline of the slide only poses the
21 question on what the data is telling us. Foal crop, number
22 of races, number of starters, down considerably. Are we a
23 two-circuit state living in a one-circuit body with racing
24 reduced to three days a week, both in the north and the
25 south, and field sizes at an all-time low?

1 A story ran in *BloodHorse* in 2006, titled, "Less
2 is More," noting there's too much racing in California, both
3 in the north and in the south. Well, the number of races
4 has come down. But the CHRB Vice Chairman at that time was
5 quoted in that story saying, quote, "I've never seen an
6 industry that's so contentious and hateful to each other."

7 Now, there is much less racing in California today
8 as compared to 2006, but the same question can be asked: Is
9 there too much? With the closing of Golden Gate, can we
10 continue to support two full-time circuits? This is a fair
11 question.

12 Now, you can read the bullet points on the slide,
13 and we can expand further on this question as we move
14 through the presentation.

15 This slide is titled, "Pressure on Purses." There
16 is pressure on purses in both the north and the south. Now,
17 bullet point five on this slide, I want to correct that.
18 The Santa Anita purse cuts were for the classic meet, which
19 is the winter meet, and the spring meet. That's December
20 26th to June 16th. The purse cuts in the spring are only
21 for stakes races at this time. The overnights are still
22 subject to further purse cuts, so that number could go
23 higher.

24 Now I'll state the obvious, there's no secondary
25 income from any -- no secondary source of gaming income in

1 California to support purses and tracks. None of us need a
2 reminder on that point. This is a glaring weakness in our
3 business model.

4 An owner spoke to me last week saying he was
5 running in an allowance race at Oaklawn Park in Arkansas for
6 a purse of \$142,000, and the value of that same race at
7 Santa Anita is \$67,000.

8 There was a time not long ago, I looked this up on
9 Equibase, I believe it was 2014, that a maiden special
10 weight race at Santa Anita offered a purse of \$56,000,
11 comparing favorably to the same race at Churchill Downs
12 where it was \$50,000. Those days are gone. Churchill Downs
13 now offers nearly twice the money.

14 We as a state have fallen far behind, not only in
15 Kentucky and New York, but also in many other states that do
16 not have nearly the racing and breeding profile of
17 California. Because of no secondary source of gaming
18 income, it is critically important that we use our limited
19 resources efficiently on both sides of the ledger, one side
20 for purses and the other side for regulatory costs
21 associated with safety, welfare, and integrity. It's an
22 ongoing challenge that has become increasingly difficult.

23 Golden Gate entered this year with a \$3 million
24 overpayment. But to be clear, that was a culmination of
25 paying purses greater than purse generation over the past

1 few years.

2 Santa Anita entered this year with a purse
3 overpayment of nearly \$4 million, and that is now taking a
4 turn for the worse when you consider that the overpayment
5 will likely increase to \$5 million despite mitigating
6 measures that included \$3 million in purse cuts at the
7 current classic and spring meet. This is alarming,
8 particularly when we have been warned that additional purse
9 cuts could be announced for the spring season.

10 Del Mar's combined 2023 summer and fall meets
11 resulted in a purse overpayment of \$2.1 million. Despite
12 the fact that field sizes at Del Mar in the summer were as
13 good or actually the best of any racetrack in the country
14 that runs a meet at their level, they averaged over 8.8
15 horses per race. Again, the purse overpayment at Del Mar in
16 2023, \$2.1 million.

17 The warning signs are real. Craig and Josh can
18 both speak to it further or answer any questions at the end
19 of the presentation.

20 The next slide is increasing economic pressure.
21 This is the other side of the ledger, the cost side and,
22 unfortunately, there is no relief here. The number of
23 California races and the number of California starters in
24 the north and south are relatively equal through the years,
25 but nearly 80 percent of the \$19 million annual cost for

1 safety, welfare, and integrity which include services
2 provided by HISA and CHRB, fall on the south.

3 We spoke earlier about HISA. Yes, the assessment
4 is based on starters and purses, but the cost allocation is
5 based on handle. In desperate times such as today, this
6 becomes more of a concern due to affordability and fairness
7 between the two zones. The statutes were created at a time
8 when the trade was relatively equal.

9 This also holds true for reciprocal free trade of
10 simulcast signals between the north and the south. There
11 was a time when the north offered up bay meadows and Golden
12 Gate, turf racing as well as dirt. The future would look
13 different. Knowing what we know about increasing purse and
14 cost pressure, the industry faces questions of what does
15 fair trade look like and at what cost?

16 When it was mentioned earlier by Vice Chairman
17 about safety and welfare, look, everybody in the state has
18 done everything possible to do the best and really represent
19 California as what we really believe is the gold standard
20 across the industry. But when we move from Golden Gate,
21 from Tapeta and turf to a track that is a dirt track, you
22 know, the horseman may be very good, the regulations and
23 everything we have in place are very good, but with the
24 surface change, and actually the Chairman would be better
25 than me to assess it, but it would be a concern when you're

1 moving from synthetic and turf to solely dirt.

2 But it's unavoidable; right? I mean, if we do go
3 in that direction, you can't hold the other side guilty for
4 that because that's all they have to work with, but I only
5 note that.

6 The south plan for the new California -- let me go
7 up one more, sorry.

8 The feasibility and viability of the new north,
9 again, a north plan that is feasible, viable, and has a
10 business case, it has industry support, for sure. But we've
11 yet to see the plan. And we would be negligent in our
12 duties to ignore one of the key concerns, the cost
13 associated with environmental compliance. Year-round
14 stabling, training, backstretch facilities, dormitories for
15 backstretch workers, increase in horse population to over
16 500 horses, the installation of new racetrack surfaces, this
17 all adds to the complexity of environmental compliance, as
18 well as permits, construction, timeline, operational
19 readiness.

20 To this end, owners and breeders and regulators
21 need assurance that the plan is viable, feasible, and
22 sustainable. This includes proper funding, a racing
23 calendar that meets expectations, and a business plan that
24 works. I think that's been covered already in the meeting.

25 The TOC sent a list of questions to CARF with a

1 copy to the CHRB, the Chairman, the Vice Chairman, and
2 executive director, six months ago on July 22. We will need
3 time to discuss that plan once it is made available and get
4 answers to our questions so we can model and test the
5 business assumptions.

6 The overall health of California racing we know is
7 not good. Our resources are limited. We need to do our
8 part as an industry to provide vital information to help the
9 CHRB decide future race dates for which they are accountable
10 and responsible.

11 The current plan for a new California, which has
12 the backing of the Southern California racetracks, is a
13 contingency plan, as I stated earlier, only if a north plan
14 falls short. It uses the existing racetracks in the south
15 and available stabling capacity at Santa Anita, Los
16 Alamitos, and San Luis Rey to accommodate Golden Gate-based
17 horses.

18 It seeks legislative change to allow Los Alamitos
19 night races to run thoroughbred races at distances not
20 restricted to four and a half furlongs for the lower-level
21 claimants during the quarter horse meetings. We're trying
22 to be inclusive. This would only be during weeks when there
23 is no racing in the north to not interfere with the
24 traditional Northern California fair circuit.

25 We would also provide a lower claiming floor at

1 Santa Anita and Del Mar to create suitable opportunities for
2 Golden Gate-based horses. This is still a big part of the
3 TOC and we understand that we want to be inclusive and be
4 there so that California horses do not have to move out of
5 state to find a new place to compete, if necessary. It
6 provides relocation allowances as part of a transition plan,
7 and that would be finalized once the full terms of a
8 potential redirect of funding is known. It allows for
9 cooperation with the Northern California fair circuit to
10 support and secure the traditional footprint within the
11 California racing calendar.

12 The final slide is the redirect. Assume a
13 traditional Northern California fair circuit of about 13 to
14 15 weeks. What would happen with a redirect? It would only
15 stabilize purses in the south at the Southern California
16 tracks and return them to the level of where we were before
17 the recent purse cuts in Q4 of 2023.

18 A Del Mar maiden special weight race in the summer
19 offered a purse of \$82,000. With the purse cuts in the
20 fall, that same race was reduced to \$61,000. Josh can speak
21 to it more later.

22 Santa Anita, as I mentioned earlier, \$3 million in
23 purse cuts at the winter and spring meet, with if no
24 redirect, and Craig can speak to it, further purse cuts to
25 be announced in the spring. So it would only return it. It

1 wouldn't be an increase in purses, unfortunately, in
2 Southern California, not in my opinion. It would just be a
3 stabilizing saver to stop the downward spiral. The redirect
4 money would first be used to cover regulatory costs, again,
5 associated with safety, welfare, and integrity.

6 Now, if the decision is to continue with a two-
7 circuit state, and there is no redirect, purses in the south
8 will continue to be reduced in the spring and summer of this
9 year. And California will be even less competitive on the
10 national stage when compared to other states across the
11 nation.

12 As stated earlier, it's not a pretty picture
13 whether you look north or you look south. This is our
14 reality. The north is filled with uncertainty and the south
15 is extremely vulnerable. The only real opportunity for an
16 increase in purses and commissions is through ancillary
17 revenue from a secondary source. Now this has proven more
18 difficult than any of us would have hoped. There was a time
19 when horse racing was the only source of legal gambling in
20 the state of California. Now, unfortunately, we are in a
21 state of economic distress and extremely limited when
22 compared to other racing states.

23 Now, in closing, I read a story the other day
24 written by Jay Hovdey about the new *Sports Illustrated*-
25 sponsored luxury dining experience at Churchill Downs. The

1 walls in the room feature covers of the magazine that
2 featured horse racing. And the first ever *Sports*
3 *Illustrated* horse racing cover was 1955. It was not a
4 horse. It was not a jockey. It wasn't a race. It was the
5 majesty of Santa Anita. We have a proud racing history.

6 The decisions that face us now will not be easy,
7 no matter what the outcome, but the stakes have never been
8 higher than they are now.

9 This concludes the presentation. And we can now
10 invite comments from Craig or Josh take questions from the
11 Board.

12 Thank you.

13 CHAIR FERRARO: Go ahead, Josh.

14 MR. RUBENSTEIN: Thanks, Bill.

15 Good morning, CHRB Commissioners and staff. Josh
16 Rubenstein with the Del Mar Thoroughbred Club. Just a
17 couple of comments.

18 While I don't have any, you know, details or
19 specifics on the Sacramento or Pleasanton plans that were
20 Presented earlier today, I can give you a little perspective
21 from Del Mar's standpoint.

22 When Hollywood Park closed in the industry asked
23 Del Mar to operate beyond our traditional seven-week
24 boutique summer meet from a racing and stabling standpoint,
25 that required us to be clean water compliant. And that's a

1 major, major project, as Commissioner Mitchell pointed out.
2 And this is going back to 2014, the cost of that project was
3 approximately \$12.5 million. So what that would look like
4 in 2024 here is -- I don't know, but I think it would be
5 pretty significant.

6 And, you know, Craig can likely add some
7 additional context, but The Stronach Group is installing a
8 racetrack, I believe, as most of you know, at Santa Anita,
9 it's a training track, and that cost is about \$8 million.
10 So when you look at what Del Mar paid for being clean water
11 compliant in 2014, and what The Stronach Group is the
12 expense now on a track, I think, as Executive Director
13 Chaney said, it's a pretty significant amount.

14 You know, Bill's presentation, you know, walked
15 through our current situation very well. And, you know, the
16 closure of Golden Gate Fields is difficult for everyone.
17 But unfortunately, it confirms what, you know, many of us
18 have known for quite a while, that we just, we no longer
19 have the horse population in California to operate two year-
20 round meets, and we're the last state to do that. And it's
21 worked well for us for many, many years, but as Bill's
22 presentation pointed out, we just simply do not have the
23 horse inventory to do that.

24 So from our viewpoint, it's less about choosing
25 between north and south and how do we, as an industry in

1 California, move forward with the reality of what our horse
2 population is.

3 Bill touched briefly on Del Mar's 2023 summer meet
4 and -- or 2023 summer and fall meets. While we had a
5 terrific year on the safety front, racing-wise, our summer
6 meet, our, you know, field size was over 8.9, which is, you
7 know, tops in the country for a race meet that operates as
8 long as we do. Unfortunately, we were still overpaid a \$1.5
9 million. So, you know, I know Del Mar -- and we're always
10 happy to hear the kind words from those in the industry
11 about our summer meet and we're very proud that we're
12 hosting the Breeders' Cup the next two years at Del Mar, but
13 the reality is that the current economic model is just not
14 sustainable.

15 And the last thing that we want to do is cut
16 purses under this environment. But unless there is an
17 immediate economic change, we will be forced to do that.

18 CHAIR FERRARO: Thank you.

19 Mr. Fravel?

20 MR. FRAVEL: Thank you, Chairman and members. I
21 don't really have much to add to what Bill presented.
22 Obviously, we all had input into that PowerPoint.

23 And on the assumption that the Board is not going
24 to act today on the allocation of northern dates, I would
25 prefer not to comment on Mr. Swartzlander's presentation,

1 simply because we just saw it this morning when we got here
2 And I think he deserves, as do the members of the public and
3 the horse community here, to present their point of view.
4 And I personally look forward to listening to that.

5 I think, you know, I think both what Bill and Josh
6 presented are very accurate, a very sobering, I guess,
7 statement of the current situation. You know, we all do
8 need to work together to find ways to make an economic model
9 that works. But as you can tell from the numbers there,
10 three days of racing at Santa Anita makes it virtually
11 impossible to sustain year-round training and racing for the
12 horse population in the south.

13 And obviously, no one is happy about the closing
14 of Golden Gate Fields. I feel for the employees, the
15 horsemen, all the affected people, and we want to try to
16 make that as smooth as possible. So we do look forward to
17 see what CARF has to present in the way of details, and the
18 Commissioner's comments on that are well taken.

19 I will just say the one closing comment. You
20 know, I had 11 years of my -- or 8 years of my life spent in
21 Kentucky and often got to hear eastern perspectives on
22 California, California racing. And I will only say, we have
23 a lot to be proud of here. I mean, I know 2019 was
24 difficult. But the only reason that California got unusual
25 attention in that year and prior years with regard to safety

1 was because California was the most transparent, the most
2 proactive, the most aggressive about actually reporting
3 that, addressing that, and we obviously know that's a two-
4 edged sword, but the state, the horsemen, the racing
5 associations, our employees have all done an amazing job.

6 And we have done an amazing job holding things
7 together, you know, post-2008, 2009 recession. I mean, you
8 know, I was working at Del Mar with Josh in those days and,
9 you know, we did everything we possibly could to, you know,
10 cut our own salaries to avoid all kinds of expenses just to
11 get through the following year, and there was still a 35 to
12 40 percent drop in handle. And to some degree, we've never
13 recovered from that.

14 But we still have, despite the fact that we're
15 virtually the only major racing jurisdiction that operates
16 without slot machines or HHR revenues, have done a
17 remarkable job of still putting quality racing on the
18 racetrack and doing it safely.

19 So I guess it's nice to end with a positive note,
20 and I look forward to hearing further what our friends at
21 CARF have to present.

22 CHAIR FERRARO: Thank you.

23 Questions from the Board? None?

24 EXECUTIVE DIRECTOR CHANEY: Can I ask a few, Mr.
25 Chairman?

1 CHAIR FERRARO: Yes, you can, you certainly can.

2 EXECUTIVE DIRECTOR CHANEY: I'll ask the hard
3 questions.

4 First of all, I know you're kind of getting beaten
5 up a little bit in the press. I actually appreciate that
6 you waited seven months. I mean, let's be honest, like the
7 announcement that Golden Gate Fields was closing was about
8 seven months ago. And to date, we don't have -- I mean, I
9 feel better, because there was more of a plan, I think,
10 presented today by CAREF, but kind of recognize that you gave
11 them the ability, you know, seven months to come up with
12 something before having to, you know, kind of put your plan
13 forward.

14 To be fair, though, like, your plan is to have
15 fair racing in the north, and that's it, right, 13 to, I
16 think it's actually 15 weeks this year, if I'm not mistaken,
17 with the two extra, and then no racing, and that money
18 that's generated through simulcasting is redirected to
19 purses in Southern California? Tell me if I'm wrong about
20 any of this, because I just want to make sure we're all
21 talking about the same thing; right?

22 MR. RUBENSTEIN: Yeah, that's correct, and the
23 money would be redirected to fund our regulatory costs,
24 which is Bill, of course --

25 EXECUTIVE DIRECTOR CHANEY: Me.

1 MR. RUBENSTEIN: Right, CHRB and HISA have, you
2 know, \$19 million-ish for the state, so, yes.

3 EXECUTIVE DIRECTOR CHANEY: And from what I
4 understand, part of the plan that would be seeking
5 legislation to allow expanded racing, because it's
6 restricted statutorily at night to certain kinds of races or
7 certain distances, you want to open that up a bit. I mean,
8 it doesn't really help Del Mar, I guess, at all, because the
9 fairs will be running at that point; right? But it would
10 give opportunities for like a bigger spectrum of horses?

11 MR. RUBENSTEIN: Correct, and it will take some
12 time to get that legislation amended. As you pointed out,
13 Los Alamitos is limited to what they can offer during their
14 night program for thoroughbreds. So yeah, we'd like to get
15 to work on that immediately, but it's difficult to do that
16 without knowing what the 2025 calendar will look like.

17 EXECUTIVE DIRECTOR CHANEY: This is probably more
18 for you, Josh. What is CAFO and water reclamation? What do
19 those two things mean to you?

20 MR. RUBENSTEIN: So I'm by no means an expert.
21 But when, you know, as I said, when Del Mar went beyond our
22 traditional, you know, boutique seven weeks of racing in
23 order to stable more than 500 horses, you need to comply
24 with federal clean water regulations, so as I mentioned.
25 And for Del Mar, it wasn't just horse racing, it -- show

1 jumping and other equine disciplines that kind of took us
2 over that cap. So the cost for us was, you know, as I said,
3 over \$12 million to be compliant for those federal clean
4 water requirements.

5 MR. FRAVEL: Perhaps I could add to that. The
6 Confined Animal feeding Operation is what CAFO refers to,
7 which is any large group of animals over, I think, 250 is
8 the minimum for a period of 45 days or more. So obviously,
9 San Luis Rey, Santa Anita, Del Mar, Golden Gate all fit
10 within those definitions. And that requires a variety or a
11 combination of either sewage connections to drain wash rack
12 water, for example, into the sanitary sewer rather than
13 leach into the environment and into waterways and wetlands.

14 Now, you know, last year at Santa Anita, we did a
15 phase of our CAFO compliance work, which is monitored by the
16 Regional Water Quality Control Boards in California. That
17 involved, as many of you may remember, the entire parking
18 lot that is just to the east of -- no, to the west of the
19 grandstand was ripped out and we put in a gigantic water
20 tank that was a \$7 million-water storage so that the water
21 that drains from a portion of the barn area first goes to
22 that before it's discharged into and sort of decontaminated,
23 if you will.

24 And then we're also required to -- this year we're
25 going to have another \$6 million effort done this summer to

1 install a second water tank of the same magnitude.

2 So the costs inherent in making a stabling area
3 CAFO compliant are huge. And obviously, I don't know, I'm
4 not an expert on either Pleasanton or Cal Expo, so I don't
5 know what their current status of compliance is, but those
6 are -- you know, I'd hope at some point, and I hope CARF
7 would welcome questions from all of us and guidance and, you
8 know, if there are things we can point out that would be
9 helpful with respect to those, kind of, because these are
10 complicated compliance issues and, you know, that's why you
11 don't see many people building new racetracks anymore.

12 EXECUTIVE DIRECTOR CHANEY: I know it's -- I think
13 you're being kind of -- I mean, you've put forward a plan.
14 I think you're being really careful about trying to allow
15 the north to have a chance at theirs first, and I appreciate
16 that. But your clear preference is to not have year-round
17 racing in Northern California and the redirect to enhance
18 purses or stabilize them, as you say?

19 MR. FRAVEL: Well, I think when we announced the
20 closing and when we had meetings with the Board, what we
21 undertook was to -- and then we undertook to extend the
22 closing date for Golden Gate, the objective there was to
23 give any interest, whether it was the fairs or the horsemen
24 or others, the opportunity to come up with a viable plan for
25 Northern California racing. So we're not backing off on

1 that. We said we would be willing to listen to help where
2 we can.

3 But the fact of the matter is, as Bill pointed
4 out, you know, we need help too. And, you know, the fact of
5 the matter is, without slot machines, without other sources
6 of gaming revenue -- and there is not a racetrack in this
7 country that is successful, that conducts racing only and
8 manages to break even, I can promise you that that's the
9 case. We can go around searching for them but it's going to
10 be very hard to find.

11 The one advantage we have in California is we have
12 a very large population. We have a population that has a
13 great history of wagering on horse racing. And, you know,
14 to my way of thinking, if we can't get slots, and we all
15 know the reasons behind that, you know, we have to look at
16 consolidating and taking advantage of concentrating wagering
17 dollars and revenues on a single circuit. And I know that's
18 an unpopular thing to say but, you know, we have to face
19 reality at some point.

20 EXECUTIVE DIRECTOR CHANEY: I also look at your
21 plan, if you will, as a bit of an offer, too. And you
22 haven't said this, these are my words, but it seems to me
23 that there's probably an expiration date; right? I mean,
24 you have this idea where you're going to create Los
25 Alamitos, like some additional races at Los Alamitos and

1 opportunities, and probably agree not to compete during fair
2 racing, run those very races while fair racing's going on,
3 because we want to incentivize horses to run the fairs.

4 And I bet you that Northern Cal, the fairs could
5 probably exact some sort of, you know, concession with
6 respect to minimum purse levels, and so on, but that goes
7 away if there's year-round racing. I mean, the incentive
8 not to compete would really go away; right? There would be
9 no reason. In fact, you would probably want to compete in
10 order to, you know, have as many dollars in Southern
11 California as you could.

12 MR. FRAVEL: Well, I guess I'll let Josh address
13 what they would do, because they're the main overlap with
14 fairs in the summertime.

15 The fact of the matter is, you know, and I said
16 this somewhere and somebody pointed out that it wasn't a
17 very popular thing to say, but there is significant
18 competition within the horse racing business, obviously for
19 the wagering dollar, but where it's become very profound in
20 recent years is in equine inventory. And I hate to use a
21 sterile term like that, but the fact of the matter is, you
22 know, we have lost horses to Oaklawn, we've lost horses to
23 other places in Kentucky. And it's not because we don't
24 have the best weather in the world, and I think the best
25 racetracks and the best environment for racing in the world,

1 it's because they're offering extraordinary amounts of
2 money.

3 And bluntly, we have been appropriately aggressive
4 in emphasizing safety, insisting upon good horsemanship and
5 good veterinary care and proactive intervention from a
6 safety standpoint, which with the evolution and introduction
7 of HISA, I think has become less of a competitive issue, but
8 we're all in competition for horses. So I think you can
9 expect that we'll be competing for horses wherever we can
10 find them in the future.

11 EXECUTIVE DIRECTOR CHANEY: Just kind of almost
12 like a primer for the Board and anybody in the audience
13 really, like this overpayment/underpayment, I feel like is
14 something that's probably not well understood in racing;
15 right?

16 So the TOC and the track, in advance of a meet,
17 will kind of predict purse levels; right? So they'll say,
18 this is what we think wagering is going to generate in order
19 to make a certain level of purses. It's a guess, it's an
20 estimate, over years of experience in economics and so on
21 and so forth. It's never right. It's usually under or
22 over. And sadly, in recent years, they predicted that
23 wagering would produce higher purses than it did. That's
24 what an overpayment is; right?

25 So when Del Mar says it overpaid \$2 million, that

1 means it went into its own money and paid that \$2 million;
2 right? So that's just a loss for them.

3 At some point, if you're continuing on and on, you
4 try to get that number, you know, to zero. And we're seeing
5 that with Golden Gate Fields. And obviously, horsemen
6 understandably object to having 25 percent purse cuts, but
7 they're, you know, looking at closing a track and, you know,
8 having given purses out \$4 million than they've actually
9 generated.

10 Is there anything like -- I mean, is that
11 incorrect? And I think, so I mean, we're lucky in the sense
12 that we have some racetrack operators who can foot the bill
13 when it's overpaid, because that money just doesn't fall out
14 of the sky. You literally haven't generated it and need to
15 get it back at some point; is that fair?

16 MR. FRAVEL: Correct. At the end of the day, you
17 have to be fiscally responsible. You know, as you pointed
18 out, and I said earlier, there was a deficit, you know, this
19 year at Del Mar, as there was at Santa Anita. S, we will
20 work with our partners at the TOC to set purse levels based
21 on what we project handle to be.

22 So, unfortunately, unless there is a new revenue
23 stream, specifically this redirect, which we've discussed,
24 which would reduce our regulatory costs, unfortunately,
25 without that, we would have to reduce purses fairly

1 significantly.

2 EXECUTIVE DIRECTOR CHANEY: I know the article
3 characterizes it as a threat. I don't view it this way. I
4 view it as sort of just reality. So both Santa Anita and
5 Del Mar will announce purse cuts on March 22nd. And do you
6 have any idea like how significant those will be if there's
7 no redirect from Northern California?

8 MR. FRAVEL: We're working on those now. I mean,
9 hopefully we won't be announcing a purse cut because, you
10 know, the industry will come to an agreement on what the
11 north looks like to benefit the overall, you know,
12 California racing calendar. But it would, I mean, as an
13 example, our fall meet, purses were cut up to 15 percent in
14 some categories.

15 So, you know, as Bill pointed out, you know, our
16 purse levels were at an all-time high this past summer.
17 Maiden special race were \$82,000. There would be a
18 significant drop from that without a change to the economic
19 model.

20 EXECUTIVE DIRECTOR CHANEY: With no change to the
21 economic model? I mean, is it 5 percent or are you looking
22 at more like a 25 percent so you can get back some of that
23 overpayment?

24 MR. FRAVEL: Probably in the middle.

25 EXECUTIVE DIRECTOR CHANEY: Got it.

1 MR. FRAVEL: Scott, if I could just add in? On
2 the overpayment, another way to look at it is it's an
3 interest-free loan that the track provides because they've
4 paid out those purses, which are in excess of what purse
5 generation should have been. So when those condition books
6 come out and there's a published purse, if the handle
7 doesn't meet expectations, thus the purse generation is
8 lower, the track is then actually providing an interest-free
9 loan. In the case of Golden Gate, you can carry an
10 overpayment over, it's in the race meet agreement to the
11 next race meeting.

12 So it just depends on the track's risk appetite of
13 how far they want to extend. Extensions of \$3 million are
14 almost unheard of. It's very generous on the tracks part to
15 go that far out. But in the case of Golden Gate, the
16 problem was that there was no next meeting to carry it to
17 with the closing of the tracks, so that's where it got a
18 little bit more difficult. And it's probably hard for
19 people to really understand that.

20 But, you know, from me to me, that \$3 million
21 overpayment at Golden Gate was a result of accumulation of a
22 number of years to get to that number, so --

23 EXECUTIVE DIRECTOR CHANEY: Right, but the
24 announcement was made in August. Did you and Golden Gate
25 discuss cutting purses? There were two more meets before --

1 MR. FRAVEL: Yeah.

2 EXECUTIVE DIRECTOR CHANEY: -- this long one. I
3 mean, what --

4 MR. FRAVEL: Yeah, we did. And, you know, the
5 recommendation was to cut earlier so that the cut would be
6 more manageable, but I think they were still, you know,
7 trying to hold out and see how business would go. And maybe
8 in the fall of the year, maybe handle would have picked up
9 and they could have seen a more positive trend, but that did
10 not take place.

11 EXECUTIVE DIRECTOR CHANEY: Okay.

12 MR. FRAVEL: The other thing on the -- if we did
13 remain as a two-circuit state, just to be clear, everything
14 at Los Alamitos would be off the table, obviously. There
15 would be no need to seek legislative change with an urgency
16 clause, as they would do if there was going to be a shift in
17 terms of race dates the contingency plan would be activated,
18 then they would pursue that legislative change with an
19 urgency clause. If dates were still allocated to the north,
20 there would be no change in the lower claiming places at San
21 Anita or Del Mar, and the Los Alamitos legislative change
22 would be off the table, because it wouldn't be necessary.

23 EXECUTIVE DIRECTOR CHANEY: Okay. Thank you, Mr.
24 Chairman.

25 CHAIR FERRARO: Any other questions from the

1 Board?

2 COMMISSIONER CASTELLANOS: Mr. Chairman, it's just
3 a comment. Again, I stated this earlier, that the industry
4 was kind of slow to get going on this whole thing. We would
5 be so further along if The Stronach Group would have come to
6 us with proper notice, such as Hollywood Park and others
7 have done, and the groups that are in this room today could
8 have gotten together and probably been done with this plan,
9 whether yes or no.

10 (Applause from the audience)

11 COMMISSIONER CASTELLANOS: So again, it's not on
12 you, Craig. It's just I got choice words with Scott. I
13 promised Scott I wouldn't use them. The thing is that it's
14 really messed up that it went this way. And Stronach Group
15 did not announce this to us. Let's be real about it. It
16 was leaked. It was leaked to us and it wasn't right.

17 (Applause from the audience)

18 COMMISSIONER CASTELLANOS: So hold on. So again,
19 I'm going to say as I have been saying, I haven't seen the
20 urgency. What I see now is we're kind of in a desperate
21 mode, and that's sad to see. And now you're trying to --
22 it's going to come to us in a way that it's going to say,
23 well, it's up to the Board. Here's what we presented, it
24 should be accepted or denied, or we're going to do this,
25 we're going to do that.

1 Again, Scott said it right. We don't take it as
2 anybody threatening anybody, but the bottom line is it's
3 going to come to us with desperate need for attention from
4 us. Well, the desperate need should have been on somebody
5 else's side and given heads up to everybody else so that we
6 wouldn't be in this situation today.

7 That's just my thought, okay?

8 (Applause from the audience)

9 CHAIR FERRARO: All right, gentlemen, thank you
10 very much.

11 MR. FRAVEL: Oh, I just want to respond a little
12 bit.

13 Commissioner Castellanos, I --

14 (Boos from the audience)

15 MR. FRAVEL: No. No, no, no. No, I just want to
16 say one thing. In the presentation, I agree with what
17 you've said, but on the presentation, I want to make it
18 clear now that we are being transparent with what's going on
19 at Santa Anita. And that overpayment, that overpayment is
20 going to go to five million in June. So I don't want
21 anybody to be blindsided by that, so --

22 CHAIR FERRARO: All right, thank you.

23 MR. FRAVEL: Yeah.

24 CHAIR FERRARO: Thank you.

25 Watch and Wager, can we hear from you, please?

1 MR. SCHICK: Good morning, Chairman Ferraro,
2 members of the Commission. Christopher Schick, Watch and
3 Wager. I'm joined by Ed Cummings.

4 MR. CUMMINGS: Ed Cummings. Ed Cummings,
5 President of Watch and Wager.

6 MR. SCHICK: I just, I guess my reaction to
7 everything that's been said today is I just want to kind of
8 back up and tell you how we kind of got somewhat dragged
9 into this.

10 We received a letter on December 12th from CARF
11 and they had stated to us that they wanted to explore this
12 idea of building the track within the track. And in the
13 letter, it stated that this would benefit harness racing, it
14 would benefit, obviously, the northern thoroughbred
15 industry, and it would benefit labor. All these jobs were
16 at stake. So we evaluated that letter, and We said, OK, we
17 will go down this road and explore the feasibility of this
18 project with you. And that's kind of what we've been doing
19 the last month.

20 But the thing that I'm not understanding in this
21 is that it said that we were going to -- the harness
22 industry is going to benefit by this proposal. And every
23 time I reach out and say, well, what would the benefit be to
24 the harness industry by going along with this proposal, I
25 don't -- there's no real answer to that. And I realize that

1 there's a lot of things that we don't have answers to, quite
2 frankly.

3 But we would be being asked to race on a surface.
4 It's not really Cal Expo anymore. You're talking about a
5 brand new racetrack that the public has never wagered on
6 before. It would be a 7/8ths-mile track based upon the
7 design, which is not a mile track. It's a totally different
8 type of race, if you will. If you look at 7/8ths-mile
9 racing compared to a mile, it's actually a different race.

10 So those are the kind of questions that the
11 horsemen and we have. We would certainly expect to be
12 impacted negatively by racing on a new track, a track that
13 the base that we have has never wagered on before.

14 So our thinking is that at a minimum, at a minimum
15 just to be whole, we would need some kind of guarantee from
16 the entities, meaning CARF and the TOC, that our purse,
17 commission, all of the distributions, the Sire Stakes, the
18 Workers' Comp money, all of the things that everybody
19 certainly knows about in the distribution chain, or at least
20 somewhat held at the current level where we wouldn't be
21 slitting our own throat by going down this road for the
22 proposal.

23 So that's kind of like where we're short right
24 now. Obviously, we did introduce CARF to Dan Coon, one of
25 the foremost racetrack designers in the country relative to

1 harness. Larry has assembled what I believe is a very, very
2 quality team that is working on this. And I've been just as
3 an observer being on the calls and being involved in the
4 emails and kind of following that process.

5 So that's really all I got to say. Our horsemen
6 are questioning, okay, well, how does this work for us? We
7 at Watch and Wager are questioning, how does this all work
8 for us? Obviously, that doesn't go into the logistical
9 problems of they're going to race day, we're going to race
10 night. Well, who's going to train in the morning? Is there
11 going to be a tunnel that's going to go to the infield or
12 are we going to have to, you know, have traffic police that
13 are hired horses, or are there going to be different
14 training hours, all of those kind of things?

15 And we didn't even talk about, you know, living
16 quarters and how does it work with the backstretch stuff,
17 but I think all of those things could theoretically be
18 worked out. I mean, we're talking, you know, the answer is
19 money to all of the questions, really. I mean, it's quite
20 simple.

21 So that's all I really got to say. I'm not an
22 architect, I'm not an engineer, and I don't, really, I don't
23 know if I can answer questions along those realms, but
24 that's kind of where we're still willing to explore that
25 path, but we're kind of looking for something that, you

1 know, where we're not going down a path where we're going to
2 go guarantee our own extinction.

3 CHAIR FERRARO: So you've been involved a little
4 bit in looking into the design of this and I have a couple
5 questions about timeline and cost.

6 I understand that if a track went in, it would
7 significantly alter the infield lake and the water
8 reclamation and everything. Do you have any idea of how
9 that would be handled, what it would cost and how long it
10 would take?

11 MR. SCHICK: Mr. Chairman, I really don't. The
12 only thing I would put out is that it was -- it's been
13 talked about here earlier in the meeting. One of the
14 attorneys on the call said that whatever you think the
15 construction timeline might be, add one year to it in terms
16 of that. Now, I don't know if that's just what I heard on
17 the call and I don't speak to the legitimacy of that.

18 But I know that some of the other issues that --
19 obviously, we have to move the lights back. The lights have
20 to be a minimum of ten feet in back of what would be the new
21 track. And these lights at Cal Expo are pretty much the
22 original lights. You'd have to get new lights. They would
23 have to be LED. They would have to illuminate both tracks,
24 theoretically, that's the way you would do it. So those are
25 going to be a fairly hefty cost.

1 And obviously, the permitting, and as Josh spoke
2 to the issues about what the water issues are and how does
3 that affect the permitting process, I guess?

4 CHAIR FERRARO: And then you have a track within a
5 track. How does one get back and forth to the inside track?

6 MR. SCHICK: Well, that issue's been discussed on
7 a couple of these calls, obviously, that I've been just an
8 observer on. And obviously, probably the easiest way and
9 the safest way is to build a tunnel that would come, where
10 the horses could move into the new track. You could move,
11 you know, the water trucks, the harrows, the tractors, all
12 of those type of things that would need to go there. That
13 would involve a tunnel.

14 But a tunnel involves, you know, you've got 100
15 foot across the main track, you've got 100 foot across what
16 would be the new track to get to the center. You're talking
17 like 300 foot of excavation and you're going into area there
18 that has, you know, water in it, quite frankly.

19 So it's kind of an unknown what the cost would be,
20 but I think ideally, you could probably go across the main
21 track and put like steel girts, but I don't, I just don't --
22 it's hard to envision that, quite frankly.

23 MR. CUMMINGS: Yeah, just to reiterate, I think to
24 the Chairman, what he was getting at there as just to be
25 clear, as we've been clear all along, Watch and Wager is not

1 responsible for any of the costs in relation to any
2 improvements that need to be made here. We simply have a
3 lease agreement with the landlord until 2030.

4 CHAIR FERRARO: Do you have any feeling what the
5 landlord's position's going to be when this is presented to
6 them, the new plan? You don't have any idea?

7 MR. CUMMINGS: Absolutely no idea, no, except we
8 have a contract.

9 EXECUTIVE DIRECTOR CHANEY: Any feel for what a
10 harness track costs to install?

11 MR. FRAVEL: Well, you know, Mr. Dan Coon, who's
12 been on these calls, and he's the guy that's built the
13 tracks, all of the tracks essentially that he's built, he's
14 built from a raw piece of land where -- and he said that if
15 I had just a raw piece of land and we could build a
16 racetrack, it would be actually way less, you know? There
17 would be way less issues than trying to actually work within
18 the radius in the defined area of what we got here.

19 So he didn't really put a number on it. But some
20 of the numbers, you know, I ask him, like, you know, "Well,
21 give me some kind of, you know, idea, you know? Could you
22 do it for \$3 million or \$4 million? "Well," he goes, "it
23 depends on what we get into, you know," and he doesn't --
24 he's kind of noncommittal on what the number might be.

25 EXECUTIVE DIRECTOR CHANEY: So is it fair to say

1 you're trying not to tip -- you're agnostic about whether
2 this happens or not, but have some concerns if it does, like
3 what the impact on your business is? I don't want to -- you
4 seem very uncomfortable, and I understandably so.

5 MR. FRAVEL: Well, I think that's a fair
6 statement. But you know, I've been in harness racing over
7 30 years here. We've been through a lot of different
8 things, you know, from Hollywood Park to Los Alamitos, we
9 were out of Pomona. So, you know, in the '70s, we raced at
10 Bay Meadows and Golden Gate. So there's kind of been a
11 storied past to harness racing. And now to see what's
12 happened to us many, many years ago start happening in the
13 thoroughbred industry, we've kind of already seen some of
14 these things at a different level, but many, many years ago.

15 So I understand the impact to the infrastructure,
16 the industry, that everybody's feeling right now, including
17 us. I don't want to say that we're on some kind of solid
18 footing and doing great. We're trying to manage the
19 situation as best we can. And, you know, it's challenging,
20 quite frankly.

21 MR. CUMMINGS: Yeah, I think, you know, we all --
22 Watch and Wager is owned by a public company in London.
23 They're fully aware of what is happening here. Yeah, my
24 responsibility is to look after the interests of the U.S.
25 subsidiary.

1 CHAIR FERRARO: Any questions from the Board,
2 ladies, gentlemen?

3 COMMISSIONER DAVIS: Quick clarifying question.

4 The way I'm looking at this proposal, and Larry
5 can correct me, the inside track would be for thoroughbred
6 racing, it wouldn't --

7 MR. SCHICK: No, the inside track would be for the
8 harness, and that would be -- the diagram there is what's
9 laid out as a 7/8ths-mile.

10 COMMISSIONER DAVIS: No, I'm looking at the words
11 that he used --

12 MR. SCHICK: Oh, okay.

13 COMMISSIONER DAVIS: -- he said. I'm not looking
14 at the track, I'm looking at the words, so if someone can
15 explain that?

16 MR. SCHICK: No, but it would definitely be --
17 that's where the harness track would be for sure,
18 Commissioner.

19 CHAIR FERRARO: And regarding the 7/8ths-mile
20 track, a long time ago I did some harness work in Canada and
21 we started on a one-mile track on the circuit for two weeks
22 and then we moved to the next town that had a 7/8ths-mile
23 track. And I always remember it because the first night of
24 racing at 7/8ths-mile track we had the worst wreck we've
25 ever seen because the drivers just weren't used to the

1 7/8th-mile track.

2 So it is a significant difference in the style of
3 the race and what goes on; is that right?

4 MR. SCHICK: Well, I mean, obviously, you have a
5 couple 7/8ths-mile. You have Hoosier Park in Indiana is a
6 7/8ths mile and it has really tight turns because of the
7 configuration they were running with. And Woodbine used to
8 run day harness, and then they would move to the 7/8ths
9 inside. They have since ceased racing on the 7/8ths at
10 Woodbine. They do have a 7/8ths at Mohawk that they race on
11 year-round now for harness.

12 So I think it depends on how the turns are banked,
13 how the layout is, and what the radius is. But the changing
14 at a race is that there's two real long straights in a race.
15 So there's usually this big, big rush to get out of the gate
16 because they start in the upper stretch. The run to the
17 first turn is extremely longer than it would be here. And
18 then you have, obviously, you know, a long backstretch. So
19 the whole kind of dynamic of the race kind of changes.

20 I don't -- I really didn't -- I don't have any
21 evidence to say it's safer or not safer, quite frankly.

22 CHAIR FERRARO: It's just different.

23 MR. SCHICK: Yeah, just different.

24 CHAIR FERRARO: Any other questions from the
25 Board?

1 Gentlemen, thank you.

2 We're going to take a five-minute break and then
3 we're going to start for public comment. What I'll ask you
4 to do is line up behind the podium and realize you have two
5 minutes or less, and try not to repeat what the guy in front
6 of you said.

7 (Off the record at 11:41 a.m.)

8 (On the record at 11:50 a.m.)

9 CHAIR FERRARO: All right, we're going to start
10 the period for public comments. There's a few things we
11 need to kind of get clear.

12 First of all, when you get to the podium, please
13 state your name, and if you're associated with an
14 organization, you can identify the organization. That's for
15 the court reporter.

16 Second of all, I hope that you're not going to be
17 redundant here or we'll be here all night. So if the person
18 in front of you has made all your points very clear, perhaps
19 you can sit down and let someone else talk.

20 So we'll begin. We'll try to get everybody that
21 we can to be able to speak if they wish.

22 The gentleman first.

23 MR. MOSIER: Yeah, this is Ed Mosier (phonetic).
24 I've been training horses in California since 1976. And we
25 are not here for use to help us do our industry. What we

1 want to do is just want time to get -- give us the most time
2 we can to get our -- try to get our racetrack done up here.

3 And so to have a timeline in March. There's no
4 reason to unless the Southern California people want the
5 money then, there's no -- because if we don't have racing
6 here, they're going to get the same amount of money. They
7 don't need to make that decision now. And I know if they
8 cut the purses there, they're going to cut them if they
9 don't get the money in March.

10 But at the end, they're going to get the same
11 amount of money. They're just worried that we're going to
12 get something going up here. Because if they do transfer
13 the money down, then there will be no race, period, we're
14 cutting it down.

15 So all's we're asking for is a little bit of time,
16 more time. And should you funnel the money right now in
17 March, you got to remember there'll be about \$10 million
18 less in purse money next year for owners in California.
19 You're going to have no fairs next year. There will be no
20 fairs. I know people think there will be. Where are they
21 going to come from? There won't be anybody here.

22 You're going to lose jobs. We have about 500
23 people that live on the racetrack and most of them, or at
24 least a lot of them, live on the racetrack and their jobs,
25 so they're going to lose their home and their jobs. If you

1 make that decision right now, there's no reason to do it
2 now, you can do it later. You don't have to do it now,
3 unless you want to do that for Santa Anita.

4 And we're also -- I know they made a big deal
5 about the foal crop. The foal crop will really be small if
6 we don't have racing in Northern California.

7 So that's about all I had to say.

8 CHAIR FERRARO: Thank you very much.

9 (Applause from the audience)

10 CHAIR FERRARO: If we could just stop the clapping
11 and the booing, we'll get through this a lot faster, please.
12 So I know you appreciate what he said but, you know, the
13 Commissioners are taking it all in, believe me. So I just
14 ask you, it's just trying to get through this as best we
15 can.

16 Go ahead, sir.

17 MR. SMOLICH: My name is Andrew Smolich (phonetic)
18 and I'm going to talk as a owner. My background, I
19 probably, I looked on the computer there, and I noticed my
20 wife and I had earned a million dollars-plus in purses in
21 the last 30 years. And, Recently, with my son since the
22 pandemic, we earned about \$350,000 in purses, thanks to that
23 Garden (phonetic) of California program.

24 At the present time, I have one mare, one
25 weanling, one one-year-old, two two-year-olds I bought

1 recently, and five horses at the track. And the only thing,
2 I came here hoping for some hope, but at least you convinced
3 me, horse racing is dying. The only thing I heard of the
4 solution is cutting purses. As an owner, that isn't it.
5 Like I say, I've made that much money, but I guarantee you,
6 I've had a tax loss for probably two-thirds, if not more,
7 during that time.

8 The reason I was in it, myself and my family, we
9 really enjoyed it. Some of the best times of our life have
10 been associated with horse racing. Last year, we won the
11 Governor's Cup, which is proud because I've watched that
12 since Goody Nights (phonetic) time. And then recently, my
13 friends and I went down we won the Gold Bear Stakes in San
14 Francisco at Golden Gate.

15 And the only thing, I'm sorry I didn't know about
16 this before I bought two horses at the yearling sale and I
17 I'm not going to be in a position -- we had a horse running
18 in a stakes race down in Santa Anita, but that trip was too
19 much, I didn't want to go down for it.

20 But I should thank you for letting me know the
21 condition of racing and that purses are going to be cut.
22 And I'm sure not going to be going down to Southern
23 California. And at least you gave me warning to try to get
24 rid of my horses while I can.

25 And that's all I have to say.

1 CHAIR FERRARO: All right, thank you, sir.

2 DR. SMITH: Hello, my name is Donald Smith. I'm a
3 practicing veterinarian. I've been practicing equine
4 clinical medicine for 40 years. Our practice is about 10
5 percent racetrack, 90 percent other types of performance
6 horses.

7 I'm particularly concerned, and I thought I should
8 mention, no one has mentioned this before, but if we
9 eliminate year-round racing in Northern California, we will
10 be eliminating a substantial caseload, both clinical and
11 research, for the Veterinary Medical Teaching Hospital at
12 Davis. And I think that's a significant issue to consider.

13 Other issues that I wanted to address.

14 Commissioner Mitchell, you mentioned that there's
15 nothing worse than dashing the hopes of all the folks in the
16 room. Well, I think there is something worse than that, and
17 that's not to have any hope at all. And if you do eliminate
18 year-round racing in Northern California, I'm afraid you
19 will eliminate that hope.

20 You also mentioned that the CHRB, there's really
21 nothing you can do. You don't have any funds available to
22 help out the issue. But actually, there is a lot you can
23 do. You can offer encouragement, and you can offer
24 patience. These folks in this room are really dedicated to
25 what they do.

1 While we've been here, to this morning, we've seen
2 the Standard Breads training out there all morning long.
3 Those guys are running for minuscule purses. Most of them
4 have to have second jobs in order to pursue, you know,
5 racing, but all they want is the opportunity. They love it.
6 And these folks here love it. And that's all they're asking
7 for, is the opportunity to pursue something which they love.
8 And they're asking you to provide that for them.

9 Mr. Chaney, you had mentioned that it's obvious
10 that Golden Gate Fields is losing money because they're
11 closing.

12 (Timer rings)

13 DR. SMITH: Am I done already? Holy mackerel.

14 Well, I think what's obvious is that there's a
15 corporate entity that wants to consolidate its resources so
16 they can improve their profits, you know? And it's also
17 obvious that there's a large group of horsemen from Southern
18 California that see a pot of money up here that they can
19 utilize. And they want to eliminate the competition, which
20 is understandable, so that they can drive the money
21 themselves.

22 One quick other comment, please don't interpret
23 what the TOC says as representative of all the owners of
24 California. The TOC has evolved into pretty much a self-
25 selected group that represents Southern California entrants.

1 Thank you very much.

2 (Applause from the audience)

3 MR. THOMAS: Hi, my name is Jamie Thomas. I'm a
4 third generation Northern California horse trainer. My
5 son's my assistant trainer, fourth generation. I was hoping
6 that he would be able to go on and train horses here in
7 Northern California as his family has.

8 TOC is asking for a realistic, financially-sound
9 plan, and with that, that takes time. CARF needs time to
10 get all this situated and done. It's kind of been a rush
11 job. They're rushing us, forcing us to get this stuff done
12 faster than it can be done. Again, if they would have let
13 us know a year ago, by now, everything could have been in
14 place. We would have a place to run, and we will have a
15 place to run. The thing is, we just need the time. CARF
16 needs the time.

17 So also for me, in 2023, I ran 168 horses. Of
18 those -- or 168 starts. Of those, I ran five horses down
19 south. And I have 45 horses. If I got rid of 42, kept
20 three, went down south, I mean, that's just not viable. And
21 Mr. Smolich was here earlier speaking. That's one of my
22 clients, and he just straight up said, you know, pretty
23 much, I have eight, nine horses, I'm not going. I'm going
24 to get rid of them.

25 So, you know, I'm going to lose clients left and

1 right. I'm sure I'm not the only one, they're already
2 leaving. Horses are already going because they're trying to
3 rush the process.

4 The last thing, you know, there's lots of owners,
5 trainers, breeders, grooms, gallop people, hot walkers,
6 vendors. There's a lot of people in the business that are
7 going to be losing jobs. And, you know, it's up to you guys
8 to give us hope and give us help and, you know, lead the way
9 to where we can run here in Northern California.

10 Thank you.

11 (Applause from the audience)

12 MR. OLDFIELD: Is it afternoon yet? Yes. Good
13 afternoon, Chairman Ferraro, Commissioners. My name is
14 Justin Oldfield. I'm a second-generation owner-operator of
15 a farm, along with my wife.

16 You know, when we entered this business and took
17 it over, we've been in the business for a long time, but
18 when we took that business over in 2021, I was extremely
19 excited to be the next generation of folks that work in this
20 industry. And although today I'm not speaking on behalf of
21 CTBA, I want to be very clear, I am a CTBA Board member.
22 I'm the youngest person on the Board, and I was very proud
23 of that, that we had folks coming in to serve in this
24 industry. I'll be honest, after some of the comments and
25 questions that were raised today, I probably will leave this

1 meeting more deflated than I have in a long time.

2 I had a series of comments that I was going to
3 make today. I'm not going to make those comments. I'm
4 going to address some of the comments that were made
5 directly from the Commissioners.

6 You know, I keep hearing this comment about
7 certainty, that we need certainty now. I don't think we
8 disagree with you at all. But if the certainty that you
9 want or the certainty that's been suggested here, whether
10 it's from members on this Commission or folks in the south,
11 that consolidation in the south, or even opening up
12 additional races at Los Alamitos, is going to provide
13 certainty to the owners, trainers, and backstretch workers
14 today. I can tell you that's completely wrong.

15 If that certainty was provided today, breeding
16 would stop in Northern California, okay? People would be
17 looking to exit the industry in Northern California, not
18 move horses south. And frankly, if that's the consequence
19 that we want, that is not good for the long-term health of
20 racing in California, period, whether you race in the north
21 or the south. And frankly, those are irrecoverable
22 consequences that we can never get back. Once the
23 infrastructure's gone, it's gone.

24 You know, we talk about certainty. We talk about
25 the people that are here today. I mean, look at the amount

1 of people.

2 If I could just finish, sir, I'll be quick.

3 Look at the amount of people that are here today.
4 You know, there is not a mass exodus at Golden Gate. We've
5 experienced a very quick announcement that the track was
6 shutting down, followed by a legislative negotiation,
7 followed by a massive purse cut. People are staying here
8 because they believe that something can be done. We are
9 extremely resilient, and I would really, really hope and
10 frankly ask that CHRB help us navigate through what are
11 going to be a couple critical months.

12 Thank you very much.

13 (Applause from the audience)

14 MR. BACHMAN: Good afternoon. My name's Tom
15 Bachman. I've been breeding and raising and selling horses
16 in California for over 40 years. I spent 13 years on the
17 TOC Board, I spent 15 years on the breeders Board, so I've
18 got a little bit of historical reference for you.

19 My concern as a breeder is that the decision I
20 make today, the results are three or four years away when I
21 go to sell. And so it's very difficult to have faith that
22 three or four years from now there's sustainable racing in
23 California, so my buddy now has moved to Kentucky.

24 I'm very concerned about the future in that I
25 think that if we look at what's going on in Maryland with

1 First Racing, it's probably the future of California as far
2 as that company is concerned. They are giving Pimlico to
3 the state for the trade-off of developing Laurel and they
4 are exiting the state racing. I'm sure in Maryland they're
5 known as last racing as opposed to first racing.

6 If you think about what's going to happen in this
7 state when Los Al and Sanita are gone, much like in
8 Maryland, they consider the NIRA model the best model, i.e.
9 they're running on state ground, and I think that you need
10 to keep that in mind when you think about Cal Expo or
11 Pleasanton. As long as there's private property underneath
12 a racetrack, there's going to be jeopardy of losing and
13 developing that track. So I think we all should look
14 forward, future-wise, to putting racing in California on
15 state-owned track.

16 And if you're looking for an additional way to put
17 some revenue for purses, which is absolutely necessary.
18 Perhaps we should go talk to the tribes and talk to the
19 state and work through our sports betting, see if we can
20 make some money there.

21 And I think we also should really look at the
22 model for the ADW, because I think there's an awful lot of
23 money being made in the middle, which of course is First
24 Racing and Churchill, and figure out how we get some of that
25 money back and get a better model for the dollar bet to go

1 to the purse structure.

2 Thank you.

3 (Applause from the audience)

4 MR. SCHMIDT: Good afternoon. My name is George
5 Schmidt. I am speaking today as an individual owner and
6 breeder. I am on the Breeders Board, and I do not represent
7 them for one minute here today, although I have to tell you,
8 last month I told you I would be filing a lawsuit. I'm
9 ready to file one still, but thanks to Doug Burge (phonetic)
10 talking me out of it, we will not have an internecine war
11 yet in this state.

12 But I want to go over what's happened since last
13 December. I told you when I was here that we were working
14 very closely with people that we needed to, to get things
15 done. Today is first time you have heard that the Harness
16 people are working with us and we intend to build them a
17 first class track here.

18 We also have gotten a lot of the preliminary
19 engineering work done. We know that we don't have to mess
20 with the ponds. The reason that the people in the south had
21 all the trouble is they didn't have ponds. We have ponds
22 here. And if we don't have to touch them, a lot of the
23 issues that you were told about earlier go away. Can I tell
24 you for sure that that's perfect yet? No. But I can tell
25 you that compared to where we were a month ago, we're

1 feeling a hell of a lot better.

2 We also bought the stalls. We have 350 stalls.
3 If it doesn't work out here, if Cal Expo tells us to go to
4 hell, then those 350 stalls will be Pleasanton and there
5 will be 1,100 stalls unpleasant, and that will take care of
6 racing in Northern California.

7 Jerome Hoban and I have been working closely with
8 a number of other people trying to get this thing done. You
9 can be all the naysayers you want, and none of you know me,
10 but I've started plenty of companies that were a lot harder
11 to do than what we're trying to do here.

12 Jerome Hoban and I have agreed that we will make a
13 public-private partnership, and we will have the money to do
14 what we need to do. Stop worrying about that. I raised \$40
15 million in one afternoon in New York 25 years ago with three
16 people working for me. I know how to get that done, and we
17 will get that done.

18 Lastly, I want to just talk a little bit about my
19 biggest worry for horse racing in California. It is not
20 Northern California. There is a huge difference between the
21 way a public entity operates and the way a privately owned
22 company operates, not just from accounting, but the whole
23 way they run their business.

24 The biggest problem you're going to face in this
25 state is Santa Anita. It is not Northern California. It is

1 not the fairs. It is not any expansion up here, because
2 those are all done under 501(c)(3)s. They're not public
3 companies, and they're not companies that have to make
4 money. They're companies that have to break even. And
5 we'll figure that out.

6 All I want from you is a chance to get it done.
7 If we fail, that's our problem, not yours. I'm not asking
8 for a penny from you and neither is anybody else. We just
9 don't want you in our way. Just help us where you can.

10 Thank you very much.

11 CHAIR FERRARO: Thank you.

12 (Applause from the audience)

13 MR. FRANCE: Good afternoon. Reid France,
14 trainer, breeder, owner, first generation.

15 One of the problems as to why we are in this
16 situation is that there are not enough horses to support two
17 racetracks. This also seemed to be a problem 20 years ago
18 when your crop was -- the foal crop was over 3,000 and you
19 had four major racetracks, Santa Anita, Hollywood Park,
20 Golden Gate, and Bay Meadows. So the foal crop is
21 continuing to drop.

22 I guess my question is to you is how does closing
23 a track help increase a foal crop and what plans do you have
24 to suggest to improve it?

25 That's all.

1 CHAIR FERRARO: Thank you.

2 MR. TABOADA: Good afternoon, Commissioners. My
3 name is Johnny Taboada. I am a former TOC Board member that
4 just resigned. Just like my co-members, we resigned as a
5 group for a reason that all of you probably by now have read
6 the letter that we did.

7 The reason of many people attending today is to
8 show not only support to the north, but to support all of us
9 a whole. You can see now that we can touch every aspect of
10 the industry right here, from jockeys, trainers, vets,
11 transportation companies, and many employees from the
12 backside.

13 If you rush into the decision, by meaning rushing,
14 not only talking about today, but I'm even talking March, by
15 even rushing into a decision without giving the chance for
16 the Northern California to come up with the circuit, you're
17 going to be putting not only people out of work, but you're
18 going to be closing the fairs as well. I'm telling you, by
19 somehow, if we don't have the dates assigned to the north,
20 and therefore the money goes to the south, that would be the
21 end of Northern California racing, but even the fairs. So
22 you talk about losing jobs. Wait until you lose all the
23 jobs from the fairs. Wait until losing.

24 I'm also going to touch on the certainty that was
25 addressed earlier. Ideally, yes, we like to have the

1 certainty, but we don't know. At this point, we don't have
2 it. We just overheard something about the race track having
3 an issue with putting another track here in Cal Expo. Well,
4 desperate times requires desperate move. If it takes for us
5 to go ahead and consolidate all of us and work maybe in
6 Pleasanton, I think that's what it's going to do.

7 I'm just asking the Board, all of you
8 Commissioners to wait, to wait. If you think today is the
9 last day, wait until tomorrow, because it's so much at stake
10 right now that you won't believe how many people are going
11 to be -- how many people's livelihood will be at stake.

12 Thank you so much.

13 CHAIR FERRARO: Thank you.

14 (Applause from the audience)

15 MR. SHOEMAKER: Good morning, or afternoon. My
16 name is Trevor Shoemaker. I'm a horse owner here in the
17 north and distant relative to Bill Shoemaker. And I just
18 want to read a passage out of his autobiography.

19 "The date was April 20, 1949. A week before Schaefer V
20 (phonetic) won a race as a veteran rider named R.J.
21 Martin and brought her home as a four-to-five shot in
22 that race. Mr. Reeves (phonetic) asked to give me the
23 mount, asked me if I'd like to have the mount, and I
24 got a call from the stewards from Golden Gate.

25 "One steward asked, 'Hey, who's this kid Shoemaker

1 anyways? We can't put this kid on the favorite. The public
2 won't like him.'

3 "Mr. Reeves said, 'I think this kid can do it. He's my
4 kid and I'm going to keep him on it and that's it.'

5 "The betting public didn't like it indeed. When they
6 saw that I was riding Schaefer V, they gave the three-
7 year-old Philly nine-to-one odds in the sixth run race.
8 The track was fast, and I really didn't know what I
9 was doing, but I just hoped I wouldn't fall off.

10 "He won by two -- or she won by two in a quarter
11 length, and when I jumped off the horse into the winner's
12 circle, my knees buckled, and I was tired, and I was really
13 excited. Schaefer V paid 21, so the barn got rich."

14 I wonder how many Bill Shoemakers are, you know,
15 not going to be around because there's not going to be any
16 horse racing in Northern California. The Golden Gate Fields
17 winner's circle is named after Bill Shoemaker. There's a
18 plaque honoring him as you go up to the clubhouse. I know
19 we can't save Golden Gate, but death to horse racing in
20 Northern California is going to result in a lot more things
21 because you guys have lacked the vision to sustain it here.
22 And whether it's greed, infighting, whatever it is, death to
23 horse racing in Northern California means death to horse
24 racing in Southern California as well.

25 Thank you.

1 CHAIR FERRARO: Thank you.

2 MR. LANZINI: My name is Michael Lanzini. I
3 started at Santa Anita with some very nice trainers down
4 there and I moved up. Well, I used to do the fairs in
5 Arizona, and also in Boise, but I've been in Golden Gate for
6 the last 20 years. And I got to tell you that the problem
7 we have is that no one has promoted us.

8 I mean, I live a mile and a half from the track.
9 And I go around the town in El Cerrito and Albany, and
10 people don't even know where the track is. I said, "What do
11 you mean? We're right there. We're a big monument." They
12 don't advertise. They don't tell anything.

13 The same thing at Santa Anita. Why is Del Mar and
14 Arkansas and all these places are doing these monster, you
15 know, fields and everything is because they promote.
16 Nobody's promoted Golden Gate at all. And Santa Anita's
17 just as bad.

18 And, you know, the fairs, I mean, why do they do
19 so good? Because they promote. And, you know, we need the
20 fairs. And without a business up here of horse racing, the
21 fairs are gone.

22 I've been going to the fairs for 25 years
23 training. And we need the fairs and we need a business up
24 here to support the fairs. Because I got to tell you, we
25 move down to Southern California, the fairs are done. We

1 need business up here and we need to promote it.

2 Thank you.

3 CHAIR FERRARO: Thank you.

4 (Applause from the audience)

5 MR. FUSSELL: Good afternoon, Chairman Ferraro,
6 Board members. Morgan Fussell is my name, I live in El
7 Dorado Hills, and I'm the managing member of Hoof Pick
8 Racing Partners. It's a very small breeding operation. I
9 was born in Detroit, Michigan. I worked for the Hall of
10 Famer Jack Van Berg. I got my start in 1976. I've been
11 around racing a very long time, but back in, you know,
12 recently.

13 It was the unwavering support of -- your support
14 of horse racing in all of California -- well, I addressed
15 you all last September. I had asked for your support of a
16 racing calendar for the north when it becomes available.
17 Your decision to support the NorCal horsemen and CARF's
18 request to extend racing at Golden Gate through June has
19 allowed CARF the opportunity to negotiate with the
20 appropriate facilities to accommodate a modified racing
21 calendar for your approval.

22 CARF is well established. They've been here a
23 long time. They have labor agreements in place, Local 280,
24 Local 1877, Local 495, and proven operations -- and a proven
25 operational team to accommodate the expanded racing dates.

1 My understanding is that CARF is poised to deliver soon and
2 will appreciate the patience and understanding.

3 Just let's reflect back to 1987. I spoke to a few
4 members earlier about this, the legislation carried by the
5 late great Senator Ken Maddy that extended parimutuel
6 wagering in California by creating a statewide wagering
7 network. If Senator Maddy were here with us today, he would
8 be urging this body, our legislature, and the governor to
9 adopt alternative gaming revenue in order to boost purses.
10 Given our current gaming climate, our purse structure is
11 simply not sustainable.

12 In closing, it's amazing to me that you can
13 legally wager, and correct me if I'm wrong, but can you
14 legally wager on sports in California? So there's 40
15 million people in California, there's 12 million people
16 gambling on sports, but not here, they're gambling somewhere
17 else. That is astonishing to me.

18 I understand, or perhaps it's just hearsay, that
19 the state may be considering the approval of online sports
20 wagering with DraftKings and FanDuel, the two leading
21 bookmakers in the industry. I ask this, before that
22 approval, is it reasonable for this Board to leverage a
23 carve-out to help support California Racing?

24 Thank you all very much for your time.

25 CHAIR FERRARO: Thank you.

1 (Applause from the audience)

2 MR. TIPTON: Good morning. Mike, a couple of
3 speakers ago took a little bit of my thunder away. My name
4 is John Tipton. I've been in horse racing for over 45
5 years. Horse racing is always on my mind. I wake up every
6 morning dreaming about the next time I'm going to go watch
7 one of my horses run. It's in my blood, it's in my soul.

8 I'm not just a dreamer, I'm a businessman also.
9 I have a network of 1,200 ATMs in over 1,000 locations in
10 Northern California. I also rent and lease ATMs to various
11 events in Northern California, such as concerts, carnivals,
12 pumpkin patches, what have you. After the pandemic, every
13 one of these events are doing record numbers. Why are they
14 doing record numbers? People are dying to get off their
15 couch.

16 I'm asking you here today, keep an open mind in
17 the prospects and to delay your decision on only one race
18 circuit in California. One circuit in California will not
19 work.

20 I've traveled south many times in the last year,
21 talked to many people, and they all say that North Dakota
22 racing is a must. We need to support each other. One
23 cannot exist without each other.

24 The Stronach Group is so afraid the north will
25 succeed. The Stronach Group and Golden Gate Fields do not

1 want to be in the horse racing business since they have not
2 promoted their product in years. They will not even
3 entertain the thought of leasing or selling Golden Gate
4 Fields to people who want to keep the racing dream alive.
5 Promotion and around the corner, hopefully sports betting
6 and some other avenues of income will keep horse racing in
7 Northern California alive.

8 I ask all you here today to please give us some
9 time, give Larry's group some time.

10 Thank you.

11 CHAIR FERRARO: Thank you.

12 (Applause from the audience)

13 MR. ANTONGEORGI: Hello, my name is William
14 Antongeorgi. I've been riding in California my whole
15 career, been in the Bay Area for 15 years, and I've built
16 relationships with many of the trainers, the grooms, the
17 riders, you know, and the heart is strong in the Bay Area.

18 I'd just like you to take into consideration what
19 will -- the cease of racing in NorCal, what that would do to
20 families. Like me personally, I have a family. If races
21 cease here in NorCal, I'll have to pick up and move.
22 That'll split up my family for an extended period of time,
23 with a lot of other families as well. You know, you see
24 families on the backside, the grooms, trainers, other
25 riders, you know? Just please taking into consideration

1 what that will be doing to so many families on the backside
2 at the racetrack.

3 Thank you.

4 CHAIR FERRARO: Thank you.

5 (Applause from the audience)

6 MR. COCHRAN: I'm Rob Cochran, Assistant Chaplain
7 in Northern California. And Billy just said a lot of
8 what -- he is a family man, and that's what I was going to
9 say.

10 There are hundreds of people who live on the
11 grounds at Golden Gate. They will go with the fairs, and
12 they need racing after the fairs also to stay here for their
13 livelihood. Then there are other hundreds who live off
14 track. Those are families. Over the years, people have
15 come up. They've got families now. In fact, we have a
16 diaper service at the chaplaincy. We're giving out diapers.
17 There's babies and children in school. And they're homes,
18 they mostly settle in Richmond, just north of Golden Gate
19 Fields, because that's the cheapest place in a very
20 expensive environment.

21 So Richmond and the Golden Gate area is an ideal
22 location between Pleasanton and Sacramento. It's just about
23 in the middle. And those families would likely be able to
24 stay where they are in their homes if there's racing at
25 either location. You commute. But if there's no racing,

1 then what do they do? It's their livelihood, their
2 children, they're in school.

3 And so I ask, please do everything possible to
4 keep racing here in Northern California.

5 Thank you.

6 CHAIR FERRARO: Thank you.

7 (Applause from the audience)

8 MS. HALEY: Chairman Ferraro, fellow
9 Commissioners, I am here in support of continued year-round
10 racing in Northern California.

11 First of all, my name is Gloria Haley. I'm sorry
12 I didn't state that. I'm a member of the CTBA. I'm not
13 representing CTBA and the CTT, but as a personal trainer,
14 I'm speaking on behalf of myself.

15 Continued racing keeps jobs in Northern
16 California. Our feed mills, our boarding and breaking
17 facilities, vendors, tracks, tech, restaurants, a
18 multifaceted group who benefit from our existence.

19 Secondly, a healthy breeding industry, farms,
20 ranches, and families are interdependent on our businesses.
21 As a citizen of California, we should be afforded our right
22 to self-determination, the right to live where we have
23 cultural and familial roots, as previously stated, to
24 continue to run our businesses where we can succeed. We
25 should have the right to create a nonprofit model similar to

1 the NYRA and what Maryland is preparing to do for Pimlico, a
2 model that will sustain and increase the ability of owners,
3 trainers, and employees to operate successfully for the
4 benefit of the participants.

5 If the stakeholder's plan in Southern California
6 is failing, shouldn't we try the new proposal created in
7 Northern California? If the increased purse model is a sole
8 indicator of success, why is Santa Anita and Del Mar in
9 financial peril? Owners and trainers want to run where they
10 can compete successfully in Northern California.

11 Thank you so much.

12 CHAIR FERRARO: Thank you.

13 (Applause from the audience)

14 MS. PERONI: I'm a little shorter. My name is
15 Donna Peroni. I've been in the horse business my whole
16 life. I started in Washington. I moved down to California
17 in 1980. I trained -- or I groomed horses. I was a hot
18 walker. I started a pony business down here, became very
19 successful, galloped horses, met my husband. He's a trainer
20 here now. It's been my whole life.

21 I want to thank Commissioner Castellanos for being
22 the one positive, hopeful sounding voice in all of you that
23 actually sounds like you really want to give us a shot.

24 I understand the safety issue of the horses. I'm
25 not sure who was the one that said about the races on the

1 fairs, how safe they were, the catastrophic or any of the
2 injuries being lesser. Is that because of the dirt? Part
3 of it is yes.

4 I want to ask the Santa Anita, Belinda Stronach
5 people, are they aware that \$8 million they're putting in
6 their training track at the Tapeta? We've had the Tapeta.
7 Our Tapeta had a warranty of ten years. We are going on 16
8 years. Three years ago, they shut down our barn area, moved
9 everybody to Pleasanton and Sacramento to accommodate all
10 the horses. That was so they could repair their sewage that
11 had been a problem for years. Guess what? The women's
12 restroom at the end of our barn still has no hot water,
13 three years later.

14 They have not -- the next year, the reason for not
15 repairing or adding Tapeta to our track three years ago was,
16 well, we need a year's notice to get the material. Okay,
17 great, order the material.

18 (Timer rings)

19 MS. PERONI: I'm almost done. Order the material.
20 The next year when you ship us out again, put it on. They
21 didn't do it, and the next year they announced closure.

22 That's how they've treated us. That's why we
23 really want to support CARF and CARF racing. I hope all of
24 you here give every trainer, assistant trainer, groom,
25 gallop boy, jockey credit for the horsemanship they have in

1 holding these horses together, running on a piece of crap
2 track that we've dealt with for the last five years.

3 CHAIR FERRARO: Can you follow that up with a more
4 exciting presentation?

5 UNIDENTIFIED MALE: Not at all, but you're lucky,
6 most of the points I was going to address have already been
7 addressed.

8 I will say, just coming in here, Debra and I, and
9 seeing the families of the backstretch people here, that is
10 impressive for them to come up here. There's hope. And
11 thank you again, Commissioner and Chairman, there is hope.

12 And maybe particularly to Commissioner Mitchell,
13 the purses were cut 25 percent. All the stakes races were
14 cut except two. Those two stakes races are won by southern
15 owners and horsemen most years. So whether it totals to a
16 30 or 35 percent cut, I don't know.

17 Despite that, field size maybe down a little, with
18 all the disincentives to be here right now. You couldn't
19 disincentivize people further. Whether it was on purpose,
20 whether it was for the right corporate angle, which it may
21 well have been, there's a massive disincentive. People are
22 here, people are racing at this lower level.

23 Guess what? There is a purse underpayment of in
24 excess of \$300,000. That information is from about a week
25 ago when I was more familiar with it. It certainly, having

1 seen the handle over the weekend, I would suggest to you
2 it's closer to \$400,000 underpayment. There is a level of
3 purses in the north, higher than the current level, perhaps
4 lower than where they were, that appears to be, with every
5 possible disincentive, totally sustainable.

6 As far as the timing of dates, I don't see why we
7 don't wait. I mean, there's talk in the proposal of people
8 needing to know. We already know here. The people in the
9 South have their dates, I assume, through 2025. I don't
10 think there'll be much fight about those dates. The people
11 here are resilient, they want a race here, and we can wait
12 till June if it takes until June, for the CARF plan to come
13 together.

14 Thank you.

15 CHAIR FERRARO: Thank you.

16 (Applause from the audience)

17 MS. GILSON: My name is Laura Gilson. I've had a
18 CHRB license since 1980. I started out as a groom and went
19 on to become an assistant trainer and owned a couple of
20 horses during that time. I've been working in the receiving
21 barn since year 2000.

22 I'm just asking you guys. You know, I'm a
23 homeowner here in Northern California. I can't go south. I
24 haven't been offered a job down south anyway, and I'm just
25 asking you to give Larry and his group a chance to work

1 something out for us here in Northern California.

2 Thank you.

3 CHAIR FERRARO: Thank you.

4 (Applause from the audience)

5 MR. MCLEAN: Good afternoon. My name is Ian
6 McLean. I'm an owner and a breeder here in California.
7 I've probably addressed this Board in this fashion probably
8 a half a dozen times over the past 10, 12 years. I've
9 written countless emails over these years to various Board
10 members. I've even spoken to you, Oscar, for 45 minutes
11 while you're driving your kids to Disneyland.

12 You know, if I'm not mistaken, this Board works
13 for us. We don't work for you. And the one thing that I've
14 asked this Board for years and years is to give us more
15 attention in Northern California, give us more time, make us
16 more important, listen to what we have to say, make us feel
17 like we matter, and I don't think that's been done. I think
18 I've known all the Board members before all of you even
19 showed up. I mean, I've been through several Boards and it
20 seems to be the same mantra.

21 Wendy, you just mentioned that you don't mean to
22 be negative. You are.

23 Scott, your questions that you're asking are,
24 they're naysayer questions. I mean, it's you're looking for
25 the holes. I agree that you should look for the holes, but

1 you should also look for how can we patch those holes.

2 A minute ago you had asked, I think, Ferraro, "Do
3 we have a meeting in February?" And the answer apparently
4 is no. I think you should have one. I think you should
5 probably have a special meeting maybe with CARF, say how can
6 we get over these hurdles? What is it that you need to have
7 an emergency stay on or an emergency approval on? What is
8 it that we can do?

9 The one thing I haven't heard this Board say today
10 and many other days is, what can we do to help? Simple
11 words, what can we do to help? I don't get that feeling. I
12 don't think anyone in this room gets that feeling that
13 there's this interest in helping.

14 So I think you should go ahead and put together a
15 meeting for February, whether it's public or whether it's
16 private, but apparently you've got the time available, and
17 try and figure this out and create some more time.

18 And I'm going to ask, maybe for the last time, if
19 we're going to close Northern California, can you please
20 spend more time on the Northern California racing
21 population, please?

22 CHAIR FERRARO: Thank you.

23 (Applause from the audience)

24 MR. BARRETT: Hello, Dan Barrett thoroughbred
25 owner friend of many here trainers grooms Exercise riders

1 jockeys, they're all my friends, and they're hurting.

2 I Agree with absolutely everything everybody has
3 said here today. This matters to us, guys. You know, I'm
4 sorry if you don't like the way people clap but they have
5 soul, okay? But thank you for your time being here, and I
6 don't mean to be offensive.

7 If we shift all of our Northern California
8 inventory south, won't the 2024 clean water reclamation
9 costs occur there as well? If we pack up and head south,
10 won't purse cuts continue anyway until we no longer have any
11 California racing? How can we possibly, as owners, pay
12 trainers' fees, vet bills, stabled where, in order to race
13 18 weeks in a fair circuit? That's not going to happen.

14 So that's really all I have to say. I appreciate
15 your time.

16 CHAIR FERRARO: Thank you.

17 (Applause from the audience)

18 MS. JENNINGS: Hello, good afternoon. My name is
19 Sarah Jennings. I'm a breeder and an owner. My family has
20 been in the horse racing business for over seven
21 generations. I've grown up doing this. Everything that
22 I've done has led me to become an owner and a breeder.

23 I currently have a four-year-old homebred, I have
24 a horse I got out of the Northern California sale, and I
25 have retired horses at the ranch who enjoy their retirement

1 but I might not be able to breed them again if you guys end
2 Northern California racing.

3 We are all here because we want it to continue.
4 We want to continue doing what we've been doing for
5 generations, where we live, our livelihood, everything.

6 I agree with a lot of what has been said so far.
7 Advertisement is something we really need to do and to show
8 people the love of our sport. I've met a lot of people
9 randomly who have no idea about horse racing. We need to
10 improve that and we'll have a significantly larger fan base
11 as to which is some of your guys' concern.

12 It does not matter if I have two horses or if I
13 have 60-plus horses. If Northern California horse racing
14 comes to an end, neither me or my horses will step foot in
15 Southern California racing facilities. You will yet again
16 lose another owner and breeder who strives to keep Northern
17 California racing alive and is truly here for the love of
18 the sport.

19 Thank you.

20 CHAIR FERRARO: Greetings.

21 (Applause from the audience)

22 MS. GARCIA: My name is Karen Garcia and I met
23 horse racing through off-track thoroughbreds, so I was
24 introduced to the thoroughbred in its second career. They
25 don't just have a racing life, they can have an afterlife.

1 So I guess I'm here standing to speak for the horse, since
2 in my point of view, the horse is always first. I'm always
3 second to the horse's needs.

4 And I'm concerned that -- I mean, I agree with
5 everything, everybody, this is a really important meeting
6 with so much information to consider moving forward. I'm
7 kind of just on the perspective of, is there a plan for
8 that? If everything has to close so quickly, like one of
9 the first gentlemen that spoke, he needed a warning so he
10 can decide if he's going to have to sell his horses, what's
11 going to happen with all these ranches, breeders, horses
12 that can't afford to go down and if we don't keep it alive,
13 it's going to really just hurt the horse.

14 And there's already so much negativity on the
15 racing. I think we can advertise it positively to outweigh
16 how negative people want to feed it to the world because we
17 know it's a love deeper than words can probably express. So
18 I think I just didn't hear that and that's just my concern.

19 Is there plans who, not just to keep racing going,
20 but if worse comes to worse and we can't continue, can we
21 talk about that too?

22 So thank you very much.

23 CHAIR FERRARO: Thank you.

24 MR. HAYNES: My name is Mark Haynes. I'm an owner
25 here in Northern California. And wow, there's been -- I'm

1 going to need an extra 20, 25 minutes to talk here. But,
2 no, real quick.

3 You asked, Commissioner Mitchell, you asked about
4 some certainty and, you know, asking for some numbers, and I
5 don't believe this is going to get done. But the CARF
6 people and the people that are putting this effort behind to
7 work with Cal Expo are really putting in some thought and
8 they're here for all of us.

9 But it kind of seems like, and it really seems
10 like the thoroughbred owners of Southern California are
11 really backing The Stronach Group in everything they say.
12 They made promises to fix Santa Anita five years ago,
13 haven't done a thing. Now all of a sudden they're putting
14 in this Tapeta course down there to entice us down there. I
15 can tell you right now I've got probably seven or eight
16 Horses hurt because of the turf or the Tapeta. And the lady
17 who talked about that a little bit earlier about the \$8
18 million and ten-year warranty and all, that Tapeta course is
19 so bad, and you guys talk about safety, and they didn't do
20 anything about it. And horses are getting hurt and hurt.

21 And I went to Dan and his group, and they just
22 fell on deaf ears. They wanted nothing to do with helping
23 us or helping support Northern California racing. It was
24 all about shifting the money to Southern California.

25 And I just feel that give the guys here that are

1 trying to really work for us in Northern California the time
2 and effort, give them everything that you've given Southern
3 California, because they have lied to us for years, okay?
4 They've been promising this and they have not done one darn
5 thing to help racing in Northern California. You go to
6 Golden Gate, it is a ghost town.

7 Thank you.

8 CHAIR FERRARO: Thank you.

9 (Applause from the audience)

10 CHAIR FERRARO: Somebody's got to be last; right?
11 No, we got one behind you.

12 MR. GRAY: All I want to say is Happy New Year.

13 CHAIR FERRARO: Thank you.

14 MR. GRAY: I appreciate every one of you and the
15 job you do. You get nothing but grief. My name is William
16 Gray. I'm a veterinarian. I have a small farm north of
17 here. We raise, we race, we do it all ourselves.

18 I can't really make any more points than what has
19 been made. But I do want to say two things. One of them is
20 your job is to protect the state. Your job is to increase
21 the revenue for the state, okay? We do our horse thing, we
22 do all the other things your Board does, but you need to
23 protect the revenue of the state. And the way you're going
24 to do that is to promote racing and keep racing going. We
25 need more handle. If these horses go, the fairs are over.

1 There will be no more commissions for the state.

2 The second point I want to make is I look at this
3 second row here where the TOC and the CTBA all sit, okay,
4 since Johnny Taboada is gone, I don't see one brown person
5 here, okay? You know and I know that 90 percent of the
6 people that work in this business are Hispanic or Black,
7 okay? They run our business and they don't have
8 representation on these Boards. And these guys are trying
9 to close off their jobs here.

10 And I don't think that's right. And I think
11 that's something that needs to be changed. I don't know how
12 we're going to do it, but we need to keep racing here, and
13 we need to keep these people in their homes, and they need
14 to have jobs, or the state is going to have the problem.

15 CHAIR FERRARO: Yeah. Thank you.

16 MR. GRAY: That's all I need to say.

17 CHAIR FERRARO: Thank you very much.

18 (Applause from the audience)

19 MR. GRAY: Thank you. And Happy New Year.

20 MR. MARCY: Hi, my name's Dean Marcy. I'm an
21 owner-breeder, small owner-breeder up in Northern California
22 here, Golden Gate Fields. I'm a retired cop of 30 years in
23 San Francisco. I'm as small as you get. You know, I own
24 about a dozen horses. And the quality of horses you have
25 running up here cannot compete down south.

1 You've got 1,000 horses up here, and trainers up
2 here, and jockeys, and horsemen, everybody that's working up
3 here, they're not going to be able to transfer, you know, to
4 go down there. There's no jobs available down there and
5 there's no stables down there. You've got a couple thousand
6 horses down there that are not running.

7 We, basically from what I hear today, we just need
8 more time. It sounds like we have the money and we have
9 somebody onboard that's willing to do it, and these people
10 are doing it. We're just asking you to help out a little
11 bit and just give us some more time because all the people
12 you're going to put out of jobs up here, not going to be
13 able to go down there. It's going to be increasing more
14 people on welfare and public assistance.

15 I mean, these people want to work. They're there
16 every day at five o'clock in the morning, every day. They
17 want to work. We just want to give them another chance to
18 work so we can pay them for their jobs.

19 Thank you.

20 (Applause from the audience)

21 CHAIR FERRARO: Thank you.

22 (Applause from the audience)

23 MR. O'LEARY: Good afternoon, Commissioners. My
24 name is Francis O'Leary and I'm an owner and breeder here in
25 Northern California. I have been owning horses here since

1 2008, and I've been breeding horses here since 2011.

2 And while a lot of people have been getting out of
3 the breeding industry over the last ten years, I have been
4 getting in, and I have supported the fairs while I've been
5 in racing. I've raced in every fair, from Ferndale to
6 Fresno, and I even raced in the ones that are no longer with
7 us, Stockton and Vallejo, as well, and Bay Meadows as well.

8 I ask you today to delay any decision on these
9 racing dates until later on in the year. Even if it goes
10 into June, past the April 21 meeting.

11 To the TOC, the TOC are not representing me right
12 now. They're misrepresenting me, and that's unfortunate but
13 they're all for Southern California. They knew about this
14 closure before probably you knew about this closure of
15 Golden Gate Fields, and yet they made no mention of it to
16 us.

17 And as regards for the purse overpayments, we, the
18 owners, are not the ones that have created the purse
19 overpayments. If there was -- the TOC said that these
20 purses are going back five or six years. If these purse
21 overpayments needed adjustments, why wasn't there
22 adjustments made to the purse overpayments as we went along
23 so that we wouldn't have to endure a 25 percent cut? And
24 probably Scott Chaney, your Executive Director here,
25 probably should have been on top of that and made those

1 changes as we went along.

2 And thank you for your time.

3 (Applause from the audience)

4 CHAIR FERRARO: Thank you.

5 UNIDENTIFIED MALE: Well, I'm the last one. I
6 just want to say that we need you, we need you, we need you.
7 Just think about it.

8 CHAIR FERRARO: Thank you very much.

9 All right, first of all, I want to thank every one
10 of you that came today to speak or to listen or whatever. I
11 realize what an inconvenience it is for you to come, but we
12 needed your information, we need your input.

13 I'm telling you, it's not easy sitting in this
14 chair, looking at this situation. It's an almost no-win
15 situation for this Board. We're going to do the best we can
16 to do right by everybody, but obviously we have no decision-
17 making today, so we will have to end this meeting without a
18 decision, and we'll see what happens over the next couple of
19 months. We'll try and give everybody a chance to complete
20 their information so we can make the right decision for all
21 of you. Thank you very much. I appreciate you coming.

22 We're going to go into closed session now.

23 (Off the record at 12:42 p.m.)

24 (On the record at 1:14 p.m.)

25 CHAIR FERRARO: Can I have a motion to adjourn the

1 meeting, please?

2 COMMISSIONER ALFIERI: So moved. So moved.

3 COMMISSIONER DAVIS: Davis seconds.

4 CHAIR FERRARO: Commissioner Castellanos?

5 COMMISSIONER CASTELLANOS: Yes.

6 CHAIR FERRARO: Commissioner Alfier?

7 COMMISSIONER ALFIERI: Yes.

8 CHAIR FERRARO: Commissioner Gonzales?

9 VICE CHAIR GONZALES: Yes.

10 CHAIR FERRARO: Commissioner Mitchell?

11 COMMISSIONER MITCHELL: Yes.

12 CHAIR FERRARO: Commissioner Davis?

13 COMMISSIONER DAVIS: Yes.

14 CHAIR FERRARO: Chairman votes yes.

15 The meeting is adjourned. Thank you.

16 (The regular meeting of the California Horse Racing Board
17 adjourned at 1:15 p.m.)

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CERTIFICATE OF REPORTER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were reported by me, a certified electronic court reporter and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of February, 2024.



MARTHA L. NELSON, CERT**367

CERTIFICATE OF TRANSCRIBER

I do hereby certify that the testimony in the foregoing hearing was taken at the time and place therein stated; that the testimony of said witnesses were transcribed by me, a certified transcriber and a disinterested person, and was under my supervision thereafter transcribed into typewriting.

And I further certify that I am not of counsel or attorney for either or any of the parties to said hearing nor in any way interested in the outcome of the cause named in said caption.

I certify that the foregoing is a correct transcript, to the best of my ability, from the electronic sound recording of the proceedings in the above-entitled matter.



MARTHA L. NELSON, CERT**367

February 11, 2024